

FIRST DIVISION

[G.R. No. 131522, July 19, 1999]

**PACITA I. HABANA, ALICIA L. CINCO AND JOVITA N. FERNANDO,
PETITIONERS, VS. FELICIDAD C. ROBLES AND GOODWILL
TRADING CO., INC., RESPONDENTS.**

D E C I S I O N

PARDO, J.:

The case before us is a petition for review on *certiorari*^[1] to set aside the (a) decision of the Court of Appeals^[2], and (b) the resolution denying petitioners' motion for reconsideration,^[3] in which the appellate court affirmed the trial court's dismissal of the complaint for infringement and/or unfair competition and damages but deleted the award for attorney's fees.

The facts are as follows:

Petitioners are authors and copyright owners of duly issued certificates of copyright registration covering their published works, produced through their combined resources and efforts, entitled COLLEGE ENGLISH FOR TODAY (CET for brevity), Books 1 and 2, and WORKBOOK FOR COLLEGE FRESHMAN ENGLISH, Series 1.

Respondent Felicidad Robles and Goodwill Trading Co., Inc. are the author/publisher and distributor/seller of another published work entitled "DEVELOPING ENGLISH PROFICIENCY" (DEP for brevity), Books 1 and 2 (1985 edition) which book was covered by copyrights issued to them.

In the course of revising their published works, petitioners scouted and looked around various bookstores to check on other textbooks dealing with the same subject matter. By chance they came upon the book of respondent Robles and upon perusal of said book they were surprised to see that the book was strikingly similar to the contents, scheme of presentation, illustrations and illustrative examples in their own book, CET.

After an itemized examination and comparison of the two books (CET and DEP), petitioners found that several pages of the respondent's book are similar, if not all together a copy of petitioners' book, which is a case of plagiarism and copyright infringement.

Petitioners then made demands for damages against respondents and also demanded that they cease and desist from further selling and distributing to the general public the infringed copies of respondent Robles' works.

However, respondents ignored the demands, hence, on July 7, 1988, petitioners filed with the Regional Trial Court, Makati, a complaint for "Infringement and/or

unfair competition with damages"^[4] against private respondents.^[5]

In the complaint, petitioners alleged that in 1985, respondent Felicidad C. Robles being substantially familiar with the contents of petitioners' works, and without securing their permission, lifted, copied, plagiarized and/or transposed certain portions of their book CET. The textual contents and illustrations of CET were literally reproduced in the book DEP. The plagiarism, incorporation and reproduction of particular portions of the book CET in the book DEP, without the authority or consent of petitioners, and the misrepresentations of respondent Robles that the same was her original work and concept adversely affected and substantially diminished the sale of the petitioners' book and caused them actual damages by way of unrealized income.

Despite the demands of the petitioners for respondents to desist from committing further acts of infringement and for respondent to recall DEP from the market, respondents refused. Petitioners asked the court to order the submission of all copies of the book DEP, together with the molds, plates and films and other materials used in its printing destroyed, and for respondents to render an accounting of the proceeds of all sales and profits since the time of its publication and sale.

Respondent Robles was impleaded in the suit because she authored and directly committed the acts of infringement complained of, while respondent Goodwill Trading Co., Inc. was impleaded as the publisher and joint co-owner of the copyright certificates of registration covering the two books authored and caused to be published by respondent Robles with obvious connivance with one another.

On July 27, 1988, respondent Robles filed a motion for a bill of particulars^[6] which the trial court approved on August 17, 1988. Petitioners complied with the desired particularization, and furnished respondent Robles the specific portions, inclusive of pages and lines, of the published and copyrighted books of the petitioners which were transposed, lifted, copied and plagiarized and/or otherwise found their way into respondent's book.

On August 1, 1988, respondent Goodwill Trading Co., Inc. filed its answer to the complaint^[7] and alleged that petitioners had no cause of action against Goodwill Trading Co., Inc. since it was not privy to the misrepresentation, plagiarism, incorporation and reproduction of the portions of the book of petitioners; that there was an agreement between Goodwill and the respondent Robles that Robles guaranteed Goodwill that the materials utilized in the manuscript were her own or that she had secured the necessary permission from contributors and sources; that the author assumed sole responsibility and held the publisher without any liability.

On November 28, 1988, respondent Robles filed her answer^[8], and denied the allegations of plagiarism and copying that petitioners claimed. Respondent stressed that (1) the book DEP is the product of her independent researches, studies and experiences, and was not a copy of any existing valid copyrighted book; (2) DEP followed the scope and sequence or syllabus which are common to all English grammar writers as recommended by the Association of Philippine Colleges of Arts and Sciences (APCAS), so any similarity between the respondents book and that of the petitioners was due to the orientation of the authors to both works and

standards and syllabus; and (3) the similarities may be due to the authors' exercise of the "right to fair use of copyrighted materials, as guides."

