

[G.R. No. 222537. February 28, 2023.]

COSAC, INC., petitioner, vs. FILIPINO SOCIETY OF COMPOSERS, AUTHORS AND PUBLISHERS, INC., respondent.

DECISION

HERNANDO, J p:

This Petition for Review on *Certiorari* **1** assails the May 28, 2015 Decision **2** and the January 14, 2016 Resolution **3** of the Court of Appeals (CA) in CA-G.R. CV No. 101415 that affirmed the October 24, 2012 Decision **4** and the July 22, 2013 Order **5** of the Regional Trial Court (RTC) of Quezon City, ordering COSAC, Inc. (COSAC) to pay Filipino Society of Composers, Authors and Publishers, Inc. (FILSCAP), damages for unpaid license fees/royalties.

The Facts

FILSCAP is a non-stock, non-profit corporation comprised of composers, authors, and music publishers. It is tasked to enforce and protect the performing rights of copyright owners of musical works. FILSCAP is also authorized to issue licenses and collect license fees for the public performance of copyrighted musical works under its repertoire, **6** whether for profit or not. FILSCAP alleged that Filipino composers executed deeds of assignment, and foreign composers/publishers of musical works executed reciprocal representation agreements, whereby they assigned to FILSCAP their rights to the use and protection of their copyrighted works. **7**

On February 3, 2005 and January 13, 2006, a representative from FILSCAP who monitored **8** Off the Grill Bar and Restaurant (Off the Grill) in Quezon City (owned and operated by COSAC) discovered that the restaurant played copyrighted music without obtaining from FILSCAP a license or paying the corresponding fees. Thus, FILSCAP advised COSAC to secure the required licenses and sent letters of the same tenor dated September 20, 2004 **9** and October 14, 2004. **10** Without getting a favorable response from COSAC, FILSCAP sent a Final Demand Letter **11** dated November 10, 2005 to the former. However, COSAC still refused to comply.

Thus, on February 13, 2006, FILSCAP filed a Complaint **12** for infringement of copyright and damages against COSAC. FILSCAP alleged that COSAC's refusal to secure the license and its continued use of copyrighted music without the requisite performing rights constitute acts of infringement. Thus, COSAC should be compelled to secure a license and to pay royalty fees, damages, and attorney's fees. **13**

Conversely, COSAC argued that FILSCAP is not a real party-in-interest since it did not prove that the copyright owners assigned their rights to FILSCAP. COSAC denied committing infringement as it had no knowledge about what the band members would sing as part of their performance, and because songs once aired and performed become public property. In its counterclaim, COSAC prayed for attorney's fees and litigation expenses. **14**

To prove its standing to file the case, FILSCAP presented the deeds of assignment **15** executed by the local copyright owners in its favor, together with their

reciprocal representation agreements **16** with foreign societies abroad. Likewise, FILSCAP submitted a Certificate of Authentication **17** as well as an International Confederation of Societies of Authors and Composers (ICSAC) Certification **18** dated September 13, 2006 as proofs of its membership in the ICSAC, and to show that it is the only ICSAC-recognized collective management organization in the Philippines authorized to license the public performance of musical works. **19**

FILSCAP also provided a list from Fiche Internationale, **20** a database containing information pertinent to the interested parties of musical works. It contains "(a) the names of the interested parties (*i.e.*, the composer, lyricist [author], publisher and sub-publisher of the musical work), (b) the society to which each interested party belongs to, and (c) the percentage of sharing of performance royalties between the interested parties." **21** FILSCAP averred that Off the Grill played some songs that were assigned to it and included in the Fiche Internationale's database. **22**

In the Affidavit **23** of Debra Ann Gaité (Gaité), then the General Manager of FILSCAP, she asserted that the deeds of assignment executed by the composers and publishers over the performing rights of their works to FILSCAP were duly registered with the National Library of the Philippines and are easily available to the public. **24**

During her cross-examination, Gaité stated that the copyright owners authorized FILSCAP to issue "licenses" to the establishments which sought to play copyrighted music in their respective venues. **25** She explained that the computation of royalty fees are based on the seating capacity of the establishment. **26** Since Off the Grill is considered as a bar, Gaité stated that the royalty fees should be computed as follows: **27**

For Lounges/Bars/Pubs (Where Dancing is not allowed)

Maximum Accommodation Capacity	Live & Mechanical Royalty Rate/Day	Mechanical Only Royalty Rate/Day
100 persons or less	[P]100.00	[P]45.00
More than 100 persons, but less than 300 persons	[P]120.00	[P]65.00
300 persons or more, but less than 500 persons	[P]145.00	[P]90.00
500 persons or more	[P]170.00	[P]105.00 28

Similarly, Ferdinand Gorospe (Gorospe), then the Licensing Manager of FILSCAP, explained in his Judicial Affidavit **29** that the "license" that FILSCAP issues to the users of the music is basically a written authorization, given that FILSCAP controls the performance rights over the copyrighted musical works of its members and affiliate performing rights of societies abroad. **30**

Gorospe stated that there is public performance when "a musical work is played to the public through any means or process," **31** such as when the copyrighted musical work is "played or performed live through a performer or mechanically through any audio or audiovisual player or device such as a CD player, VCD player, DVD player, cassette player, television set or radio player." **32** Gorospe elucidated FILSCAP's position during his testimony, as follows:

Q: To whom do you issue this practice of issuing licenses?

A: We issue it to the users of music.

Q: You mean to the public?

A: Well, to the users.

Q: To the public?

A: To those who want to use the music, but not to everybody.

Q: Who want to use?

A: Who [wants] to use the music.

Q: When you said "who [wants] to use," you are referring to singers?

A: Well, if they are to use it, yes it could be to singers. If they want to produce a record, then, a license also is issued to them by the parties, but not FILSCAP.

Q: For example, Mr. Witness, myself, I want to sing a song assigned by the composer to FILSCAP. If I want to use it, I have to get a license from you?

A: Technically, singing, no. We need not issue license because singing is not really — It depends on where you'll sing it, like, for example, if you want to sing it privately in your bathroom, then why would we issue a license because that is —

Q: How about a band? They want to sing it in a restaurant. To whom [shall they] secure a license?

A: Technically it is the establishment. We'll go after the establishment, the owner of the establishment.

Q: Why the establishment? Why not the singer, Mr. Witness? Or why not the band?

A: Because if the establishment allows the singing of the songs, then, the corporation or the establishment allows public performance.

Q: Why? Is there a control on the establishment over the band to sing what they should sing?

A: No, not on the particular song but on the act of singing. The bar can say, *You are not allowed to sing because you are not licensed by the establishment*, something like that.

Q: All kinds of songs, Mr. Witness?

A: No, only — well, yes, for copyrighted songs.

Q: Do you have singers or bands who secure licenses from you?

A: As of —

xxx xxx xxx

Q: Were there other establishments that secure your license?

A: Yes.

xxx xxx xxx

A: Well, we have Shoemart, we have GMA 7, Channel 2, Channel 5. We also have bars like, well, we have, before it was the *Embassy*. We also have *Jollibee*, we have *McDonald's*, *Starbucks*, et cetera, et cetera. **33**

Gorospe averred that without an authorization or "license," the public performance of the copyrighted work is illegal. **34** During his cross-examination, Gorospe asserted that if an establishment allows the singing or playing of copyrighted songs in its venue, then it also allows the "public performance" of the songs. **35**

Emigio C. Lejano III (Lejano), then a Licensing Assistant of FILSCAP, stated in his Judicial Affidavit **36** that when he monitored Off the Grill on February 3, 2005 **37** and January 13, 2006, **38** he found that copyrighted musical works under FILSCAP's repertoire were being performed for the entertainment of the customers. **39** In particular, the following songs were performed live by a band in Off the Grill on February 3, 2005, for the entertainment of its customers:

1. Ignition
2. If I Ain't Got You
3. Falling In Love With You
4. Tattooed On My Mind
5. If I Was The One **40**

Thereafter, these songs were mechanically played as background music for its customers:

1. Don't Miss You At All
2. All I Wanna Do
3. Strong Enough
4. Don't Know Why
5. Run Baby Run
6. Saturday Night
7. Anything But Down

8. My All
9. Turn The Beat Around
10. Conga
11. Get On Your Feet
12. You're Still The One **41**

In like manner, on January 13, 2006, the following musical works were performed by a live band:

1. Officially Missing You
2. Angel
3. At Your Best (You Are Love)
4. Knocks Me Off My Feet
5. Emotion **42**

Afterwards, the following songs were mechanically played as background music:

1. Everybody's Changing
2. She Will Be Loved
3. Let's Get Retarded **43**

Michelle Flor (Flor), a Copyright Examiner from the National Library, mentioned in her Judicial Affidavit **44** that FILSCAP regularly files and deposits with the National Library's Copyright Office the deeds of assignment of performing rights over copyrighted musical works as well as reciprocal representation agreements with other societies abroad. **45** She clarified that their office's certification applies to the entire document even if they only stamp the first page of a multi-page document, in order to certify that the said file is a faithful reproduction or photocopy of the original one deposited with the Copyright Office. **46** On cross-examination, Flor confirmed that her office records the application for copyright of an individual or company **47** as well as the transfer and assignment of rights to the copyright to a society like FILSCAP. **48**

On the other hand, in the Judicial Affidavit **49** of COSAC's lone witness, Melrose Tanan (Tanan), she asserted that bands perform at Off the Grill to provide entertainment. She also claimed that once music is played, it becomes public property. **50** During her cross-examination, Tanan admitted that music is regularly played in the restaurant either live or through recorded music *via* a monitor or music video. **51**

The Ruling of the Regional Trial Court

In a Decision **52** dated October 24, 2012, the RTC found COSAC guilty of infringement. **53** The RTC found that:

[T]he un rebutted evidence on record shows that the foreign composers of the 25 musical works performed live or mechanically played in [COSAC's

Off the Grill Bar and Restaurant], through their foreign societies, had authorized [FILSCAP] also as assignee of their musical works to file this case for infringement of copyright and damages against [COSAC] which allowed such live performance or mechanical playing of the musical works in its x x x establishment for the benefit of its customers without the requisite performance license from FILSCAP or without the payment of the license fees/royalties to FILSCAP. **54**

Moreover, the RTC held that under Section 182 of the [Intellectual Property Code \(IPC\)](#), the filing of the deeds of assignment and the reciprocal representation agreements with the National Library and its non-publication in the Intellectual Property Office (IPO) Gazette did not render the said deeds and agreements void. The trial court declared that if this were the intent of Congress, then it should have expressly provided in the [IPC](#) that such assignments and/or agreements which were not published in the IPO Gazette shall be void. **55**

Additionally, it ruled that FILSCAP, as duly authorized by the copyright owners, is a real party-in-interest and has the standing to file the complaint based on Section 183 **56** of the [IPC](#). **57** Thus, the dispositive portion of the RTC Decision reads:

WHEREFORE, judgment is rendered ordering the defendant [COSAC] to pay to the plaintiff [FILSCAP] the following sums of money, to wit: a) Php317,050.00 as damages for unpaid license fees/royalties and Php5,778.17 as damages for monitoring expenses, both with interest at the rate of six percent (6%) per annum reckoned from the date of the filing of the complaint, February 13, 2006, until the same is fully paid; and b) Php52,003.47 as reasonable attorney's fees and litigation expenses plus costs of suit. All other claims, including the counterclaims, are dismissed for lack of legal and/or factual basis.

SO ORDERED. **58**

Aggrieved, COSAC filed a motion for reconsideration. **59** Likewise, it filed a motion for inhibition **60** resulting in the inhibition of the presiding judge **61** and the re-assignment of the case. Nevertheless, the RTC, in an Order **62** dated July 22, 2013, denied COSAC's motion for reconsideration of the RTC's October 24, 2012 Decision. COSAC appealed **63** to the CA insisting that the documents which FILSCAP relied on to assert its authority were not published in the IPO Gazette as allegedly required by Section 182 of the [IPC](#). **64**

The Ruling of the Court of Appeals

In its assailed May 28, 2015 Decision, **65** the CA sustained the ruling of the RTC but deleted the award for monitoring expenses. **66** It held that:

Under Section 177 of the Intellectual Property Code of the Philippines, a copyright owner has the exclusive right to carry out, authorize or prevent the public performance of a work and other communication to the public of the work. To enforce this right, the copyright may be assigned in whole or in part and the assignee is entitled to all the rights and remedies which the assignor has with respect to the

copyright. Particularly, copyright owners or their heirs may designate a society of artists, writers or composers to enforce their economic rights and moral rights on their behalf. **67**

The CA found that the copyright owners assigned their rights and remedies to FILSCAP through deeds of assignment and reciprocal representation agreements. As such, FILSCAP is authorized to regulate the public performance, mechanical reproduction, and synchronization rights granted by law to the creators and owners of original musical works. **68** Significantly, the CA held that registration or publication in the IPO Gazette of the deeds of assignment and reciprocal representation agreements is not required.

Citing Section 182 of the IPC which states that "an assignment or exclusive license may be filed in duplicate with the National Library upon payment of the prescribed fee for registration in books and records," the CA concluded that the filing is discretionary and that non-publication in the IPO Gazette did not render said deeds and agreements void. **69** Moreover, the CA ruled that FILSCAP is a real party-in-interest as it is authorized to enforce the intellectual property rights of copyright owners pursuant to the deeds and agreements. **70**

Finally, the CA held that due to the continued infringing activities of COSAC, the RTC correctly awarded damages in favor of FILSCAP, as well as attorney's fees, as FILSCAP was compelled to litigate to protect its rights. However, the CA deleted the award for monitoring expenses since FILSCAP failed to substantiate this claim. COSAC's counterclaim for attorney's fees and litigation expenses was denied for lack of merit. **71**

The *fallo* of the CA Decision reads:

FOR THESE REASONS, the October 24, 2012 Decision of the Regional Trial Court of Quezon City, Branch 90 is **MODIFIED** in that the award for monitoring expenses is deleted.

SO ORDERED. **72**

COSAC moved for reconsideration **73** which the CA denied in its January 14, 2016 Resolution. **74**

Unrelenting, COSAC elevated this case before Us based on the following grounds:

I

THE COURT OF APPEALS COMMITTED REVERSIBLE ERROR IN NOT HOLDING THE NECESSITY OF PUBLICATION IN THE IPO GAZETTE OF THE ALLEGED DEED OF ASSIGNMENT/AUTHORITY OF THE RESPONDENT.

II

THE COURT OF APPEALS ERRED IN ORDERING THE PETITIONER TO PAY LICENSE FEES/ROYALTIES TO RESPONDENT IN THE

AMOUNT OF [P]317,050.00 AND MONITORING EXPENSE OF [P]5,778.17.

III

THE COURT OF APPEALS ERRED IN ORDERING THE PETITIONER TO PAY ATTORNEY'S FEES IN THE AMOUNT OF [P]52,003.47.

IV

THE COURT OF APPEALS ERRED IN NOT GRANTING THE COUNTERCLAIMS OF THE PETITIONER. **75**

Thus, the issues in this petition are whether COSAC committed copyright infringement and if so, whether it should be held liable to pay fees and damages for the said violation.

Arguments of COSAC

COSAC insists that the publication of the deeds of assignment or FILSCAP's authority in the IPO Gazette is necessary under Section 182 of the IPC as it serves to inform the general public of its authority to collect royalty fees. **76** COSAC contends that FILSCAP's authority as assignee is vague and not supported by evidence. **77** Additionally, FILSCAP is not entitled to collect royalty fees because its authority is defective.

Likewise, the damages and attorney's fees awarded in favor of FILSCAP are baseless and excessive, especially since COSAC has no control over what the bands will sing in the establishment. **78** Lastly, COSAC maintains that it is entitled to its counterclaim as it was unnecessarily dragged into litigation, considering that once the music is played in the airwaves, it becomes public property. **79**

Arguments of FILSCAP

FILSCAP counters that COSAC's arguments are mere rehashes of arguments raised in previous pleadings and involve questions of fact which are not allowed in a Rule 45 petition. Contrary to COSAC's contention, FILSCAP offered in evidence the deeds of assignment and the reciprocal representation agreements. It adds that although COSAC is a corporation, the petition's verification and certification of non-forum shopping were not verified by the corporation itself or any of its authorized representatives but by a certain Jeremy Sy (Sy), the General Manager, supposedly in his personal capacity. Thus, the petition should be dismissed outright. **80**

Moreover, FILSCAP avers that the CA correctly held that FILSCAP has the right to enforce the intellectual property rights over copyrighted musical works pursuant to the deeds of assignment of the members and the reciprocal representation agreements with foreign affiliate societies. These were duly filed and recorded in the National Library pursuant to Section 182 of the IPC. Thus, as copyright owner or at least the copyright holder of copyrighted musical works, FILSCAP is a real party-in-interest. **81**

With regard to the issue of publication in the IPO Gazette based on Section 182 of the IPC, FILSCAP opines that:

it [is] clear that the word 'may' pertains to the filing of an assignment or exclusive license with the National Library. From the wording of the law, this portion of the provision is clearly permissive. On the other hand, the word 'shall' pertains to the publication in the IPO Gazette of exclusive licenses or deeds of assignment which have optionally been filed with the National Library. [COSAC's] interpretation would render the IP Code provision absurd as it would appear that it wants this Honorable Court to disregard the portion of the provision with the permissive term 'may' in favor of the portion which has the mandatory term 'shall,' when clearly each word pertains to a separate and distinct object. **82**

FILSCAP adds that Section 172.1 of the [IPC](#) provides that literary and artistic works are original intellectual creations which are protected from the moment of their creation. Similarly, Section 172.2 of the [IPC](#) states that works are protected by the sole fact of their creation, irrespective of their form of expression, as well as their content, quality, and purpose. Hence, musical works are protected by copyright without need of any other act including registration with any government agency or publication. **83**

Moreover, FILSCAP maintains that it should be paid royalties and attorney's fees and that COSAC is not entitled to its counterclaim. **84** It asserts that it can sue for infringement and recover damages if "(1) the musical works are publicly performed, (2) the musical works [are] within the repertoire of FILSCAP, and (3) the musical works were publicly performed without the consent of or license from FILSCAP." **85** FILSCAP asserts that for there to be a public performance, there must be performance of the work, either directly or by means of any device or process, or if in case of a sound recording, the recorded sound or music is audible at a place where persons outside the normal circle of family and that family's closest social acquaintances are or can be present. **86**

Our Ruling

The petition lacks merit.

The Court notes that the petition suffers from infirmities. COSAC did not attach a Secretary's Certificate or any document showing Sy's authority to sign the Verification and Certification of Non-Forum Shopping on behalf of COSAC. **87** More importantly, the petition raised issues that were already passed upon by both the RTC and the CA. Nonetheless, We deem it proper to discuss the pertinent matters regarding copyrighted music since these tread on fairly new jurisprudential territory.

At the outset, it must be stressed that the alleged acts of infringement occurred on February 3, 2005 and January 13, 2006, while the Complaint was filed on February 13, 2006. The applicable law then was [Republic Act No. 8293 \(RA 8293\)](#) or the [IPC](#), which took effect on January 1, 1998, **88** prior to its amendment by [Republic Act No. 10372 \(RA 10372\)](#) **89** on February 28, 2013. Relevant to this case are the amendments introduced by [RA 10372](#) in Section 216 of the [IPC](#) which classifies the three types of copyright infringers. **90** Although not originally enumerated in [RA 8293](#), the same still finds support in the earlier law ([RA 8293](#)). Similarly, the concept of "just damages" which may be awarded in lieu of actual damages can be found in [RA 8293](#). We will expound on these matters in the discussion.

Overview of Copyright

"[A] copyright is the right to literary property as recognized and sanctioned by positive law; it is an intangible, incorporeal right granted by statute to the author or originator of certain literary or artistic productions, whereby he or she is invested, for a specific period, with the sole and exclusive privilege of multiplying copies of the same and publishing and selling them." **91** Relevantly, "[c]opyright, in the strict sense of the term, is purely a statutory right. It is a new or independent right granted by the statute, and not simply a pre-existing right regulated by it. Being a statutory grant, the rights are only such as the statute confers, and may be obtained and enjoyed only with respect to the subjects and by the persons, and on terms and conditions specified in the statute. Accordingly, it can cover only the works falling within the statutory enumeration or description." **92**

Section 13, Article XIV of the [Constitution](#) accords protection to intellectual properties, including copyright, as follows: "[t]he State 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 period as may be provided by law."

The declaration of state policies of the [IPC](#) acknowledges that "[t]he 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." **93** In line with this, the Court held in [ABS-CBN Broadcasting Corp. v. Philippine Multi-Media System, Inc.](#) **94** that intellectual property protection must be consistent with public welfare, viz.:

[I]ntellectual property protection is merely a means towards the end of making society benefit from the creation of its men and women of talent and genius. This is the essence of intellectual property laws, and it explains why certain products of ingenuity that are concealed from the public are outside the pale of protection afforded by the law. It also explains why the author or the creator enjoys no more rights than are consistent with public welfare. **95**

Included in the category of copyright are musical works, which is the main subject of the case at bench.

