

The Google Books Settlement and the Philippine Perspective

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I. INTRODUCTION

The Google Books settlement is a lawsuit which involves the Google Library Project, which began in 2004. Google announced that it had entered into agreements with various libraries to digitize books, including books protected by the United States (U.S.) copyright law, from those libraries' collections. Several authors and publishers brought this lawsuit against Google, with the claim that its digitization without permission infringed the copyrights of their work. In response to the authors' and publishers' claims of copyright infringement, Google argued that its digitization of the books and display a few lines of their work is permitted under the U.S. copyright law's doctrine of "fair use."¹ A settlement was reached by the parties instead of resolving the legal dispute over whether Google's digitization and display of the books is permissible under U.S. law as a "fair use."²

This settlement was reached in 2008 with the Authors Guild and the Association of American Publishers on the copyright infringement suit they filed against Google in 2005. Under the settlement, Google agreed to pay \$125 million to resolve outstanding claims and establish an independent

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1. FAQs, Google Book Settlement, available at <http://www.googlebooksettlement.com/help/bin/answer.py?hl=en&answer=118704#q1> (last accessed Feb. 23, 2010).
2. *Id.*

“Book Rights Registry,” which would provide revenue from sales and to authors and publishers who agree to digitize their books.³ With objections from France, Germany, the U.S. Justice Department and others, Google and the authors and publishers drafted a revised agreement which narrowed the definition of books covered under the settlement to those registered with the U.S. Copyright Office by January 2009, or published in Australia, Britain, Canada or the U.S.⁴

This development is evaluated and examined to establish its effects on Philippine Copyright Laws, if any.

II. INTELLECTUAL PROPERTY IN THE PHILIPPINES

Philippine copyright law is enshrined in Republic Act No. 8293 or the Intellectual Property Code of the Philippines (IP Code).⁵ Copyright infringement was previously governed by Presidential Decree No. 49⁶ but at present, all laws dealing with the protection of intellectual property rights have been consolidated in said Code. Aside from protecting copyright, it also protects patents, trademarks, and other forms of intellectual property. It is based mainly from the U.S. copyright law⁷ and the Berne Convention for the Protection of Literary and Artistic Works.⁸

Under the IP Code,⁹ works that may be copyrighted are split into 17 classes, listed from A to Q.¹⁰ Included in its relevant provisions is Section

3. Agence France-Press, Last-minute objections filed to Google book settlement, *available at* <http://newsinfo.inquirer.net/breakingnews/infotech/view/20100129-250106/Last-minute-objections-filed-to-Google-book-settlement> (last accessed Feb. 29, 2010).

4. *Id.*

5. An Act Prescribing The Intellectual Property Code and Establishing The Intellectual Property Office, Providing For Its Powers and Functions, And for Other Purposes [INTELLECTUAL PROPERTY CODE OF THE PHILIPPINES], Republic Act No. 8293 (1997).

6. Decree on the Protection of Intellectual Property, Presidential Decree No. 49 (1972).

7. U.S. CONST. art. I, § 8, cl. 8.

8. Berne Convention for the Protection of Literary and Artistic Works, Sep. 9, 1886, as revised at Stockholm on July 14, 1967, 828 U.N.T.S. 222.

9. INTELLECTUAL PROPERTY CODE OF THE PHILIPPINES, § 172.

10. A: Literature (books, pamphlets, etc.)

B: Periodicals (newspapers, tabloids, magazines, etc.)

C: Public speeches and other public speaking works (speeches, lectures, sermons, etc.)

D: Letters

E: Television or movie scripts, choreography, and entertainment in shows

177, dealing with the copy or economic rights of an owner of a copyright. It states:

Sec.177. Copy or Economic rights. – Subject to the provisions of chapter VIII, copyright or economic rights shall consist of the exclusive right to carry out, authorize or prevent the following acts:

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

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

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

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

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

177.6 Public performance of the work; and

177.7 Other communication to the public of the work.¹¹

The law also provided for the limitations on copyright, thus:

Sec. 184.1 Limitations on copyright. – Notwithstanding the provisions of Chapter V, the following acts shall not constitute infringement of copyright:

F: Musical works (lyrics, songs, song arrangements, etc.)

