"An Assessment of Fair Dealing in Malaysian Copyright Law in comparison with the Limitation Provisions of Japanese Copyright Law - Within the Current Technology Background"

By Saiful Bakri Abdul Aziz

1. Introduction

Copyright law in general is concerned with the protection of work from being unduly used by third parties. This right can be said to be a specific exclusive right granted to the copyright owner. The phrase "exclusive right" means that only the copyright owner is free to exercise the relevant rights, and prohibit others from using the work without his consent. A copyright is composed of several rights that affix to the owner for a specific duration as provided by the law[1]; it permits the copyright owner to use or exploited their copyright. The copyright owner can choose to exploit his established rights for some of the duration or all of the duration; he also has the rights to choose not to exploit it at all. During the duration of its protection he has the right to produce copies or reproduce the work and to sell those copies; to import or export the work; to

1 Both Malaysia and Japan are members of the Berne Convention and TRIPs Agreement administered by WIPO. Both treaties provide minimum standard of copyright protection which need to be adhere by the members. Article 7 of the Berne Convention and Article 12 of the TRIPs Agreement provides a standard term of protection of copyrighted work which to a greater extends both Malaysian and Japanese legislations is having a similar provision as set out in the treaties.

create derivative works; to perform or display the work publicly; to sell or assign these rights to others; and to transmit or display by any means or medium.

Copyright law in Malaysia and Japan are governed respectively under the Copyright Act 1987 and Copyright Law 1970. Both legislations provide comprehensive protection for copyrightable works. Both the Malaysian Act and Japanese Law provide classification of works that are eligible for copyright, the scope of protection, and the manner in which the protection is accorded[2]. Further both legislations provide a specific duration in the protection of the copyrighted work[3]. Besides providing the rights for the copyright owner, both legislations also expressly provide provisions for the limitation of the copyright owner's rights[4]. The Malaysian Copyright Act provides for the exception for literary work in the situation of fair dealing[5] and also lists several other instances where

2 The Japanese Copyright Law, Section 1 Article 2(1) provides the definition of the word "work" as "production in which thoughts or sentiments are expressed in a creative way and which falls within the literary, scientific, artistic and musical domain". Similarly the Malaysian Copyright Act, Part II Section 7 provides extensive categories of works that are eligible for copyright protection which include literary; works; musical works; artistic works; films; sound recordings and broadcast.

3 Although the terms of such rights are not perpetual in nature; under the Japanese Copyright Law Section 4 Article 50 (1) it provides in general that the copyright shall continue to subsist until the end of the fifty years period following the death of the author. Identical to the Malaysian Copyright Act Part III section 17 the protection in literary, musical or artistic works is for the duration of the life of the author and fifty years after his death.

4 The limitation provides in Malaysian Act and the Japanese Law is accordance to the standard set out on the Berne Convention and TRIPs Agreement. Article 9 Paragraph 2 of the Berne Convention and Article 13 of the TRIPs Agreement provide the right for members to set out limitation and exception in its local legislation as so far it "do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right holder".

5 Malaysian Copyright 1987, Section 13(2)(a)

the copyright owner would lose his right. Among those listed are the usages for an examination; doing an act of parody; the incidental inclusion of work; making quotation from published works or reproduction by the press[6].

The Japanese Copyright Law also provides similar exceptions; although the wording of the exceptions is not as general as in the Malaysian Act. The Japanese Law provides a list of exceptions under the Law therein. Among those include right of reproduction for private use; reproduction in libraries; quotation; reproduction for the purpose of education; and reproduction of copyrighted work for non profit purposes[7].

However, an important different between the Japanese law and the Malaysian law is that, the former does not recognise the principle of fair dealing. This principle is basically a general exception or a blanket limitation against the right possessed by the copyright owner. The principle can be use as a basis for a defence against a copyright infringement action. The principle of fair dealing in Malaysian law is set out as a limitation on the rights of copyright owner. The principle heads the list of the limitation, which is specifically noted under Section 13 of the Malaysian Copyright Act.

