

**Article**  
**TEMPTATION OF CONVENIENCE: THE RP WEB PROJECT AND**  
**INTELLECTUAL PROPERTY LAW ISSUES**

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# TEMPTATION OF CONVENIENCE: THE RP WEB PROJECT AND INTELLECTUAL PROPERTY LAW ISSUES

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*Sometime after World War II, a gigantic Third World began transforming the planet, based on tools that amplify [the] mind rather than [the] muscle. This is the civilization of the computer, the satellite, and the Internet.*

Alvin Toffler

*[E]ven to the time of the end: many shall run to and fro, and knowledge shall be increased.*

Daniel 12 : 4  
King James Version

## INTRODUCTION

The computer has brought about rapid changes both in men and in law.

The unstoppable march of the information age has redefined the way men undertake both business and governance. Deeper and faster, it has shaped the way information is being handled by both the ruler and the ruled. The Internet has jumpstarted the way we handle, administer, and acquire information – most especially in governance.

And seeing this paradigm shift in information management, the Philippine government sought to become part of the new computer civilization. Seeing the benefits of the Internet phenomenon, the executive branch wisely chose to ride the electronic bandwagon.

Specifically, it was tasked to undertake electronic interconnection through the internet. While the momentous task at first seems to be burdened only with the cost, and the political will needed to technologically upgrade a laid-back bureaucracy, a new problem is foreseen by the authors.

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Problems arose due to the complexities with the law on intellectual property. Simply put, with the governmental linkage in the internet, information becomes readily available to the public on a level previously unheard of. And with this availability and easy access came issues on proprietary ownership and intellectual property.

With this foreseen labyrinth, the task to "link up" becomes more daunting and more complicated.

### **I. WHAT IS THE RP WEB?**

Reduced to its core, the RP Web is simply the virtual interconnection of all government units in order to serve as the precursor to the Philippine Information Infrastructure (PII). The RP Web project traces its roots to Administrative Order 332 (A.O. 332) entitled, "Directing All Government Agencies and Instrumentalities Including Local Government Units to Undertake Electronic Interconnection Through the Internet to be Known as the RP Web." Issued in 1997 by then President Fidel V. Ramos, the main objective of the Administrative Order was to connect the country to the Global Information Infrastructure (GII), as well as to set in place a viable and cost effective information exchange system between government agencies, and provide for means of ensuring wider and faster access to government information and services. By virtue of A.O. 332, President Ramos became the first Philippine President to make a direct endorsement of Information Technology (IT) as a strategic resource and tool for national development.

Complementing this effort, the House of Representatives passed House Resolution number 890, which sought the interconnection not only of all government agencies, but also of all government owned and controlled corporations, state universities and public schools through the Internet.

#### **A. Current Status**

As envisioned by Administrative Order 332, the RP Web project was to be implemented in two phases. The first phase concerned the interconnection of all Cabinet Members down to Assistant Secretary levels including all their regional field offices and other offices outside of the main office. The second phase involved the interconnection of all levels starting from Bureau Chief, down to the Division Level and onwards.<sup>2</sup> To expedite implementation, reforms were undertaken in administrative procedures. For example, the Department of Budget and

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<sup>1</sup> Adm. Order 332 (1997), sec. 1.

Management (DBM) was tasked to monitor the utilization of the existing appropriations and savings of other government agencies pertaining to Internet connection. In line with this responsibility, the DBM was ordered to dispense with the requirement of submission of individual requests for authority by government offices for the purpose of purchasing hardware, software, dial-up lines and local area networks necessary for Internet connection.<sup>3</sup>

The Department of Public Works and Highways (DPWH), acting through the National Telecommunications Commission (NTC), was to facilitate the establishment of the RP Web through the observance of the following measures:

1. Ensuring that the Internet Service Providers (ISPs) servicing government office and the academe are interconnected with each other for purposes of local data transmission at no cost to the government;
2. Ensuring that the telecommunications carriers give priority to the telephone dial-up lines, leased/dedicated lines and trunking facility requirements of the ISPs mentioned above;
3. Ensuring the completion of telecommunication facilities programmed under the Service Area Scheme of 1998;
4. Studying the possibility of reducing or maintaining at minimal levels the tariff rates on international and local dedicated lines to encourage wider use of and access to the Internet.<sup>4</sup>

As a whole, the project implementation monitoring was assigned to the National Information Technology Council (NITC). This body was required to evaluate the implementation of the entire project after six (6) months. It is also required to submit quarterly reports on the status of the implementation of the RP Web project directly to the Office of the President.<sup>5</sup>

For its part, thru the directive of President Gloria Macapagal-Arroyo last April 8, 2002 at the meeting of the Information Technology and E-Commerce Council (ITECC), the current administration has ordered all government agencies to ensure compliance with Stage 1 of the UN-ASPA Five Stages of e-government by

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<sup>3</sup> Adm. Order 332 (1997), sec. 2.

<sup>4</sup> Adm. Order 332 (1997), sec. 3.

<sup>5</sup> Adm. Order 332 (1997), sec. 5.

<sup>6</sup> National Computer Center (NCC) Website. 'State of Web Presence of National Government Agencies (NGAs)' Available [ppmo@ncc.gov.ph](mailto:ppmo@ncc.gov.ph).

June 30, 2002. Basically, this means that each agency must have websites that would provide basic public information.<sup>6</sup>

Acting on this directive, a survey conducted by the National Computer Center on the web presence of National Government Agencies from April to July 2002 (NGAs) revealed that out of 379 NGAs, 221 or 61% have reached the first stage of the UN-ASPA standard. 93 NGAs or 25.3% have reached stage 2. 53 or 14.4% have reached stage 3, while at least 1 or .03% has reached stage 4. The overall total amounts to 97% or 368 NGAs with websites, leaving only 11 NGAs or 3% without their own websites.<sup>7</sup>

Still, despite the undeniable success of the project's implementation as far as setting-up the infrastructure is concerned, the project is far from complete. Indeed, the RP Web project as envisioned by AO 332 is less concerned with this stage (setting-up the Internet infrastructure) than with ensuring the speedy and efficient transfer of information between and among government agencies and the public as well. Even a casual internet user will find that most of these NGA websites are barely interactive in the sense that beyond providing basic information about their agency, these sites are a far cry from the "electronic governance" model or aspiration set by both AO 332 and House Resolution 890. Most of them remain little more than online posters of their respective agencies.

### **B. Jumpstarting the RP Web**

While it is undeniable that the means of implementing the RP Web project as far as hardware and software ensuring internet connectivity is concerned are already present, the project implementers are still faced by a large, albeit perfectly valid stumbling block: safely gathering the material to be uploaded. Emphasis must be made on the word "safely" in the legal sense. Implementing this particular stage of the RP Web project necessitates a review of intellectual property issues, both conventional and non-conventional.

It is no small secret that the Internet poses several new problems in intellectual property law, dealing with issues that hitherto were previously unknown to the drafters of prevailing intellectual property norms. New doctrines have arisen, revisions of old paradigms are constantly being made. Reform is the buzz word and has become the focal point of not a few states. Such measures are not alien to our own jurisdiction, the latest being the release of the new Rules on the Use of Electronic Evidence issued by the Supreme Court last 2001.

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<sup>7</sup> *Ibid.*

What confront the RP Web at its current stage are issues concerning the proper acquisition and use of the material each government agency, unit, public university, public library and school will upload. Not all material within the reach of these agencies can be the proper subject of an upload without infringing on the creator's intellectual property rights. Indeed, questions abound. Questions like: may the National Anthem be uploaded and be made available without the composer's permission? May NGAs (i.e. National Library) charge fees for the service it provides considering that what it offers the end-user is actually the work of another person? If a creator of a work allows the government to upload his work (i.e. novel) to the RP Web, does this permit an end-user to print out such work and make several copies without fear of an infringement suit? To what extent can the government be held liable in this regard?

This paper aims to draw the lines of distinction between what is properly "uploadable" into the RP Web and what is not. Recommendations are made with respect to each kind of works, taking into account the nature of the transaction surrounding a particular work. Finally, a general assessment is made of the feasibility of accomplishing the RP Web envisioned by then President Ramos in AO 332, which reduced to its core, is simply the entire Philippine nation, culture and all, in one website.