Respondent interposed a counterclaim for damages on the ground that bad faith and malice attended the filing of the complaint, because petitioner Habana was professionally jealous and the book DEP replaced CET as the official textbook of the graduate studies department of the Far Eastern University.^[9]

During the pre-trial conference, the parties agreed to a stipulation of facts^[10] and for the trial court to first resolve the issue of infringement before disposing of the claim for damages.

After the trial on the merits, on April 23, 1993, the trial court rendered its judgment finding thus:

"WHEREFORE, premises considered, the court hereby orders that the complaint filed against defendants Felicidad Robles and Goodwill Trading Co., Inc. shall be DISMISSED; that said plaintiffs solidarily reimburse defendant Robles for P20,000.00 attorney's fees and defendant Goodwill for P5,000.00 attorney's fees. Plaintiffs are liable for cost of suit.

IT IS SO ORDERED.

"Done in the City of Manila this 23rd day of April, 1993.

"(s/t) MARVIE R. ABRAHAM SINGSON

"Assisting Judge

"S. C. Adm. Order No. 124-92"^[11]

On May 14, 1993, petitioners filed their notice of appeal with the trial court^[12], and on July 19, 1993, the court directed its branch clerk of court to forward all the records of the case to the Court of Appeals.^[13]

In the appeal, petitioners argued that the trial court completely disregarded their evidence and fully subscribed to the arguments of respondent Robles that the books in issue were purely the product of her researches and studies and that the copied portions were inspired by foreign authors and as such not subject to copyright. Petitioners also assailed the findings of the trial court that they were animated by bad faith in instituting the complaint.^[14]

On June 27, 1997, the Court of Appeals rendered judgment in favor of respondents Robles and Goodwill Trading Co., Inc. The relevant portions of the decision state:

"It must be noted, however, that similarity of the allegedly infringed work to the author's or proprietor's copyrighted work does not of itself establish copyright infringement, especially if the similarity results from the fact that both works deal with the same subject or have the same common source, as in this case.

Appellee Robles has fully explained that the portion or material of the book claimed by appellants to have been copied or lifted from foreign books. She has duly proven that most of the topics or materials contained in her book, with particular reference to those matters claimed by appellants to have been plagiarized were topics or matters appearing not only in appellants and her books but also in earlier books on College English, including foreign books, e.i. Edmund Burke's "Speech on Conciliation", Boerigs' "Competence in English" and Broughton's, "Edmund Burke's Collection."

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"Appellant's reliance on the last paragraph on Section 11 is misplaced. It must be emphasized that they failed to prove that their books were made sources by appellee."^[15]

The Court of Appeals was of the view that the award of attorneys' fees was not proper, since there was no bad faith on the part of petitioners Habana et al. in instituting the action against respondents.

On July 12, 1997, petitioners filed a motion for reconsideration,^[16] however, the Court of Appeals denied the same in a Resolution^[17] dated November 25, 1997.

Hence, this petition.

In this appeal, petitioners submit that the appellate court erred in affirming the trial court's decision.

Petitioners raised the following issues: (1) whether or not, despite the apparent textual, thematic and sequential similarity between DEP and CET, respondents committed no copyright infringement; (2) whether or not there was *animus furandi* on the part of respondent when they refused to withdraw the copies of CET from the market despite notice to withdraw the same; and (3) whether or not respondent Robles abused a writer's right to fair use, in violation of Section 11 of Presidential Decree No. 49.^[18]

We find the petition impressed with merit.

The complaint for copyright infringement was filed at the time that Presidential Decree No. 49 was in force. At present, all laws dealing with the protection of intellectual property rights have been consolidated and as the law now stands, the protection of copyrights is governed by Republic Act No. 8293. Notwithstanding the change in the law, the same principles are reiterated in the new law under Section 177. It provides for the copy or economic rights of an owner of a copyright as follows:

"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"^[19]

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:

(a) the recitation or performance of a work, once it has been lawfully made accessible to the public, if done privately and free of charge or if made strictly for a charitable or religious institution or society; [Sec. 10(1), P.D. No. 49]

(b) The making of quotations from a published work if they are compatible with fair use and only to the extent justified for the purpose, including quotations from newspaper articles and periodicals in the form of press summaries; Provided, that the source and the name of the author, if appearing on the work are mentioned; (Sec. 11 third par. P.D.49)

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(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;***^[20]

In the above quoted provisions, "work" has reference to literary and artistic creations and this includes books and other literary, scholarly and scientific works.
^[21]

A perusal of the records yields several pages of the book DEP that are similar if not identical with the text of CET.