G: Art products (drawings, paintings, sculptures, etc.)

H: Ornamental designs and other forms of applied art (not necessarily industrial designs)

I: Geographical, topographical, architectural, and scientific works (maps, charts, plans, etc.)

J: Scientific and technical drawings

K: Photographs and cinematographic works made in a process similar to photography

L: Audio-visual works and cinematographic works made in a process similar to making audio-visual works

M: Pictures used in advertising (includes logos)

N: Computer programs

O: Other works not covered in classes A–N of a literary, scholarly, scientific, or artistic nature

P: Sound recordings

Q: Broadcasts

(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;

...

(e) The inclusion of a work in a publication, broadcast, or other communication to the public, sound recording of 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 is mentioned.¹²

The Code also adopts the Fair Use Doctrine from the American provisions as codified under Section 107 of the 1976 Copyright Law,¹³ hence:

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 education 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.¹⁴

This Fair Use Doctrine has been understood to “[p]rovide a set of guidelines pursuant to which researchers, educators, scholars, and others may

12. INTELLECTUAL PROPERTY CODE OF THE PHILIPPINES, § 184.

13. 17 U.S.C. § 107 (2007).

14. *Id.*

use copyrighted works without seeking permission or paying royalties. The Doctrine does not provide a right to use somebody else's work, but presents a defense against accusations of copyright violation for people who reasonably believed that their use of a copyrighted work was fair use."¹⁵ This Doctrine is adopted under Philippine Copyright Laws and has been defined by the Supreme Court as a privilege to use copyrighted material in a reasonable manner without the consent of the copyright owner or as copying the theme or ideas rather than their expression.¹⁶ However, while Section 185 lists four non-exclusive factors in determining Fair Use, it does not provide any guidance for the actual application of such factors, except for distinguishing commercial and non-profit educational use in the first factor mentioned under said Section.¹⁷ This may lead one to conclude that all the factors should be applied to each work alleged to be infringed on a case-to-case basis.¹⁸

The IP Code, in addition to the provision on Fair Use, also provides for limitations on the right of the copyright holder over and above those traditionally granted under American Fair Use Standards,¹⁹ where consent of the author would not be required. Section 184 grants to the public affirmative rights over the use of works within such well-defined and limited purposes.²⁰ It has been argued that by declaring that the uses enumerated under Section 184 do not constitute infringement, the Code has expressly provided for specific Fair Uses that are separate and distinct from Fair Use under Section 185.²¹ It may be said that uses under Section 184 are not defenses upon a claim of copyright and are, instead, affirmative rights. This means that once elements of use set by the section has been satisfied by the subsequent user, the burden of proof does not lie with the subsequent user as in Section 185, but with the original copyright owner. The responsibility falls on his shoulders to show that the use of his work by the user was unfair.²²

15. Aaron Larson, Fair Use Doctrine and Copyright Law, *available at* http://www.expertlaw.com/library/intellectual_property/fair_use.html (last accessed Feb. 23, 2010).

16. PEDRO JOSE F. BERNARDO, *Transformative Adaptation, Performance, and Fair Use of Literary and Dramatic Works: Delineating the Rights of Playwrights and Adapters*, 53 ATENEO L.J. 582, 621 (2008) (citing 18 Am Jur 2D Copyright and Literary Property § 109 (1985)).

17. *Id.* at 622.

18. *Id.*

19. *Id.* at 623 (citing VICENTE B. AMADOR, COPYRIGHT UNDER THE INTELLECTUAL PROPERTY CODE 483 (1998)).