## II. THE PHILIPPINES AS AN ONLINE SERVICE PROVIDER

Under the E-Commerce Act or RA 8792, the Philippine Government will be considered an online service provider (OSP), in the event that it does pursue the RP Web. Section 5 (i) of the said act considers a "service provider" as:

"[O]nline services or network access, or the operator of facilities thereof, including entities offering the transmission, routing, or providing of connections for online communications, digital or otherwise, between and among points specified by a user, or electronic documents of the user's choosing;"<sup>8</sup>

Thus under the E-Commerce Act, the operator or provider of:

- a) online services
- b) network access
- c) transmission, routing and connection of online communications

will be considered an OSP. The RP Web project thus places the Government within the coverage of the provision not only as an operator but as a provider as well.

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<sup>8</sup> Rep. Act No. 8792 (2000).

Among the online services that will be provided to the public would be the RP Digital Library. The RP Web will also be controlling the access to its own network. Beyond giving inter-connectivity among the various government agencies and combining them into a single network, the RP Web is also touted to provide for the connectivity of several institutions like universities and libraries. With all these features, it is clear that the Government will be considered an OSP once the RP Web goes online.

Paragraph Two of Section 5 of the E-Commerce Act lays out the legal implications of being considered an OSP. **Primarily, OSPs cannot modify nor alter the content of the electronic data message or any electronic document received.** The protection of both privacy and security of communications over the Web is foremost on the agenda. While it greatly enhances the flow of communications, the Internet has been the domain of several unscrupulous individuals who prey on others who wish to make use of the enhanced pace offered by communicating over the Web. **Second, OSPs are prohibited from making any entry on any electronic data or document it receives.** Such prohibition persists even if the request to make an entry is made on behalf of the originator, the addressee or any third party unless there is specific authorization to do so. The integrity of messages being communicated online is the ratio for this. **Third, the OSP is required to retain the electronic document in accordance with the specific request or as necessary for the purpose of performing the service it was engaged to perform.** Resort to an OSP for the service it offers should always be backed with a guarantee that the OSP, in this case the State, will perform the task it has been engaged to do as agreed, even if online traffic causes delay. Thus, the OSP may retain the message or document transmitted to it until the service has been completed. All these obligations militate against any act of the Government, which amounts to a commercial activity by selling RP Web user profiles to advertisers. Note that Section 5 places an emphasis in preserving the privacy of online users as well as the responsibility imposed on an OSP in ensuring this.

While Section 5 focuses on the obligations and duties of an OSP, Section 30 of the E-Commerce Act governs the Liability of a Service Provider:

SEC. 30. Extent of Liability of a Service Provider. - Except as otherwise provided in this Section, no person or party shall be subject to any civil or criminal liability in respect of the electronic data message or electronic document for which the person or party acting as a service provider as defined in Sec.5 merely provides access if such liability is founded on -

- a. The obligations and liabilities of the parties under the electronic data message or electronic document;

- b. The making, publication, dissemination or distribution of such material or any statement made in such material, including possible infringement of any right subsisting in or in relation to such material: Provided, That
  - i. The service provider does not have actual knowledge, or is not aware of the facts or circumstances from which it is apparent, that the making, publication, dissemination or distribution of such material is unlawful or infringes any rights subsisting in or in relation to such material;
  - ii. The service provider does not knowingly receive a financial benefit directly attributable to the unlawful or infringing activity; and
  - iii. The service provider does not directly commit any infringement or other unlawful act and does not induce or cause another person or party to commit any infringement or other unlawful act and/or does not benefit financially from the infringing activity or unlawful act of another person or party:

Provided, further, That nothing in this Section shall affect -

- a. Any obligation founded on contract;
- b. The obligation of a service provider as such under a licensing or other regulatory regime established under written law; or
- c. Any obligation imposed under any written law;
- d. The civil liability of any party to the extent that such liability forms the basis for injunctive relief issued by a court under any law requiring that the service provider take or refrain from actions necessary to remove, block or deny access to any material, or to preserve evidence of a violation of law.<sup>9</sup>

We must bear in mind that the provision focuses not only on the actual knowledge of illegal activity due to their sites. Section 30 as well as recent US court decisions however, has put a stop to this practice.<sup>10</sup> Thus, the government should be vigilant with regard to the filtering and selection of materials that will be posted on its website. It should again be emphasized, that unfortunately, the Anti-Piracy

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<sup>9</sup> Rep. Act No. 8792 (2000).

<sup>10</sup> *Playboy v. Frena*, 839 F. Supp. 1552 (M.D. Fla. 1993).



Provision in Section 33 of the E-Commerce Act does not provide for instances of fair use.

Another item that must be emphasized is the fact that under the Anti-Piracy Provision of RA 8792, unauthorized digital transmission already constitutes an infringing activity. Despite opposition from several sectors, especially the academic community, lobbyists have succeeded in having this provision enacted which, if interpreted literally, criminalizes even the act of looking at a unauthorized digital transmission online. The "digital transmission right", as it was called under the US White Paper on the National Information Infrastructure (which was the blueprint created by the Clinton administration) is also referred to as the right of "making available".<sup>11</sup> This right of "making available to the public" has greatly increased the restrictions upon those who wish to avail of data online. Professor Amador has several reservations regarding the implementation of this provision and he illustrates its unfairness thus:

In plain terms, this means that a simple digital transmission over a network, even without downloading, such as video or audio streaming on the internet, is a potential infringement under Section 33 (b) since it avoids the need to buy licensed copies of the work. An individual user is a criminal infringer under this provision, but under Article 61 of the TRIPS Agreement criminal penalties are applied only for "copyright piracy on a commercial scale." Similarly, the Draft Convention on Cybercrimes criminalizes infringement committed through the Internet only when "such acts are committed intentionally on a commercial scale."<sup>12</sup>

Being a law in its infancy, the Supreme Court, through its rulings, has yet to interpret the scope of the seemingly overreaching terms. Moreover, its validity and constitutionality have yet to be determined, given the many issues raised against it. Amador<sup>13</sup> succinctly places it thus:

The balance that intellectual property law traditionally strikes is between the protections granted the author and the public use or access granted everyone else. The aim is to give the author sufficient incentive to produce. Built into the law of intellectual property are limits on the power of the author to control the use of the idea she has created.<sup>14</sup>

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<sup>11</sup> V.B. Amador, What the Piracy Provision Says [online] Available email: pljvol78@yahoo.com

<sup>12</sup> *Id.*

<sup>13</sup> Amador is one of the leading experts in Intellectual Property Law in the Philippines. He heads the Intellectual Property Law Dept of the Sycip Salazar Hernandez and Gatmaitan Law Offices and has written 4 books on Intellectual Property Law and the E-commerce Act (RA 6792). He also teaches Intellectual Property Law in the University of the Philippines.

<sup>14</sup> See note 10, *supra*.

Finally, it is detrimental for the government to allow commercial advertisers on the portal in the long run. Courts have repeatedly held that a finding that a service or an act challenged as infringing was being performed for a fee bolsters a conclusion that such act is commercial in nature. And a finding that an activity is in fact commercial militates against the defendant's defense of fair use.<sup>15</sup>

### **III. "WHO OWNS WHICH?": OWNERSHIP ISSUES REGARDING WORKS TO BE UPLOADED UNTO THE RP WEB**

Invariably, the main issue that confronts the entire set up concerns the ownership over the material to be uploaded. Defining and limiting the "content", so to speak, of the planned RP Web network would necessarily involve matters dealing with their respective intellectual property rights. The bottom line is: can the government incorporate these materials without facing liability? If so, up to what extent, if any, can such materials be incorporated? With respect to this aspect of the project, uploadable material can be grouped into two: 1) **those made by government employees or using government resources**; and 2) **those made by third parties totally without relation to any governmental activity**. Without defining the proper hegemony within this large and fuzzy area, the RP Web, even if it should push through, would be no more than a hollow shell. What follows is a discussion of the pluses and pitfalls of the matter.

#### **A. Works of Government Employees in the Performance of their Official Functions**

Works made by government employees while in the performance of their official functions are beyond the coverage of intellectual property rights. It is expressly stated in Section 176 of the Intellectual Property Code: "No copyright shall subsist in any work of the Government of the Philippines." The phrase "work of the Government of the Philippines" refers to any work created by an officer or employee of the Philippine government or any of its subdivisions and instrumentalities, including government-owned and controlled corporations as part of his regularly prescribed official duties.<sup>16</sup> Hence, any of the employees of the government who authored works for the RP Web project, as well as in other endeavors, do not own the copyright to that work. More properly, such work is also not copyrighted in favor of the government either under Section 176. Thus it is properly classified as a public domain work. It is therefore correct to say that any work created by a government employee as part of his performance of his official

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<sup>15</sup> *Wilkins & Wilkins Co. v. US Court of Claims*, 487 F. 2d 1345 (1973).