Musical Works: Covered by Copyright Protection

Musical works are protected by copyright from the moment of creation in accordance with Sections 172 and 178 of the [IPC](#), which provide:

SECTION 172. *Literary and Artistic Works.* — 172.1. Literary and artistic works, hereinafter referred to as "works," are original intellectual creations in the literary and artistic domain protected from the moment of their creation and shall include in particular:

xxx xxx xxx

(f) Musical compositions, with or without words;

xxx xxx xxx

SECTION 178. *Rules of Copyright Ownership.* — Copyright ownership shall be governed by the following rules:

178.1 Subject to the provisions of this section, in the case of original literary and artistic works, copyright shall belong to the author of the work;

xxx xxx xxx **96**

Derivative works are likewise protected by copyright, to wit:

SECTION 173. *Derivative Works.* — 173.1. The following derivative works shall also be protected by copyright:

(a) Dramatizations, translations, adaptations, abridgments, arrangements, and other alterations of literary or artistic works; and

(b) Collections of literary, scholarly or artistic works, and compilations of data and other materials which are original by reason of the selection or coordination or arrangement of their contents.

173.2. The works referred to in paragraphs (a) and (b) of Subsection 173.1 shall be protected as new works: Provided, however, That such new work shall not affect the force of any subsisting copyright upon the original works employed or any part thereof, or be construed to imply any right to such use of the original works, or to secure or extend copyright in such original works. **97**

A musical composition **98** is an intangible work of art composed of a combination of sounds perceptible to the senses. It is separate and distinct from the tangible object that embodies it, such as a sheet music, **99** as described by Section 181 of the [IPC](#):

SECTION 181. *Copyright and Material Object.* — The copyright is distinct from the property in the material object subject to it. Consequently, the transfer or assignment of the copyright shall not itself constitute a transfer of the material object. Nor shall a transfer or assignment of the sole copy or of one or several copies of the work imply transfer or assignment of the copyright. **100**

As pointed out by Senior Associate Justice Marvic Mario Victor F. Leonen during deliberations, the [IPC](#) also introduces the concept of "fixation" of a performance of a musical composition in a "sound recording," **101** as follows:

SECTION 202. *Definitions.* — For the purpose of this Act, the following terms shall have the following meanings:

xxx xxx xxx

202.2. "Sound recording" means the fixation of the sounds of a performance or of other sounds, or representation of sound, other than in the form of a fixation incorporated in a cinematographic or other audiovisual work;

xxx xxx xxx

202.4. "Fixation" means the embodiment of sounds, or of the representations thereof, from which they can be perceived, reproduced or communicated through a device; **102**

Chapters XII **103** and XIII **104** of the **IPC** govern the fixations of sounds in the form of sound recordings. These chapters provide for the moral rights of the performers, the rights of producers of sound recordings, and the limitations **105** on the said rights.

A distinction exists between a musical composition which is protected by copyright and the performance or fixation of a musical composition. Such a distinction is relevant since not only the composers, authors, and publishers, but also the performers and sound recording producers should be remunerated when the fixation or performance of their sound recording is being performed in public (although the focus of this petition is on composers, authors, and publishers as represented by FILSCAP).

Infringing Activities in the Case at Bench

Yet, before declaring that copyright infringement was committed, the copyright owner must establish the musical works that were subject of the infringing activity as well as the existing valid copyright over the said works. This is because copyright is a statutory right with protections granted by law insofar as those works qualify for the said protections. **106**

In this case, it appears that the infringing activities were committed in two ways: performance by a live band and playing of sound recordings.

With regard to the performance of music by live band, FILSCAP averred that the members of the live bands performed musical works without the consent of the copyright holders. However, it is unclear in FILSCAP's allegations whether the bands altered the musical compositions during their performances, which may be considered as derivative works. Even so, the use of derivative works does not downplay the copyright protections accorded to the original work, and should not be considered as a free ticket to use the said original work without authority. In any case, FILSCAP did not specify whether the live bands, independently of COSAC, secured authorization or were parties to any contract which permitted them to publicly perform the musical works. At most, FILSCAP maintained that COSAC, as the one which ultimately benefitted from the performances, should have secured the required authority, and not the live bands themselves. As the owner of the establishment, COSAC consented to the public performance of these live bands using copyrighted music.

However, Senior Associate Justice Marvic Mario Victor F. Leonen initially observed that We cannot automatically accept FILSCAP's argument that establishments lacking appropriate licenses which do not prohibit live bands from performing copyrighted songs are infringers under Section 216 of the **IPC** prior to its amendment by **RA 10372**. **107** Here, it was not clarified during trial if the members of the live bands were COSAC's employees. If the live bands which performed copyrighted musical works without license would automatically be considered as COSAC's employees and result in COSAC's solidary liability, it would be tantamount to expanding the purview of copyright infringement under **[RA] 8293**, the applicable law in this case, although the expanded liability for infringement was only introduced in **[RA] 10372**, which contained amendments not

applicable to this case. **108** This concern would further be addressed during the discussion, especially regarding COSAC's indirect or vicarious liability, as it cannot be denied that the playing of live band music still contributed to the overall benefit which COSAC received.

As regards the playing of specific fixations or sound recordings, it appears that aside from infringing the copyright of the owners of the musical compositions, the rights of the performers and producers of the sound recordings to remuneration for the public performances were likewise breached. Sections 202.9, 209, and 206 of the *IPC* provide:

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. **109**

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. **110**

SECTION 206. *Additional Remuneration for Subsequent Communications or Broadcasts.* — Unless otherwise provided in the contract, in every communication to the public or broadcast of a performance subsequent to the first communication or broadcast thereof by the broadcasting organization, the performer shall be entitled to an additional remuneration equivalent to at least five percent (5%) of the original compensation he or she received for the first communication or broadcast. **111**

Insofar as sound recordings are concerned however, it would be premature to make a distinction on the type of performance considering that this was never put into issue in the proceedings before the RTC until it reached this Court. Stated differently, FILSCAP, in its pleadings, did not differentiate the modes of playing the sound recordings. It merely alleged that COSAC committed copyright infringement when it played copyrighted songs in its establishment through live performance and sound recordings. Additionally, both the RTC and the CA focused on the finding of copyright infringement, and did not delve into the methods of playing the sound recordings. Given this restriction, it would be more judicious to say, specifically for this case, that COSAC infringed the performing rights of the copyright owners. **112**

In its complaint, FILSCAP stated that "to have a wonderful dining experience, [COSAC], as a matter of policy and practice, plays copyrighted musical works within the premises of its restaurant. This is confirmed by the presence of loud speakers installed

and used within the confines of the restaurant." **113** FILSCAP pointed out that Tanan admitted under oath that the establishment plays music regularly, or every night **114** and that rock bands performed at Off the Grill to provide entertainment to the public. **115** During Tanan's testimony, she disclosed the following details:

Q: You mentioned and I'm curious, because you stated in your Affidavit that you are an Accountant but you are in-charge of the monitoring operations of the restaurant?

A: The same.

Q: Which aspect of the operations of the restaurant are you monitoring?

A: The entertainment every night and the payment.

Q: And the payment to?

A: To the entertainers.

Q: So you can confirm to me that music is regularly being played?

A: Every night, sir.

Q: At Off the Grill?

A: Yes, sir. **116**

xxx xxx xxx

Q: So every night, you play live music for the entertainment?

A: Yes, sir.

Q: But during the day and even during the night, you also play recorded music, cd music as background before the band plays?

A: We have a monitor, MTV.

Q: You play? Please say that again?

A: MTV.

Q: You do not play cd music?

A: No, projector, sir. **117**

xxx xxx xxx

Q: Earlier, you said, you confirmed to me that music is being played at the restaurant?

A: Yes, sir.

Q: Will you give me examples of the songs that were played inside the restaurant?

A: Acoustic songs, sir.

Q: Can you give me the title of the songs that were played that you can remember has been played inside the restaurant?

A: Somewhere Down the Road, sir.

Q: What else?

A: Through the Fire. **118**

xxx xxx xxx

Q: In your Judicial Affidavit, paragraph 4, you mentioned that once music is played at the airwaves, it already became a public property. What is your basis for saying this?

A: May kumakanta sa radio so hindi na natin hawak yung kinakanta nila so sa entertainment po, hindi namin alam kung ano iyong mga kinakanta ng mga bawat entertainer.

Q: So, that is just your opinion?

A: Actually hindi po opinion, kasi po iyong sa mga band namin, they have their own songs na pina-practice so hindi po namin alam kung ano iyong mga kinakanta nila dahil hindi naman po pinapaalam sa amin for the night. **119**

Hence, FILSCAP contended that "by hiring bands and other performers, [COSAC] made music audible at the Off the Grill Bar and Restaurant, which is a place where persons outside the normal circle of a family and that family's closest social acquaintances are or can be present. Furthermore, [COSAC] likewise played, apart from live music[,] background music and music through monitor or projector. These are clearly acts of infringement upon the public performing rights owned by FILSCAP committed by [COSAC] as the public performances were done without the consent of or license from FILSCAP." **120**

FILSCAP insisted that COSAC "hired those bands to play music and sing songs in its establishment to enhance its customers' drinking and dining experience, as well as improve the general ambience of its establishment. By doing so, [COSAC] hopes to entice more of the general public to patronize its establishment, more often. This was thus a business decision of [COSAC], in line with its organizational objective of making more profits. [COSAC] constituted those bands as its agents when it hired them to perform for it a service which was geared towards its profit-making purpose. By the principles of the law of agency, [COSAC] is directly liable for the acts of its agents in publicly performing copyrighted musical works without the requisite license from FILSCAP, ergo, [COSAC] is liable for copyright infringement." **121**

It is interesting to note that FILSCAP places the liability on COSAC as the owner of the establishment which played the copyrighted music, and not on the live bands that performed thereat. FILSCAP adds that COSAC "cannot feign ignorance and claim that it had no idea the bands would play copyrighted musical works as part of the set of songs they would perform for the event. [COSAC's] control of what music is played in its establishment is beyond question. If it does not like the music or song being played, it can easily stop the band from continuing with its performance or order them to change the song, in the same way that if it does not like the song playing on the radio or mp3 player, it can easily turn said device off or switch it to another station or song." **122**

Notably, FILSCAP avers that COSAC provided the venue and the opportunity where the bands could publicly perform copyrighted musical works under FILSCAP's repertoire without the requisite license. Thus, COSAC should be considered as a "principal by indispensable cooperation." Without COSAC and its establishment, the bands could not have publicly performed the musical works on the specific time and place where the infringements occurred. **123** It should be noted that with this allegation, FILSCAP alluded to the kinds of infringers which [RA 10372](#) later introduced, and which will further be discussed.

For its part, though, COSAC simply asserts that at night, rock bands perform at Off the Grill to provide entertainment to the customers, **124** and maintains that the bands or the singers are the ones who are performing or singing the copyrighted works of the authors and composers. **125**

Intent to Profit: Economic Rights under the IPC

Based on FILSCAP's allegations, COSAC benefitted from the performance in public of copyrighted songs at Off the Grill. While the primary purpose of the establishment is to generate profit, the restaurant owner should bear in mind that the use or performance of copyrighted music should not unduly infringe the rights of the copyright owners or holders. In relation to this, there is a need to revisit the 1987 case of [FILSCAP v. Tan](#) **126** (*Tan*).

In *Tan*, the restaurant hired professional singers who performed musical compositions to entertain the customers, but without prior authority from FILSCAP which had rights to the songs. The Court ruled that after release, the songs played in the establishment already became part of the public domain and thus, no infringement was committed. However, under the prevailing law at that time, the musical composition needed to be registered first before the economic rights attached to the copyright can be enforced. Specifically, the Court then pronounced that "if the general public has made use of the object sought to be copyrighted for thirty (30) days prior to the copyright application the law deems the object to have been donated to the public domain and the same can no longer be copyrighted [and becomes public property]." **127** Later on, the law on intellectual property was amended (to [RA 8293](#), which was approved on June 6, 1997 but took effect on January 1, 1998) to state that original works are protected from the moment of creation and no longer just from the date of registration.

What is relevant in *Tan*, however, is that the element of profit was considered, in that ultimately, the establishment derived revenue from the playing of live band music even if the patrons primarily paid for the food and drinks. Simply put, the public performance of the musical works was made essentially for the realization of profit. It should be stressed, however, that [Act No. 3134](#), the prevailing law when *Tan* was resolved, expressly mentioned "profit" **128** in connection with "performance." Meanwhile, Sections 171.6 and 177.6 of the *IPC* no longer mentioned "profit" in relation to "public performance." **129** As such, when considering cases which were filed after [Act No. 3134](#) was amended, "profit" should not be the controlling factor in assessing whether one committed copyright infringement after the performance in public of the musical works, although "profit" would be relevant in evaluating if the case falls under the limitations on copyright or the fair use doctrine (which will briefly be mentioned later). Nevertheless, the Court in *Tan* held that:

In the case at bar, it is admitted that the patrons of the restaurant in question pay only for the food and drinks and apparently not for listening to the music. As found by the trial court, the music provided is for the purpose of entertaining and amusing the customers in order to make the establishment more attractive and desirable. It will be noted that for the playing and singing the musical compositions involved, the combo was paid as independent contractors by the appellant. It is therefore obvious that the expenses entailed thereby are added to the overhead of the restaurant which are either eventually charged in the price of the food and drinks or to the overall total of additional income produced by the bigger volume of business which the entertainment was programmed to attract. Consequently, it is beyond question that the playing and singing of the combo in defendant-appellee's restaurant constituted performance for profit contemplated by the Copyright Law. (Act 3134 as amended by P.D. No. 49, as amended). **130** (Citations omitted).

The [IPC](#), before its amendment in 2013, did not distinguish if the public performance was conducted or made possible by the owners of the establishment, the performers, or other individuals and entities. Undeniably, however, the performance in public of the copyrighted works, either directly or by means of any device or process, reached persons outside the normal circle of a family and that family's closest social acquaintances. This is how Off the Grill "performed" **131** the copyrighted musical works under FILSCAP's repertoire, even with the knowledge that the music is protected by copyright with the corresponding exclusive economic rights pursuant to Section 177 of the [IPC](#), viz.:

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 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 a copy of the work;

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

177.7. Other **communication to the public** of the work. **132** (Emphases and underscoring supplied).

Sections 174 and 178 of the [IPC](#) similarly provide:

SECTION 174. *Published Edition of Work.* — In addition to the right to publish granted by the author, his heirs, or assigns, the publisher shall have a copyright consisting merely of the right of reproduction of the typographical arrangement of the published edition of the work. **133**

SECTION 178. *Rules on Copyright Ownership.* — Copyright ownership shall be governed by the following rules:

178.1. Subject to the provisions of this section, in the case of original literary and artistic works, copyright shall belong to the author of the work;

xxx xxx xxx

178.5. In the case of audiovisual work, the copyright shall belong to the producer, the author of the scenario, the composer of the music, the film director, and the author of the work so adapted. However, subject to contrary or other stipulations among the creators, the producer shall exercise the copyright to an extent required for the exhibition of the work in any manner, except for the right to collect performing license fees for the performance of musical compositions, with or without words, which are incorporated into the work; **134**

Copyright Infringement

Since the economic rights provided by the [IPC](#) are exclusive in nature, not just anyone can exercise such rights. In other words, the use of any copyrighted material without the consent of the copyright owner (or his/her assignee), and which violates these economic rights, shall amount to copyright infringement.

Infringement of a copyright is a trespass on a private domain owned and occupied by the owner [or assignee] of the copyright, and, therefore, protected by law, and infringement of copyright, or piracy, which is a synonymous term in this connection, consists in the doing by any person, without the consent of the owner [or assignee] of the copyright, of anything the sole right to do which is conferred by statute on the owner [or assignee] of the copyright. **135**

The 'gravamen of copyright infringement,' according to [NBI-Microsoft Corporation v. Hwang](#), **136**

[I]s not merely the unauthorized 'manufacturing' of intellectual works but rather the unauthorized performance of any of the acts covered by Section 5. Hence, any person who performs any of the acts under Section 5 without obtaining the copyright owner's prior consent renders himself civilly **137** and criminally **138** liable for copyright infringement. **139**

To successfully claim that copyright infringement was committed, the evidence must show the "(1) ownership of a validly copyrighted material by the complainant; and (2) infringement of the copyright by the respondent." **140**

For the *first element*, as already mentioned, original and derivative works are protected by copyright from the moment of creation. The copyright owners can then

enforce their rights, especially economic rights, without the need for prior reporting or recording. In the same way, the copyright owners can assign their rights to an assignee, and this assignment need not be registered for it to be valid. Thereafter, the copyright owners or their assignee can properly pursue the protection and enforcement of these rights.

The *second element* is comprised of two (2) components: (1) the act of infringement; and (2) the defendant or respondent who committed the act of infringement.

Act of Infringement

The first component or the infringing act, "is not merely the unauthorized 'manufacturing' of intellectual works but rather the unauthorized performance" **141** of any of the acts covered by the exclusive economic rights provided under Section 177 of the **IPC** of the copyright owners or their assignee. Nonetheless, there are instances when certain acts shall **not** constitute as infringement, such as those covered by Section 184 on "Limitations on Copyright" and Section 185 on "Fair Use of a Copyrighted Work," of the **IPC**, as follows:

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;

(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 the author, if appearing on the work, are mentioned;

(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;

(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;

(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. (Citations omitted).

184.2. The provisions of this section shall be interpreted in such a way as to allow the work to be used in a manner which does not conflict with the normal exploitation of the work and does not unreasonably prejudice the right holder's legitimate interests. **142**

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. Decompilation, which is understood here to be the reproduction of the code and translation of the forms of the computer program to achieve the inter-operability of an independently created computer program with other programs may also constitute fair use. 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.

185.2. The fact that a work is unpublished shall not by itself bar a finding of fair use if such finding is made upon consideration of all the above factors. **143** (Emphasis supplied).

It can thus be inferred that the copyright owners do not have the unlimited and absolute right to limit, restrict, authorize or permit the performances of their works, based on Sections 184 and 185 of the **IPC**. Nonetheless, the parties in this case did not raise as issues the application of limitations on copyright and the concept of fair use. Even so, a brief yet necessary discussion on these two fundamental concepts is useful.

The limitations on copyright specify the situations which, although involving the use of copyrighted material, do not amount to infringement. In particular, paragraph (i) of Section 184 of the **IPC** provides that for a performance to be exempt, these requisites should be satisfied: **144**

- (i) The place where the performance is made does not charge any admission fee in respect of such performance or communication;
- (ii) The performance 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].

For the first requisite, charging an admission fee does not automatically remove the playing of copyrighted music from this exemption. But if the admission fee is "charged in respect of such performance" then it would not be covered by the exemption. Otherwise stated, charging an admission fee for some other purpose not in connection with the playing of the work could still be exempt under this provision. **145**

Regarding the second requisite, the club or institution should both be for a charitable or educational purpose **and not** for profit, **146** in 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." **147** A charitable institution should be one that "provide[s] for free goods and services to the public which would otherwise fall on the shoulders of the government," **148** while an educational institution should be a school, seminary, college, or other similar educational establishment under the formal school system. **149**

As for the fair use doctrine, the case of *ABS-CBN Corporation v. Gozon* **150** (*Gozon*) described it as "'a privilege to use the copyrighted material in a reasonable manner without the consent of the copyright owner or as copying the theme or ideas rather than their expression.'" **151** Fair use is an exception to the copyright owner's monopoly of the use of the work to avoid stifling 'the very creativity which that law is designed to foster.'" **152** *Gozon* continues to state that "in its current form, the [IPC] is *malum prohibitum* and prescribes a strict liability for copyright infringement. Good faith,

lack of knowledge of the copyright, or lack of intent to infringe is not a defense against copyright infringement. Copyright, however, is subject to the rules of fair use and will be judged on a case-to-case basis." **153**

Pertaining to the fair use doctrine, *Gozon* elucidates:

Determining fair use requires application of the four-factor test. Section 185 of the *Intellectual Property Code* lists four (4) factors to determine if there was fair use of a copyrighted work:

- 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.

