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Fair Use: An Exploration of the Three-Step Test in Thai Copyright Law

The legal concept of fair use in copyright law has been welcomed universally, as it serves to stimulate the dissemination of information and knowledge equitably and reasonably. With the social benefits obtained from the wide dissemination of copyrighted works in mind, Thailand adopted the doctrine of fair use by providing the doctrine as an exemption of infringement in the Copyright Act 1994. Due to the lack of a clear provision on the application of fair use and limited practice of the defense in Thai courts, the scope of application of fair use doctrine remains debatable. In the following paragraphs, we will explore how the doctrine of fair use is considered in Thailand by looking at the way the provision on fair use is written and how the Thai Supreme Court has been interpreting the law.

Fair Use and Three-Step Test Doctrine

Fair use and exemption of copyright infringement have their roots in international treaties including the Berne Convention for the Protection of Literary and Artistic Works, 1886, and the Agreement on Trade-Related Aspects of Intellectual Property Rights, 1994 (TRIPs Agreement). The doctrine of fair use essentially was introduced by the Berne Convention, Article 9(2), as the Berne three-step test for the limited permission of reproduction of copyright works. The

test has gained global acceptance by WTO members via the TRIPs Agreement, Article 13, which relates to limitations and exemptions. Article 13 of the TRIPs Agreement, however, has been extended to include a broader conception of the three-step test than in the Berne Convention, which is limited only to reproduction. The three-step test provided in the TRIPs Agreement involves the consideration of all of the following factors:

1. Certain special cases;
2. Does not conflict with a normal exploitation of the work; and
3. Does not unreasonably prejudice the legitimate interests of the rights holder.

Fair Use and Three-Step Test Doctrine in Thai Copyright Law As a member of both the Berne Convention and the TRIPs Agreement, Thailand adopted the three-step test into Section 32 of the current Copyright Act, Part 6, regarding the Exemptions from Copyright Infringement. Copyright Act 1994 Section 32:

An act against a copyright work by virtue of this Act of another person which does not conflict with a normal exploitation of the copyright work by the owner of copyright and does not unreasonably prejudice the legitimate right of the owner of copyright shall not be deemed an infringement of copyright.

Subject to the provision of paragraph one, any act against the copyright work in paragraph one shall not be deemed an infringement of

copyright provided that the act is each of the followings:

1. research or study of the work which is not for profit;
2. use for personal benefit or for the benefit of himself and other family members or close relatives;
3. comment, criticism or introduction of the work with an acknowledgement of the ownership of copyright in such work;
4. reporting of the news through mass-media with an acknowledgement of the ownership of copyright in such work;
5. reproduction, adaptation, exhibition or display for the benefit of judicial proceedings or administrative proceedings by authorized officials or for reporting the result of such proceedings;
6. reproduction, adaptation, exhibition or display by a teacher for the benefit of his teaching provided that the act is not for profit;
7. reproduction, adaptation in part of a work or abridgement or making a summary by a teacher or an educational institution so as to distribute or sell to students in a class or in an educational institution provided that the act is not for profit;
8. use of the work as part of questions and answers in an examination.

[English translation of Copyright Act B.E. 2537 (1994) by Department of Intellectual Property, Ministry of Commerce, available at www.ipthailand.org.]

It is obvious that the three-step test is outlined prominently in Section 32, with steps two and three in paragraph 1 and step one elaborated and listed in detail as certain activities in paragraph 2, subsections (1) to (8). Because paragraph 2 is subject to paragraph 1, when a defendant claims the exemption, the Court is therefore required to consider whether the

activity falls under the certain special case as claimed and that such activity does not conflict with a normal exploitation of the copyright work by the owner of copyright and does not unreasonably prejudice the legitimate right of the owner of copyright (*i.e.*, steps one, two, and three of the test, respectively). In this case, the consideration of the Court complies with the three-step test. However, a contentious question arises when a defendant claims the exemption of fair use by merely basing a claim on Section 32 paragraph 1 as the general provision on fair use without actually claiming that his or her act falls under any certain special case specified in paragraph 2. In the latter case, will the Court consider the argument by utterly ignoring the first step? The question of whether Section 32 paragraph 1 can be used independently as a general exemption on fair use has been a long-running debate among scholars, practitioners, and the judiciary.

While one side of the argument bases its opinion on one main rationale—that independent application of paragraph 1 would contradict the three-step test established by the Berne Conventions and the TRIPs Agreement—the other side of the argument is grounded in rather more persuasive rationales.

The scholars who support the independent application of Section 32 paragraph 1 argue that it is not possible to completely specify all special cases in the statute and, when needed, paragraph 1 should be applied alone under the two conditions set forth in the paragraph. This is particularly true when the case concerns finding a balance between the benefit of the copyright owner and the benefit that the society shall receive from the copyrighted work. Furthermore, the establishment of the fair use as an exemption from infringement in such a way similar to paragraph 1 does not contradict the Berne Convention and the TRIPs

Agreement because the Copyright Act 1994 also specifies the certain special cases. In this view, paragraph 1 is provided to merely prevent any loophole in the law. [Dhajjai Subhapholsiri, *Copyright Law*, Bangkok: Nititham Printing, 2001, third edition, page 234.]