<sup>16</sup> Rep. Act No. 8293 (1998), sec. 171.11.

functions belongs to the public domain. Note however, that this does not apply to personal letters or writings created by employees.

Additionally, though Section 176 precludes the government from exercising any copyright over the works in question, it makes no mention of the propriety of the exercise by the government of a possessory right over them. For while the right denied is merely the right to reproduce the work, no mention of other rights is made. Thus, it is quite possible for the government to maintain an action against an individual who would obtain a copy of the questioned works without the former's knowledge and permission.<sup>17</sup> In such a suit, the government is not asserting a copyright but a possessory interest in the copy it has in its possession.

#### **B. Works by Hired Consultants of the Government**

On the other hand, works made by hired consultants are protected works under our laws. Their works could easily fall under any of the categories mentioned in Section 172 depending on their nature. As with all copyrightable works, the policy and rationale for this protection is the same. It exists to deal with a problem of striking a balance between the costs of limiting access to the works it protects against the benefits of providing incentives to create the work in the first place. As to copyright ownership, the rules contained in Section 178.4 as discussed earlier should govern. That is, the government only has ownership over the work made under the contract while the copyright over such work remains with the creator. A written stipulation providing that copyright over the work belongs to the hiring party (the government) should be made. Moreover, a look into other factors outlined earlier and beyond the existence of the contract should be made.<sup>18</sup>

Works performed by hired consultants do not fall under the phrase "works of the government" as defined in Section 171.11 since these consultants are not employees of the government. Except for very limited instances, to hire someone for labor or for the creation of a work does not give rise to an employer-employee relationship under our labor laws. And absent such a relationship, no amount of stipulation can transform a hired consultant into an employee of the government.

In all likelihood, these consultants have written contracts with the government. The first precautionary step is to review these contracts. A determination of the existence of several factors outlined earlier should be gleaned from this effort, should these contracts not provide for the ownership of the copyright over the work involved. Finally, reliance on the IP provisions on limitations to copyright (Section 184.1) Fair Use, specifically those governing the

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<sup>17</sup> *Pfeiffer v. CIA, et. al.*, USCA (District of Columbia Circuit) (1995).

<sup>18</sup> *Clifford v. Bonelle USCA*, 2<sup>nd</sup> Circuit (1992).

copying of works for archival purposes (i.e. number of copies made, purpose of the copying activity), should be considered in order to protect from possible suits for infringement. Though it is not a safeguard against infringement, acknowledgment of the author/creator of the work used can also spell a big difference.

### **C. The Use of Decisions by Judicial, Quasi-Judicial and Administrative Agencies For a Fee**

It is our position that there is no copyright obstacle to the implementation of this part of the RP Web project. It is an undisputed policy not only in our jurisdiction, but also throughout the entire civilized world, that there be the widest possible dissemination of judgments.<sup>19</sup> It is indispensable to society that the interpretation of the law governing every citizen be open and freely accessible to all.

The reporting of judicial proceedings as well as legislative proceedings are considered an exception to the provisions on infringement. Thus, a report may quote documents produced or presented as evidence, words spoken in court as well as in legislative proceedings, and entire paragraphs of a decision without infringing the right of the Judge or Legislator. Section 176.1 of the Intellectual Property Code governs such a situation:

No copyright shall subsist in any work of the Government of the Philippines. However, prior approval of the government agency or office wherein the work is created shall be necessary for exploitation of such work for profit. Such agency or office may, among other things, impose as a condition the payment of royalties. No prior approval or conditions shall be required for the use of any purpose of statutes, rules and regulations, and speeches, lectures, sermons, addresses, and dissertations, pronounced, read or rendered in courts of justice, before administrative agencies, in deliberative assemblies and in meetings of public character.

Although technically, they are deemed literary works that are copyrightable, the proper and precise reporting of such decisions are of utmost importance that the law simply placed them within the public domain. The doctrine contained in this provision covers whatever work made by judges in their official capacity. For despite the prestige they possess as such, judges are still, undoubtedly, part of the government as employees.

Evidently, judges' decisions having been rendered as part of their duties as magistrates and interpreters of the law, there exists no obstacle in transforming these written decisions into digital form and posting them in a searchable online database. It is worthy to note that the government will undertake compilation. This has two

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<sup>19</sup> P. GROVES, COPYRIGHT AND DESIGNS LAW- A QUESTION OF BALANCE 92-93 (1991).

major implications. First, the fact that a fee will be required in case someone wishes to access these cases in the Web does not require prior approval of a government agency or a payment of royalty as outlined in section 176.1. The said provision contemplates the exploitation of Government works by a private individual. The RP WEB project is an act of the government itself. Second, The act of compiling these cases does not violate the right given to the author of these decisions contained in section 176.2:

The Author of speeches, lectures, sermons, addresses, and dissertations mentioned in the preceding paragraphs shall have the exclusive right of making a collection of his works.

Section 176.2 refers to a collection of case decisions made by a *single* author or judge. As described, this phase of the RP WEB project seeks to compile ALL decisions made in judicial and quasi-judicial bodies. No particular compilation or collection based on the authorship of such decisions is proposed. In fact, the author, as far as the project is concerned, is irrelevant.

Lastly, it has been repeatedly emphasized by the Supreme Court that there is a need to cite judicial decisions with the utmost accuracy. The Supreme Court has in fact sanctioned parties who failed to use this standard of precision in using case decisions. It would therefore be against this policy to impose a limitation on the use of judicial and quasi-judicial decisions by restricting their copying thereby making it tedious for all those who wish to quote or cite them.

#### **D. The View From Academia**

The Intellectual Property Code places research works by professors as literary works. Section 172.1 specifically places them under the category of "books, pamphlets, articles and other writings."<sup>20</sup> As such, they are clearly within the ambit of copyright protection provided under our laws. Copyright ownership over them follows the general rule in section 178, that is, ownership belongs to the author. The basis of such protection is to encourage the proliferation of ideas in society, since a society without ideas is practically dead. The author of ideas naturally would want that the fruits of his labor be reserved for his use, for without such guarantee or protection, there would be no point in making them. One cannot expect man to be altruistic in everything. Thus, it is in the best interest of society and the government that the ideas of our academics and researchers be protected to encourage their development by their respective authors. After all, our annals of history are replete

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<sup>20</sup> Rep. Act No. 8293 (1998).

with instances where the ideas of an academician embodied in a simple literary work managed to change the destiny of nations.<sup>21</sup>

Evidently, university professors of government universities are government employees. Nevertheless, special care must be taken with respect to the duty or obligation they owe to their employer as far as copyright is concerned. For not all works created by such professors fall within the category of “works of the government” and hence not protected. Professors are primarily employed by the government for one purpose: to teach students. Thus, their “regularly prescribed duties” in relation to Section 171.11 and Section 176 of the IP Code would be limited to the actual time spent in the classroom and the preparation for such. Research work, so long as it is not done in preparation for a class therefore is definitely not part of a professor’s duty. Hence the copyright of any work that is created by such professor rightfully belongs to him alone. The fact that these works focus on the area of expertise of the professor is irrelevant. What is important is the fact that these studies and research works are done by a professor not as part of his regular duties. Indeed, it is quite the exception to find a professor paid solely to do research and not to teach.

The government is not precluded from actually commissioning a professor to do research for a project or study. In this case, reference to the laws governing works-made-for-hire and commissioned works as discussed earlier should be made.

Thus, prudence dictates that one should conduct checks with the universities concerned in order to discover the nature of the works to be used in the RP Web Project. A careful check as to what capacity a professor did his research would guide the project implementors as to whether or not the former’s permission would be needed. Considerable effort should also be expended to ensure that the use of the said works be made to conform with Fair Use guidelines as outlined in Section 184 and 185 of the Intellectual Property Code as much as possible.

There are provisions in the IP Code for instances where an act otherwise deemed infringing is allowed due to public policy considerations<sup>22</sup> or the Fair Use doctrine<sup>23</sup>. One such instance is copying for Educational Purposes.<sup>24</sup> The material made by third party authors may or may not be copyrightable, it all depends on whether or not these materials actually meet the requisite amount of Originality required by the code. On the assumption that they do, then copyright may be deemed to exist in favor of the author or creator of the work. Most likely, they will

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<sup>21</sup> See note 18, *supra*.

<sup>22</sup> Rep. Act No. 8293 (1998), sec. 184.

<sup>23</sup> Rep. Act No. 8293 (1998), sec. 185.