20. BERNARDO, *supra* note 16, at 627.

21. *Id.* (citing AMADOR).

22. *Id.* at 627.

III. LOCAL JURISPRUDENCE

Unlike the U.S., the Philippines only has a handful of Supreme Court decisions dealing with copyright. Although copyright laws have been in force for more than half a century, copyright remains scant of judicial doctrines and interpretations. But in light of the recent Google Books case and the involvement of Philippine works, an overview of Philippine jurisprudence on copyright will aid in understanding the issue.²³

The Code does not require that a literary or artistic work be registered or that a notice of copyright be indicated in order to become entitled to copyright protection, this in contrast with the old laws on copyright. It is enough that an original work be created since, under the law, copyright vests from the moment of creation. This is enunciated in the cases of *Joaquin Jr. v. Drilon*²⁴ and *Kho v. Court of Appeals*.²⁵ The Supreme Court, in the *Kho* case, defined the proper subject of copyright protection, that is, works which are original intellectual creations in the literary and artistic domain,²⁶ and held that the name and container of a beauty product are not copyrightable, but are proper subjects of trademark.²⁷ The Court ordered the cancellation of the local copyright registration over the same in the light of a prior foreign trademark registration.²⁸ The *Joaquin* case tackled the issue of whether or not the format of a television show may be a proper subject of copyright.²⁹ The Supreme Court answered in the negative citing the enumeration found in the old code,³⁰ The old code is substantially similar to those contained in the present Code, and refers to finished works and not to concepts.³¹ Copyright does not extend to an idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is embodied.³²

Most of the copyright cases enunciate rules with respect to remedies of copyright holders and enforcement of copyright claims.³³ The Supreme

23. John Paul M. Gaba, POINT OF LAW, A Survey of Philippine Copyright Cases, <http://www.newsflash.org/2004/02/be/be002781.htm> (last accessed Feb. 23, 2010).

24. *Joaquin, Jr. v. Drilon*, 302 SCRA 225 (1999).

25. *Kho v. Court of Appeals*, 379 SCRA 410 (2002).

26. *Id.* at 419.

27. *Id.*

28. *Id.*

29. *Joaquin*, 302 SCRA at 239.

30. *Id.* at 237-38.

31. *Id.* at 239.

32. *Id.*

33. Gaba, *supra* note 22.

Court has ruled in the cases of *Columbia Pictures, Inc. v. Court of Appeals*³⁴ and *Columbia Pictures v. Court of Appeals*³⁵ that the presentation of master tapes is not a *sine qua non* requirement for the issuance of a search warrant in video piracy cases, provided that there is no doubt as to the true nexus between the master tape and the pirated copies.³⁶ In the later *Columbia Pictures* case, it was held that the presentation of the master tapes of the copyrighted films should, at most, be understood to merely serve as a guidepost in determining the existence of probable cause in copyright cases. This further clarified the earlier SC rulings in *20th Century Fox Film Corporation v. Court of Appeals*³⁷ and *Columbia Pictures, Inc. v. Court of Appeals*.³⁸

The case of *Habana v. Robles*³⁹ discusses the lawsuit between the authors and copyright owners of *College English For Today (CET)*, Books 1 and 2, and *Workbook For College Freshman English, Series 1*, and the author/publisher and distributor/seller of another published work entitled *Developing English Proficiency (DEP)*, Books 1 and 2 of the 1985 edition. When the case reached the Supreme Court, the Court found that several pages of the book DEP are similar, if not identical, with the text of CET.⁴⁰

The Court in this case held that in determining the question of infringement, the amount of matter copied from the copyrighted work is an important consideration.⁴¹ To constitute infringement, it is not necessary that the whole or even a large portion of the work shall have been copied. If so much is taken that the value of the original is sensibly diminished, or the labors of the original author are substantially and to an injurious extent appropriated by another, that is sufficient in point of law to constitute piracy.⁴² The essence of intellectual piracy should be essayed in conceptual terms in order to underscore its gravity by an appropriate understanding thereof. Infringement of a copyright is a trespass on a private domain owned and occupied by the owner 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

34. *Columbia Pictures, Inc. v. Court of Appeals*, 261 SCRA 144 (1996).