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. **154** (Emphases supplied, citations omitted)

These four factors should be considered together in establishing a case hinged on fair use, as these are not individually conclusive. **155**

First Factor of Fair Use: The Purpose and Character of the Use

The purpose and character of the use of the copyrighted work, whether it is for commercial or nonprofit educational purposes, should be determined. Thus, "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." **156** To illustrate, examples of transformative use are those listed in Section 185 of the [IPC](#), *i.e.*, for criticism, comment, news reporting, teaching, scholarship, research, and similar purposes. **157**

Second Factor of Fair Use: The Nature of the Copyrighted Work

In this factor, such "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." **158** For example, the fair use defense carries more weight in case of factual works compared to fiction and fantasy, since generally, there is a greater need to disseminate the former than the latter. **159** Similarly, if the copied work is unpublished, such is a clear indication of its "nature," as the "scope of fair use is narrower with respect to unpublished works." **160** Hence, "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." **161**

Third Factor of Fair Use: The Amount and Substantiality of the Portion Used

This factor relates to the reasonableness of the amount and substantiality of the portion used concerning the copyrighted material as a whole. Additionally, focus must be directed on whether the amount of copying leads to a valid and transformative purpose, which is related to the first factor (the purpose and character of use), even if the entire work is copied but is hinged on a different function compared to the original. **162**

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

Considered as the most important element of fair use, **163** the last factor "requires the 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 . . . would result in substantially adverse impact** on the potential market' for the original" **164** and derivative works. **165**

In [*Hustler Magazine v. Moral Majority, Inc.*], the US Court 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 marketability of the work; or (3) fulfill the demand for the original work.' **166** 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. **167**

Thus, "[w]here the profit generated by the alleged infringement substitutes for what the owner or creator could make, this bars the concept of fair use. But where the benefits are complementary or incidental, then fair use may be properly considered." **168**

In any case, the playing of music in Off the Grill was not done privately, and the establishment is not a charitable or religious institution or society. Additionally, the playing of the creative copyrighted music in Off the Grill was commercial in nature, and will work against the copyright owners' interests. Thus, COSAC's acts did not fall under the said limitations and the fair use doctrine.

In other words, the playing of musical compositions or sound recordings at Off the Grill, regardless of the medium used, whether *via* live band or through the use of speakers or monitors, does not fall under any of the limitations or the concept of fair use. Notably, the **IPC** did not provide parameters to determine how an entity or individual would be deemed as exempt in certain instances. There is no law, rule or previous jurisprudence delineating the treatment for copyright music infringers, whether it be big businesses ("large-scale users") or small establishments ("small-scale users"). Additionally, the **IPC** did not expressly make distinctions as to the possible levels of liabilities or exemptions if the copyrighted music would be played using different media. It did not categorize the "treatments" per medium, if the use would be sourced from a television/radio broadcast, personal recordings through a CD or mp3s, music videos, *etc.* Hence, where the law does not distinguish, We must not distinguish. **169**

This is noticeably different from other jurisdictions, as the laws in some countries distinguished the kind of medium used, and specified the quantity as well as the area of coverage of the establishment before one can be considered as exempt. In Our jurisdiction, the **IPC** did not make a distinction on: (a) the area of coverage of the establishment; (b) the number of loud speakers or television monitors used; (c) the transmission of the reception; and, (d) the entrance or admission fees to an establishment, for an entity to be considered as exempt from the licensing fees. **170**

These matters could have been properly delineated and clarified if the provisions of the **IPC** were supplemented by implementing rules and regulations or actually amended to address the changing milieu of copyrighted musical works. It would have been informative with respect to copyrighted musical works which have many facets, classifications, and media. Still, these concerns would be better addressed by the legislative department, considering the social function or common good element

of intellectual property creations as well as the aim to balance the interests of the copyright owners and the public. Regardless, the [IPC](#), specifically the prevailing version at the time COSAC allegedly committed infringing acts, states that public performance can be done **"either directly or by means of any device or process" or "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."**

Nevertheless, a discussion on these specifications would also be premature since none of the parties raised this as an issue. **More importantly, it was established that regardless of the medium used, COSAC allowed the playing of copyrighted music in its restaurant.**

It should be noted, though, that the copyright owners' economic rights are hinged on profit, in the sense that the valid use of the copyrighted works serves as reasonable compensation for the owners' hard work, and to further urge them to create or develop more materials. **171** Even so, the key objective is "to encourage the production of original literary, artistic, and musical expression for the public good." **172** Additionally, "[t]he primary purpose of copyright law is not so much to protect the interests of the authors/creators, but rather to promote the progress of science and the useful arts — that is — knowledge. To accomplish this purpose, copyright ownership encourages authors/creators in their efforts by granting them a temporary monopoly, or ownership of exclusive rights for a specified length of time. However, this monopoly is somewhat limited when it conflicts with an overriding public interest, such as encouraging new creative and intellectual works, or the necessity for some members of the public to make a single copy of a work for [non-profit], educational purposes." **173**

In the same vein, the Supreme Court of the United States (US Supreme Court) held in *Twentieth Century Music Corp. v. Aiken* **174** that:

The limited scope of the copyright holder's statutory monopoly, like the limited copyright duration required by the Constitution, reflects a balance of competing claims upon the public interest: creative work is to be encouraged and rewarded, but private motivation must ultimately serve the cause of promoting broad public availability of literature, music, and the other arts. The immediate effect of our copyright law is to secure a fair return for an 'author's' creative labor. But the ultimate aim is, by this incentive, to stimulate artistic creativity for the general public good. 'The sole interest of the United States and the primary object in conferring the monopoly.' this Court has said, 'lie in the general benefits derived by the public from the labors of authors.' **175**

With these considerations, it appears that, as noted by then Senior Associate Justice Estela M. Perlas-Bernabe **176** (SAJ Bernabe, Ret.) during the deliberations prior to her retirement, there is a balancing of interests between the copyright owners (or their assignees) and the public who benefit from the use of copyrighted materials. As can be gleaned from Sections 184 and 185 of the [IPC](#), the "unauthorized use" of copyrighted works may be allowed and not characterized as infringement. Notably, such permitted "use" of copyrighted works has a **non-profit** aspect, such as for educational, charitable, judicial, scientific, or other recognized purposes under the law. **177** The "use" in the said

fields will not significantly or unfavorably impact the copyright holders' exclusive economic rights, but will be in consonance with the policy that copyright laws should promote creativity and knowledge for the good of the public.

To emphasize, for an act to be considered as copyright infringement, it must not fall under Section 177 of the [IPC](#), and at the same time must not be covered by Sections 184 (Limitations on Copyright) and 185 (Fair Use Doctrine).

Persons Who Commit Acts of Infringement

For the second component of the *second* element, based on Sections 216 and 216.1 of the [IPC](#), "any person infringing a right protected under [the [IPC](#)] shall be liable x x x." This provision was subsequently refined by the passage of [RA 10372 178](#) in 2013. Specifically, [RA 10372](#) distinguished the "roles" of an infringer as follows: (1) directly commits an infringement; (2) benefits from the infringing activity of another person who commits an infringement if the person benefiting has been given notice of the infringing activity and has the right and ability to control the activities of the other person; and (3) with knowledge of the infringing activity, induces, causes or materially contributes to the infringing conduct of another. [179](#)

SAJ Bernabe, Ret. opines [180](#) that Sections 216 and 216.1 of the [IPC](#), as amended by [RA 10372](#), contemplate two (2) different kinds of copyright infringers, specifically: (a) *primary infringers* or those who directly commit the infringing acts; and (b) *secondary infringers* or those who induce, materially contribute to, or benefit from, an infringing act of another. It should be stressed, though, that since [RA 10372](#) was enacted in 2013, or **after** COSAC allegedly committed the infringing acts, the original provisions of [RA 8293](#) should be controlling in this case. Basically, the enumeration pertaining to the different types of infringers provided by [RA 10372](#) cannot strictly apply in the instant case.

Yet, as aptly explained by SAJ Bernabe, Ret.:

Despite the seeming lack of recognition of the dichotomy between primary and secondary infringers under the original Sections 216 and 216.1 [of [RA 8293](#)], it is nevertheless submitted that the phrase '**[a]ny person** infringing a right protected under this law shall be liable x x x' may be interpreted to be broad enough **to include all those who had a part with the infringing activity, whether directly (primary infringers) or indirectly (secondary infringers)** — and that the [RA 10372](#) amendments should be considered as a mere **refinement of the phraseology** of the coverage of copyright infringement **meant only to explicitly codify what was already implied in the old law** in order to further strengthen the enforcement of copyright-related rights. [181](#)

She adds that this view is supported by copyright law and related jurisprudence in the United States (US), which hold persuasive value in the Philippine jurisdiction given that our country's copyright laws trace its roots from the US. [182](#) For instance, the Copyright Act of 1976 of the US is now reflected as Title 17 of the US Code (17 USC). 17 USC § 501 (a), [183](#) just like Sections 216 and 216.1 of the [IPC](#), does not enumerate the different types of infringers, as it merely states "anyone who violates" the rights of the copyright owner or author. Simply put, the said provisions do not expressly provide for liability characterized

as secondary infringement. Even so, US jurisprudence, **184** based on common law principles, recognizes that liability characterized as secondary infringement should be penalized. Relevantly, in *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.* **185** (MGM), the US Supreme Court ruled that "[a]lthough '[t]he Copyright Act does not expressly render anyone liable for infringement committed by another,' these doctrines of secondary liability emerged from common law principles and are well established in the law." Thus, as opined by SAJ Bernabe, Ret., since the legal system of the Philippines is "a blend of customary usage, and Roman (civil law) and Anglo-American (common law) systems," **186** We can adopt the view regarding common law principles related to secondary infringement. Thus, secondary infringers may be recognized and penalized, given the persuasive nature of US law in connection with Philippine law and in order to complement the old Sections 216 and 216.1 of the [IPC](#).

In relation to this, under US law, copyright infringement is seen in the nature of a tort, and all those who take part in the infringing act are *jointly and severally liable*. **187** The US cases of *EMI April Music, Inc. v. White*, **188** *Shapiro v. H. L. Green Co.*, **189** and *MGM*, clarified that a person can be held liable for copyright infringement based on the acts of another — if one benefits from the infringing act; if a person contributes to the infringement by inducing direct infringing acts; or infringes vicariously by profiting from direct infringement while declining to exercise a right to stop/limit it.

US case law also provides for sub-classifications of secondary liability, as follows: (a) inducement theory; (b) contributory infringement; and (c) vicarious infringement.

Under the inducement theory, when a person induces the commission of an infringing act by another party, or persuades another to commit infringement, he/she shall be liable. **190** Next, contributory infringement happens when a person, aware of the infringing activity, induces, causes or materially contributes to the infringing act of another. **191**

Finally, vicarious infringement has two (2) elements: (1) a defendant possesses the right and ability to supervise the infringing act; and (2) the defendant must have "an obvious and direct financial interest in the exploitation of copyrighted material." **192** In this mode, knowledge or lack thereof of the infringement is immaterial in the determination of vicarious liability. **193**

The US case of *ABKCO Music, Inc. v. Washington* **194** ruled that the secondary liability of an infringer may be founded on both contributory and vicarious infringement, as when the secondary infringer has a financial interest in the act of infringement and also materially contributed to the commission of the said act.

Therefore, to hold a defendant or respondent liable, the evidence must show that he or she is either a direct infringer or a secondary infringer, in relation to the exclusive economic rights of a copyright owner (or assignee) which are not covered by the fair use doctrine or the limitations on copyright under the [IPC](#).

Copyright Infringement: COSAC's Liability

All the elements of copyright infringement, (1) ownership of a validly copyrighted material by the complainant and (2) infringement of the copyright by the respondent, are present in this case. The songs that were played in *Off the Grill* are copyrighted works,

and the copyright owners have a right to enforce their exclusive economic rights. COSAC, through the testimony of Tanan, admitted that it allowed the playing of the copyrighted songs in the restaurant. Such performances were not covered by the limitations on copyright or the fair use doctrine. More importantly, these were carried out to realize profits for the establishment. Ergo, **COSAC committed copyright infringement.**

To be more precise, COSAC is a primary infringer, and also a secondary infringer under the concept of vicarious infringement. This is because as owner of Off the Grill, it allowed the commission of infringing acts when it permitted musical artists or bands to perform copyrighted music (secondary infringer), and played sound recordings as background music (primary infringer) without first procuring a license from the copyright owners (or assignees) of the songs and paying the fee. By doing so, COSAC unduly enriched itself when it allowed the playing in public of copyrighted songs which in turn paved the way for it to generate more profit without any additional expense to it. This contravenes the aim of copyright laws to protect and compensate authors and the artists, as well as encourage them to produce more creations for the eventual benefit of the public. FILSCAP's allegation that COSAC is a principal by indispensable cooperation, in a way, finds basis in this rationale.

Designation of FILSCAP

In view of these, the copyright owners of the musical works can rightly assert their economic rights when their copyrighted songs are being played or performed without their consent or authorization. FILSCAP even asserted that notice and demand from the copyright owner is not required for the infringer to be liable for copyright infringement. **195** To effectively enforce their economic rights, the copyright owners can designate a society of artists, writers or composers on their behalf, like FILSCAP, as provided by Section 183 **196** of the **IPC**. This designation is achieved through deeds of assignment, exactly how various copyright owners had assigned to FILSCAP the protection and enforcement of their rights on their behalf. The deeds of assignment between FILSCAP and the copyright owners contained the following pertinent provisions:

1. DEFINITIONS

a) **"Copyright work"** shall mean and include —

xxx xxx xxx

b) **"right of public performance"** shall, as provided in Section 171.6 of [the IPC] x x x

c) **"right of communication to the public"** shall mean the right . . . per Section 171.3 of [the IPC]

d) **The expression "public performing rights" shall mean (b) [right of public performance] and (c) [right of communication to the public] above.**

2. ASSIGNMENT OF PUBLIC PERFORMING RIGHTS

a. ASSIGNOR assigns to FILSCAP, the PUBLIC PERFORMING RIGHTS in ALL copyright works x x x, together with all interests and shares of the ASSIGNOR x x x

b. FILSCAP shall own, hold, control, administer and enforce said public performing rights on an exclusive basis x x x.

c. ASSIGNOR shall x x x make, constitute and appoint FILSCAP as his/her true and lawful attorney, with full power and authority to execute all documents and do all acts, including licensing of the rights herein assigned, that may be necessary, proper or expedient to effectively administer/enforce the public performing rights of ASSIGNOR in all his/her copyright works.

xxx xxx xxx

5. DISTRIBUTION OF ROYALTIES

a. FILSCAP shall from time to time pay ASSIGNOR such sums of money out of the royalties FILSCAP has collected from the exercise or licensing of the rights herein assigned in accordance with the distribution guidelines set by the FILSCAP Board of Trustees.

xxx xxx xxx **197**

In like manner, the reciprocal representation agreements executed by the foreign societies in favor of FILSCAP essentially stipulated the following:

[They] assign to FILSCAP the performing right x x x, in the territories in which this latter Society operates x x x, and the right to authorize all public performances x x x of musical works, with or without lyrics, which are protected under the terms of national laws, bilateral treaties and multilateral international conventions relating to the author's right (copyright, intellectual property, etc.) x x x.

The assignment of the performing right as referred to x x x entitles each of the contracting Societies, x x x

a) to permit or prohibit x x x public performance of works in the repertoire of the other Society and to issue the necessary authorizations for such performances;

b) to collect all royalties required in return for the authorizations issued by it x x x;

c) to receive all sums due as indemnification or damages for unauthorized performances of the works in question;

d) to commence and pursue x x x any legal action against any person or corporate body and any administrative or other authority responsible for illegal performance of the works in question;

e) to transact, compromise, submit to arbitration, refer to any Court of Law, special or administrative tribunal;

f) to take other action for the purpose of ensuring the protection of the public performance right in the works covered by the present contract. **198**

It should be mentioned that "at most, an assignee can only acquire rights duplicating those which his assignor is entitled by law to exercise." **199** Necessarily, FILSCAP's scope of authority is limited by what the deeds or agreements specifically provide. Relevantly, too, FILSCAP alleged that it represents "composers, lyricists/authors, and music publishers." As additional information, since FILSCAP is currently recognized and accredited by the IPO **200** as a Collective Management Organization (CMO), **201** it essentially has the personality to step in to protect the rights of copyright owners, specifically composers, lyricists, music publishers, and other music copyright owners, **202** as long as the copyrighted songs are under FILSCAP's catalogue.

Therefore, FILSCAP, as the assignee, "is entitled to all the rights and remedies which the assignor had with respect to the copyright." **203** If FILSCAP determines that there is an infringement of the copyrighted musical works, it can pursue appropriate measures to protect its rights and that of the assignors. The remedies for infringement relevant to the instant case are stated in Section 216 of the IPC, prior to its amendment by RA 10372 in 2013, as follows:

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

(a) To an injunction restraining such infringement. The court may also order the defendant to desist from an infringement, among others, to prevent the entry into the channels of commerce of imported goods that involve an infringement, immediately after customs clearance of such goods.

(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.

xxx xxx xxx

(e) Such other terms and conditions, including the payment of moral and exemplary damages, which the court may deem proper, wise and equitable and the destruction of infringing copies of the work even in the event of acquittal in a criminal case.

xxx xxx xxx **204** (Emphasis Supplied).

COSAC failed to rebut FILSCAP's claim that Off the Grill played copyrighted music either through a live band or sound recordings without any license from the Society. As the assignee, FILSCAP rightly sought to protect the copyrighted musical works by requiring COSAC, through demand letters, to procure the authorization to play the songs and also to pay the corresponding fees. Since COSAC refused to comply, FILSCAP properly resorted to filing a complaint before the trial court to compel COSAC to secure a

license and pay the fees before conducting or allowing any further performance of the copyrighted songs at Off the Grill.

**Registration Not Required;
For Recording Purposes Only**

With the presentation of the certifications **205** from the National Library and the deeds of assignment **206** of various musical artists in its favor, FILSCAP was able to establish its authority to enforce the rights of the assignors, especially when an establishment plays the copyrighted music without a "license." The same applies to the foreign societies' copyrighted music, with the corresponding certification from the National Library of the reciprocal representation agreements. **207**

Even so, COSAC argues that FILSCAP should have caused the publication of the deeds of assignment and the reciprocal representation agreements in the IPO Gazette to properly inform the public of its authority. We are not persuaded. Section 182 of the [IPC](#) provides:

Section 182. *Filing of Assignment or License.* — An assignment or exclusive license may be filed in duplicate with the National Library upon payment of the prescribed fee for registration in books and records kept for the purpose. Upon recording, a copy of the instrument shall be returned to the sender with a notation of the fact of record. Notice of the record shall be published in the IPO Gazette. **208**

Thus, if the author or assignee opts to file a duplicate of the deed or agreement, a record of the said filing will be kept by the National Library. A notation of the fact of record shall be given to the sender or the filer. Thereafter, a notice of the said record shall be published in the IPO Gazette. Withal, the provision suggests that filing a duplicate of the document assigning the rights to copyrighted musical works is permissive and not mandatory upon the author or the assignee.

As uniformly found by both the RTC and the CA, the filing of a duplicate copy of the deed of assignment or the reciprocal representation agreement with the National Library is **not** required. Instead, filing a duplicate copy of the deed or agreement with the National Library is **discretionary** on the part of either the author or the assignee. Since the filing is optional, the authors or their assignees cannot be compelled to file a duplicate copy of the document evidencing the assignment, and have the deeds or agreements published in the IPO Gazette before their rights can be invoked or enforced.

FILSCAP aptly stated that "[c]onsidering that the Deeds of Assignment and Reciprocal Agreements are not required to be registered with the National Library, then much less is their publication in the IPO Gazette required. The filing of the assignment of copyright is a pre-requisite for publication, such that if no assignment is filed, then there can be no publication to speak of." **209**

In addition, the Court sustains FILSCAP's fitting explanation regarding the intent of the framers of the [IPC](#), when juxtaposed with [Presidential Decree \(PD\) No. 49](#), the preceding law, and other provisions in the [IPC](#), as follows:

85. Furthermore, an analysis of the legislative history of Section 182 of the IP Code, as well as a comparison of the said provision with the other provisions of the IP Code will confirm that there is no question that the filing of copyright assignment instruments with the National Library is not mandatory and that the failure to file the said instruments will not render the instrument void as to third persons.

86. Prior to Section 182 of the IP Code, [Presidential Decree No. 49](#), promulgated on 14 November 1972, mandated the filing of the assignment of a copyright with the National Library and provided a penalty for non-compliance, to wit:

'SECTION 19. Every assignment, license or other instrument relating to any right, title or interest in a copyright and to the work subject to it **shall** be filed in duplicate with the National Library upon payment of the prescribed fee for registration in books and records kept for the purpose. Upon recording, a copy of the instrument shall be returned to the sender with a notation of the fact of record. Notice of the record shall be published in the Official Gazette.

Such [instrumentalities] 210 shall be void as against any subsequent purchaser or mortgagee for valuable consideration and without notice unless it is recorded in the library prior to the subsequent purchase or mortgage.

87. Obviously, if it were the intention of the Philippine Congress to make it mandatory to file the assignment of copyright with the National Library, the second paragraph in Section 19 of PD No. 49 as quoted above should have been retained in Section 182 of the IP Code. It was not.

88. The permissive character of registration of assignment of copyright is likewise highlighted by a comparison of the provisions of the IP Code on registration of an assignment of copyright as against the IP Code provisions on registration of trademark assignment and patent assignment.