<sup>24</sup> Rep. Act No. 8293 (1998), sec. 184.1(e) and sec. 185.1.

then be classified as Derivative Work under Section 173.1 (b). (Or a compilation to be more precise.) These outlines are “derived” from pre-existing materials which are then selected, coordinated and arranged in such a manner that the resulting work as a whole constitutes an original work itself. A pre-existing work is any work created before the derivative.

The effort of the professor in selecting, arranging and compiling the different data and excerpts for his/her teaching outline clearly defines the end-product of such labor as a derivative work under Section 173.1. His/her manner of selecting the materials to be used in making the syllabus as well as in arranging them presents considerable input that would amount to originality. A law professor for example, exercises considerable effort and creativity and selecting relevant cases and articles as well in making them “fit” in his subject matter in order to fully give flesh to the subject taught.

The copyright over a derivative work only extends to the material actually contributed by the author of the derivative work as distinguished from the copyright on the pre-existing work actually utilized. As discussed earlier, this means the manner of selection and arrangement of the compiled material. The basis for their protection is no different from other works: to ensure there are sufficient incentives for creativity.

In the event that the government indiscriminately uses such works in the RP Web Project, the author may very well file a claim. The cause of action would be infringement based on the exclusive right of the author to prevent “other communication to the public of the work.”<sup>25</sup> “Communication to the public” covers any act that makes the 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.”<sup>26</sup> Including the subject works in the RP Website definitely falls within this definition. It may very well be pointed out that the fact that the RP Web will be charging a fee from users supports a finding against fair use. For in such a case, even a resort to the exception that the copying was for educational purposes may not avail since commercializing the activity casts severe doubts on whether or not the use is covered by the exception.<sup>27</sup> The phrase “educational purpose” after all, is not a magic word that automatically saves the copier from liability. Several factors, culled from cases decided must be taken into consideration: the purpose and character of the use, the nature of the copyrighted work, the amount and substantiality of the portion used, and the effect upon the potential

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<sup>25</sup> Rep. Act No. 8293 (1998), sec. 177.7.

<sup>26</sup> Rep. Act No. 8293 (1998), sec. 171.3.

<sup>27</sup> *Basic Books Incorporated v. Kinko's Graphics Corporation*, 758 F. Supp. 1522 (S.D.N.Y. 1991).

market.<sup>28</sup> The magnitude of the copying as well as the commercial motivation always weighs heavily against the finding of fair use.<sup>29</sup>

Either the teacher/ professor or the third-party author may file a claim. Note that as discussed earlier, two copyrights exist in a derivative work: the copyright over the pre-existing material used, and the copyright over the compilation itself. These two rights are separate and exclusive. Thus, separate and independent claims may be filed.

As to against whom the claim may be filed, with respect to the third-party author he may file a claim against the government for direct infringement under Section 177 and a claim based on contributory infringement against the project awardee. The teacher's use of the material for her outlines and syllabi fall within the exemption of copying for an educational purpose. The government is the main infringer since it will be the person who will directly do the infringing activity in this phase of the project. The project awardee's liability is contributory since it is someone who knows that the infringing conduct is taking place but does not prevent it because it has a direct financial interest in such activity.<sup>30</sup> It is submitted that there exists no difference in liability between direct and contributory infringers. The IP Code in using the phrase "to authorize" clearly shows that there is intent to dispel questions on the liability of contributory infringers.<sup>31</sup> Where there was doubt before, there is none now. Thus, the emphasis is on the imposition of liability on a third party and not a creation of a distinction or levels of liability.

#### **E. Research Work and Studies Published by School Publications**

Works published in school or university publications made by students are covered as protected works under the category of literary works.<sup>32</sup> Ownership of the copyright for such work belongs to the creator, the student. It is thus treated as any other work created by an individual. As far as copyright law is concerned, the age or occupation of the author is irrelevant.<sup>33</sup> So long as the work meets the minimum requirement of "originality" it is worthy of protection. Works are protected by the sole fact of their creation<sup>34</sup>. The basis for this protection is the same as for all

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<sup>28</sup> Rep. Act No. 8293 (1998), sec. 185. See also: *Princeton University v. Michigan Document Servs.*, 99 F.3d 1381 (6<sup>th</sup> Circ. 1996).

<sup>29</sup> *Princeton University v. Michigan Document Servs.*, 99 F.3d 1381 (6<sup>th</sup> Circ. 1996).

<sup>30</sup> *Encyclopaedia Britannica v. Crooks*, 58 F. Supp. 1247 (1983).

<sup>31</sup> V.B. AMADOR, COPYRIGHT UNDER THE INTELLECTUAL PROPERTY CODE 632 (1998).

<sup>32</sup> Rep. Act No. 8293 (1998), sec. 172.

<sup>33</sup> R. STIMS, COPYRIGHT LAW 108 (2000).

<sup>34</sup> Rep. Act No. 8293 (1998), sec. 172.2.



protected works: to ensure that there be a constant flow of ideas in society. Thus, to ensure that the incentive to create remains, copyright protection exists.

It is irrelevant that the work was submitted to a school publication and later on published. Mere submission to a periodical, a newspaper or journal does not automatically divest the author of his copyright over his work. Section 180.3 of the IP Code specifically states that this can only give rise to a "license to make a single publication unless a greater right is specifically granted.xxx"<sup>35</sup> Amador posits that the rationale for this provision is that a newspaper or any other periodical are publications which are for limited periods and duration only. Thus, it would be unfair to presume that by the act of submitting a copy for publication, an author has already waived all his republication rights.<sup>36</sup> Absent a specific stipulation providing for the contrary, the owner of the work is still the student.

One would therefore conclude that works of students should be treated on equal footing as works of adults. Our copyright laws do not distinguish on the basis of age. Verily, sufficient inquiry should be made with respect to the registration of the articles in the Intellectual Property Office as in all cases. It must also be clear that if possible, permission from the author should be made prior to any copying. Finally, acknowledgment of the author should be a standard measure in order to buffer a defense of fair use.

#### **F. Works Made by Employees of Private Entities**

There is a distinction to be made when it comes to works made by employees of private entities. It is significant to take note whether or not a work produced by an employee of a private entity was made within the scope of his employment. Separate laws and doctrines govern each situation. Another point must also be remembered: contrary to common belief, an employer does not own the copyright to all the works done by his employees.

The copyright of works made by the employee during the course of, or within the scope of his employment belongs to the employer. This is stated in Section 178.3 (b):

Section 178.3. In the case of work created by an author during and in the course of his employment, the copyright shall belong to:

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<sup>35</sup> Rep. Act No. 8293 (1998), sec. 180.3.

<sup>36</sup> AMADOR, *op. cit. supra* note 30 at 372.

- (b) The employer, if the work is the result of the performance of his regularly-assigned duties, unless there is an agreement, express or implied to the contrary.

This section is an exception to the general rule contained in section 178.1 which vests copyright on the author of a work. There is an exception to the exception though; that the copyright will not belong to the employer if there is an agreement to the contrary.

In order to determine whether or not the work is properly covered by Section 178.1 (k), a two-step analysis must be made. First, there is a need to determine whether-or-not there is an employer-employee relationship. Second, a determination must be made whether-or-not the work was done within the scope of employment.

We must first distinguish works made by employees from works made by commissioned authors ("commissioned work"). A work may be properly considered commissioned if the commissioning party is the motivating factor behind the creation of the work. Thus, a photograph sold by the photographer to a calendar company does not transfer the copyright since the calendar company had no part in the creation of the photograph. What was sold was merely a copy of the work of the photographer. If the work was made by a commissioned party, then ownership of the work belongs to the hiring party but, the ownership of the Copyright of the work remains with the creator.<sup>37</sup> This is of course, subject to the contract provisions between the parties. Thus, for so long as a party "hires" another to do or perform an act which leads to the creation of a copyrightable work, that work being made under a specific contract for which the author was compensated and that the hiring party exercised control over the work's creation, copyright shall vest upon the hiring party.<sup>38</sup>

It must be emphasized that in order for the copyright to belong to the hiring party, it is not enough for the latter to merely hire a party to perform a task under a specific contract stipulation on ownership. Several factors need to be considered. Factors such as the location of the work, the duration of the relationship between the parties, the skills required, the extent of discretion involved, the duration of the work to be performed, whether or not assistants will be required, the provision of employee benefits and, the tax treatment of the hired party are all relevant in the evaluation of the work being done for purposes of copyright ownership.<sup>39</sup>

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<sup>37</sup> Rep. Act No. 8293 (1998), sec. 178.4.

<sup>38</sup> STIMS, *supra* note 32 at 108.