This paper will highlight the rule behind the principle of fair dealing in Malaysia; comparison will be made with relevant provisions in the present Japanese law. It is noted that although the principle of fair dealing does not have a place in Japanese law, the Japanese law provides a list of exceptions under the Copyright law. The paper will also look into what the similarity between the Japanese Copyright Law and the Malaysian Copyright Act in addressing this principle. This paper would also bring to light problems that this principle encounters within the background of the current technology environment.

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6 *ibid*. Section 13(2)(b)－(p)

7 Japanese Copyright Law 1970, Section 3(5) Article 30-50 provides an extensive list of the exception under the legislation, most exception in for the purpose of the general work being protected by copyright there under.

2. The Law on Fair Dealing

2.1 The Malaysian Position

The Malaysian Copyright Act identified several exceptions in which the usage of a copyrighted work by a third party without the owner's permission would not constitute to an infringement. These exceptions fall within Section 13 of the Malaysian Copyright Act. This Act lists numerous instances whereby the copyright owner loses control of their copyrighted work. The principle of fair dealing heads the lists of the relevant exceptions. The principle is specifically noted under Section 13(2)(a)[8]. This section states the following:

"*Notwithstanding subsection (1), the right of control under that subsection does not included the right to control−(a)the doing of any acts referred to in subsection (1) by way of fair dealing for the purposes of non−profit research, private study, criticism [,review] or the reporting of current events, subject to the condition that if such use is public, it is accompanied by an acknowledgment of the title of the work and its authorship, except where the work is [in connection with the doing of any of such acts for the purposes of non−profit research, private study and the reporting of current events by means of sound recording, film or broadcast]*"

Section 13(2)(a)[9] provides a clear and concise explanation of how the principle of fair dealing can be utilised by any third party. The copyright owner will lose control of the copyrighted work in the instances where the usage of the work is for the purpose of non profit research; private study; criticism and review of the work or for the purpose of reporting current events. The Principle of fair dealing in Malaysia is clearly limited to the list of instances being provided by the legislation, whereby the dealing provided therein

8 Malaysian Copyright Act 1987, Section 13(2)(a)

9 *ibid*.

principally relates to educational purposes or for the purpose of providing critics or report.

Consider, for example, where a student makes a photocopy of a copyrighted book that he borrowed from a library to use for his personal reading for the purpose of preparing for an examination. In such a case, the act of the photocopy of the copyrighted book by the student does not constitute to an infringement. The act of photocopying is amounts to a fair dealing and thus the usage of the photocopied work for the student's personal education purpose does not infringe the right of the copyright owner.

Nevertheless, questions arise as to the extent to which the copyrighted work is permitted to being reproduced for the usage of fair dealing acts. Under the Malaysia Act nothing is being provides to address this issue. The section of fair dealing fails to provide the working of the principle. What the Act provides are merely instances of fair dealing actions and therefore (with reference to the example given herein) the act of photocopying of the entire copyrighted book is assumed to be permissible for the personal education purposes under the principle of fair dealing as provided by the Act.

This principle is relied upon as a defence mechanism in an infringement action, provided that the usage of the copyrighted work falls within the dealings listed in the Act. However, the Malaysian law falls short again in providing further explanation of this principle. The Act does not provide any definition of fair dealing nor does the Act provides the explaining for the working of the principle; what the Act provides are simply the purposes and the dealings of the fair dealing entailed. Thus the law is surrounded by ambiguity by which can only be resolve through judicial process.

Unfortunately no such definition has yet emerged through the judicial interpretation of the relevant provision by the Malaysian Courts[10]. Thus in the absent of such interpretation by the Malaysian

10 Ida Madieha bt Abdul Ghani Azmi, Electronic Datasets and Access to Legal Information, Digital Technology, Copyright and Education the Malaysia Perspective; *15 th BILETA Conference, Friday 14th April 200*,

Court[11], other common law cases may be relied upon to clarify the issue. Since the Malaysian Copyright Act was to an extent based on the English law then it is natural that the Courts would lead to refer cases from the United Kingdom (UK)[12]. The notable English case that addresses this issue is *Hubbard v. Vosper*[13], whereby the judgement of Lord Denning MR provides a guideline of what dealing constitutes a fair dealing. It was held that[14];