88.1 Registration with IPO is required for assignments, licenses and other instruments relating to the transmission of any right, title or interest in and to inventions, and patents or application for patents or inventions within three (3) months from the date of the instrument, or prior to a purchase or mortgage. If the instrument is not registered, it is void as against a subsequent purchaser or mortgagee for valuable consideration and without notice.

88.2 The IP Code likewise requires IPO recording of assignments and transfers of trademark application or registration for the same to be effective against third parties. The rule is likewise the same for license contracts involving a trademark application or registration. **211**

Simply put, if the legislative intent was to void the deeds or agreements in case of non-publication in the IPO Gazette, then a provision requiring said publication should have

been expressly stated in the [IPC](#). Absent such a provision, there is no basis to conclude that non-publication in the IPO Gazette of copies of the deeds or agreements would automatically render void these documents.

Notably, under the old copyright laws, [212](#) registration and deposit of the work were required before it can be protected. In the aforementioned [Tan](#) case, which was decided under these old copyright laws, the Court ruled that while the acts of the respondent in playing live band music in the restaurant constituted as copyright infringement, he could not be held liable since the owners of the musical works did not comply with the formalities required by the old copyright laws. Such failure constituted as a waiver on the owners' part to enforce their copyright ownership, and thus, they cannot enjoy copyright protection over their works. As a consequence, their musical works became property of the public domain.

Yet, pursuant to the [Berne Convention](#), [213](#) of which the Philippines is a signatory, the enjoyment of rights protected by copyright "shall not be subject to any formality; such enjoyment and such exercise shall be independent of the existence of protection in the country of origin of work." [214](#) Hence, in the past, while formalities were required before a work may be protected, the country's copyright laws later on shifted to conferring protection **from the moment of creation**. [215](#) Accordingly, under the [IPC](#), original and derivative works are protected by the sole fact of their creation, irrespective of their mode or form of expression, as well as of their content, quality and purpose, [216](#) and shall extend during the life of the author and for fifty (50) more years after his/her death. [217](#)

Again, as SAJ Bernabe, Ret. stated, while the [IPC](#) still provides pointers regarding the registration and deposit of copyrighted works, the objective for doing so is for **recording only**. Such recording will not affect the copyright's validity, including the rights and protections that are attached to it. Withal, failure to register an assignment or licensing agreement involving copyrighted works should not impact the validity of such transactions. [218](#) Rather, the purpose of registration is to protect subsequent purchasers or mortgagees for value and without notice, since in principle, it is similar to the filing and recording statute pertaining to chattel mortgages. [219](#) Thus, FILSCAP, as the assignee in this case, can register and deposit copyrighted works on behalf of the authors/owners, but only with the aim to successfully record the same.

In fine, non-registration or deposit of the works with the National Library will not affect the validity of the copyright, as these works are protected from the moment of creation, and given that the registration is purely for recording purposes. To stress, copyright holders or their assignees have the basis to enforce their rights and take action against any person or entity who infringes on the said rights even absent such recording.

FILSCAP's Remedies

As the assignee, FILSCAP has the right to demand compensation for the playing or performance in public of copyrighted musical works under its catalogue in establishments or other venues, when infringement is being committed due to the absence of a license and payment of fees.

Relevantly, the RTC granted FILSCAP *actual* damages representing unpaid license fees/royalties as well as monitoring expenses (both with legal interest), attorney's

fees and litigation expenses, and costs of suit. However, the RTC did not grant FILSCAP's prayer to compel COSAC to secure a public performance license and to pay for the fees. Since FILSCAP did not appeal these aspects, these are deemed waived and considered to have become final as against it. **220** It should be emphasized, however, that failure to procure a license from FILSCAP and pay the necessary fees before allowing the playing or public performance of copyrighted works will still amount to copyright infringement. Nonetheless, the CA upheld the RTC's ruling on license fees/royalties but ordered the deletion of award for monitoring expenses, which FILSCAP did not question as well.

In the case at bench, since COSAC committed infringement, FILSCAP, representing the copyright owners, is entitled to compensation in the form of damages. In its complaint, FILSCAP expressly prayed for *nominal* damages in the amount of P300,000.00. **221** Had FILSCAP asked for *actual* damages, further assessment of the evidence would have been required. "Under Article 2199 of the [Civil Code](#), actual or compensatory damages are those awarded in satisfaction of, or in recompense for, loss or injury sustained. They proceed from a sense of natural justice and are designed to repair the wrong that has been done, to compensate for the injury inflicted and not to impose a penalty." **222**

To expound, "[t]he Court in [San Miguel Foods, Inc. v. Magtuto](#) **223** reiterated that there are two kinds of actual or compensatory damages: (1) the loss of what a person already possesses, and (2) the failure to receive as a benefit that which would have pertained to them. In the latter instance, the familiar rule is that damages consisting of unrealized profits, frequently referred to as *ganacias frustradas* or *lucrum cessans*, are not to be granted on the basis of mere speculation, conjecture, or surmise, but rather by reference to some reasonably definite standard such as market value, established experience, or direct inference from known circumstances. **224** Thus, to justify a grant of actual or compensatory damages, it is necessary to prove with a reasonable degree of certainty, premised upon competent proof and on the best evidence obtainable by the injured party, the actual amount of loss." **225**

FILSCAP's evidence is lacking in terms of the "actual" damage it sustained. It did not offer other receipts or documentation, except for what Lejano presented when he visited Off the Grill, as well as the matrix of fees submitted by FILSCAP's employees. There is no effective way to ascertain how much pecuniary loss FILSCAP incurred with respect to license fees as well as monitoring expenses. For this reason, the RTC and CA's award to FILSCAP for license fees/royalties should also be removed, in addition to the monitoring expenses which the CA already deleted. FILSCAP's evidence, unfortunately, is insufficient to properly calculate its entitlement to royalties, as well as other *actual* damages, assuming it further prayed for the same, apart from the license fees and monitoring expenses.

Moreover, FILSCAP, through Lejano, only monitored Off the Grill on February 3, 2005 and January 13, 2006, even when it averred that the establishment has been committing infringing acts for a while. Two dates can hardly be considered as an accurate representation of all the instances when COSAC should have paid the license fees. Even if FILSCAP specifically prayed for *actual* damages, the Court cannot grant it because FILSCAP did not present "sufficient evidence to prove the amount claimed and the basis

to measure actual damages." **226** In fine, allegations should always be supported by preponderant evidence **227** to successfully claim for *actual* damages and remuneration of lost profits.

This is not to say, however, that FILSCAP cannot be granted *any* kind of damages. Even if it failed to substantiate its entitlement to *actual* damages, according to [RA 8293](#) or the [IPC](#) (prior to its amendment in 2013), FILSCAP can still claim some form of compensation. Specifically, [RA 8293](#) states that: "**in lieu of actual damages and profits**, such damages which to the court shall appear to be **just**" **228** may be awarded to address a claim of pecuniary loss. **229** For this Court, "just damages" is a form of compensation akin to **temperate** damages, *viz.*:

Article 2224. Temperate or moderate damages, which are more than nominal but less than compensatory damages, may be recovered when the court finds that some pecuniary loss has been suffered but its amount cannot, from the nature of the case, be provided with certainty. **230**

In the same way, jurisprudence teaches that "[w]hen the court finds that some pecuniary loss has been suffered but the amount cannot, from the nature of the case, be proved with certainty, temperate damages may be recovered. Temperate damages may be allowed in cases where from the nature of the case, definite proof of pecuniary loss cannot be adduced, although the court is convinced that the aggrieved party suffered some pecuniary loss." **231** Nonetheless, "[i]t must be stressed that the grant of temperate damages, albeit subject to the discretion of the court, **232** must always be reasonable **233** and **based on the facts and circumstances of each case.** **234** Indeed, this Court's discretion is subject to the condition that the award for damages is not excessive under the attendant facts and circumstance of the case." **235** To stress, even if FILSCAP specifically asked for *actual* damages, *temperate* damages should be awarded instead. This is because due to lack of evidence, the amount of *actual* damages cannot be quantified with reasonable certainty even if it is evident that FILSCAP indeed suffered losses.

To reiterate, FILSCAP, in its Complaint, did **not** include in its prayer the award of *actual* damages. It asked for *nominal* damages **236** and attorney's fees, on top of its request to compel COSAC to secure a public performance license and then pay the corresponding license fees for the performing rights of copyrighted musical works at Off the Grill. **237**

It should be noted that nominal damages cannot be awarded in this case since it is clear that FILSCAP **suffered pecuniary loss**, although the rates cannot adequately be computed due to lack of proof. To expound, "[u]nder Article 2221 of the [Civil Code](#), nominal damages may be awarded in order that the plaintiff's right, which has been violated or invaded by the defendant, may be vindicated or recognized, **and not for the purpose of indemnifying the plaintiff for any loss suffered.**" **238** Otherwise stated, "[n]ominal damages are 'recoverable where a legal right is technically violated and must be vindicated against an invasion that **has produced no actual present loss of any kind** or where there has been a breach of contract and **no substantial injury or actual damages whatsoever have been or can be shown.**" **239** Nominal damages is not proper in cases involving infringement of intellectual property rights because there is a presumption that

the copyright owner (or assignee) suffered a pecuniary loss. **240** Besides, by praying for *nominal* damages, FILSCAP may not have been certain with the actual amount it lost. Regardless, it cannot be denied that FILSCAP suffered pecuniary loss when COSAC did not pay for license fees before it allowed playing and performance in public of copyrighted music at Off the Grill.

Even if its prayer for *nominal* damages cannot be granted for lack of basis, as earlier discussed, FILSCAP is still entitled to *temperate* or *just* damages in accordance with Section 216.1 (b) of the [IPC](#), notwithstanding its failure to prove its entitlement to *actual* damages.

Thence, the amount which should be awarded to FILSCAP should be based on the following considerations: **241** (1) the 500-seating capacity of Off the Grill; **242** (2) based on FILSCAP's matrix, the royalty fee of P170.00/day for lounges/bars/pubs which play copyrighted songs live and mechanically; **243** (3) FILSCAP's assertion that it demanded from COSAC to pay license fees since October 2003, until the filing of the complaint on February 13, 2006 **244** (although it is unclear when FILSCAP first discovered COSAC's acts of infringement); (4) FILSCAP's monitoring agent identified only 25 copyrighted songs which were played at Off the Grill without the requisite license and payment of fees; **245** (5) to acknowledge FILSCAP's members who are copyright owners, and FILSCAP's authority to enforce their rights; **246** and, (6) to balance the interests between copyright owners and the society, in that the award of *just* damages is "[a] not too excessive as to scare away other people from carrying out legitimate acts involving copyrighted music, **BUT** [b] not too minimal as to give the wrong impression that the State accords little value to copyrighted musical work and that creators do not deserve to be compensated with reasonable economic rewards for sharing their creations to the society." **247**

Considering the foregoing, the Court deems it proper to award FILSCAP the amount of P300,000.00 as *temperate* (or *just*) damages, based on Section 216.1 (b) of the [IPC](#). Such is a fair and reasonable amount to show that the Court recognizes that, apart from suffering pecuniary loss, FILSCAP has the right to require the procurement of a license and the payment of license fees before COSAC can validly play copyrighted musical works in its establishment. **248** One should bear in mind that FILSCAP, as assignee, is seeking to protect the intellectual property rights of the owners of copyrighted musical works, and is not just safeguarding its own interest.

However, modifications regarding the applicable legal interest upon the said monetary awards should be imposed in accordance with [Nacar v. Gallery Frames](#). **249** Therefore, the monetary awards shall be subject to interest at the rate of 12% per *annum* from the date of the filing of the complaint or on February 13, 2006 until June 30, 2013, and thereafter, 6% per *annum* from July 1, 2013 until finality of this judgment. Furthermore, once the judgment in this case becomes final and executory, the said amounts shall be subject to legal interest at the rate of 6% per *annum* from such finality until its satisfaction.

As a final note, the Court acknowledges that FILSCAP, by authority of the deeds/agreements, represents the owners or holders of copyrighted musical works under its catalogue. As the assignee, FILSCAP is tasked to monitor and issue licenses to persons, businesses, establishments, and the like which are interested to play or perform

these musical compositions. Although it seems trivial or outrageous to collect fees for this purpose especially when almost everything is readily accessible to the listening public, the copyright owners are still entitled to be compensated for their creative work. There is no question that they invested time, creativity, talent, and effort in the creation and development of their compositions. Thus, assigning FILSCAP to pursue their intellectual property rights on their behalf should not be taken against FILSCAP, as it is acting not merely for its own benefit, but for the copyright owners' as well. Still, FILSCAP's monitoring, licensing, and its other functions should all be exercised within reasonable, proper, and just means.

WHEREFORE, the Petition for Review on *Certiorari* is hereby **DENIED**. The assailed May 28, 2015 Decision and January 14, 2016 Resolution of the Court of Appeals in CA-G.R. CV No. 101415 are **AFFIRMED with MODIFICATIONS**. The monetary award in the amount of P317,050.00 as damages for unpaid license fees/royalties in favor of the **Filipino Society of Composers, Authors and Publishers, Inc.** is **DELETED**. Instead, petitioner **COSAC, Inc.**, is **ORDERED** to indemnify the **Filipino Society of Composers, Authors and Publishers, Inc.** temperate damages in the amount of P300,000.00. This amount shall be subject to interest at the rate of 12% per *annum* from February 13, 2006 until June 30, 2013, and at the rate of 6% per *annum* from July 1, 2013 until the date of finality of this judgment. Thereafter, all the monetary amounts shall be subject to interest at the rate of 6% per *annum* from the date of finality of this judgment until full satisfaction of the same.

SO ORDERED.

Gesmundo, C.J., Gaerlan, Rosario, J.Y. Lopez, Dimaampao, Marquez, Kho, Jr. and Singh, JJ., concur.

Leonen, Caguioa and Zalameda, JJ., see separate concurring opinion.

Lazaro-Javier, J., pls. see concurrence.

*Inting * and M.V. Lopez, ** JJ., took no part.*

Separate Opinions

LEONEN, J., concurring:

I concur in the result. Petitioner should be made liable for copyright infringement pursuant to [Republic Act No. 8293](#), the [Intellectual Property Code](#).

I agree that profit is not the controlling factor in determining the commission of copyright infringement. **1** Even during the copyright regime subsisting under [Presidential Decree No. 49](#), the exhibition, performance, representation, production, or reproduction of a copyrighted work is the exclusive right of the copyright holder, regardless of whether the act was committed for profit or otherwise:

SEC. 3. The proprietor of a copyright or his heirs or assigns shall have the exclusive right:

xxx xxx xxx

(c) To exhibit, perform, represent, produce, or reproduce the copyrighted work in any manner or by any method whatever *for profit or*

otherwise; if not reproduced in copies for sale, to sell any manuscripts or any record whatsoever thereof; . . . (Emphasis supplied)

As astutely pointed out in the *ponencia*, what the factor of profit — or more accurately, the absence of a profit-making aim — can do is to exclude certain acts from a finding of infringement, such as when the act was committed in accordance with those enumerated in Section 184 of the [Intellectual Property Code](#).² Particularly, when raising the defense of fair use, several factors — not just the alleged infringer's profit purpose — must be considered:

The determination of what constitutes fair use depends on several factors. Section 185 of the [Intellectual Property Code](#) states:

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. . . . 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.

Respondents allege that the news footage was only five (5) seconds long, thus falling under fair use. ABS-CBN belies this contention and argues that the footage aired for two (2) minutes and 40 seconds. 113 According to the Court of Appeals, the parties admitted that only five (5) seconds of the news footage was broadcasted by GMA-7.

This court defined fair use as "a privilege to use the copyrighted material in a reasonable manner without the consent of the copyright owner or as copying the theme or ideas rather than their expression." Fair use is an exception to the copyright owner's monopoly of the use of the work to avoid stifling "the very creativity which that law is designed to foster."

Determining fair use requires application of the four-factor test. Section 185 of the Intellectual Property Code lists four (4) factors to determine if there was fair use of a copyrighted work:

- 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.

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. **3**

There is no question that petitioner's employees playing copyrighted music through the radio, speakers, or music videos constituted an exercise of respondent's public performance rights, and that to do so without securing a license from respondent constitutes copyright infringement for which the petitioner can be made liable. That much has been settled in *Filscap v. Anrey*. **4**

It may likewise appear that the case of *Filscap v. Tan* **5** is controlling on the liability of a proprietor when a live band, within the establishment of another, publicly performed musical compositions without the appropriate public performance license. There, the operator of a restaurant was alleged to have committed copyright infringement when it hired a combo of professional singers who played and sung musical compositions "to entertain customers therein" **6** without first securing a license or permission from the copyright holders.

However, *Filscap v. Tan* did not fully reckon with the infringement liability of the owner of an establishment in relation to the liability of the primary and direct infringers — the combo of professional singers. Instead, the Court ultimately found that no copyright infringement was committed because the compositions performed have already passed into the public domain. **7**

This Court must be circumspect in its assignation of infringing act and liability pursuant to copyright law. Copyright is a statutory right, the extent and limitations of which are defined and governed by existing law:

An important aspect of intellectual property rights is that their protection subsists only "for such period as may be provided by law." As with other intellectual property rights, the metes and bounds of protection for works covered by copyright are defined and governed by existing law. In *Joaquin v. Drilon*:

Copyright, in the strict sense of the term, is purely a statutory right. It is a new or independent right granted by the statute, and not simply a pre-existing right regulated by the statute. Being a statutory grant, the rights are only such as the statute confers, and may be obtained and enjoyed only with respect to the subjects and by the persons, and on terms and conditions specified in the statute. **8**

At the time the infringing acts were committed in this case, [Republic Act No. 8293](#) only punished the direct infringer: the person who, without authority or consent, exercises a right that was exclusively granted to the copyright holder, or author of the work in case of moral rights, or the performer, producer of sound recordings or broadcasting organization for rights defined in Chapter XII of the [Intellectual Property Code](#), among others. Persons who benefit from the infringing activity of another, or knowingly and materially contribute to another's infringing activity, were not liable under Section 216 of [Republic Act No. 8293](#). Thus, in the strictest understanding of liability for infringement under [Republic Act No. 8293](#), to impute infringement, it must be shown that the unauthorized exercise of copyright or related right must have been done by the alleged infringer. The only exception was persons who knowingly possess infringing copies of the work, penalized under Section 217.3:

SECTION 217. Criminal Penalties. — . . .

217.3. Any person who at the time when copyright subsists in a work has in his possession an article which he knows, or ought to know, to be an infringing copy of the work for the purpose of:

- (a) Selling, letting for hire, or by way of trade offering or exposing for sale, or hire, the article;
- (b) Distributing the article for purpose of trade, or for any other purpose to an extent that will prejudice the rights of the copyright owner in the work; or

(c) Trade exhibit of the article in public, shall be guilty of an offense and shall be liable on conviction to imprisonment and fine as above mentioned.

It was only in [Republic Act No. 10372](#) that acts constituting copyright infringement were expanded to contemplate those done by persons other than the direct infringers:

SEC. 216. Infringement. — Any person infringes a right protected under this Act when one:

(a) Directly commits an infringement;

(b) Benefits from the infringing activity of another person who commits an infringement if the person benefiting has been given notice of the infringing activity and has the right and ability to control the activities of the other person;

(c) With knowledge of infringing activity, induces, causes or materially contributes to the infringing conduct of another.

I respectfully put forward that, if this Court must impute liability to persons other than the direct infringers absent a specific provision in copyright law, then it is inappropriate to find its basis on the common law principles of another jurisdiction. **9** "Otherwise, our laws, and by extension, our courts, will be beholden to interpretations made of foreign laws, by foreign bodies, ignoring the real and material divergences in the legal, political, social, and cultural developments unique to each jurisdiction." **10** For those infringing acts allegedly committed and yet responsibility is imputed to another, prior to the effectivity of [Republic Act No. 10372](#), it is more appropriate that Philippine law and jurisprudence's existing formulations of the concept of vicarious liability be applied. In *Cangco v. Manila Railroad Co.*: **11**

On the other hand, the liability of masters and employers for the negligent acts or omissions of their servants or agents, when such acts or omissions cause damages which amount to the breach of a contract, is not based upon a mere presumption of the master's negligence in their selection or control, and proof of exercise of the utmost diligence and care in this regard does not relieve the master of his liability for the breach of his contract.

Every legal obligation must of necessity be extra-contractual or contractual. Extra-contractual obligation has its source in the breach or omission of those mutual duties which civilized society imposes upon its members, or which arise from these relations, other than contractual, of certain members of society to others, generally embraced in the concept of status. The legal rights of each member of society constitute the measure of the corresponding legal duties, mainly negative in character, which the existence of those rights imposes upon all other members of society. The breach of these general duties whether due to willful intent or to mere inattention, if productive of injury, gives rise to an obligation to indemnify the injured party. The fundamental distinction between obligations of this

character and those which arise from contract, rests upon the fact that in cases of non-contractual obligation it is the wrongful or negligent act or omission itself which creates the vinculum juris, whereas in contractual relations the vinculum exists independently of the breach of the voluntary duty assumed by the parties when entering into the contractual relation.