<sup>39</sup> *Lifford vs. Bone* 9 USIA, 2<sup>nd</sup> Circuit (1992).

The discussion regarding copyright ownership ends upon a determination that the work was commissioned. However, a determination that there exists an employer-employee relationship requires resort to the second-step: whether-or-not the work was indeed made within the scope of employment. "Within the scope of employment" refers to acts made during or as part of the performance of regular duties. If the employee made the work in the performance of his regular duties, copyright will belong to the employer. If the employee made the work while not performing his regular duties, then the general rule obtains, copyright belongs to the "author" of the work.<sup>40</sup> Note that the Intellectual Property Code vests the copyright on the employee even if the work was done during working hours, and/or by using the employer's facilities and materials. Hence, a photographer who, instead of working on his shoot while on-location, writes an article inspired by the location he is in retains ownership over that work. He may get fired, or he may even be asked to reimburse his employer for the latter's expenses in sending him to that location, but the employer cannot exercise any copyright over the article.

The next question is: Is it then possible that a stipulation made by the parties that all works done by the employee belong to the employer even if such were made outside the scope of the employee's regularly assigned duties? Prof. Amador believes not.<sup>41</sup> He points out the distinction between subsection (a) and subsection (b) of Section 178.3 in that the latter allows for a contrary stipulation while the other does not. This patent omission of a key phrase by the legislature can only mean that it was never intended to allow the parties to cover works done outside the course of employment by the same rule in subsection (a) even by express stipulation. Amador posits, that the rationale for this is the fact that the parties in this situation are not on equal bargaining terms; thus the need to protect the employee from the employer's imposition.<sup>42</sup>

Thus, in light of the discussion above, if the first class of works were actually made by employees of private companies or entities, it would be hasty to presume that the government should seek the permission of these companies in order to legally use these works. As shown above, there are instances under the Intellectual Property Code wherein the copyright remains with the employee, even if the said employee used company resources to create the copyrightable work. Resort must then be done to the 2-Step Analysis outlined in the above discussion.

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<sup>40</sup> Rep. Act No. 8293 (1998), sec. 173.3 (a).

<sup>41</sup> AMADOR, *supra* note 30 at 355.

<sup>42</sup> *Ibid.*

### G. Works of Third-Party Authors

When it comes to copying for library and archival purposes, the IP Code provides for a great amount of leniency. This legislative fiat can be directly attributed to policies that seek to encourage and develop the educational system in society of which libraries form an indispensable part. Thus, we find Section 188 specifically exempts the situations outlined therein from the coverage of Section 177, (emphatically, we may add, what with starting the provision with "Notwithstanding."). In light of this provision as well as the policy behind it, the government's transformation of the textbooks and other works it has in its libraries into digital format may not be considered an infringing act. The RPD L fits precisely into this mold. It is a project motivated to enhance accessibility to vital information among public libraries. It also seeks to overcome a persistent obstacle to educational development: the prohibitive cost of acquiring additional copies of certain works. Thus, the copying involved in this endeavor as well as in similar conditions can hardly be considered "unfair use."<sup>43</sup>

Although Section 188 mentions copying by Reprographic method, such does not prevent copying via other procedures so long as the motivation for the act falls within the definition of library or archival purposes. First, the legislative intent focused on the allowance of an exception due to the purpose of the copying, not the manner. Second, it can be gleaned from the provision that the protection of these stores of knowledge is also a prime motivating factor for its enactment.<sup>44</sup> Books or any form of printed text are oftentimes easily rendered unusable due to their fragile nature and susceptibility to rot in a relatively short amount of time. A procedure of copying besides reprographic methods that will result in the preservation of these works therefore should not be so discouraged.

Section 188.1 provides that *any* library or archive may make a single copy of the work without authorization of the author or ownership of the copyright. As a necessary element, it is also stated that such activities are not for profit. The RP Digital Library meets both of these criteria. First, it is stated that the RPD L will not be charging any fee. Moreover, access to the RPD L is limited to students and educational institutions. The RPD L in scanning and encoding the textbooks and other third-party works, thereby transforming them into digital format and then uploading them unto the RP Website does not make multiple copies by doing so. A computerized copy refers to the information or data etched into the magnetic strip of a terminal, or more properly, a hard drive.<sup>45</sup> It does not refer to the image presented on the screen of a terminal since such image is merely temporary and

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<sup>43</sup> William & Williams Co. v. US Court of Claims, 487 F.2d 1345 (1973).

<sup>44</sup> Rep. Act No. 8293 (1998), sec. 188.1 (c).

<sup>45</sup> M.C. GENIGNANI, COMPUTER LAW (1985).

fleeting. By encoding the works mentioned, the RP Web handlers will be storing the data within a single mainframe or a "mother computer," to which the queries of different computers from different parts of the country will be routed. The information sought will be then transmitted back to the terminal which sent the query, but in doing so no additional copy is made since if the said terminal is turned-off subsequently, whatever data it got from the mainframe will no longer be there, except of course if the user saves his work. But in the latter case, the user commits the infringing act, not the government.

The government may not seek exemption from liability by merely alleging that it has made the works available in another format. The fact exists that after the implementation of this phase of the RP Web project a digital copy of the work has been made without the authorization of the creator. The right of reproduction as well as its authorization or prevention is exclusively vested upon the owner of the copyright alone.<sup>46</sup> The IP Code punishes unauthorized copying solely because it is unauthorized. It is irrelevant, as to what form the copy is transformed into or as to what manner is employed in making the copy, since the act of copying itself is an act of infringement. What will serve to save the government from liability is the reason behind the copying. Thus, as far as the old and unusable books referred to, the act of making copies of them is excusable as an act of preservation.

#### IV. "FOR ARTS' SAKE": THE PROPRIETY OF UPLOADING CULTURAL WORKS

##### A. Musical Works

Section 172.1 (f) provides for protection for musical works. Music in this provision refers to both the sound and the words in the composition. Hence, the musical arrangement as well as the lyrics of a particular work are protectible as separate elements if need be. So long as these two elements were made in an integrated work, the owner may proceed against an infringer who copied the lyrics, the music, or both.<sup>47</sup> Thus, merely printing the lyrics of a work like "Puff the Magic Dragon" in a book will constitute infringement if the permission of the creator is not obtained. It should also be noted that under this provision, in some cases, words and music not copyrightable would give rise to a copyrightable work if combined.

Additionally, it is not required that the music be inscribed in a score sheet in order for it to be protected. This is due to the fact that under the IP code, musical works are protected regardless of the medium they are expressed in. Thus, it is now

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<sup>46</sup> Rep. Act No. 8293 (1998), sec. 177.1.

<sup>47</sup> AMADOR, *supra* note 30 at 99.

possible to copyright a musical work without requiring the composer to “write” it down as a musical score<sup>48</sup>

The basis of originality in musical works hinges on an analysis of its three components: harmony, rhythm and melody. Of these three elements, melody is the usual source of originality, the other two having been found to rarely if ever, provide originality. Care must be taken however, that a musical work that seems to suggest or evoke other prior works is not infringing if it is determined that the “overall” effect of the work is that a new and totally distinct work has been made.<sup>49</sup>

Exploitation of these works by the government will be risky considering the recording industry in the country is very protective of its business. It is of no small secret that the recording industry is one of the worst victims of piracy and infringement. Thus, it can be easily surmised how vigilant IP rights are protected in this respect. It is suggested that, prior permission from the creator or owner of the copyright of any musical work to be used in the RP Web project be obtained in all cases. Otherwise, even an obscure musical work may give rise to a costly suit simply due to some oversight.

### **B. Dramatic Works**

Dramatic works are found under Section 172.1 (e). A dramatic work would usually involve a play and its accompanying music, be it staged for a theater, television, radio or cinema. Dramatic works need not always have dialogues or a plot. A dramatic work provides how a performance should be conducted. This could be embodied in any form of fixation. According to Amador, most of the decisions on this point focus on delineating what is or is not a dramatic work.. Citing Goldstein,<sup>50</sup> he defines dramatic works as a form of narrative that involves a “story” –a thread of unrelated events- with a plot and incident. Dramatic works may or may not have musical accompaniment. In such a case, it is more properly referred to as dramatico-musical works.

The government’s liability for the use of the material in the RP Web project (that has already been performed in public as well as broadcast in several television stations) would be considerably less. Section 184.1 (i) governs such a situation:

Notwithstanding the provisions of Chapter V, the following acts shall not constitute infringement of copyright:

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<sup>48</sup> *Id.* at 98.

<sup>49</sup> *Id.* at 101.