35. *Columbia Pictures, Inc. v. Court of Appeals*, 262 SCRA 219 (1996).

36. *Id.* at 225.

37. *20th Century Fox Film Corporation v. Court of Appeals*, 164 SCRA 655 (1995).

38. *Columbia Pictures, Inc. v. Court of Appeals*, 237 SCRA 367 (1994).

39. *Habana v. Robles*, 310 SCRA 511 (1999).

40. *Id.* at 523.

41. Atty. Fred, *Intellectual Property: Copyright Infringement*, available at <http://jlp-law.com/blog/intellectual-property-copyright-infringement/> (last accessed Feb. 23, 2010).

42. *Habana*, 310 SCRA at 525.

of the owner of the copyright, of anything the sole right to do which is conferred by statute on the owner of the copyright.⁴³

There were two substantial issues that were resolved. The first question is when is there a substantial reproduction of a book? It does not necessarily require that the entire copyrighted work, or even a large portion of it, be copied. If so much is taken that the value of the original work is substantially diminished, there is an infringement of copyright and to an injurious extent, the work is appropriated.⁴⁴

The next question to resolve is to what extent can copying be injurious to the author of the book being copied? Is it enough that there are similarities in some sections of the books or large segments of the books are the same?⁴⁵

In the case of *Habana*, several pages of the books CET and DEP were found to have more or less the same contents. It may be correct that the books being grammar books may contain materials similar as to some technical contents with other grammar books.⁴⁶ However, the numerous pages presented showing similarity in the style and the manner the books were presented and the identical examples cannot pass as similarities merely because of technical consideration.⁴⁷

In cases of infringement, copying alone is not what is prohibited. The copying must produce an injurious effect.⁴⁸ Here, the injury consists in that respondent lifted from petitioners book materials that were the result of the latter's research work and compilation and misrepresented them as her own. She circulated the book DEP for commercial use and did not acknowledge petitioners as her source.⁴⁹

Petitioners' work as authors is the product of their long and assiduous research and for another to represent it as her own is injury enough. In copyrighting books the purpose is to give protection to the intellectual product of an author.⁵⁰ This is precisely what the law on copyright protects.⁵¹ Quotations from a published work may be used if they are

43. *Id.* at 525 (citing 18 CJS, Copyright and Literary Property, § 90, 212; 18 Am Jur 2D, Copyright and Literary Property, § 106, 391-92).

44. *Id.* at 525 (citing Am Jur 2D, 104).

45. *Id.* at 526.

46. *Id.*

47. *Id.*

48. *Habana*, 310 SCRA at 527.

49. *Id.*

50. *Id.*

51. INTELLECTUAL PROPERTY CODE, § 184.1 (b).

compatible with fair use and only to the extent justified by the purpose, including quotations from newspaper articles and periodicals in the form of press summaries. These are allowed provided that the source and the name of the author, if appearing on the work, are mentioned.⁵²

IV. APPLICABILITY OF THE GOOGLE BOOKS SETTLEMENT

Similarities in the Philippine copyright laws and the U.S. copyright laws are patent.⁵³ As earlier stated, the local laws were adopted from the U.S. rules on copyright. The Philippines also expressly adopts the Doctrine of Fair Use. At present, snippets of works authored by Father Joaquin Bernas, S.J., Dean Cesar Villanueva, and Dean Sedfrey Candelaria of the Ateneo de Manila School of Law, are available in the Google Books site. Previews of English versions of works by known Filipino authors, as well as works written in Filipino and published entirely, are also available. The question arises: should these acts be denied a finding of Fair Use in this jurisdiction?