"It is impossible to define what is "fair dealing." It must be a question of degree. You must consider first the number and extent of the quotations and extracts. Are they altogether too many and too long to be fair? Then you must consider the use made of them. If they are used as a basis for comment, criticism or review, that may be fair dealing. If they are used to convey the same information as the author, for a rival purpose, that may be unfair. Next, you must consider the proportions. To take long extracts and attach short comments may be unfair. But, short extracts and long

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University of Warwick, Coventry, England. Access online from <www. Bileta.ac.uk/00 papers/madieha.htlm>

11 The absent of any prominent precedent in Malaysia could be due to the fact that Malaysia Judiciary system have substantial lack of expertise and resources in the area of Intellectual Property law. However as of the July, 2007; Malaysia have established an Intellectual Property Court (which having the same authority as the ordinary Malaysia High Court), therefore it is a matter of time that there will be a local case precedent that deal with the principle of fair dealing.

12 Malaysia was a colonial of the British Empire until its independency in 1957, prior to the independent the law relating to the copyright was embodied from the English Statute of Anne 1709. Subsequently several regulation have been establish to maintain rights of copyrighted work which were based on English law. After the independent, the first single copyright law was enacted in 1969; the Act repealed the various copyright statutes which applied to different parts of the component states of Malaysia, although the assent of the 1969 Act was prominently based on the English counter part.

13 *Hubbard v. Vosper* (1972) 2 QB 84

14 *ibid*. at 94

comments may be fair. Other considerations may come to mind also. But, after all is said and done, it must be a matter of impression. As with fair comment in the law of libel, so with fair dealing in the law of copyright. The tribunal of fact must decide."

What is conveyed by the judgement, is that in determining if a dealing can be considered a fair dealing one should first consider the context in which the copyrighted work was used; then one should examine the issue of proportion in which the copyrighted work have been use. However the most important point being held in the judgement is that the matter of impression. This means, to determine the circumstance whether the dealing is fair, the act of the dealing in question should be look into as a complete act. The judgement draws the significant in looking at what the impression of the act shows as a one complete action.

Despite the above mention decision, the case law still remain silent as to what amounts to fair dealing act. The judgment in *Hubbard's case* only provides some of the conditions relating to the issue of fair dealing. The judgment fails to clear the ambiguity surrounded the principle fair dealing.

The principle of fair dealing in the UK is relatively similar to the one adopt by the Malaysian law. The UK law provides that an act of fair dealing does not constitute to an infringement action as long as that the dealing was done for the purposes of research for non-commercial or personal studies[15]. The Act further provides that dealing for the purpose of criticism or review of another work or of a performance of a work does not infringe any copyright provided that it is accompanied by a sufficient acknowledgement and provided that the work has been made available to the public[16].

Looking closely at the principle of fair dealing, has provided by the Malaysian Act as well the UK legislation, it can be seen that the focuses is on dealings that will not entailed a financial lost to

15 UK Copyright, Designs and Patent Act 1988, Section 29(1)－(2)
16 UK Copyright, Designs and Patent Act 1988, Section 30(1)－(2)

the copyright owner. The law provides circumstance of non profit research, education, reviews or reporting. All these purposes do not inflict any unnecessary and direct financial loss on the copyright owner. Thus in the circumstances that a copyrighted work is being utilise for the purpose provided under the principle of fair dealing but ultimately is being misused in gaining direct profit. Then it can be interpret that such usage will fall out of the principle of fair dealing.

As a whole the Malaysian law on fair dealing in general is very narrow; what the law provides is merely permitted acts that must be for the purposes laid out in the Act. This lists of fair dealing act are exhausted, and thus other act that does not fall under the listed provided therein would be unable to used this principle as a defend mechanism. Dealings done even if could be considered to be fair, are not permitted if it does not fall within the purposes of private study, non-profit research, criticism, review or reporting of current event as prescribed in the Act[17]. Therefore,(as an example) an act done for the purpose of teaching for the public interest is not sufficient to attract the defence of fair dealing[18] even though such an act could be consider as a fair dealing act by any reasonable person.