With respect to extra-contractual obligation arising from negligence, whether of act or omission, it is competent for the legislature to elect — and our Legislature has so elected — to limit such liability to cases in which the person upon whom such an obligation is imposed is morally culpable or, on the contrary, for reasons of public policy, to extend that liability, without regard to the lack of moral culpability, so as to include responsibility for the negligence of those persons whose acts or omissions are imputable, by a legal fiction, to others who are in a position to exercise an absolute or limited control over them. The legislature which adopted our [Civil Code](#) has elected to limit extra contractual liability — with certain well-defined exceptions — to cases in which moral culpability can be directly imputed to the persons to be charged. This moral responsibility may consist in having failed to exercise due care in one's own acts, or in having failed to exercise due care in the selection and control of one's agents or servants, or in the control of persons who, by reason of their status, occupy a position of dependency with respect to the person made liable for their conduct. **12**

In particular, when an employer is being made liable for their employees' acts, this Court's jurisprudence on vicarious liability of employers can be adapted and refined as the foundation for vicarious liability in copyright infringement cases. For example, in the preliminary determination of an employer's vicarious liability, there must be proof that an employer-employee relationship exists between the two parties. **13** It must then be shown that the employer was negligent in some capacity, failing to exercise the diligence of a good parent of a family in the selection of employees and supervision of performance of their duties. As stated in *Victory Liner, Inc. v. Heirs of Malecda*: **14**

Employers may be relieved of responsibility for the negligent acts of their employees acting within the scope of their assigned task only if they can show that "they observed all the diligence of a good father of a family to prevent damage." For this purpose, they have the burden of proving that they have indeed exercised such diligence, both in the selection of the employee and in the supervision of the performance of his duties.

In the selection of prospective employees, employers are required to examine them as to their qualifications, experience and service records. With respect to the supervision of employees, employers must formulate standard operating procedures, monitor their implementation and impose disciplinary measures for breaches thereof. These facts must be shown by concrete proof, including documentary evidence. **15**

Thus, recovery from the proprietor of the establishment under the theory of vicarious liability may hinge upon a finding that the proprietor has control or supervision over the acts of the primary and direct infringer. This likewise presupposes that the

proprietor knows or has been informed of the primary infringer's act, much in the same way that Section 216 of the [Intellectual Property Code](#), as amended, requires notice or knowledge for liable persons who are not the direct infringers.

Finally, I agree with the *ponencia* that, considering that respondent only prayed for nominal damages and failed to prove actual damages, but suffered some degree of pecuniary loss in the form of petitioner's nonpayment of the appropriate licensing fees for the musical compositions performed, temperate damages may be awarded.

FILSCAP's evidence is lacking in terms of the "actual" damage it sustained. It did not offer other receipts or documentation, except for what Lejano presented when he visited Off the Grill, as well as the matrix of fees submitted by FILSCAP's employees. There is no effective way to ascertain how much pecuniary loss FILSCAP incurred with respect to license fees as well as monitoring expenses. For this reason, the RTC and CA's award to FILSCAP for license fees/royalties should also be removed, in addition to the monitoring expenses which the CA already deleted. FILSCAP's evidence, unfortunately, is insufficient to properly calculate its entitlement to royalties, as well as other actual damages, assuming it further prayed for the same, apart from the license fees and monitoring expenses. **16**

Accordingly, I vote to **DENY** the Petition for Review on *Certiorari*.

CAGUIOA, J., concurring:

I concur.

This case involves a similar issue as *FILSCAP v. Anrey* **1** (*Anrey*), which likewise stemmed from a third party's unauthorized exercise of the authors' copyright. The role of respondent Filipino Society of Composers, Authors and Publishers, Inc. (FILSCAP) in relation to its members who own the music copyright involved in this case is summarized as follows:

x x x [FILSCAP] x x x is a "non-stock, non-profit association of composers, lyricists, and music publishers" accredited by the [Intellectual Property Office of the Philippines (IPOP)] 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." For this purpose, FILSCAP gets assigned the copyright by its members, 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." **2**

The controversy in the instant case started when a representative from FILSCAP monitored Off the Grill Bar and Restaurant (Off the Grill), a commercial establishment in

Quezon City owned and operated by petitioner COSAC, Inc. (COSAC). These monitoring activities led to the discovery that COSAC was playing copyrighted music in its establishment without obtaining from FILSCAP the necessary license or paying the corresponding fees. **3**

FILSCAP sent demand letters informing COSAC of its obligations under Republic Act No. (R.A.) 8293 **4** otherwise known as the [Intellectual Property Code](#) (IP Code) and demanded the payment of the appropriate amount of license fees and/or that COSAC obtain the necessary license from FILSCAP. **5**

COSAC, however, refused to heed the demand, prompting FILSCAP to file a Complaint **6** for copyright infringement and damages. In its Answer, **7** COSAC 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 it had committed copyright infringement. **8**

I concur that COSAC should be held liable for copyright infringement. As stated in the *ponencia*, **"for an act to be considered as copyright infringement, it must not fall under Section 177 of the [IP Code (Copyright or Economic Rights)], and at the same time must not be covered by Sections 184 (Limitations on Copyright) and 18 (Fair Use [of a Copyrighted Work])."** **9**

These two conditions are clearly present in this case. For ease of reference and to allow for the sufficient elaboration of the relevant issues, the succeeding discussion will be divided into the following topics:

- I. COSAC exercised without authority the authors' exclusive rights under Section 177 (Copyright or Economic Rights).
 - a. The law itself distinguishes the right of "public performance" from the right of "communication to the public," either right being enforceable through FILSCAP.
- II. COSAC's acts are not covered by Sections 184 (Limitations on Copyright) and 185 (Fair Use of a Copyrighted Work).
 - a. The Court is called upon not to simply discuss the provisions on copyright protection, but to extensively delve into its existing limitations.
 - b. Limitations on copyright
 - c. Fair Use
 - i. Fair Use Doctrine
 - ii. Fair Use in the Philippines
 - iii. The Four Fair Use Factors
 1. First Factor: Purpose and Character of Use
 2. Second Factor: Nature of Copyrighted Work

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

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

d. Why COSAC is not exempted from liability for copyright infringement

III. There must be reasonable considerations for quantifying the damages awarded in copyright infringement cases.

DISCUSSION

I. COSAC EXERCISED WITHOUT AUTHORITY THE AUTHORS' EXCLUSIVE RIGHTS UNDER SECTION 177 (COPYRIGHT OR ECONOMIC RIGHTS)

In *Microsoft Corp. v. Manansala*, **10** the Court clarified that the "gravamen of copyright infringement" is not merely the unauthorized manufacturing of intellectual works[,] but rather the **unauthorized performance of any of the exclusive economic rights of the copyright owner**. **11** There is no question that COSAC had exercised the copyright owners' exclusive rights under Section 177 by carrying out the following acts, as summarized and defined in the table below:

COSAC's Acts	Infringed Right of the Authors
<p>Hiring a live band to perform copyrighted musical compositions</p> <p>(<i>N.B.</i>: The fact that COSAC had directly caused the musical compositions to be played — as opposed to being a mere passive party that happened to reap unexpected rewards due to having strangers/bands playing music in its establishment — is evidenced by COSAC's witness' own admission under oath that it <u>regularly hires and pays entertainers to play live music.</u>) 12</p>	<p>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:</p> <p style="text-align: center;">xxx xxx xxx</p> <p>177.6. Public performance of the work;</p> <p style="text-align: center;">xxx xxx xxx</p> <p>Section 171.6 of the IP Code.</p> <p>"Public Performance" x x x is x x x otherwise performing the work x x x by means of any x x x process x x x 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 x x x.</p>

<p>Playing of copyrighted musical compositions contained in sound recordings</p> <p>(N.B.: As admitted under oath by COSAC's witness, COSAC uses a projector to display "MTV." 13 There is no indication whether this is a broadcast of the channel or whether COSAC is merely projecting a recorded footage thereof.)</p>	<p>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:</p> <p style="text-align: center;">xxx xxx xxx</p> <p>177.6. Public performance of the work; and</p> <p>177.7. Other communication to the public of the work. (Sec. 5, P.D. No. 49a)</p> <p>Section 171.6 of the IP Code. "Public Performance" x x x is x x x 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 x x x.</p> <p style="text-align: center;">AND/OR</p> <p>Section 171.3 of the IP Code. "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>
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A.

The law itself distinguishes the right of "public performance" from the right of "communication to the public," either right being enforceable through FILSCAP

As will be elaborated below, I agree with the *ponencia* that "it would be more judicious to say, specifically for this case, that COSAC infringed the **[public] performing rights** of the copyright owners." **14** Notably, this expression encompasses both "right of public performance" and "right of communication to the public," as can be seen in FILSCAP's deeds of assignment, *viz.*:

1. DEFINITIONS

a) "**Copyright work**" shall mean and include —

xxx xxx xxx

- b) **"right of public performance"** shall, as provided in Section 171.6 of [the IP Code] x x x
- c) **"right of communication to the public"** shall mean the right x x x per Section 171.3 o[f] [the IP Code]
- d) The expression **"public performing rights"** shall mean **(b) [right of public performance] and (c) [right of communication to the public]** above. **15** (Emphasis and underscoring in the original)

Despite having a collective term to refer to both these rights, the Court must still take pains to proactively distinguish them lest these exclusive rights be conflated with one another. While not raised as an issue, it is important to dispel the misconception that only the right of public performance is generally involved when "[a] copyrighted musical work is 'played or performed live through [the] performer or mechanically through any audio or audiovisual player or device such as a CD player, VCD player, DVD player, cassette player, **television set or radio player.**" **16**

The distinction between these two rights — the right of public performance and the right of communication to the public — I had earlier extensively discussed in my Separate Concurring Opinion in *Anrey*, viz.:

The foregoing provisions suggest that the public performance right and the 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]."**

x x x [This] is likewise supported by the following provisions of the IP Code involving the rights of performers, producers of sound recordings, and broadcasting organizations. x x x

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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. 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.

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x x x [I]t 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." x x x

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," then this aspect of the performance would only be a "communication to the public" and would not therefore constitute a "public performance."**

Second, the foregoing conclusion is also supported by the text of The Berne Convention for the Protection of Literary and Artistic Works (Berne Convention), to which the Philippines is a signatory. x x x

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x x x [U]nder 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 Convention (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 11bis.** For example, a broadcasting organisation broadcasts a chamber concert. Article 11bis applies. But if it or some other body diffuses the music by landline to subscribers, this is a matter for Article 11. x x x

Furthermore, the WIPO Guide also states that Article 11bis, 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." Anent the "broadcasting right," the WIPO elucidates that this right includes one primary right to authorize the broadcast of one's work via wireless means, and two [secondary] 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." x x x

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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 11bis — 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 11bis 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 "[b]roadcasting and other wireless communications, public communication of broadcast by wire or rebroadcast, public communication of broadcast by loudspeaker or analogous instruments[.]" 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[/audiovisual] recordings, either by the original broadcaster or "by an organization other than the original one[.]" or by other business establishments solely "by loudspeaker[, television,] 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 [television or] 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." 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."

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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[television] is **not** simply a x x x recording [of a musical composition] but rather, being played live before a studio audience, then the playing of a radio[television] broadcast as background music would **only** constitute a "communication to the public." **17** (Emphasis and underscoring supplied)

Thus, in the case at bar, considering that COSAC had hired bands to play live music **and** played MTV in its establishment (hut it is not sure whether this was a broadcast or a recorded footage), the *ponencia* is therefore correct in saying that COSAC had infringed the **public performing rights** of the copyright owners, *i.e.*, their right of public performance and/or their right of communication to the public.

II. COSAC'S ACTS ARE NOT COVERED BY SECTIONS 184 (LIMITATIONS ON COPYRIGHT) AND 185 (FAIR USE OF A COPYRIGHTED WORK)

A.

The Court is called upon not to simply discuss the provisions on copyright protection, but to extensively delve into its existing limitations

As mentioned, to determine whether copyright infringement has been committed, the acts in question "x x x must not be covered by Sections 184 (Limitations on Copyright) and 185 (Fair Use [of a Copyrighted Work])." **18** 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 COSAC has not explicitly raised as affirmative defenses the exceptions to copyright infringement, its defense is akin to an exception under the law, as will be discussed in more detail below. In any event, the fact that COSAC did not expressly raise these exceptions as issues in the present case is of no moment, as explained in the following disquisition:

In the first place, *Spouses Campos v. Republic* 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:

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Secondly, for the immediate protection of the general public against an overly expansive interpretation of the coverage of music copyright protection, the Court's verdict must also x x x 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.
x x

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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. x x x 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**.[.] x x x

xxx xxx xxx

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[.] x x x

xxx xxx xxx

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

xxx xxx xxx

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. **19** x x x (Emphasis supplied)

To further make apparent this dividing line between infringement and allowable use or reproduction, therefore, it is imperative to emphasize why COSAC's acts neither fall under Section 184 (Limitations on Copyright) nor Section 185 (Fair Use of a Copyrighted Work).

B.

Limitations on Copyright

The following discussion aptly highlights and explains the relevant portions of Section 184:

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)

xxx xxx xxx

- (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[.]

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

In this regard, particularly relevant to x x x 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 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[PHL].

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 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, *i.e.*, "relating or belonging to an individual, as opposed to the public or the government"[.] 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."

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 x x x [a] statute must be given their ordinary meaning except where technical terms are employed." 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."

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, 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 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," or an educational institution, *i.e.*, it must be a school, seminary, college or similar educational establishment under the formal school system; 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." **20** (Emphasis in the original)

C.

Fair Use

On the other hand, Section 185 of the IP Code has been explained as follows:

i. Fair Use Doctrine

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.

xxx xxx xxx

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. x x x

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

[Second], 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.** x x x

Speaking of commercial purpose, the SCOTUS also clarified [their] ruling in *Sony Corp. of America v. Universal Studios, Inc.*, 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." 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 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." x x x

In *Harper & Row*, x x x 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.**"

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 [US Court] held that parodies which are "less ostensibly humorous forms of criticism[s]," have transformative value and served an entirely different function. The x x x Court x x x in *Hustler Magazine, Inc. v. Moral Majority, Inc.* x x x 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" Similarly, the x x x Court x x x in *The Author's Guild, Inc. v. Hathitrust* x x x ruled that the creation of a full-text 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 x x x Court x x x in *Kelly v. Arriba-Soft* x x x 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." In the seminal case of *Field v. Google, Inc.* x x x, the x x x Court x x x 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."

On the other hand, in *Harper & Row*, the [US Court] 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. In *Twin Peaks Productions, Inc. v. Publications International Ltd.* x x x, the US Court x x x held that a book which simply summarizes the plots of plaintiff's teleplay has no transformative value.

Taking into consideration the other fair use factors, [the] 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."

In the case of *Stewart v. Abend* x x x, 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 [US Court] 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."

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. (Emphasis in the original)

This ruling was affirmed by the US Courts in *Salinger v. Random House, Inc.* and *Love v. Kwitny*, 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.* x x x, the SCOTUS placed the copied "declaring code" farther from the core of copyright compared to other computer programs. Given this, the application of fair use was held to "[unlikely undermine] the general copyright protection that Congress provided for computer programs."

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]."** 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. x x x

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 that original "to make the object of its critical wit recognizable," is fair use. 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." Thus, the x x x Court x x x 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.** (Emphasis and underscoring in the original)

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." "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" and derivative works.

The [Court], 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.**"

In *Hustler Magazine*, the US Court x x x 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 marketability of the work; or (3) fulfill the demand for the original work." 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.

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.

On the other hand, in the case of *Harper & Row*, the [Court] 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." Similarly, in *Stewart*, the [Court] 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.

In *Twin Peaks*, the x x x Court x x x 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. **21** (Emphasis in the original)

D.

Why COSAC is not exempted from liability for copyright infringement

In its defense, COSAC claims that it did not commit infringement because "once the music is played in the airwaves, it becomes public property." **22** Clearly, this exception is **not** included in Section 184 of the IP Code. Even assuming that COSAC's defense may be generously construed as akin to Section 184 (a) **23** because the copyrighted work being performed has been "lawfully made accessible to the public," it is readily apparent that COSAC cannot fall under this specific limitation on copyright because it is not done privately and COSAC is not a charitable or religious institution or society.

Neither can COSAC's acts be classified as falling under the fair use doctrine.

First, COSAC's use of said musical works was primarily commercial in nature, considering that it was made to improve the ambiance of the establishment and the experience of its customers. More importantly, COSAC's use of the copyrighted music has no transformative value since it merely supplants the object of the original work. As discussed in the previous section, a commercial and non-transformative use of a copyrighted work will more likely be weighed against a finding of fair use.

Second, COSAC's infringement involved musical compositions, which are creative and not factual works. Since creative works like these are what copyright primarily intends to protect, the second factor on the nature of copyrighted work clearly does not weigh in favor of COSAC.

Third, it is undisputed that COSAC had used the entirety of at least **25 24** copyrighted musical compositions when it was monitored in two separate days.

Fourth, if allowed by the Court unchecked, COSAC's unauthorized acts of using musical compositions — whether by hiring live bands or by playing sound recordings (broadcasted or otherwise) — to enhance its establishment will indubitably have an

adverse effect on the potential market for said musical compositions. If all bars and restaurants like COSAC may freely exploit copyrighted music in this manner, no other commercial establishment, big or small, will understand the need to secure licenses for using copyrighted music. Moreover, if unrestricted, COSAC's manner of use will significantly reduce the value of the copyrighted work. Unrestricted free use of copyrighted music means that there is zero value attached to the authors' works. This will ultimately work to the prejudice of the authors who — despite having exerted substantial effort, time, and resources — will not receive any economic benefits from sharing their works with the rest of the society. While exposure and fame in favor of the creators are arguably reasonable incentives, they do not pay the authors' bills.

Clearly, COSAC's acts 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, and The Effect of the Use upon the Potential Market for or Value of the Copyrighted Work) weigh against this finding.

III. THERE MUST BE REASONABLE CONSIDERATIONS FOR QUANTIFYING THE DAMAGES AWARDED IN COPYRIGHT INFRINGEMENT CASES

Proceeding from the discussions above, COSAC is clearly liable for copyright infringement because (1) COSAC exercised without authority the authors' exclusive "public performing rights," *i.e.*, their rights of "public performance" and/or "communication to the public" and (2) its acts are neither covered by the limitations on copyright nor the fair use doctrine.

The nature of damages awarded by the Court in a similar copyright infringement case has been discussed as follows:

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:

xxx xxx xxx

(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 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. x x x

Notably, Section 216 of the IP Code mirrors the rules on awarding actual damages prescribed under the [Civil Code](#). 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. 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. **25** (Emphasis in the original)

Here, the decretal portion of the *ponencia* orders the award of the following amounts to FILSCAP, viz.:

WHEREFORE, the Petition for Review on *Certiorari* is hereby DENIED. The assailed May 28, 2015 Decision and January 14, 2016 Resolution of the Court of Appeals in CA-G.R. CV No. 101415 are AFFIRMED with MODIFICATIONS. The monetary award in the amount of P317,050.00 as damages for unpaid license fees/royalties in favor of the Filipino Society of Composers, Authors and Publishers, Inc. is DELETED. Instead, petitioner COSAC, Inc., is ORDERED to indemnify the Filipino Society of Composers, Authors and Publishers, Inc. temperate damages in the amount of P300,000.00. This amount shall be subject to interest at the rate of 12% per *annum* from February 13, 2006 until June 30, 2013, and at the rate of 6% per *annum* from July 1, 2013 until the date of finality of this judgment. Thereafter, all the monetary amounts shall be subject to interest at the rate of 6% per *annum* from the date of finality of this judgment until full satisfaction of the same. **26**

The *ponencia* justifies the amount of the award as follows:

Thence, the amount which should be awarded to FILSCAP should be based on the following considerations: (1) the 500-seating capacity of Off the Grill; (2) based on FILSCAP's matrix, the royalty fee of P170.00/day

for lounges/bars/pubs which play copyrighted songs live and mechanically; (3) FILSCAP's assertion that it demanded from COSAC to pay license fees since October 2003, until the filing of the complaint on February 13, 2006 (although it is unclear when FILSCAP first discovered COSAC's acts of infringement); (4) FILSCAP's monitoring agent identified only 25 copyrighted songs which were played at Off the Grill without the requisite license and payment of fees; (5) to acknowledge FILSCAP's members who are copyright owners, and FILSCAP's authority to enforce their rights; and, (6) to balance the interests between copyright owners and the society, in that the award of just damages is "[a] not too excessive as to scare away other people from carrying out legitimate acts involving copyrighted music, BUT [b] not too minimal as to give the wrong impression that the State accords little value to copyrighted musical work and that creators do not deserve to be compensated with reasonable economic rewards for sharing their creations to the society." **27**

I fully concur with the amount awarded and the considerations enumerated by the *ponencia* for the following reasons:

- 1) It is proper to delete the award of P317,050.00 as **actual** damages for unpaid license fees/royalties. Apart from a lack of competent evidence, a closer look at the royalty fees being charged by FILSCAP hardly justifies awarding this amount. If FILSCAP's royalty fees for lounges/bars/pubs that play copyrighted songs live and mechanically for 500 persons or more is pegged at the daily rate of P170.00, **28** the award of P317,050.00 as "unpaid damages/royalties" amounts to awarding 1,865 days' worth of royalty fees or more than five years' worth of royalties.

