

Title:

****Microsoft Corporation vs. Rolando D. Manansala, et al.****

(G.R. No. 76402, February 27, 2004)

Facts:

Microsoft Corporation, owning copyrights and trademarks for its various software products, uncovered that Rolando Manansala, doing business as DATAMAN TRADING COMPANY and/or COMIC ALLEY, was distributing and selling unauthorized copies of its software. A test purchase on November 3, 1997, by a National Bureau of Investigation (NBI) agent confirmed the sale of six pirated CD-ROMs. A search warrant issued on November 17, 1997, led to a raid on November 19, 1997, where multiple illegal copies of Microsoft's software were seized.

Subsequent criminal charges were filed against Manansala under Section 29 of Presidential Decree No. 49 (PD 49) in the Department of Justice (DOJ). However, the State Prosecutor dismissed the charge on March 20, 2000, recommending instead a charge under Article 189 of the Revised Penal Code due to insufficient evidence linking Manansala to the actual reproduction or copying of the software. Microsoft's motion for reconsideration was denied on May 15, 2001, and a petition for review filed with the DOJ was also dismissed.

Microsoft then filed a petition for certiorari with the Court of Appeals (CA), arguing that the sale of pirated software alone should suffice for a charge under Section 29 of PD 49. However, the CA upheld the DOJ's dismissal on February 27, 2004, prompting Microsoft to elevate the matter to the Supreme Court.

Issues:

1. Whether the sale of pirated software alone constitutes copyright infringement under Section 29 of PD 49.
2. Whether the DOJ committed grave abuse of discretion in dismissing the copyright infringement charge due to alleged insufficient evidence.

Court's Decision:

Issue 1: Sale of Pirated Software Constitutes Copyright Infringement

The Supreme Court held that the mere sale of pirated software constitutes copyright infringement under Section 29 of PD 49. Section 5 of PD 49 explicitly provides a copyright owner with exclusive rights, including the right to "copy, distribute, multiply, sell," among others. The CA's interpretation requiring the actual copying or printing by Manansala was

deemed erroneous. The act of selling unauthorized copies itself infringes on Microsoft's exclusive rights.

Issue 2: Grave Abuse of Discretion by DOJ

The Court found that the DOJ acted with grave abuse of discretion in dismissing the charge. The DOJ's and CA's narrow interpretations ignored the statutory language and jurisprudence. The evidence of selling pirated software sufficed to establish probable cause for copyright infringement. The public prosecutor should have considered the sale alone as actionable under Section 5 of PD 49.

Doctrine:

The Supreme Court underscored that under PD 49, copyright infringement encompasses acts beyond reproduction, such as selling pirated copies. This emphasizes that any unauthorized act listed under Section 5, including sale, constitutes infringement, aligning with the purpose of protecting the copyright owner's exclusive rights.

Class Notes:

- **Copyright Infringement Elements:**
- **Exclusive Rights of a Copyright Holder:** Includes the rights to print, reprint, publish, copy, distribute, multiply, sell, and more.
- **Infringing Acts:** Any unauthorized exercise of these rights, especially sale, constitutes infringement.
- **Presidential Decree No. 49, Section 5:** Delineates specific acts of copyright infringement without requiring all acts to be committed concurrently.

- **Key Statutory Provision:**
- **Section 5, PD 49:** Defines copyright infringement and lays out the exclusive rights of copyright holders.
- **Article 189 of the Revised Penal Code:** Relevant in broader classification cases but not applicable here per this decision.

Historical Background:

The case reflects a significant period when software piracy was rampant due to technological advancements. The decision is pivotal as it clarifies the broad protection given to copyright owners and underscores the judiciary's role in adapting laws to modern contexts, such as digital software piracy. The case enforces a stronger legal stance against software piracy in the Philippines, aligning with global practices for intellectual property

protection.