2.2 The Japanese Position

The principle of fair dealing has no root in Japanese law. Nonetheless, Japanese law provides a conclusive list of exceptions, among those some could be seen as equivalent to the dealing provided as part of fair dealing principle. Japanese law provides a list of exceptions under the relevant Act. The Japanese Copyright Act 1970 in Chapter III Section 3(5) Article 30-50 of this legislation,

17 Malaysian Copyright Act 1987, Section 13(2)(a)

18 Khaw Lake Tee, Copyright Law in Malaysia: Does the Balance Hold?; *Journal of Malaysia and Comparative Law* Malaya University, Malaysia; 2004 JMCL 2; Access online from <www.commonlii.org/my/journals/JMCL/2004/2.html>

set out an extensive list of the exceptions for the purpose of pertaining to the general work covered by copyright. Such exceptions include the permitted act of reproduction for private use, reproduction in libraries, quotation, reproduction for educational purposes and reproduction for non profit purposes. As an example, the law includes an unambiguous provision that highlights that any reproduction of a copyrighted work for the purpose personal use, family use or other similar uses within a limited circle does not constituted to an infringement act[19].

As an overall observation, the exceptions provided by the Japanese law serve mainly for education at large and cover personal and private usage and actions that do not adversely affect the copyright owner's financial gain. The exceptions would make the interpretation of the provision easier since the wordings of the provisions is concise and straight to the point, although in certain situations this might make Japanese Copyright Law stricter and more difficult to apply. Thus, to a considerable extent the law do not allow for much flexibility in judicial interpretation.

A typical example can be seen in the *StarDigio*[20] case. In this case, music was being downloaded from a digital radio programme called "StarDigio". The defendant, who was a provider of satellite radio programmes, provided extensive digital music broadcasting and allowed his customers to download the music to minidisks. The plaintiff claimed that the action of providing this services constitute to a copyright infringement. The Plaintiff asserted that the wording of Article 30 need to be correspond with Article 9 paragraph 2 of the Berne Convention[21], which state that any limitation of the copyrighted work shall not unreasonably prejudice the legitimate

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19 Japanese Copyright Law 1970, Article 30(1)

20 *StarDigio*, Tokyo District Court, May 16, 2000, Hanrei-Times No 1057 page 221, StarDigio 1; Note that the translation of the judgment from Japanese Language to the English Language is made automatically by using a standard translation software by the name of "Honyaku 2007 Premium - Toshiba"

21 *Supra* note at 1

interests of the copyrighted owner. Thus the plaintiff claimed that the defendant would be liable for the lost sales of CDs.

In *StarDigio's case*, the reproduction of the music by the defendant's customers was merely an act of personal usage. The duplication of the music was being made within the scope of the customer's right for their private use[22]. The court relied the on the provision of Article 30 which states that a copyrighted work being reproduced for the purpose of private usage does not constitute to an infringement.

Article 30 of the Japanese Copyright Law, clearly meant for any copyrighted work to be reproduce within a very limited scope of private use and thus the court denied the liability of the defendant since the defendant action was merely assisted his customer in the legal reproduction of the relevant music, even though such action contributed towards financial loss by the copyright owner.

Nevertheless, the comparison between the principle of fair dealing and the exceptions provided by the Japanese Copyright Law is like comparing an apple to an orange. Although both the principle and the provisions provide limitations to the right of the copyright owner but what being provide by the Japanese Copyright Law allows for less flexibility.

As such recently, the Japanese government have decided to adopt out the principle of fair dealing. Efforts in introducing this principle have been initiated and will come to materialise in the next couple of years. The Intellectual Property Strategy Headquarters, led by the Prime Minister, have expressly indicated an introduction of the fair dealing principle, although Japan have decided to follow the United States (US) version of fair dealing which is the fair use

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22 The right for reproduction for private use is being provides under Article 30(1) of the Japanese Copyright Law 1970; which provide that: *it shall be permissible for the user of a work that is being subject of copyright to be reproduce the work for his personal use or family use or other equivalent uses within a limited scope*.

doctrine[23].

There is a need to be said concerning about the differences between the principle of fair dealing and the fair use doctrine[24]. The doctrine of fair use in US has a slightly different connotation in comparison with the principle of fair dealing in Malaysian and UK. Both the Malaysian and the UK law highlight the exemptions whereby the copyright owners lose control of their copyrighted work for purposes of personal study, non-profit research and review or commentary. However under the US Copyright Act the doctrine of fair use goes a bit further, as it does not identify a list of permitted uses but rather has a more open ended and flexible general test.