There is no indication in the complaint as to when FILSCAP first discovered COSAC's acts of infringement. There is only an allegation that as early as 2003, **29** FILSCAP had formally advised COSAC of its obligations under the IP Code. The complaint for copyright infringement was then filed on February 13, 2006. In effect, the filing of the complaint was made around three years (more or less 1,095 days) after COSAC was informed of its obligation to pay license fees. Assuming that there is clear proof that COSAC continuously played music in its establishment every day for three years, despite being informed of its obligation to pay license fees, it should have paid roughly around P186,150.00 maximum in royalties to FILSCAP.

As discussed, however, awarding unpaid license fees/royalties would be inappropriate due to the lack of competent proof to substantiate actual/compensatory damages. Thus, I agree with the *ponencia*'s deletion of the award of P317,050.00 and its award of temperate damages instead.

- 2) As found by the Regional Trial Court, "FILSCAP is a [non-stock and] non-profit corporation because everything it collect[s] is distributed back to its members and affiliate performing rights societies abroad less only the administrative expenses which cannot exceed 30% of total collection,

withholding tax and 5% deduction for the socio-cultural fund of its members." **30**

As it stands, FILSCAP is the only CMO accredited by the IPO to "collectively administer, license, and enforce the reproduction right (Sec. 177.1, IP Code), the transformation right (Sec. 177.2, IP Code), the first public distribution right (Sec. 177.3, IP Code), the public performance right (Sec. 177.6, IP Code), and the communication to the public right (Sec. 177.7, IP Code) of composers, lyricists, music publishers and other music copyright owners." **31** Put simply, its members who are music copyright owners — **including those who cannot afford to enforce their own copyrights and collect royalties** — rely on FILSCAP to secure royalties and enforce their rights.

- 3) In keeping with the goal of balancing competing interests between the copyright owners and the society at large, the Court should endeavor to ensure that the award of temperate damages is not too excessive as to scare away other people from carrying out legitimate acts involving copyrighted music **BUT** not too minimal as to give the wrong impression that the State accords little value to copyrighted musical work and that creators do not deserve to be compensated with reasonable economic rewards for sharing their creations to the society.

In view of the foregoing reasons, I vote to **DENY** the petition.

ZALAMEDA, J., concurring:

PREFATORY STATEMENT

A basic principle of international law requires a State party to an international treaty must ensure that its own domestic law and practice are consistent with what is required by the treaty. **1**

The Berne Convention for the Protection of Literary and Artistic Works (the Berne Convention) provides a milestone in acknowledging the rights of authors and providing a framework that would ensure their protection. But times have changed and today's technological advancement have paved the way for new types of works, new markets and new methods of use and dissemination. **2**

In response to these changes, new treaties were adopted to update and supplement to the Berne Convention. References to these treaties are essential in determining the extent of copyright and related rights to today's environment, especially in the context of digital technologies. **3** Doing so would effectuate and achieve the fundamental rule of *pacta sunt servanda* or performance of international agreements in good faith.

DISCUSSION

I would like to express my concurrence with the *ponencia*, except for a few matters which I have a different perspective on, particularly, the difference between public performance and communication to the public. It is very rare for the Court to encounter cases involving intellectual property, especially copyright infringement. It was only recently

that the case of *FILSCAP v. Anrey, Inc.* **4** (*Anrey*) was promulgated by the Court *en banc*. The *Anrey* case gave way for an opportunity for the Court to elaborate on the public performance rights of a copyright owner and balance it against the interest of the common good.

To recall, in *Anrey*, the Court was faced with the issue of whether the **unlicensed playing of radio broadcasts as background music** in dining areas of a restaurant amounts to copyright infringement. **5** The Court answered this in the affirmative. It explained that there was a violation of the owner's public performance right, which includes the broadcasting of music and specifically covers the use of loudspeakers. **6** Nonetheless, the Court concluded that there is no violation of the owner's right to communicate to the public, as the latter more particularly covers advanced methods of communication such as interactive on-demand systems like the internet. **7**

Meanwhile, the present case involves allegedly infringing activities committed through performance by a live band and **playing of sound recordings**. **8** In contrast, while the *ponencia* acknowledged that the methods of playing the sound recordings were not differentiated by FILSCAP nor delved into by the lower courts, it held that COSAC infringed on FILSCAP's copyright without distinction as to specific economic right infringed. **9**

I agree with the *ponente* in his determination that COSAC certainly is liable for copyright infringement. And while the *ponencia* did not specify the specific economic right infringed, I would like to take this opportunity to discuss and attempt to create fine distinctions between the public performance right versus the right to communicate the copyrighted material to the public.

Distinction between public performance and other communication to the public

Section 177 of Republic Act No. (RA) 8293, **10** otherwise known as the "[Intellectual Property Code \(IPC\)](#)," provides for the following economic rights on copyright:

177.6. Public performance of the work; and

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

A "public performance" means:

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 acquaintance are or can be present**, (*e.g.*, radio broadcast as background music in dining areas) 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 supplied)

On the other hand, the term "communication to the public" or "communicate to the public" bear the following meaning:

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 supplied.)

In *Anrey*, We made an exhaustive discussion on the subject but to summarize, there is an overlap between the right to public performance and the right to communicate to the public, with the right to **public performance being the broader of these rights**. This conclusion was made on a collective and harmonized approach: by reviewing treaties, jurisprudence of foreign countries, legislative history, and other secondary sources.

The Berne Convention and the Paris Act

In 1886, an international assembly was held by European countries on a uniform approach to protect the literary and artistic works of authors against infringement. Initially, there were only ten European countries that acceded to the Berne Convention but the list grew enormously throughout the years. This caucus became known as the Berne Convention. The provisions under the Berne Convention underwent several revision, the most notable one was in 1971 in Paris. It became known as the Guide to the Substantive Provisions of the Berne Convention for the Protection of Literary and Artistic Works (Paris Act of 1971). The Paris Act of 1971 entitled authors certain economic rights including the right to public performance and broadcasting, thus:

ARTICLE 11

Right of Public Performance

Article 11, paragraph (1)

Scope of the Right

(I) 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.

ARTICLE 11*bis*

Right of Broadcasting

Article 11*bis*, paragraph (1)

Scope of the Right

(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.

The Berne Convention did not mention public communication as an independent economic right. Instead, it is enumerated as part of the right to public performance. This logic was confirmed when in 1978, the World Intellectual Property Organization (WIPO) commissioned a subject matter expert to draft a written guide to the provisions of the Berne Convention. The result was the 1978 WIPO Guide to the Berne Convention (WIPO Guide) which states that the author's **right to public performance is split into two: 1) the right to authorize the public performance of his work; and 2) the right to communication to the public of a performance of the work**, thus:

11.3. The paragraph splits the right into two. The author has the exclusive right to authorise public performance of his work. x x x

11.4. However, it 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)." (Underscoring supplied.)

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(6). For example, a broadcasting organisation broadcasts a chamber concert. Article 11(6) applies. But if it or some other body diffuses the music by landline to subscribers this is a matter for Article 11. **11**

The WIPO Guide also contained a discussion about radio-over-loudspeakers and considered it as a new and separate public performance from the original transmission of the copyrighted work, thus:

11bis.11. Finally, the third case dealt with in this paragraph is that in 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 a relay of a broadcast by wire, an additional audience is created (paragraph (1) (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 to be merely a matter of broadcasting. **The author is given control over this new public performance of his work.** 12 (Emphasis supplied.)

This is the basis why the Court in *Anrey* held that the license given to the radio station to broadcast the copyrighted works does not extend to establishments that tune in and play the radio broadcasts using loudspeakers in their establishments. The radio reception creates a *new public performance* that is separate and distinct from the broadcast. **The act of playing radio broadcasts containing copyrighted music through the use of loudspeakers is in itself another performance.**

Indeed, public performance includes performance by means of a recording. A musical work is considered publicly performed when a sound recording of that work or phonogram, is played over amplification equipment, for example in a discotheque, airplane, or shopping mall. 13

Despite the explanation provided under the WIPO Guide, a confusion arose on the true meaning of "communication to the public." This is because Section 171.3 of the [IPC](#) which contained the definition of the term "communication to the public" underwent changes in a relatively short amount of time. **So to understand the term better, it is necessary to look into the historical details of the provision's origin.**

*The distinct "Making-
Available to the Public Right"
and the so-called Internet
Treaties*

The original text under the [IPC \(RA 8293\)](#) defines communication to the public as:

Sec. 171. *Definitions.* — For the purpose of this Act, the following terms have the following meaning:

xxx xxx xxx

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;

This definition, however, was lifted directly from the [WIPO] Copyright Treaty (Copyright Treaty) of 1996. Article 8 of the Copyright Treaty **14** reads:

Article 8 Right of Communication to the Public

Without prejudice to the provisions of Articles 11(1)(ii), 11*bis*(1)(i) and (ii), 11*ter*(1)(ii), 14(1)(ii) and 14*bis*(1) of the Berne Convention, authors of literary and artistic works shall enjoy the exclusive right of authorizing any communication to the public of their works, by wire or wireless means, including the making available to the public of their works in such a way that members of the public may access these works from a place and at a time individually chosen by them. (Underscoring supplied.)

The Internet was a game-changer and authorities may not have anticipated Internet as a medium to broadcast copyrighted works. Thus the WCT introduced the right to "communication to the public." But as explained in the quoted text, this right finds particular application to advanced forms or medium of communication such as the Internet.

This provision has been regarded by Member States as the restricted right of "making the work available to the public" (for brevity, the "making available right") and **the WIPO explained that the "making available right" 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.** Here is an excerpt of WIPO's explanatory note to the Copyright Treaty:

The WIPO Copyright Treaty (WCT) is a special agreement under the Berne Convention that deals with the protection of works and the rights of their authors in the digital environment."

"As to the rights granted to authors, apart from the rights recognized by the Berne Convention, the Treaty also grants: (i) the right of distribution; (ii) the right of rental; and (iii) a broader right of communication to the public.

"The right of communication to the public is the right to authorize any communication to the public, by wire or wireless means, including "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."The quoted expression covers, in particular, on-demand, interactive communication through the Internet." **15** (Underscoring supplied.)

In 2013, Sec. 171.3 of the IPC (RA 8293) was amended by RA 10372 **16** (An Act Amending Certain Provisions of the IPC) to expand its scope and coverage, thus:

171.3. 'Communication to the public' or 'communicate to the public' means any communication to the public, including broadcasting, rebroadcasting, retransmitting by cable, broadcasting and retransmitting by satellite, and includes 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.

The amendment led to two formulations of the "communication to the public" right. The first is the formulation under the [IPC \(RA 8293\)](#) which exclusively contains the "making available right." On the other hand, the modern formulation created by the amendment in [RA 10372](#) has a broader scope and now consists of five variations in which the expanded "communication to the public" may be infringed: 1) broadcasting; 2) rebroadcasting; 3) retransmitting by cable; 4) broadcasting and retransmitting by satellite; and 5) the making available right.

In this case, considering that the infringing acts took place on scattered dates in 2005 and 2006, then We are supposed to be bound by the original definition under Sec. 171.3 of the [RA 8293](#). And the original definition exclusively refers to one particular right, which is the "making available right." It has been explained by the WIPO that the said right only covers on-demand and interactive communication through the Internet.

U.S. authorities also reserve its applicability to copyright owners on the right to control interactive, on-demand dissemination of copyrighted works over the Internet, including provision of access to streams or downloads. **17** Also, the European Union, under Recitals 24-27 of Article 3, Directive 2001/29/EC provide a background on this right:

(24) The right to make available to the public subject-matter referred to in Article 3(2) should be understood as covering all acts of making available such subject-matter to members of the public not present at the place where the act of making available originates, and as not covering any other acts.

(25) The legal uncertainty regarding the nature and the level of protection of acts of on-demand transmission of copyright works and subject-matter protected by related rights over networks should be overcome by providing for harmonised protection at Community level. It should be made clear that all rightholders recognised by this Directive should have an exclusive right to make available to the public copyright works or any other subject-matter by way of interactive on-demand transmissions. Such interactive on-demand transmissions are characterised by the fact that members of the public may access them from a place and at a time individually chosen by them.

(26) With regard to the making available in on-demand services by broadcasters of their radio or television productions incorporating music from commercial phonograms as an integral part thereof, collective licensing arrangements are to be encouraged in order to facilitate the clearance of the rights concerned.

(27) The mere provision of physical facilities for enabling or making a communication does not in itself amount to communication within the meaning of this Directive. (Emphasis supplied.)

Even if We disregard the explanations provided by secondary sources, it is still my firm point of view that the making available right is an umbrella clause, not for any type of public communication, but only to those situations which may not have been contemplated with the advent of Internet.

If We look at Sec. 177.7 (regardless if under the Original or Amended IPC), the specific economic right enumerated is the right to "**other** communication to the public." **The word "other" qualifies the phrase "communication to the public" which indicates that there are certain acts of communication to the public that are subsumed by the definition of public performance.** We cannot simply disregard the word "**other**" and treat it as a worthless qualifier of the clause "communication to the public."

Also, my interpretation of the communication to the public right has a lot to do with the phraseology of its definition. Although the definition says that **making of a work available to the public by wire or wireless means amounts to communication to the public, this definition is qualified by the phrase "in such a way that members of the public may access these works from a place AND time individually chosen by them."** The phrase used the conjunctive word "AND" which means that in order for it to qualify as a "communication to the public" within the definition, the transmission must not only be made available to the public, but the public must also have discretion to access the copyrighted material at the place AND at a time individually chosen by them.

So the essence of the making available right is to give the public liberty to access a particular protected work, not just to the place of their own choosing, but also the time. This is exactly the reason why the making available right is limited to On-Demand platforms (such as Netflix, Disney Plus, Amazon Prime, HBO Go, Spotify, iTunes, or YouTube) since these platforms offer discretion to access particular protected work at a place AND time of their own choosing. The Internet has provided accessibility to copyrighted materials in ways traditional media can never achieve.

To illustrate (and for purely illustrative purposes only), the series the Walking Dead used to run on the local channel TV5 every Saturday at 7:00 P.M. But the entire series is also available on Disney Plus. Here the act of making the Walking Dead series available in the Disney Plus streaming platform amounts to "making it available to the public" since a subscriber can access the series without any regard as to the place and to the time so long as he has his phone or laptop. He can even watch it at work on his computer or at home by chromecasting on his Internet-capable Sony Bravia TV. So if it turns out that Disney Plus does not have the rights to stream the Walking Dead series, then Disney Plus is liable for infringement under the making-available formulation. The particular economic right violated is the public communication right.

On the contrary, if TV5 does not have the license to broadcast the series the Walking Dead, then the right infringed cannot be the "making available right" because the audience is prevented access the series at a time of his own preference, since TV5 only broadcasts the work every Saturday at 7:00 p.m. The audience is only deprived preference

to access the series at his preferred place since he can only view the series where there is television, which is normally at home.

Clearly, not every communication of the protected work should be categorized as "communication to the public." Especially since a public performance of a work would always, to a certain extent, involve an element of public communication. Sometimes, the demarcation between these two rights become obscure and fragmented. But most of the time the particular acts that fall under each right becomes defined by referring to treaties, foreign jurisdiction and knowing the history behind the introduction of the law. This is the very same approach the Court adopted in *Anrey*, when We ruled that Sec. 171.3 of the IPC (RA 8293) on communication to the public is the exact embodiment of the restricted "making available right."

Justice Caguioa, in his separate Concurring Opinion remarked that in order to constitute public performance, the performance must be "perceive[able] without the need for communication within the meaning of Subsection 171.3. **18** I also agree to this exclusionary approach; that if the performance was publicly communicated through the process mentioned under Sec. 171.3, then the copyright infringed is the communication to the public copyright, and not public performance. **19**

I agree for this may very well be the reason why in *Anrey*, the Court treated radio-over-loudspeakers to involve the public performance copyright, and not "communication to the public" simply because radio-over-loudspeakers does not provide the listener access to the protected work at a place AND time of his own choosing.

Even if We assume that the modern formulation of the communication to the public right introduced by the amendments in RA 10372 retroactively applies, still the acts involved in this case can neither qualify.

To reiterate, under the present and modern definition, there are only five variations in which the expanded "communication to the public" right covers: 1) broadcasting; 2) rebroadcasting; 3) retransmitting by cable; 4) broadcasting and retransmitting by satellite; and the 5) making available right which has been thoroughly discussed above. If there is anything that defines copyright laws, almost every word bears a technical meaning.

Broadcasting has been defined by RA 10372 (which was lifted from the WPPT) as 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. **20** The last phrase should be interpreted as retransmitting by satellite under the fourth enumeration.

Our law does not define rebroadcasting but Article 3 (g) of the Rome Convention defines "rebroadcasting" as the "simultaneous broadcasting by one broadcasting organization of the broadcast of another broadcasting organization." We acceded to the Rome Convention on 25 June 1984. **21** Likewise, the Rome Convention is integrated in the WPPT. Rebroadcasting under the Rome Convention is limited to over-the-air transmissions.

The European Parliament and the Council of the European Union defines retransmitting by cable or cable retransmission as the unaltered and unabridged

retransmission by a cable or microwave system for reception by the public of an initial transmission from another Member State, by wire or over the air including that by satellite, of television or radio programmes intended for reception by the public, regardless of how the operator of a cable retransmission service obtains the programme-carrying signals from the broadcasting organization for the purpose of retransmission. **22**

The infringing acts involved in the present case do not fit in any of the foregoing definitions. Here COSAC was allegedly involved in hosting live-band performances and in the unauthorized playing of radio broadcasts. Had FILSCAP laid down the necessary distinctions; and had the lower courts delved on to these distinctions, then the acts should have been classified as public performances of the protected work, not communication to the public.

I urge prudence by referring to the history that led to the introduction of the new definition of "communication to the public" under the amendments of [RA 10372](#). We introduced the amendment as an affirmative action in acceding to the terms of the WIPO Performances and Phonograms Treaty (WPPT) of 1996. It incorporated the obligations created by the Rome Convention for the Protection of Performers, Producers of Phonograms, and Broadcasting Organizations (1961 Rome Convention). The Rome Convention expanded and dealt with broadcasting rights. On the other hand, the WPPT is regarded as an "Internet Treaty." **23** I mentioned this because We may be ascribing acts beyond the contemplation of the Treaties that introduced them.

Finally, I would like to inject that if there is any gap or void in the [IPC](#), the Court should recommend to Congress proposed changes in the [IPC](#) rather than making pronouncements that would in effect judicially legislate on matters which are not properly at issue.

Based on the above disquisitions, I vote to **DENY** the Petition and hold COSAC liable for copyright infringement.

Footnotes

* No part; his sister *J. Socorro B. Inting*, had participation in the proceedings before the Court of Appeals.

** No part; penned the assailed CA Decision.

1. *Rollo*, pp. 10-19.

2. *Id.* at 26-34. Penned by Associate Justice Mario V. Lopez (now a Member of this Court) and concurred in by Associate Justices Noel G. Tijam (a retired Member of this Court) and Myra V. Garcia-Fernandez.

3. *Id.* at 36.

4. *Id.* at 75-80. Penned by Presiding Judge Reynaldo B. Daway of Branch 90, RTC of Quezon City.

5. *Id.* at 81-82. Penned by Presiding Judge Arthur O. Malabaguio of Branch 93, RTC of Quezon City.

6. *Id.* at 98.
7. *Id.* at 26-27.
8. On February 3, 2005 and January 13, 2006.
9. *Rollo*, pp. 60-61.
10. *Id.* at 62-63.
11. *Id.* at 71.
12. *Id.* at 37-43.
13. *Id.* at 27.
14. *Id.* at 27.
15. *Rollo*, pp. 178-179; 182-183; 186-187; records, Volume I, pp. 236-237; Though the order and wording may be different, the older duly executed versions of the other Deeds of Assignment essentially have the same provisions pertaining to the assignment of rights in favor of FILSCAP; *rollo*, pp. 190-193; 199-200.
16. Records, Volume II, pp. 534-632.
17. FILSCAP's Exhibit "H," p. 528.
18. FILSCAP's Exhibit "H-1," p. 529.
19. *Id.*
20. *Rollo*, pp. 230-255.
21. *Id.* at 165.
22. *Id.* at 166.
23. *Id.* at 159-162.
24. *Id.* at 160.
25. TSN, March 15, 2010, p. 15.
26. *Id.* at 19.
27. *Rollo*, pp. 161-162.
28. *Id.* at 162.
29. *Id.* at 163-167.
30. *Id.* at 163-164.
31. *Id.* at 148, 165.
32. *Id.*
33. TSN, June 28, 2010, pp. 7-10.
34. *Rollo*, pp. 163-164.