From a more practice-related point of view, the Department of Intellectual Property of Thailand published the *Manual on Fair Use of Copyrighted Work*, which aims to provide guidelines for interpretation of the fair use doctrine constituted under Section 32 of the Copyright Act. In this manual, the consideration of fair use must comply with the three-step test by considering the certain special cases with the conditions that the activity does not conflict with a normal exploitation of the copyright work by the owner of copyright and does not unreasonably prejudice the legitimate right of the owner of copyright. However, this manual fails to directly address whether Section 32 paragraph 1 alone can be used as a defense for copyright infringement. [The manual is available at <http://www.ipthailand.org>.]

Thai Supreme Court Decisions on Fair Use

In the past, there were not many cases involving the fair use of copyrighted works. The following two Supreme Court judgments are the precedents that address the application of fair use under Section 32 of the Copyright Act 1994 and the three-step test.

Supreme Court Judgment No. 1908/2546 involved the infringement of a literary work by the defendants. As its defense, the first defendant argued that his act was considered research or study of the work which was not for profit under Section 32 paragraph 2 of the Copyright Act 1994. In considering the argument, the Court first laid down the rule of consideration that “the exception of copyright infringement as argued by

the first defendant consists of three conditions which are: (1) certain special cases, (2) does not conflict with a normal exploitation of the copyright work by the owner of copyright, and (3) does not unreasonably prejudice the legitimate right of the owner of copyright.” [Supreme Court Judgment No. 1908/2546.]

As the first defendant conducted its activity inasmuch as printing the work for distribution to any persons and he received remuneration, although at the lowest rate, it was deemed that such act was for profit. Furthermore, it was found that the disputed work, which was created by the first defendant from reproduction and adaptation of the contents and essential parts of the plaintiff’s copyrighted work, was printed twice and the copies were being sold at a bookstore located in a department store. The distribution of such work to the public caused the plaintiff to lose its market share. This was deemed to be in conflict with a normal exploitation of the copyright work by the owner of copyright and unreasonably prejudiced the legitimate right of the plaintiff, as the copyright owner. With these findings, the Supreme Court determined that the first defendant’s activity was not fair use of the copyrighted work.

In Supreme Court Judgment No. 5259/2549, the plaintiff claimed that the defendants infringed his exclusive right in the copyrighted artistic works by reproducing and adapting the works that appeared in his book and distributing the works in the form of calendars that caused damage to the plaintiff. The second defendant argued that “the purpose of the distribution of the calendars was to distribute them as souvenirs for the first defendant’s customers without any remuneration. The calendars were not made for sale or distributed to the public for any profit. The distribution of the calendars was unlikely to affect the sales volume or benefits of the plaintiff as the

distribution of the calendars was not for profit.” [Supreme Court Judgment No. 5259/2546.] The Court interpreted this argument and recognized that the second defendant raised the defense of fair use. Thereby, the Court concluded that the adaptation of the plaintiff’s works by the second defendant caused a reduction in the plaintiff’s profits. Although the distribution of the calendars to the first defendant’s customers was not in the form of sale, it remained that such distribution caused damage to the plaintiff. Such distribution did not fall under any exemption under Section 32 paragraph 2 of the Copyright Act 1994 and it conflicted with a normal exploitation of the copyright work. The second defendant was therefore liable for copyright infringement.

It is apparent that in the first judgment, the Supreme Court set the rules, in accordance with the provision of Section 32 of the Copyright Act 1994, that when considering the application of fair use to the case, the consideration of the Court will involve three steps. That is, the provisions of paragraph 1 and paragraph 2 of Section 32 must be used together to form the three-step test. In this case, however, the first defendant specifically raised the argument of fair use under subsection (1) of paragraph 2, and the Court thus began its consideration by looking at the certain special case raised by the first defendant. If we turn to consider the second judgment, we will see that the second defendant in this case did not claim any certain special cases under Section 32 paragraph 2. Instead, the second defendant raised the defense of fair use in such a way that can be interpreted that the distribution of

the calendars did not conflict with a normal exploitation of the copyright work and did not unreasonably prejudice the legitimate right of the owner of copyright. Nevertheless, the Court followed the three-step test by initially considering whether the act of the second defendant fell under any certain special cases specified in Section 32 paragraph 2.

Conclusion and Comments

In adopting the three-step test originated from the Berne Convention and the TRIPs Agreement, the Copyright Act 1994 Section 32 provides for the three-step test doctrine by separating the first step (which is provided in paragraph 2) from the second and third steps (which are provided in paragraph 1). This leaves room for interpretation that the second and third steps, without the first, can be used as a general provision on fair use. Despite the debate on the independent application of paragraph 1 as a general provision on fair use, it can be construed that the Supreme Court has thus far regarded the first step as a condition for a fair use defense, while also requiring the defendant to prove that its act falls under any certain special cases listed in paragraph 2. It may therefore seem that the Court does not accept the argument that Section 32 paragraph 1 can be considered as a stand-alone provision of fair use under Thai copyright law.

Despite drawing the above conclusion, it is rather doubtful that in a country such as Thailand—where intellectual property is a much-needed element for economic development—the Court would lean toward to the protection of the

copyrighted work without an extensive consideration of the balance between the benefit of the copyright owner and the benefit of the use of the copyrighted work to the society. What if the defendant in a copyright infringement explicitly argues that, regardless of the fact that its act does not fall under the certain special cases, such act falls under the general provision on fair use? That is, it neither conflicts with a normal exploitation of the copyright work by the owner of copyright nor unreasonably prejudices the legitimate right of the owner of copyright. It is still questionable whether the Thai Court would consider such explicit argument or whether the Court would unambiguously rule that Section 32 paragraph 1 cannot be used independently without analyzing the cost and benefit of the parties concerned.

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