Under the US jurisdiction, Section 107 of the US Copyright Act[25] sets out certain exceptions to the copyrights. These exceptions are generally known as "fair use" exceptions. A person other than the creator of the original work may use the work for purposes of "criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research." The US Copyright Act provides that[26];

"*Notwithstanding the provisions of section 106 and 106 A the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords 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)*

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23 Yasukaza Akada, "Fair Use Stipulation Planned for Intellectual Property", *The Asahi Shimbun*; 28 May 2008; Access online from <www.asahi.com>

24 The terminology of the phrase "Fair dealing" and "Fair use" are sometime interchangeable but the is a difference between the working of the Malaysian principle of fair dealing and the US doctrine of fair use, for which this part of the paper have briefly explain.

25 US Copyright Act 17 U.S.C §107

26 *Supra* note 26

the purpose and character of the use, including whether such use is of a commercial nature or is for non-profit 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."

With the introduction of the doctrine of fair use in the Japanese Copyright law (which is expected to mirror the US Copyright Act), the exception provisions under the Japanese Law would to an extent changes considerably. Under the US law the working of the doctrine of fair use are depends upon certain factors, including : whether the use of works is intended for commercial purposes ; the nature of the copyrighted work ; the proportion of the copyrighted work being use ; and whether the use of works influences the marketing of those works. The US Copyright Act provides a flexible and straight forward concept of the doctrine of fair use. Third parties that use any copyrighted work, would only need to show that their use are fair and fall within at least the four factors provides in second part of Section 107.

Currently the Japanese Copyright Law imposes a strict limitation on copyright. For example in theory the law prohibits any copying of copyrighted work that is to be distributed by the internet without permission[27], even thought the distribution was made for personal usage and entailed no financial gain. The Law provides list of action that allow the reproduction of copyrighted work without permission. However, there is not flexibility in the list provided by the Law. Actions outside what being provides by the

27 Japanese Copyright Law 1970, Article 23(1) ; provides that only the author shall have the exclusive right to effect a public transmission of his work. As such, the act of uploading of a copyrighted work to the internet by person other than the author would be considered as an infringement act.

Law would ultimately considered an infringement.

The current Japanese Copyright Law is lacking in flexibility in its application. For example, blogs featuring holiday photos of authors posing with anime characters in amusement parks could constitute a violation of the law[28]. That is because the Japanese Copyright Law does not have a specific stipulation that allows such usage. In addition, the creation of parodies based on other people's works could also be considered an infringement under Japanese Law[29]. Those activities could be regarded as legal under the principle of fair use when this principle is absorbed into Japanese Copyright Law.

3. Fair Dealing - What is the problem now?

3.1 Technology Protection Measures

The basic idea of the principle of fair dealing set out in the Malaysian law could have not been any clearer. The list of acts whereby usage of copyrighted work is permitted to use without permission has been clearly given. However in the current technology environment, the working of the principle of fair dealing has faced many difficulties. The principle continues to conflict with copyright implication of new technologies related to electronic storage and transmission of information. The internet seems to be a difficult area since the exploitation of a copyrighted work is difficult to control. Among the concerns that emerge from current technological environment is Technological Prevention Measure (TPM)

TPM is a general term for technologies used to control access to information especially in the context of copyright. It comprises

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28 *Ibid*.

29 Japanese Copyright Law 1970, Article 32(1); provides the limitation of copyright for purpose of quotation, however the act making a parody of a copyrighted work is not consider as an act of quotation. Thus it deem as an infringement act unless consent is obtained.

components, software and other devices that are used to protect copyrighted material from being copied or accessed. These measures are increasingly common as a means of self- protection for copyright owners in response to increasing copyright infringements in the current technological era. Examples of these protection measures include password, encryption and regional coding.

Nevertheless, the issue here is not whether or not such measure is liable to be used by the copyright owner but whether such measure will negate the principle of fair dealing. In the current technological environment, the traditional paper publication has been outdated by the digital publication, which uses the internet as a medium to sell their work. In the past, before the introduction of internet, all books were sold in the form of paper publication. Once sold then the buyers could freely do whatever they wanted (the book owner could resell the book as a second hand, to throw it away, to lend it to friends). The buyer was also able to evoke the fair dealing principle by making photocopies of the book for private research purposes. However, after the arrival of the internet, people are able to buy digital book, which mean that the form of the book that being bought is in a digital form and thus the buyer are only able to access the book through the internet as a medium or view through a single copy of the book in the form of CDs.