<sup>50</sup> P. GOLDSTEIN, COPYRIGHT 138-140 (1994).

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- (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;

The IP Code considers uploading a work onto the RP Web as within the ambit of the phrase "communication to the public."<sup>51</sup> Thus, the fact that no fee will be charged by the government to users who wish to view these works on-line as well as the fact that the primordial reason why these works were uploaded was to promote a better understanding of Filipino culture easily place the act of using them for the RP Web project within the exception provided by Section 184.1 (i). Moreover, the same two factors highlighted will be deemed favorable and will weigh heavily in favor of a finding of Fair Use.

#### V. A CAUTIONARY TALE ON THE E-COMMERCE ACT

The intended distribution of the works over the web would fall within the application of the E-Commerce Act. Special problems will arise with regard to Section 33(b) of the Act. To wit:

Penalties -- The following Acts shall be penalized by fine and/or imprisonment, as follows:

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- b) Piracy or the unauthorized copying, reproduction, dissemination, distribution, importation, use, removal, alteration, substitution, modification, storage, uploading, downloading, communication, making available to the public, or broadcasting of protected material, electronic signature or copyrighted works including legally protected sound recordings or phonograms or information material on protected works, through the use of telecommunication networks, such as, but not limited to, the internet, in a manner that infringes intellectual property rights shall be punished by a minimum fine of one hundred thousand pesos (P100,000.00) and a maximum commensurate to the damage incurred and a mandatory imprisonment of six (6) months to three (3) years;

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<sup>51</sup> Rep. Act No. 8293 (1998), sec. 171.3.

- c) Violations of the Consumer Act or Republic Act No. 7394 and other relevant or pertinent laws through transactions covered by or using electronic data messages or electronic documents, shall be penalized with the same penalties as provided in those laws;
- d) Other violations of the provisions of this Act, shall be penalized with a maximum penalty of one million pesos (P1,000,000.00) or six (6) years imprisonment.

The prohibited acts are only actionable if committed against intellectual property rights. Thus this provision applies only to copyrighted works. New rights were created by this anti-piracy provision as it penalizes with fine or imprisonment acts of importation, use and making available to the public protected material through the use of Internet *without regard* to the limitations on copyright and fair use rights.

The distribution of these works over the Internet would cause the government to be vulnerable against copyright infringement suits as the E-Commerce Act does not recognize fair use as a defense and went even further by criminalizing the act.

There has been strong opposition focused on the enactment of the anti-piracy provisions of the Code. Amador finds it as a form of "overkill" in that in the effort of complying with some treaty obligations, our legislature actually enacted much more than what is being asked of us. He argues thus: "The implementation of the anti-piracy provision is likely to restrict access to information. It defeats the government's efforts to expand public education through the use of information technology, and unfairly subject Philippine internet users to liability for criminal sanctions for acts which are not considered crimes in other countries."<sup>52</sup>

## VI. ISSUES ON THE USE AND ADAPTATION OF READILY AVAILABLE TECHNOLOGY AND PRODUCTS FOR THE RP WEB PROJECT

### A. The Copyrightability of Software Under Philippine Law

Philippine Law makes software and other computer programs copyrightable. They are protected under Section 172.1 (n) of the Intellectual Property Code. As to what a "computer program" is provided for in Section 171.4:

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<sup>52</sup> V.B. Amador, What the Piracy Provision Says [online] Available email: pljvol78@yahoo.com.



... a 'computer program' is a set of instructions expressed in words, codes, schemes or in any other form, which is capable when incorporated in a medium that a computer can read, or causing the computer to perform or achieve a particular task or result;

The IP Code and the Berne Convention classify computer programs as literary works. This is because a computer program is in fact made up of combinations of letters and numbers that, if needed, can be expressed in printed form. As such it is no different from any written work, only that more often than not, its medium is not paper, but the magnetic strip of a hard drive or the RAM itself.<sup>53</sup> The medium of the program is irrelevant, thus it is protected even if it is in a floppy disk. In fact, in the classic case of *Apple v. Franklin*<sup>54</sup> it was held that a computer program would be protected irrespective of the form that it takes, whether it is in source code or object code. Under this definition, the applications to be developed by government are clearly protected. Both the operating systems and the applications that run on them are protected. The applications it will develop that will allow for compatibility between different operating systems found in universities and Agencies for example, are nothing more than instructions to a computer to "adapt" to a different "environment" so to speak or to speak a different language. The same goes for the interactive system and the RPDL as well as their respective interfaces.

The elements protected in a computer program are both its literal and non-literal components. The latter category may sometimes be referred to as the audio-visual component. The literal component of a program consists of the source code and the object code. A "source code" is the actual program that a programmer writes. It is expressed in computer language like BASIC or PASCAL. An "object code" is a program "expressed as binary numbers comprehensible to the computer, a pattern of ones and zeros that cause the computer to execute a coherent set of operations leading to a useful result."<sup>55</sup> It is basically a set of machine-readable instructions obtained by running a source code into a 'compiler.' In other words, it is a compiled version of the source code. The non-literal elements are the structure, sequence and organization of the program as well as the user interface. The first three elements compose the overall structure of the program, much like a written piece of work. The user interface is what a person sees onscreen. It is most oftentimes described as the "look and feel" of the program since it is the part where the user interacts most of the time.

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<sup>53</sup> A.L. CLAPES, *SOFTWARE, COPYRIGHT AND COMPETITION* 41-57 (1989).

<sup>54</sup> 714 F. 2d 1240 (1983).

<sup>55</sup> A.L. CLAPES, *supra* note 62 at 51.

The protection of copyright over computer programs primarily focused on the literal elements (object and source codes). Hence, the classic case of *Apple vs. Franklin*<sup>56</sup> (which practically set the stage for software jurisprudence) primarily focused on the propriety and the limits of copying source and object codes. Still latter jurisprudence has determined that the non-literal elements of a computer program also deserve protection. In the landmark case of *Whelan v. Jaslow*, where the latter copied the former's "Dentalab" program, the court ruled that the copyright of a computer program may very well be infringed even without copying the literal elements of such program<sup>57</sup> However, it was also held that whether the non-literal components of a program are protected depends on the facts of the case and on a determination of whether or not the components qualify as an expression of an idea (protected) or is an idea itself (not protected).<sup>58</sup>

The government may be held liable for contributory infringement of the works to be used in the RP Web Project should it fail to properly devise its own software for the RP Web. Section 177 reserves certain rights to the owner of the copyright of a work. As currently phrased, the said section provides that:

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:

xxx

A contributory infringer takes various forms. It has been held to refer to anyone who with the knowledge that an infringing act is being done, induces, causes, contributes to the infringement. A contributory infringer can also refer to someone who knowingly allows an infringing activity due to a direct financial interest in such activities. Actual knowledge is not always required, merely being in a position to know or having reason to know is enough.<sup>59</sup>

Thus, the government may be an unwitting infringer. Although the government will not be the one to scan or encode the works mentioned, its participation is material to the accomplishment of the project. More importantly, the nature of its participation shows the nigh-impossibility of it not having any knowledge of any infringing activity. Note that it will provide the software that will serve as the "groundwork" of the project. It is highly unlikely for example, for the government to develop a search engine for the database to be created which will be filled-up with the works of Phil Juris and CD Asia. The indexing style as well as the manner of arrangement it will study in making its own search engine will involve the

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<sup>56</sup> See note 63, *supra*.

<sup>57</sup> *Whelan v. Jaslow*, 609 F.Supp 1307 (1985).

<sup>58</sup> *Johnson Controls, Inc. v. Pheonix Control Systems Inc.*, 886 F. 2d 1173 (1989).

<sup>59</sup> *Deutsch v. Arnold*, 98 F.2d 686 (2d Cir. 1938).

use of the private entities' property. These factors will make it highly unlikely for the court to believe that the government entered into this project blindly and that it designed programs for the RP Web with absolutely no idea how these programs will be used. The task given to it was the development of software for a clear purpose which is hardly a secret.

#### **B. On the Matter of the Use of CD Compilations of Laws and Supreme Court Decisions**

There have been a growing number of corporations, not only in this jurisdiction but in the entire world, that have successfully made the business of producing software which facilitate legal research quite profitable. Invariably, it is almost certain that the government will make use of the software for convenience and user familiarity. However, the convenience, as well as the feasibility of merely uploading the contents of locally available software products onto the RP Web Network is a move that might present problems. However, such problems, though seemingly daunting, present no insurmountable obstacle to the project. An analysis of the issues that such companies may raise reveals as much.