35. TSN, June 28, 2010, p. 8.
36. *Rollo*, pp. 168-170.
37. *Id.* at 67-70.
38. *Id.* at 64-66.
39. *Id.* at 168.
40. *Id.* at 103, 169.
41. *Id.* at 103-104, 169.
42. *Id.* at 104, 169.
43. *Id.*
44. *Rollo*, pp. 174-176.
45. *Id.* at 174.
46. *Id.* at 175.
47. TSN, December 12, 2011, p. 11.
48. *Id.* at 13.
49. *Rollo*, pp. 217-218.
50. *Id.* at 217.
51. TSN, April 3, 2012, pp. 12-13.
52. *Rollo*, pp. 75-80.
53. *Id.* at 78.
54. *Id.*
55. *Id.* at 79.
56. Sec. 183. *Designation of Society*. — The copyright owners or their heirs may designate a society of artists, writers or composers to enforce their economic rights and moral rights on their behalf (Sec. 32, [P.D. No. 49a](#)).
57. *Rollo*, pp. 79-80.
58. *Id.* at 80.
59. Records, Volume III, pp. 199-206.
60. *Id.* at 230-232.
61. *Id.* at 248.
62. *Rollo*, pp. 81-82.
63. Records, Volume III, pp. 327-329.
64. *Rollo*, p. 28.

65. *Id.* at 26-34
66. *Id.* at 33.
67. *Id.* at 29.
68. *Id.* at 29-30.
69. *Id.* at 31-32.
70. *Id.* at 32.
71. *Id.* at 32-33.
72. *Id.* at 33.
73. *Id.* at 406-411.
74. *Id.* at 36.
75. *Id.* at 13.
76. *Id.* at 13-15.
77. *Id.* at 15-16.
78. *Id.* at 16-17.
79. *Id.* at 17-18.
80. *Id.* at 97, 116-131.
81. *Id.* at 132-138.
82. *Id.* at 139.
83. *Id.* at 140-141.
84. *Id.* at 144-155.
85. *Id.* at 149.
86. *Id.* at 152.
87. *Good Earth Enterprises, Inc. v. Garcia*, G.R. No. 238761, January 22, 2020.
88. The IPC was approved on June 6, 1997, but Section 241 of the said law indicates that it took effect on January 1, 1998.
89. Republic Act No. 10372, entitled "AN ACT AMENDING CERTAIN PROVISIONS REPUBLIC ACT NO. 8293, OTHERWISE KNOWN AS THE INTELLECTUAL PROPERTY CODE OF THE PHILIPPINES, AND FOR OTHER PURPOSES." Approved on February 28, 2013.
90. *Id.* at Sec. 22.

SECTION 22. Section 216 of Republic Act No. 8293 [IPC] is hereby amended to read as follows:

SEC. 216. *Infringement.* — A person infringes a right protected under this Act when one:

- (a) Directly commits an infringement;
- (b) Benefits from the infringing activity of another person who commits an infringement if the person benefiting has been given notice of the infringing activity and has the right and ability to control the activities of the other person;
- (c) With knowledge of infringing activity, induces, causes or materially contributes to the infringing conduct of another.

xxx xxx xxx

- 91. *Kensonic, Inc. v. Uni-Line Multi-Resources, Inc. (Phil.)*, 832 Phil. 495, 505 (2018), citing Black's Law Dictionary, Centennial Edition, 6th ed. West Group, St. Paul Minnesota, USA, 1990, p. 336.
- 92. *Ching v. Salinas Sr.*, 500 Phil. 628, 649 (2005), citing *Pearl & Dean (Phil.) v. Shoemart*, 456 Phil. 474 (2003); and *Joaquin, Jr. v. Drilon*, 361 Phil. 900 (1999); see also *Stuff v. La Budde Feed & Grain Co.*, 42F. Supp. 493 (E.D. Wis. 1941); and *Miller v. Goody*, 125 F. Supp. 348 (S.D.N.Y. 1954).
- 93. INTELLECTUAL PROPERTY CODE, Sec. 2.
- 94. 596 Phil. 283-304 (2009).
- 95. *Id.* at 304, citing Fr. Ranhillo Callangan Aquino, Intellectual Property Law: Comments and Annotations, 2003, p. 5.
- 96. INTELLECTUAL PROPERTY CODE, Secs. 172 and 178.
- 97. INTELLECTUAL PROPERTY CODE, Sec. 173.
- 98. See also: "Musical Composition means a musical composition or medley consisting of words and/or music, or any dramatic material and bridging passages, whether in form of instrumental and/or vocal music, prose or otherwise, irrespective of length," *available at*: <https://www.lawinsider.com/dictionary/musical-composition> (last accessed Nov. 26, 2021).
- 99. See also: "Sheet music, or score, is a hand-written or printed form of musical notation. Sheet music typically is printed on paper (or, in earlier times, parchment), although in recent years sheet music has been published in digital formats. Use of the term 'sheet' is intended to differentiate music on paper from an audio presentation from a sound recording, broadcast, or live performance, or video," *available at*: https://www.newworldencyclopedia.org/entry/Sheet_music (last accessed Nov. 26, 2021).
- 100. INTELLECTUAL PROPERTY CODE, Sec. 181.
- 101. Separate Concurring Opinion of Senior Associate Justice Marvic Mario Victor F. Leonen, pp. 3-4.
- 102. INTELLECTUAL PROPERTY CODE, Sec. 202.

103. INTELLECTUAL PROPERTY CODE, Secs. 202-205.

202.1. "Performers" are actors, singers, musicians, dancers, and other persons who act, sing, declaim, play in, interpret, or otherwise perform literary and artistic work;

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202.5. "Producer of a sound recording" means the person, or the legal entity, who or which takes the initiative and has the responsibility for the first fixation of the sounds of a performance or other sounds, or the representation of sounds;

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.

SECTION 203. *Scope of Performers' Rights.* — Subject to the provisions of Section 212, performers shall enjoy the following exclusive rights:

203.1. As regards their performances, the right of authorizing:

(a) The broadcasting and other communication to the public of their performance; and

(b) The fixation of their unfixed performance.

203.2. The right of authorizing the direct or indirect reproduction of their performances fixed in sound recordings, in any manner or form;

203.3. Subject to the provisions of Section 206, the right of authorizing the first public distribution of the original and copies of their performance fixed in the sound recording through sale or rental or other forms of transfer of ownership;

203.4. The right of authorizing the commercial rental to the public of the original and copies of their performances fixed in sound recordings, even after distribution of them by, or pursuant to the authorization by the performer; and

203.5. The right of authorizing the making available to the public of their performances fixed in sound recordings, by wire or wireless means, in such a way that members of the public may access them from a place and time individually chosen by them.

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204.2. The rights granted to a performer in accordance with Subsection 203.1 shall be maintained and exercised fifty (50) years after his death, by his heirs, and in default of heirs, the government, where protection is claimed.

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SECTION 205. *Limitation on Right.* — 205.1. Subject to the provisions of Section 206, once the performer has authorized the broadcasting or fixation of his performance, the provisions of Sections 203 shall have no further application.

104. [INTELLECTUAL PROPERTY CODE](#), Sec. 208.

SECTION 208. *Scope of Right.* — Subject to the provisions of Section 212, producers of sound recordings shall enjoy the following exclusive rights:

208.1. The right to authorize the direct or indirect reproduction of their sound recordings, in any manner or form; the placing of these reproductions in the market and the right of rental or lending;

208.2. The right to authorize the first public distribution of the original and copies of their sound recordings through sale or rental or other forms of transferring ownership; and

208.3. The right to authorize the commercial rental to the public of the original and copies of their sound recordings, even after distribution by them by or pursuant to authorization by the producer.

105. [INTELLECTUAL PROPERTY CODE](#), Sec. 212.

SECTION 212. *Limitations on Rights.* — Sections 203 [Performers], 208 [Producers] and 209 shall not apply where the acts referred to in those Sections are related to:

212.1. The use by a natural person exclusively for his own personal purposes;

212.2. Using short excerpts for reporting current events;

212.3. Use solely for the purpose of teaching or for scientific research; and

212.4. Fair use of the broadcast subject to the conditions under Section 185.

106. *Joaquin v. Drilon*, 361 Phil. 900, 914 (1999).

107. Separate Concurring Opinion of Senior Associate Justice Marvic Mario Victor F. Leonen, pp. 3-4.

108. Separate Concurring Opinion of Associate Justice Marvic Mario Victor F. Leonen, pp. 4-7.

109. [INTELLECTUAL PROPERTY CODE](#), Sec. 202.9.

110. [INTELLECTUAL PROPERTY CODE](#), Sec. 209.

111. [INTELLECTUAL PROPERTY CODE](#), Sec. 206.

112. Separate Concurring Opinion of Associate Justice Alfredo Benjamin S. Caguioa, pp. 5-9.

113. Records, Volume I, p. 3.

114. *Rollo*, p. 291.

115. *Id.* at 217.

116. TSN, April 3, 2012, pp. 11-12.
117. *Id.* at 12-13.
118. *Id.* at 13-14.
119. *Id.* at 18-19.
120. *Rollo*, p. 152.
121. *Id.* at 387.
122. *Id.* at 387-388.
123. *Id.* at 388.
124. *Id.* at 321.
125. *Id.* at 257.
126. 232 Phil. 426 (1987).
127. *FILSCAP v. Tan*, *id.* at 433.
128. "To exhibit, perform, represent, produce, or reproduce the copyrighted work in any manner or by any method whatever for profit or otherwise x x x"; see [Act No. 3134](#), Sec. 3 (c).
129. Separate Concurring Opinion of Associate Justice Alfredo Benjamin S. Caguioa, pp. 4-6.
130. *FILSCAP v. Tan*, *supra* note 125 at 432-433.
131. *Rollo*, pp. 106-107, 166; These songs under Fiche Internationale are involved: "Tattooed On My Mind"; "If I Was The One"; "Officially Missing You"; "Angel"; "At Your Best"; "Knocks Me Off My Feet"; "Emotion"; "Everybody's Changing"; "She Will Be Loved"; "Let's Get Retarded"; "Don't Miss You At All"; "All I Wanna Do"; "Strong Enough"; "Don't Know Why"; "Run Baby Run"; "Saturday Night"; "Anything But Down"; "My All"; "Turn The Beat Around"; "Conga"; "Get On Your Feet"; "You're Still The One"; "Ignition"; "If I Ain't Got You"; and "Falling In Love With You."
132. [INTELLECTUAL PROPERTY CODE](#), Sec. 177.
133. [INTELLECTUAL PROPERTY CODE](#), Sec. 174.
134. [INTELLECTUAL PROPERTY CODE](#), Sec. 178.
135. *Microsoft Corp. v. Manansala*, 772 Phil. 14, 20-21 (2015), citing *Columbia Pictures, Inc. v. Court of Appeals*, 329 Phil. 875, 926 (1996).
136. *Microsoft Corp. v. Manansala*, 772 Phil. 14, 20-21 (2015), citing *NBI-Microsoft Corporation v. Hwang*, 499 Phil. 423-438 (2005).
137. [INTELLECTUAL PROPERTY CODE](#), Sec. 216.
138. [INTELLECTUAL PROPERTY CODE](#), Sec. 217.

139. *NBI-Microsoft Corporation v. Hwang*, *supra* note 135.
140. *Olaño v. Lim Eng Co*, 783 Phil. 234, 250 (2016), citing *Ching v. Salinas, Sr.*, 500 Phil. 628, 639 (2005).
141. *Supra* note 135.
142. INTELLECTUAL PROPERTY CODE, Sec. 184.
143. INTELLECTUAL PROPERTY CODE, Sec. 185.
144. Separate Concurring Opinion of Associate Justice Alfredo Benjamin S. Caguioa, pp. 9-21.
145. *Id.*
146. *Id.* 805 Phil. 607, 617-618 (2017).
147. *Commissioner of Internal Revenue v. St. Luke's Medical Center*, 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).
148. *Id.*
149. *Commissioner of Internal Revenue v. Court of Appeals*, 358 Phil. 562 (1998), citing 84 CJS 566.
150. 755 Phil. 709 (2015), citing 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), citing *Iowa St. Univ. Research Found, Inc. v. Am. Broad Cos.*, 621 F.2d 57, 60 (2d Cir. 1980). The four factors are similarly codified under the United States Copyright Act of 1976, Sec. 107:
- § 107. Limitations on 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.

151. *ABS-CBN Corporation v. Gozon*, 755 Phil. 709, 757 (2015), citing *Habana v. Robles*, 369 Phil. 764 (1999), which cited 18 AM JUR 2D § 109, in turn citing *Toksvig v. Bruce Pub. Co.*, (CA7 Wis) 181 F2d 664 [1950]; *Bradbury v. Columbia Broadcasting System, Inc.*, (CA9 Cal) 287 F2d 478, cert den 368 US 801, 7 L ed 2d 15, 82 S Ct 19 [1961]; *Shipman v. R.K.O. Radio Pictures, Inc.*, (CA2 NY) 100 F2d 533 [1938].
152. *Id.*
153. *Id.* at 782.
154. *Id.* at 759-760.
155. Separate Concurring Opinion of Associate Justice Alfredo Benjamin S. Caguioa, pp. 15-17, citing *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569 (1994).
156. Separate Concurring Opinion of Justice Alfredo Benjamin S. Caguioa, p. 16.
157. Separate Concurring Opinion of Associate Justice Alfredo Benjamin S. Caguioa, pp. 14-17, citing *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569 (1994).
158. Separate Concurring Opinion of Justice Alfredo Benjamin S. Caguioa, p. 17, citing *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569 (1994).
159. Separate Concurring Opinion of Associate Justice Alfredo Benjamin S. Caguioa, pp. 17-18, citing *Stewart v. Abend*, 495 U.S. 207 (1990).
160. Separate Concurring Opinion of Associate Justice Alfredo Benjamin S. Caguioa, p. 17, citing *Harper v. Row*, 471 U.S. 539 (1985).
161. Separate Concurring Opinion of Associate Justice Alfredo Benjamin S. Caguioa, p. 18.
162. Separate Concurring Opinion of Associate Justice Alfredo Benjamin S. Caguioa, pp. 18-19, citing *Google LLC v. Oracle America, Inc.*, 593 U.S. (2021).
163. Separate Concurring Opinion of Associate Justice Alfredo Benjamin S. Caguioa, pp. 14-20, citing *Harper v. Row*, 471 U.S. 539; *Stewart v. Abend*, 495 U.S. 207, citing 3 Nimmer § 13.05[A], pp. 13-81.
164. Separate Concurring Opinion of Associate Justice Alfredo Benjamin S. Caguioa, p. 19, citing *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569 (1994), citing Nimmer § 13.05 [A] [4], p. 13102.61 (footnote omitted); accord *Harper v. Row*, 471 U.S., at 569; Senate Report, p. 65; *Folsom v. Marsh*, 9 F. Cas., at 349.
165. Separate Concurring Opinion of Associate Justice Alfredo Benjamin S. Caguioa, pp. 19-20, citing *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569 (1994), citing *Harper v. Row*, 471 U.S. 539.
166. Separate Concurring Opinion of Associate Justice Alfredo Benjamin S. Caguioa, p. 19, citing *Hustler Magazine v. Moral Majority, Inc.*, 796 F. 2d 1148.

167. *Id.*
168. As stated by Associate Justice Maria Filomena D. Singh in her Reflection, p. 5, citing *Ty, Inc. v. Publications International*, 292 F. 3d 512 (7th Cir. 2002).
169. See *Commissioner of Customs v. Gold Mark Sea Carriers, Inc.*, G.R. No. 208318, June 30, 2021, citing *Saint Louis University, Inc. v. Olarez*, G.R. No. 197126, January 19, 2021.
170. See "ASCAP Licensing, Frequently Asked Questions," available at <https://www.ascap.com/help/ascap-licensing> (last accessed May 24, 2021).
171. See Section 2 in relation to [INTELLECTUAL PROPERTY CODE](#), Sec. 177.
172. *Fogerty v. Fantasy, Inc.*, 510 U.S. 517 (1994).
173. "Purpose of Copyright Law," available at <https://lib.siu.edu/copyright/module-01/purpose-of-copyright-law.php> (last accessed Nov. 22, 2021).
174. 422 U.S. 151 (1975).
175. *Id.*
176. Reflections of then Senior Associate Justice Estela M. Perlas-Bernabe, Ret., p. 10.
177. See *Righthaven LLC v. Hoehn*, 792 F. Supp. 2d 1138 (D. Nev. 2011) and [RA 8293](#), Secs. 184 and 185.
178. [Republic Act No. 10372, AN ACT AMENDING CERTAIN PROVISIONS OF REPUBLIC ACT NO. 8293, OTHERWISE KNOWN AS THE "INTELLECTUAL PROPERTY CODE OF THE PHILIPPINES," AND FOR OTHER PURPOSES](#), February 28, 2013.
179. *Id.*
180. Reflections of then Senior Associate Justice Estela M. Perlas-Bernabe, Ret., p. 11.
181. *Id.*
182. Reflections of Senior Associate Justice Estela M. Perlas-Bernabe, Ret., p. 12, citing <https://www.ipophil.gov.ph/news/the-intellectual-property-system-a-brief-history/> (last accessed Nov. 22, 2021).
183. 17 U.S. Code § 501 — Infringement of Copyright
- (a) **Anyone who violates any of the exclusive rights of the copyright owner** as provided by Sections 106 through 122 **or of the author** as provided in Section 106A (a), or who imports copies or phonorecords into the United States in violation of Section 602, **is an infringer or the copyright of right of the author, as the case may be.** For purposes of this chapter (other than Section 506), any reference to copyright shall be deemed to include the rights conferred by Section 106A (a). As used in this subsection, the term 'anyone' includes any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his or her official capacity. Any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this title in

the same manner and to the same extent as any nongovernmental entity. (Emphases and underscoring supplied).

184. See *Sony Corp. v. Universal City Studios*, 464 U.S. 417 (1984).

The Copyright Act does not expressly render anyone liable for infringement committed by another. In contrast, the Patent Act expressly brands anyone who 'actively induces infringement of a patent' as an infringer, and further imposes liability on certain individuals as 'contributory infringers.' **The absence of such express language in the copyright statute does not preclude the imposition of liability for copyright infringements on certain parties who have not themselves engaged in the infringing activity.** For vicarious liability is imposed in virtually all areas of the law, and the concept of contributory infringement is merely a species of the broader problem of identifying the circumstances in which it is just to hold one individual accountable for the actions of another. (Emphases and underscoring supplied).

185. 545 U.S. 913 (2005).

186. Reflections of Senior Associate Justice Estela M. Perlas-Bernabe, Ret., p. 13; Historical Overview of the Legal System in the Philippines, ASEAN Law Association, *available at*: <https://www.aseanlawassociation.org/wp-content/uploads/2019/11/ALA-PHILS-legal-system-Part-1.pdf> (last accessed Nov. 22, 2021).

187. *Granite Music Corp. v. Ctr. St. Smoke House, Inc.*, 786 F. Supp. 2d 716 (2011), citing *Syigma Photo News, Inc. v. High Society Magazine, Inc.*, 596 F. Supp. 28, 33 (S.D.N.Y. 1984).

188. 618 F. Supp. 2d 497 (2009).

189. 316 E. 2d 304 (1963).

190. Katherine Wardein, "Copyright Infringement: What's Covering the Cover Band?" *available at*: <http://www.kentlaw.edu/perrit/courses/seminar/Katherine%20wardein%20Final%20Paper.pdf> (last accessed Nov. 22, 2021).

191. *ABKCO Music, Inc. v. Washington*, 2011 U.S. Dist. LEXIS 120081 (2011).

192. *EMI April Music, Inc. v. White*, 618 F. Supp. 2d 497 (2009), citing *Shapiro, Bernstein & Co. v. H. L. Green Co.*, 316 F.2d 304, 307 (2d Cir. 1963); see also: *ABKCO Music, Inc. v. Washington*, 2011 U.S. Dist. LEXIS 120081 (2011).

193. *ABKCO Music, Inc. v. Washington*, 2011 U.S. Dist. LEXIS 120081 (2011), citing *Gordon v. Nextel Comm'n*, 345 F.3d. 922, 925 (6th Cir. 2003).

194. 2011 U.S. Dist. LEXIS 120081 (2011).

195. *Rollo*, p. 389.