The problem that emerged from having a digital form book is the implication of the usage of TPM. In recent years copyright owners uses TPM as a measure to deter infringement of their copyrighted work form the illegal reproduction or usage by third parties without permission. However in doing so it will not only deter act of piracy but it will also deters the public in accessing the information of the work for the purpose listed under the principle of fair dealing as provided by the Copyright Act. The only way be to access the information for the purpose of fair dealing; is to circumvent the TPM.

However, the Malaysian Copyright Act have a prohibition provision against such circumvention of TPM[30]. Section 36(3) of the

30 The prohibition provision set out in the Malaysia Copyright Act, is

Malaysian Copyright Law provides;

"*Copyright is infringed by any person who circumvents or causes other person to circumvent any effective technological measures that are used by authors in connection with the exercise of their rights under the Act and that restrict acts, in respect of their works, which are not authorised by the authors concerned or permitted by the law.*"

This provision clearly prohibits any action that would circumvent any TPM, and thus would ensures that lawful and legitimate use of the copyrighted work by way of fair dealing is not possible. It reflect for an example a situation where a blind person accessing the internet to search for information for his personal studies, and then want to print a particular article into the form of Braille but is unable to do so since the article is protected by TPM.

In the same example, the blind person then used independent software as a medium to circumvent the TPM and thus is able to print the article in the Braille form and therefore able to use the information gathered for his personal purposes. The actions done by the blind man normally would fall under the action of the principle of fair dealing, since the reproduction of the copyrighted work in a Braille form is a usage of acquiring knowledge for his personal purpose. Nevertheless, under the Malaysian law even though his action is for personal usage (which fall within the principle of fair dealing) he is in fact making an illegal reproduction by knowingly circumvent the TPM being affix to the copyrighted work and thus is infringing the right of the copyright owner. This scenario fall within the provision of Section 36(3), since any action of

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base on the Article 11 of the WIPO Copyright Treaty 1996, which state that a contracting parties shall provide adequate legal protection and effective legal remedies against the circumvention of effective technological measures that are used by authors in connection with the exercise of their rights under this Treaty or the Berne Convention and that restrict acts, in respect of their works, which are not authorized by the authors concerned or permitted by law.

circumventing TPM would be considered as an infringement act.

Section 36(3) of the Malaysian Copyright Act has failed to provide an exception to this provision and thus creates an uncertainty as to the application of the fair dealing provision which is included in the same legislation. It as been criticised that Malaysia was among the first countries to come up with the provisions on TPM, thus it have not benefited from the debates on these issue; which make the provision to be unexplored and undeveloped[31].

The provision on TPM only covers two instances where an act of circumvention does not constituted to an infringement; first, it is being authorised to do so and secondly, if it is permitted by law. However in the example given above (whereby the reproduction of the copyrighted work is made in the Braille form) the action may be considered as an action of fair dealing but the act of circumvention may make his act to be illegal. The failure in providing permitted act under the TPM provision would prevent access to copyrighted work for any of the legitimate purposes such as fair dealing for research, private study and the like, thus would in effect nullify legitimate access under any of the exception provided in Section 13(2) (which include fair dealing) once a TPM has been installed[32].

TPM also to a great extent creates the impression that the copyright owner is able to control his copyrighted work after the work being sold. This means that (in the example of a digital book provided above), even if the digital book has been sold, the copyright owners still maintains a substantial degree of control in their work. Although the idea behind the provision of the TMP in Malaysian Copyright Act could be assumed to save guard against

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31 Ida Madieha bt Abdul Ghani Azmi, Technology protection Measures in Malaysia, *UNESCO Copyright Bulletin*, October-December 2004; at page 2, access on online at <http://portal.unesco.org/culture/en/ev.php>

32 Khaw Lake Tee, Copyright Law in Malaysia: Does the Balance Hold?; *Journal of Malaysia and Comparative Law*, Malaya University, Malaysia; 2004 JMCL 2; Access online from <www.commonlii.org/my/journals/JMCL/2004/2.html>

improper usage of the work, the balance has tilted to the benefit of the copyright owners, as the Act emulates the possibility sacrificing the significant of the fair dealing principle.