The danger of this move stems from the fact that it would be unlikely that the companies will merely sit and watch the government ride on their efforts. It is quite possible for them to assert their copyright stems from Section 173.1 (b) of the IP Code, which states:

The following derivative works shall also be protected by copyright:

xxx

(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.

Indeed, their work of encoding written decisions and placing them within a single compilative work may very well deserve protection. The task of transforming written data into digital form is no small feat. Moreover, the government's use of these CDs without precise editing can lead to undesirable results as far as evidence of infringement is concerned. Programmers as well as encoders frequently resort to a procedure called "salting" in order to make it easier to prove future infringement. "Salting" is a process of randomly inserting code words, symbols or signs within the program that may seem nonsensical to users but actually serve as proof that the work was copied "word-for-word" so to speak.<sup>60</sup> Thus, in case the two companies do sue,

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<sup>60</sup> D. REMER, *LEGAL CARE FOR YOUR SOFTWARE* ADDISON (1982).

infringement may be not that hard to prove, if the government simply uploads these CDs.

These issues though valid, do not present insurmountable challenges to the RP WEB project. First of all, the assertion that the CDs to be uploaded would constitute infringement is debatable. For there to be infringement, there has to be a copyrightable work involved. May the "compilations" of, for example, CD Asia, the maker of a local software product "Lex Libris", be treated as true compilations under Section 176.1? It is our submission that they do not. The same provision requires that for there to be a compilation worthy of protection, there has to be a determination that they are "original." "Original" in this sense refers to the manner of the selection of the works compiled, their coordination, as well as their arrangement within the compilative work. It is required that the manner of compilation should be such that the result as a whole constitutes an "original work of authorship."<sup>61</sup> The CDs involved in the project do not satisfy these criteria. First, there was no originality in the selection of the works to be included in the compilation. Both CDs contain ALL decisions made by Philippine courts within a specific period. No basis for distinction was made between and amongst decisions. Second, the cases compiled by the two companies appear to be arranged by the order of their promulgation. Thus, they are arranged by date, with the oldest cases first, and the newest ones last to be included. Labor and skill in the selection and arrangement is mandatory before copyright protection may be given to a compilation. It is only these things that a compiler adds to the work, and nothing more. Failing this, no protection is afforded.<sup>62</sup>

It was declared in a recent US case that even the act of copying a page numbering system developed by a legal publisher for its CD-ROM product of case decisions was not sufficient to make a case of infringement due to the Feist Ruling as well as the Fair Use doctrine<sup>63</sup>

To be sure, what the government seeks to upload are merely the decisions themselves, simply in an effort to save time and effort in encoding. There is no attempt to make use of the "search engine" or search program utilized by the two companies. The CDs involved are actually made up of two components: a collection of data and a program (search engine) used to sift through the data. As discussed earlier, the cases or decisions found in these CDs are part of the public domain. In addition, they are in fact, works of the government. As such, combined with the public policy mentioned earlier on the dissemination of decisions, the government can hardly be called an "infringer" of its own property. No copyright over them can

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<sup>61</sup> Allen v. AGLU, USCA 9<sup>th</sup> Circuit (1996).

<sup>62</sup> Feist Publications Incorporated v. Rural Tele Servs. Co. 99 U.S. 340 (1991).

<sup>63</sup> Matthew Bender and Co. v. West Publishing Co. 158 F.3d 693 (2d Cir. 1998).

be asserted by either of the two companies. There is no contest however with regard to the copyrightability of the "search engine" found in the CDs *as computer programs*.<sup>64</sup> These programs clearly satisfy the test of "originality." Indeed, it may very well be said that it is in fact, the copying of this "component" of the CD that would give rise to infringement. Still, it bears emphasis that the government is not interested in using the search engine, it merely has its eye on the data component.

For argument's sake, let us assume that the companies do have a copyright with respect to the compilation of data they made. The government can argue that this phase of the RP WEB project is part of an effort to archive these decisions thereby making it fall under the exception provided in Section 188.1 (a) stating:

Notwithstanding the provisions of Subsection 177.6, any library or archive whose activities are not for profit may, without the authorization of the author or the copyright owner, make a single copy of the work by reprographic reproduction:

(a) Where the work by reason of its fragile character and rarity cannot be lent to the user in original form. xxxx

Since the legislative intent for granting this exception is the *reason* behind the copying and not the *manner* of copying itself, it is submitted that this provision may extend to other forms of copying beyond reprographic reproduction. Backed by the public policy of giving the widest amount of dissemination and accessibility to judicial decisions, the government's efforts to archive these cases are clearly with sufficient reason. Moreover, the copy in this case would be the one "etched" in the RAM (Random Access Memory) of the main processor to be used in the RP Web Project and not those displayed on-screen, the latter being merely temporary images which last only as long as the computer is on. Thus, the government will only be making *one* copy, thereby fully complying with the requirements of Section 188.1. It is submitted that Section 189 does not apply since the project awardee is not being asked to copy the search engine of the two companies, rather it is tasked to develop its own search engine.

### C. On the Legality of Modifying Source Codes for Compatibility

It is imperative that the source codes be modified for the use intended before one uses or 'adapts' a certain computer program. Implementing the RP Web will require the modification of a substantial number of computer programs through their respective source codes. May the government legally modify or as paraphrased, "tinker" the source codes of the different applications to be used in the RP Web project? It is submitted that it can.

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<sup>64</sup> GEMIGNANI, *op. cit. supra* note 44.

The fact that a computer program is considered as a literary work gives rise to a necessary consequence: it is protected so long as it fulfills the requirement of originality which, in this case refers to the originality of the expression of an idea. Another implication of this legislative analogy is that a computer program is not immune to fair use.

According to Section 185.1 of the IP Code, Decompilation or the process of “reproduction of the code and translation of the forms of the computer program to achieve inter-operability of an independently created computer program with other programs” may constitute fair use. The “may” in these provisions emphasizes the need to consider the four factors of fair use outlined in the same section. Decompilation involves the transformation of an object code backwards into the source code. As discussed earlier, the object code is merely a set of machine-readable instructions while the source code is the one written by the programmer himself. The term Decompilation is a play on the machine used to transform the source code into the object code: the decompiler. Sometimes in order to fully understand how a particular program works, it is necessary to decompile it.

Section 185.1 of the IP Code classifies as ‘fair use’ the decompilation of a computer program, whether it is an operating system or an application, to achieve inter-operability. The ratio behind this provision is simple practicality as well as public policy. This section must not be interpreted literally as to mean that decompilation is permissible only for that limited purpose. This interpretation will place computer programs above all other original works of authorship, whose unprotectable ideas are subject to copying without liability and whose protection extends only to its expression. The more reasonable position appears to be that, subject to the four factors, decompilation may be fair use, whether it is resorted to for the purpose of interoperability or for the creation of a competing program.

More often than not, it is almost impossible to comprehend a program’s structure without decompiling it. Programmers resort to decompilation as a standard technique.<sup>65</sup> This is not done in order to copy the program, rather to understand the principles behind it, which can only be done if the program is expressed in the programmer’s language – the source code. Moreover, compatibility requirements sometimes impose such exacting demands on the industry that programmers are sometimes at a loss on how to manage their work concerning them. More importantly however, compatibility is encouraged for the alternative is to resign society to a virtual monopoly of certain software companies whose OS or operating system dominate the industry. As held in the Sega case, if disassembly is

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<sup>65</sup> GROVES, *op. cit. supra* note 18.

needed to understand the unprotected elements of a computer program, then to hold such act as copyright infringement would in effect sanction the existence of a "patent monopoly."<sup>66</sup> If decompilation is allowed for the creation of competing products, then the more should it be lawful for use as to achieve inter-compatibility where it does not in any manner conflict with the normal exploitation of the work and does not unreasonably prejudice the right holder's legitimate interest.

In the case of *Atari vs. Nintendo* the court emphatically ruled that: "the copyright holder has a property interest in preventing others from reaping the fruits of his labor, not in preventing the authors and thinkers of the future from making use of, or building upon his advances."<sup>67</sup>

When a software developer takes a source code and modifies it, the resultant source code may be the subject of copyright. Their modification by the government programmer in order to achieve compatibility has sufficiently made them a product involving creativity that would satisfy the originality requirement. Note that one can consider the source code as the seed from which a copyright over a computer program may spring. Inasmuch as computer programs are considered analogous to other literary works, their modification which transforms them into a product whose overall impact give the impression that a new work has been created, gives rise to a copyright in favor of the person who made such work. In this sense, one can consider the programs as derivatives of the OS which government will utilize.