196. Sec. 183. *Designation of Society*. — The copyright owners or their heirs may designate a society of artists, writers or composers to enforce their economic rights and moral rights on their behalf (Sec. 32, [P.D. No. 49a](#)).
197. *Rollo*, pp. 178-179; 182-183; 186-187; 198; records, Volume I, pp. 236-237; Though the order and wording may be different, the older duly executed versions of the other Deeds of Assignment essentially have the same provisions pertaining to the assignment of rights in favor of FILSCAP; *rollo*, pp. 190-193; 199-200.
198. *Rollo*, pp. 30-31; see records, Volume II, pp. 534-632; Although differently worded, the agreements essentially pertain to the assignment of rights to FILSCAP: see: records, Volume II, pp. 537-538, 593-594; 582 (for similarities): "Performing Right" includes any right that now exists or may exist in the future of performance of any musical work in public by any means whether now known or later invented and in any manner, or of communication of any musical work to the public by telecommunication or authorizing or prohibiting any public performance or any communication of any work to the public by telecommunication within the territories in which each of the contracting Societies operates. 'Public performance' shall have a corresponding meaning and without limiting the generality of the foregoing, includes performances whether instrumental or vocal or both and whether provided by live means, by mechanical means (including but not limited to analog or digital sound recordings whether phonographic recordings, discs, wires, tapes, sound tracks and similar devices capable of reproducing sound); by processes of projection (including but not limited to videogrammes, whether sound film, tape, and similar devices capable of reproducing sound); by means of telecommunication (including but not limited to radio, television, telephonic apparatus, cable, fibre optic, satellite and similar means and devices); and whether made directly, relayed, rebroadcast or retransmitted."; see also records, Volume II, pp. 554, 573, 607-608 (for similarities): other agreements describe public performance as follows: "includes all performances audible to the public in any place within the territories administered by either contracting Society, by whatever means, whether the said means be already known and used or whether hereafter discovered and put into use during the period when the present contract is in force. The expression 'public performance' includes, in particular, performances given by live means, instrumental or vocal; by mechanical means, such as gramophone records, wires, tapes and sound tracks, magnetic or otherwise; by any process of sound-film projection, of diffusion and transmission; such as radio and television broadcasts, whether direct, relayed or retransmitted, and so forth, as well as by any process of wireless reception, radio, television and telephone receiving apparatus and similar means and devices, and so forth."
199. *Lim v. Moldex Land, Inc.*, 804 Phil. 341, 353 (2017) citing *Casabuena v. Court of Appeals*, 350 Phil. 237, 244 (1998).
200. See: [RA 10372](#), Sec. 10:
- Section 10.** Section 183 of [Republic Act No. 8293](#) is hereby amended to read as follows:

"SEC. 183. *Designation of Society*. — The owners of copyright and related rights or their heirs may designate a society of artists, writers, composers and other right-holders to collectively manage their economic or moral rights on their behalf. For the said societies to enforce the rights of their members, they shall first secure the necessary accreditation from the Intellectual Property Office. (Sec. 32, P.D. No. 49a)"

201. Concept introduced by [RA 10372](#); see: Collective Management Organizations "[manages] the bundle of copyrights that their members own, by providing the legal platform to efficiently enforce their intellectual property (IP) rights," *available at* <https://www.ipophil.gov.ph/news/ipoplil-highlights-relevance-of-collective-management-organizations/> (last accessed Nov. 26, 2021).; See also "List of Accredited Collective Management Organizations (CMO)" *available at*: <https://www.ipophil.gov.ph/collective-management-organizations/> (last accessed Nov. 24, 2021); and "Why do you need a License?" *available at*: <https://filscap.org/licensing> (last accessed Nov. 24, 2021).
202. Certificate of Accreditation, Registration No. CMO-2-2020, *available at* <https://www.ipophil.gov.ph/collective-management-organizations/> (last accessed June 2, 2022); See "We Value Music," *available at*: <https://filscap.org/> (last accessed June 6, 2022): "FILSCAP has been duly accredited by the Intellectual Property Office of the Philippines to operate as a Collective Management Organization (CMO) for music creators and copyright owners, and to primarily license the public playing, broadcast and streaming of the songs of its members, and the members of its affiliate foreign societies. Currently, FILSCAP's repertoire covers over 20 million copyrighted local and foreign songs."
203. SECTION 180. *Rights of Assignee*. — 180.1. The copyright may be assigned in whole or in part. Within the scope of the assignment, the assignee is entitled to all the rights and remedies which the assignor had with respect to the copyright.
204. [INTELLECTUAL PROPERTY CODE](#), Sec. 216.1.
205. *Rollo*, pp. 177, 181, 185, 189, 197; records, Volume I, p. 235.
206. *Id.* at 178-180, 182-184, 186-188, 190-196, 198, 201; *id.* at 236-238.
207. Records, Volume II, pp. 534-632.
208. [INTELLECTUAL PROPERTY CODE](#), Sec. 182.
209. *Rollo*, p. 143.
210. [Decree on the Protection of Intellectual Property, Presidential Decree No. 49](#), November 14, 1972.
211. *Rollo*, pp. 141-142.
212. See [Act No. 3134](#), "An Act to Protect Intellectual Property." § 11 and [Presidential Decree No. 49](#), "Decree on the Protection of Intellectual Property," § 26.

Act No. 3134, Section 11	Presidential Decree No. 49, Section 26
<p>SECTION 11. Copyright for a work may be secured by the registration of the claim to such copyright in accordance with the provisions of this Act and by publication thereof with the required notice of copyright upon the front part or title-page of each copy thereof published or offered for sale by authority of the copyright proprietor and by depositing with the Director of the Philippine Library and Museum by personal delivery or by registered mail two complete copies of the copyrighted work or one copy of the issue or issues containing the work if it be a contribution to a periodical. <u>No copyright in any work is considered as existing until the provisions of this Act with respect to the deposit of copies and registration of claim to copyright shall have been complied with.</u></p>	<p>Section 26. After the First public dissemination or performance by authority of the copyright owner of a work falling under subsections (A), (B), (C) and (D) of Section 2 of this Decree, there shall, within three weeks, be registered and deposited with the National Library, by personal delivery or by registered mail, two complete copies or reproductions of the work in such form as the Director of said library may prescribe. A certificate of registration and deposit for which the prescribed fee shall be collected. If, within three weeks after receipt by the copyright owner of a written demand from the director for such deposit, the required copies or reproductions are not delivered and the fee is not paid, the copyright owner shall be liable to pay to the National Library the amount of the retail price of the best edition of the work.</p> <p><u>With or without a demand from the director, a copyright owner who has not made such deposit shall not be entitled to recover damages in an infringement suit and shall be limited to the other remedies specified in Section 23 of this Decree.</u></p>

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213. See "[Berne Convention for the Protection of Literary and Artistic Works](https://wipolex.wipo.int/en/text/283698)," available at: <https://wipolex.wipo.int/en/text/283698> (last accessed Nov. 25, 2021).

214. In its Guide to the [Berne Convention](#), the World Intellectual Property Organization explains Article 5, paragraph 2, as follows:

Here appear the other fundamental principles of the [Convention](#). First and foremost, protection may not be made conditional on the observance of any formality whatsoever. The word "formality" must be understood in the sense of a condition which is necessary for the right to exist administrative obligations laid down by national laws, which, if not fulfilled, lead to loss of copyright. Examples are: the deposit of a copy of a work; its registration with some public or official body; the payment of registration fees, or one or more of these. If protection depends on observing any such formality, it is breach of the [Convention](#). However, what is at issue here is the recognition and scope of protection and not the various possible ways of exploiting the rights given by the law. Member countries may, for example, prescribe model contracts governing the conditions of the utilisation of works without this being considered a formality. What one must look at is whether

or not the rules laid down by the law concern the enjoyment and exercise of the rights. (Underscoring supplied).

215. See Senate Deliberations, October 8, 1996, pp. 18-19, the pertinent portions of which read:

Part IV, Mr. President, in this proposed Code is the proposed new law on copyrights. To comply with the Berne Convention, Senate Bill No. 1719 repeals the provision in Presidential Decree No. 49 which provides that unless the author deposits two copies of books, publications, lectures, and letter with the National Library, then he cannot recover damages against the infringer.

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The Code also seeks to clarify that basic concept in the first paragraph of Section 161 that works "are protected by the sole fact and from the moment of their creation, irrespective of their mode or form of expression, as well as their content, quality and purpose." Similarly, it reaffirms the basic principle in Section 164 that "no protection shall extend to any idea, procedure, system, method or operation, discovery or mere date as such." (Underscoring supplied).

216. [INTELLECTUAL PROPERTY CODE](#), Sec. 172.2.
217. [INTELLECTUAL PROPERTY CODE](#), Sec. 213.
218. [INTELLECTUAL PROPERTY CODE](#), Sec. 191; see also Rule 7, Sec. 2 of the Copyright Safeguards and Regulations; and Ernesto C. Salao, "Essentials of Intellectual Property Law: A Guidebook on Republic Act No. 8293 and Related Laws," Second Edition, p. 299.
219. See *Isle Originals, Inc., et al. v. Sosan Industries, Inc., et al.*, 95 O.G. 3479, 3487 (1995); see also Jacinto D. Jimenez, "Intellectual Property Law in the Philippines," 2012 Edition, p. 41.
220. "[I]t is settled in jurisprudence that a party that did not appeal a judgment is bound by the same and he cannot obtain from the appellate court any affirmative relief other than those granted, if any, in the decision of the lower court or administrative body." (*Luna v. Allado Construction Co., Inc.*, 664 Phil. 509, 524 (2011), citing *Pison-Arceo Agricultural and Development Corporation v. NLRC*, 344 Phil. 723, 736 (1997)).
221. *Rollo*, p. 41.
222. *Premiere Development Bank v. Court of Appeals*, 471 Phil. 704, 719 (2004); see [CIVIL CODE](#), Arts. 2199-2200.

Article 2199. Except as provided by law or by stipulation, one is entitled to an adequate compensation only for such pecuniary loss suffered by him as he has duly proved. Such compensation is referred to as actual or compensatory damages.

Article 2200. Indemnification for damages shall comprehend not only the value of the loss suffered, but also that of the profits which the obligee failed to obtain.

223. *Boncayao Confederation of Sugar Producers Cooperatives*, G.R. No. 225438, January 20, 2021, citing *San Miguel Foods, Inc., and Vinoya v. Magtuto*, G.R. No. 225007, July 24, 2019.
224. *Id.*
225. *Boncayao Confederation of Sugar Producers Cooperatives*, G.R. No. 225438, January 20, 2021; *ACI Philippines, Inc. v. Coquia*, 580 Phil. 275, 287 (2008), citing *Premiere Development Bank v. Court of Appeals*, 471 Phil. 704, 719 (2004); *Premiere Development Bank v. Court of Appeals*, 471 Phil. 704, 719 (2004); *Smith Kline Beckman Corp. v. Court of Appeals*, 456 Phil. 213, 225 (2003), citing *Integrated Packaging Corporation v. Court of Appeals*, 388 Phil. 835, 846 (2000); *Sambar v. Levi Strauss & Co.*, 428 Phil. 425, 436 (2002).
226. *Asia Pacific Resources International Holdings, Ltd. v. Paperone, Inc.*, 845 Phil. 85, 101 (2018).
227. RULES OF COURT, Rule 133, Sec. 1.
228. INTELLECTUAL PROPERTY CODE, Sec. 216.1 (b).
229. As pointed out by Associate Justice Amy C. Lazaro-Javier in her Reflections dated August 31, 2021, pp. 4-6.
230. CIVIL CODE, Art. 2224.
231. *Premiere Development Bank v. Court of Appeals*, 471 Phil. 704, 719 (2004); *Sambar v. Levi Strauss & Co.*, 428 Phil. 425, 437 (2002), citing CIVIL CODE, Art. 2224.
232. *Mencorp Transport Systems, Inc. v. Heirs of Libatique*, G.R. No. 203309 (Notice), February 3, 2021, citing *Pleno v. Court of Appeals*, 244 Phil. 213, 229 (1988).
233. *Mencorp Transport Systems, Inc. v. Heirs of Libatique*, G.R. No. 203309 (Notice), February 3, 2021, citing CIVIL CODE, Art. 2225.
234. *Supra* note 231.
235. *Id.*
236. CIVIL CODE, Arts. 2221-2223.
- Article 2221. Nominal damages are adjudicated in order that a right of the plaintiff, which has been violated or invaded by the defendant, may be vindicated or recognized, and not for the purpose of indemnifying the plaintiff for any loss suffered by him.
- Article 2222. The court may award nominal damages in every obligation arising from any source enumerated in article 1157, or in every case where any property right has been invaded.
- Article 2223. The adjudication of nominal damages shall preclude further contest upon the right involved and all accessory questions, as between the parties to the suit, or their respective heirs and assigns.
237. *Rollo*, p. 41.

238. *Seven Brothers Shipping v. DMC-Construction Resources, Inc.*, 748 Phil. 692, 700 (2014).
239. *Id.*, citing *Francisco v. Ferrer*, 405 Phil. 741, 751 (2001), which cited *Areola v. Court of Appeals*, 306 Phil. 657, 667 (1994).
240. See *Sambar v. Levi Strauss & Co.*, 428 Phil. 425, 436-437 (2002) and *Co v. Spouses Yeung* (Resolution), 742 Phil. 803, 809 (2014).
241. Separate Concurring Opinion of Associate Justice Alfredo Benjamin S. Caguioa, pp. 21-23, Section 216.1 of the *IPC*, as amended by *RA 10372*, can be used as a guide in ascertaining the amount of *just* damages even if:
- The copyright owner may elect, at any time before final judgment is rendered, to recover instead of actual damages and profits, an award of statutory damages for all infringements involved in an action in a sum equivalent to the filing fee of the infringement action but not less than Fifty thousand pesos (Php50,000.00). In awarding statutory damages, the court may consider the following factors:
- (1) The nature and purpose of the infringing act;
 - (2) The flagrancy of the infringement;
 - (3) Whether the defendant acted in bad faith;
 - (4) The need for deterrence;
 - (5) Any loss that the plaintiff has suffered or is likely to suffer by reason of the infringement; and
 - (6) Any benefit shown to have accrued to the defendant by reason of the infringement. x x x
242. TSN, April 3, 2012, p. 17.
243. *Rollo*, pp. 161-162.
244. *Id.* at 37-41.
245. *Id.* at 103-104, 169.
246. See Separate Concurring Opinion of Associate Justice Alfredo Benjamin S. Caguioa, p. 24.
247. *Id.*
248. *Co v. Spouses Yeung* (Resolution), 742 Phil. 803, 809 (2014), citing *CIVIL CODE*, Art. 2224.
249. 716 Phil. 267, 280-283 (2013). See *Bangko Sentral ng Pilipinas Monetary Board Circular No. 799, Series of 2013*.

LEONEN, J., concurring:

1. *Ponencia*, p. 22.
2. *Id.* at 25.

3. *ABS-CBN v. Gozon*, 755 Phil. 709, 756-760 (2015) [Per J. Leonen, Second Division].
4. G.R. No. 233918, August 9, 2022 [Per J. Zalameda, *En Banc*].
5. 232 Phil. 426 (1987) [Per J. Paras, Second Division].
6. *Id.* at 429.
7. *Id.* at 433-434.
8. *Philippine Home Cable Holdings, Inc. v. Filscap*, G.R. No. 188933, February 21, 2023 [Per J. Leonen, *En Banc*].
9. *Ponencia*, p. 36.
10. Justice Leonen's Dissenting Opinion in *Filscap v. Anrey, Inc.*, G.R. No. 233918, August 9, 2022 [Per J. Zalameda, *En Banc*].
11. 38 Phil. 768 (1918) [Per J. Fisher, *En Banc*].
12. *Id.* at 775-776.
13. *Catsilex Industrial Corporation v. Vasquez, Jr.*, 378 Phil. 1009, 1017 (1999) [Per C.J. Davide, Jr., First Division].
14. 442 Phil. 784 (2002) [Per J. Mendoza, Second Division].
15. *Id.* at 793.
16. *Ponencia*, p. 47.

CAGUIOA, J., concurring:

1. G.R. No. 233918, August 9, 2022. Penned by Associate Justice Rodil V. Zalameda, with Chief Justice Alexander G. Gesmundo and Associate Justices Ramon Paul L. Hernando, Samuel H. Gaerlan, Ricardo R. Rosario, Jhosep Y. Lopez, Japar B. Dimaampao, and Jose Midas P. Marquez concurring.

Associate Justice Caguioa submitted his Separate Concurring Opinion, joined in by Associate Justice Antonio T. Kho, Jr.

Senior Associate Justice Marvic M.V.F. Leonen and Associate Justice Amy C. Lazaro-Javier dissented, submitting their respective Dissenting Opinions.

Associate Justice Maria Filomena D. Singh expressed both concurrence and dissent.

Associate Justice Mario V. Lopez on official leave but left his vote to concur. Associate Justice Henri Jean Paul B. Inting took no part.

2. J. Caguioa, Separate Concurring Opinion in *FILSCAP v. Anrey*, *id.* at 1.
3. *Ponencia*, p. 2.
4. AN ACT PRESCRIBING THE INTELLECTUAL PROPERTY CODE AND ESTABLISHING THE INTELLECTUAL PROPERTY OFFICE, PROVIDING FOR

ITS POWERS AND FUNCTIONS, AND FOR OTHER PURPOSES, approved on June 6, 1997.

5. *Rollo*, pp. 60-63 and 71.
6. *Id.* at 37-43.
7. *Id.* at 72-74.
8. *Ponencia*, p. 3.
9. *Id.* at 34. (Emphasis supplied)
10. G.R. No. 166391, October 21, 2015, 773 SCRA 345.
11. See *id.* at 352. Citations omitted.
12. *Ponencia*, pp. 19-20.
13. *Id.* at 20.
14. *Id.* at 19.
15. *Id.* at 38-39.
16. *Id.* at 4; Testimony of FILSCAP's witness, Ferdinand Gorospe. Emphasis supplied.
17. J. Caguioa, Separate Concurring Opinion in *FILSCAP v. Anrey*, *supra* note 1 at 44-51. Citations omitted.
18. *Ponencia*, p. 34.
19. J. Caguioa, Separate Concurring Opinion in *FILSCAP v. Anrey*, *supra* note 1 at 4-7. Citation omitted.
20. *Id.* at 9-13. Citations omitted.
21. *Id.* at 13-29. Citations omitted.
22. *Ponencia*, p. 7.
23. IP Code, Section 184 (a) provides: "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 (1), P.D. No. 49)."
24. *Ponencia*, pp. 6-7.
25. J. Caguioa, Separate Concurring Opinion in *FILSCAP v. Anrey*, *supra* note 1 at 66-67.
26. *Ponencia*, p. 51.
27. *Id.* at 50. Citations omitted.
28. *Id.* at 4.
29. *Rollo*, p. 39.
30. *Id.* at 75.

31. Certificate of Accreditation, Registration No. CMO-2-2020, available at <<https://www.ipophil.gov.ph/collective-management-organizations/>>.

ZALAMEDA, J., concurring:

1. United Nations Handbook for Parliamentarians on the Convention on the Rights of Persons with Disabilities.
2. See *The Advantages of Adherence to the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT)*; the International Bureau of WIPO, p. 2.
3. *Id.*
4. G.R. No. 233918, 09 August 2022.
5. *Id.*
6. *Id.*
7. *Id.*
8. *Ponencia*, p. 17.
9. *Id.* at 17-18.
10. Entitled: "AN ACT PRESCRIBING THE INTELLECTUAL PROPERTY CODE AND ESTABLISHING THE INTELLECTUAL PROPERTY OFFICE, PROVIDING FOR ITS POWERS AND FUNCTIONS, AND FOR OTHER PURPOSES." Approved: 06 June 1997.
11. WIPO-1978 Guide to the Berne Convention, pp. 64-65.
12. *Id.* at 68-69.
13. Understanding Copyright and Related Rights; World Intellectual Property Organization (WIPO) 2016, p. 12.
14. <https://wipolex.wipo.int/en/text/295166>; last accessed on 20 July 2022.
15. Available at https://www.wipo.int/treaties/en/ip/wct/summary_wct.html, last accessed 20 July 2022.
16. Entitled: "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: 28 February 2013.
17. The Making Available Right in the United States, U.S. Copyright Office (2016), p. 15.
18. *J. Caguioa Separate Concurring Opinion* dated 03 October 2022, p. 10.
19. *Id.*, p. 12.
20. Sec. 202.7 of the [IPC](#) (as amended).

21. WIPO-Administered Treaties, "Contracting Parties > Rome Convention," available at https://www.wipo.int/wipolex/en/treaties/ShowResults?search_what=C&treaty_id=17 (last accessed 24 February 2023).
22. Art. 1 of Directive 93/83/EEC, par. 3.
23. WIPO Internet Treaties, available at https://www.wipo.int/copyright/en/activities/internet_treaties.html, last accessed 24 February 2023.