The first factor to consider is with regard to the purpose and character of use of the original copyrighted work. This test indicates that a preference for Fair Use will be granted to works that are created for non-commercial or educational purposes rather than for commercial purposes.⁵⁴ The second factor generally attempts to determine the degree of copyright protection that should be afforded the copyrighted work.⁵⁵ The scope of Fair Use may

52. *Habana*, 310 SCRA at 527.

53. 17 USCS § 107. This section provides:

§ 107. Limitations on exclusive rights: Fair Use

Notwithstanding the provisions of sections 106 and 106A [17 USCS §§ 106 and 106A], the fair use of a copyrighted work, including such use by reproduction in copies or phone records 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.

Id.

54. BERNARDO, *supra* note 16, at 623 (2008).

55. *Id.*

be greater when an ‘informational work’ is involved, or when a work is designed to inform or educate rather than to entertain.⁵⁶ The third factor, on the other hand, looks at the amount and substantiality of the copying in relation to the copyrighted work as a whole. The critical aspect is to determine whether the quality and value of the materials copied are reasonable in relation to the purpose of the copying, so that no more of the original material was taken than was necessary to achieve the copier’s purpose.⁵⁷ The last factor looks into the effect of the use upon the potential market or value of the copyrighted work, considers the extent of the harm to the market or potential market for the copyrighted work caused by the new work. If the new work becomes a substitute for, or makes the purchase necessary of the appropriated copyrighted work itself, this use may not be sanctioned by Fair Use.⁵⁸ Thus, if there was financial gain, unless such use is transformative and not superseding, there will be a heavy burden to prove that the underlying work was not financially damaged.⁵⁹ Applying these four factors to test the acts of Google Books exhibits a failure to qualify as Fair Use in this jurisdiction.

First, there is no question that Google’s plans could benefit researchers, readers and even authors and publishers. Still, one cannot expect pure altruism from a for-profit corporation. This project is unique to Google, and for every visit and advertisement when the site is opened, the company makes a profit. Certainly, this is one classified as with a commercial purpose. Second, there is a wide range of purposes addressed when a searcher finds a book. One may search for information or merely for entertainment and leisure. On this aspect, Google Books may utilize the defense of fair use. Third, depending on the kind of contract shared by a particular author or copyright holder with Google Books, snippets, chapters, or entire publications are available at the site. Here, there may be a failure of using the defense of fair use, since if the copy is searched merely for entertainment and leisure, the provisions of Section 185 may not apply. Lastly, the project may be argued as financially damaging to copyright holders. One of the arguments against the project is that Google has no right to copy full texts of books with copyrights and save them in large amounts into its own database. The danger of placing such number of copies mainly in the hands of Google Books illustrates the adverse effects contemplated by Section 185 on affected copyright holders.

56. *Id.* (citing AMADOR, at 457, which further cites Princeton University Press v. Michigan Document Services, Inc., 99 F.3d 1381 (6th Cir. 1996)).

57. *Id.* at 623 (citing AMADOR at 459).

58. *Id.* at 623.

59. *Id.* at 623 (citing Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 593 (1994)).

These factors are expressed in the law and must be considered when applying fair use to a case of infringement. And as already examined, the case of Google Books will fail if the laws of this jurisdiction will be applied. The Code should not permit the defense of fair use when the case only fulfills one of the four factors enunciated in Section 185.

V. CONCLUSION

The case of Google Books is definitely a unique situation civilization finds itself, considering that the advent and popularity of the internet began only in the recent century. Since the internet's availability for commercial purposes, laws have been adjusted and modified to apply to this rapid development. The digitization of books and other works may be considered as inevitable in the progress, but until the proper legal foundations have been settled, present laws on copyright infringement in this jurisdiction do not consider the involved actions of Google as within the boundaries of what fair use is about. It may be that Philippine laws are outdated and require certain adjustments. However, until these issues on possible amendments are addressed, the conclusion stands.