#### **D. On the Adoption of Similar User Interfaces and Interactive Platforms**

Users see on a computer screen interfaces more commonly referred to as the "look and feel" of a program. Under the IP Code, a user interface is protected by Section 172, since it is part of a computer program. Despite its inclusion in this section however, it is still quite permissible to make an interface that is similar to pre-existing ones. After all, the protection of a particular user interface may depend on several factors in each case, primarily on whether or not it is an expression of an idea or is simply the idea itself.<sup>68</sup> Moreover, it has been said that as one moves away from the literal elements of a computer program and towards non-literal elements, the distinction between unprotectible ideas or methods on one hand, and copyrightable expression on the other become more and more blurred.

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<sup>66</sup> *Sega v. Accolade Incorporated*, 977 F.2d at 1510 (1992).

<sup>67</sup> *Atari v. Nintendo of America Inc.*, 975 F.2d 832 (Fed. Cir. 1992).

<sup>68</sup> *Johnson Controls, Inc. v. Phoenix Control Systems Inc.*, 886 F. 2d 1173 (1989).

The user interface is comprised of the “menu” as well as the icons seen on the computer monitor. The words “open” and “close” that pops out when one points the mouse on a particular area of the screen are part of the menu. Menus lack the requisite originality to be protectible.<sup>69</sup> In fact in one case, the US Court quite emphatically denied copyrightability to the Lotus 1-2-3 menu hierarchy.<sup>70</sup> Many icons that one commonly see in a computer screen are also uncopyrightable. For example, the “garbage can” icon, used to signify the delete function, has been held to be uncopyrightable, for lacking sufficient originality.<sup>71</sup> The general rule seems to be that if there is only a limited number of ways to express a menu or icon, copying is permissible. It is submitted that government may copy the menu and icons of another application provided that these components may be shown to be available from common sources available to any programmer or person for that matter.

Not too long ago, UP students created an Interactive Platform. The use of such Interactive Platform sparks a challenge regarding its copyrightability. Undoubtedly, it is a copyrightable work under the IP Code as a computer program. Moreover, the fact that it provides guidance and pointers to the user on how to proceed in using its functions weighs heavily in favor of a finding that it exhibits protectible expression.<sup>72</sup> Note that the students assigned the program to the University of the Philippines alone. The university is not the government as far as the copyright is concerned, it is an independent entity with its own charter. The use of the platform is therefore limited to the university alone. Resort to Section 184 (h) would therefore be misplaced. Moreover, it was stated that what was assigned was merely the “use” of the program, nothing more. Hence interpreting Section 180 and bearing in mind the doctrine of least transmissibility of rights, it is prudent to assume that copyright remains with the students.

Unlike the other applications whose source codes will also be modified by government, the interactive learning platform is not public property or property within the government’s control. As indicated in the query, the other applications were either developed or probably assigned to government agencies for their use. This circumstance clearly places them within the exemption provided for in article 184 (h) considering the RP Web’s implementation is definitely in the public’s best interest. Thus, their modification and use in the RP Web poses no problem at all since it is primarily the government itself that is pushing the project.

In light of the foregoing, it is suggested that the government first secure permission from the student-developers before using the program for the RP Web

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<sup>69</sup> *MiTek Holdings, Inc. v. Arce Engineering Co.*, 89 F.3d 1548 (11 Cir. 1996).

<sup>70</sup> *Lotus v. Arce Eng’g Co.* 49 F.3d 1548 (1<sup>st</sup> Cir. 1995).

<sup>71</sup> *Apple Computer v. Microsoft Corp.*, 35 F.3d 1435 (9<sup>th</sup> Cir. 1994).

<sup>72</sup> *Engineering Dynamics, Inc. v. Structural Software, Inc.*, USCA (5<sup>th</sup> Cir. 1994).



project. A deeper investigation may also be made as to the extent and manner this program was assigned to the University of the Philippines from whom the government can more easily secure rights to use the program if ever. Finally, compliance with the standards of fair use as well as those outlined in Section 184 is prescribed in order to avoid or minimize liability.

**E. Ownership Over the Software Developed by  
a Commissioned Entity for the RP WEB**

The government, albeit possessed with enormous power and resources, is still bound by numerous restrictions. Throughout the civilized world, States have often found themselves totally incapable of developing and taking charge of projects which require tremendous amounts of investment and prioritization over other concerns. Thus, it has become almost customary for states to hire private entities to develop such projects, they being content in taking over once the project is up and running. This is most especially true with respect to projects that are highly specialized. The RP Web Project would be a prime example. The question is: who would own the software to be developed specifically for the project? The answer is not as obvious as it seems. Intellectual Property Law, of which the Philippine intellectual property code is no exception, has several peculiarities.

The party hired by the government to create the software applications to be used for the project would become the owner of the copyright. The IP Code treats computer programs no differently from any other literary work. Hence the general rule on ownership applies. That is, ownership of the copyright belongs to the creator. Section 178.4's rules on the ownership of a commissioned work also apply. Under the said provision, work done under a commission shall belong to the hiring party while the copyright thereto shall remain with the creator, unless there is a written stipulation to the contrary. The government, should it hire a private entity, will be doing so for this project alone. Most likely, no mention of a stipulation regarding the transfer of copyright in favor of the government once the work is finished will be made. Hence 178.4 would clearly apply.

It must be noted that ownership over the material object and the copyright to the same object are two different and distinct things. Possession of a taped recording for example only bestows ownership over that particular copy, the copyright of the recording remains with the creator. What the government will have after the project is ownership over a copy of the programs developed by the private entity. The latter retains its ownership of the copyright and may actually sell the programs or a copy of such to another party. Absent a stipulation providing otherwise, the government will be in no position to restrict such entity's future sale of such program.

The commissioned party enjoys the bundle of rights provided for in Section 177 being the developer and consequently the owner of the copyright. As such, the company retains exclusive control in the reproduction of the work or any substantial part of it. It also retains the right of first public distribution of the work or a copy of such work. Thus it is entirely possible for it to benefit via royalties derived from future sales of its product by its authorized distributors.

It must however be remembered that the first sale doctrine only mandates that upon the sale of the product the creator exhausts its distribution right and no other right. Case law has restricted the control exercised by the creator over subsequent sales in so far as to the choice as to whom it will be sold and at what price. The doctrine of first sale is not an excuse for unauthorized copying. Hence the government as a possessor of a copy of the program may only distribute the copy it has but, it may not reproduce such copy or create a derivative work from it. It also bears emphasis that government may probably insist on a "shrink-wrap" agreement. This is a creature of copyright lawyers that is derived from the act of "licensing" a program instead of selling it. To "license" a program means to allow another person to do some things under certain conditions, thus anyone who purchases the software and violates the terms and conditions contained therein will be held liable for breach of contract. More importantly, since no sale has actually occurred, there is no exhaustion of distribution right, as the software was licensed and not sold. Despite a recent US court ruling that they are valid,<sup>73</sup> considerable debate persists however, with respect to the enforceability of these agreements. Note that they in effect, take away most if not all of the rights granted under copyright law and replace them with restrictions.<sup>74</sup>

## CONCLUSION

With the implementation of the RP Web Project, various issues with varying complexity pertaining to the intellectual property law have arisen. They hound the project's implementers and monitors, keeping progress at a minimum despite recent developments allowing the speedy establishment of the network's infrastructure themselves itself. However, as highlighted in the discussions made, such obstacles are far from insurmountable. The complexity may be more apparent than real. Indeed, it may simply be due to the fact that we are faced with the prospect of communicating in a scale or level hitherto undreamed of and through a medium that grows more complex by the hour.

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<sup>73</sup> OroCD Inc., v. Zeidenberg, 86 F.3d 1447 (7<sup>th</sup> Cir. 1996).

<sup>74</sup> STIMS, *op. cit. supra* note 32 at 88-89.

It is this paper's submission that the issues discussed, while novel in some respects, are not that different from the old problems that faced legislators when they drafted our intellectual property laws. Of course, this is not to say that new legislation specifically dealing with these issues is not needed. On the contrary, the development of such laws should be prioritized. Nonetheless, within the present framework of our intellectual property laws, it is still possible to resolve these issues as far as the RP Web is concerned. The recommendations discussed under each section are all centered on one basic doctrine around which the entire gamut of intellectual property legislation is based: the maintenance of the continuous and efficient flow of ideas in society. This is the core reason why intellectual property is protected, the benefit derived by creators of works is merely incidental. As long as the government remains focused on this doctrine and keeps within the proper boundaries, there is little reason why the RP Web should fail to reach complete realization.

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