In making the circumvention of TPM illegal, one could say that the control of the copyright owner of his work appear too wide. The Malaysian Act also to some extent tried to discourage the usage of TPM by given additional right to the author under Section 13(1)(g)-(f) which give right of control to authors to the commercial rental of their work to the public. In giving such right it hope that the usage of TPM would be minimal however such minimal usage of TPM is yet to be seen. The need to impose exception on the TPM provision in the Malaysian Copyright Act in order to balance the right between the owner and the public have ignored in Malaysia[33]. Thus, it could be seen that the balance between the right of the author and the public is being disturbed. As such even for the purpose of fair dealing the act can not be done and if done so a person could be liable with the illegality of circumvention the TMP.

The Japanese Copyright Law also has a similar provision on TPM under Article 30(1) (ii) of the Copyright Law. It clearly states that any act design to enable prevented work protected by TPM would results in the loss of the private copying privilege. This means that even if the reproduction of the copyrighted work is for the purpose of the private use, as being permitted in Article 30(1); it still deems to be illegal if the reproduction was made by circumventing the TPM. Thus this would result in a liability for copyright infringement in the event of any circumvention act being conducted. The Japanese Copyright Law is very stern of the implication of circumventing TPM. Provisions on criminal penalties is imposed on those who circumvent TPM as a business[34]. The Law also provides criminal penalties for those who distribute, lend, manufacture, import, or possess tangible device or computer program

33 Ida Madieha bt Abdul Ghani Azmi; *supra* note 32, at page 8

34 Japanese Copyright Law 1970, Article 120

that circumvent TPM[35].

As such when the doctrine of fair use is introduced within the Japanese Copyright Law, the legislator should consider the effect of TPM provision toward the doctrine of fair use so as to avoid any conflict of interest. As of now, the manner in which the doctrine of fair use being introduces is yet to be determined. However if the principle adopted is similar to those in US Law. The US address the issues of TPM under the Digital Millennium Copyright Act 1998, this Act have explicitly provides exemptions from anti-circumvention provisions for non-profit libraries, archives, and educational institutions under certain circumstances under Section 1201 (A), (B) and (C)[36]. Therefore, even the circumvention of TPM is an illegal act but there would not be any conflicted situation between the fair use principle and the usage of TPM under the US jurisdiction. The Japanese government would wise to take a close look as to consider the approach that found in the US Digital Millennium Copyright Act.

3.2 Computer Software Industry

3.2.1 Decomplilation

The principle of fair dealing also faces a substantial uncertainty in the current technology environment of the Computer

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35 Japanese Copyright Law 1970, Article 120-1

36 Digital Millennium Copyright Act 1998 (17 U.S.C) § 1201; Provides that circumvention prohibition shall not apply to persons who are users of a copyrighted work which is in a particular class of works, if such persons are, or are likely to be in the succeeding 3-year period, adversely affected by virtue of such prohibition in their ability to make non infringing uses of that particular class of works under this title, including: (i) the availability for use of copyrighted works; (ii) the availability for use of works for non profit archival, preservation, and educational purposes; (iii) the impact that the prohibition on the circumvention of technological measures applied to copyrighted works has on criticism, comment, news reporting, teaching, scholarship, or research; (iv) the effect of circumvention of technological measures on

Software Industry. Currently the Malaysia Copyright Act sets out specific exceptions relating to computer programs. The Act permits the making of a back-up copy of a computer program by or on behalf of the owner of the original copy of the program but only as a precautionary measure in the event that the original copy is" lost, destroyed or rendered unusable"[37].

One may ask however, is fair dealing principle able to accommodate dealings pertaining to the computer programmes? The act of decomplilation would be a good example to test this concept. Decomplilation is an act of converting a copy of a computer program expressed in a low level language into a version expressed in a higher level language and extends to copying incidental to such conversion[38]. It is an act of turning binary code of computer programs back into a programming language that is readily understood by a trained person.

In this instance, could an act of decomplilation of computer software for the purpose of non profit personal research could constitute act of fair dealing as provided by the Malaysian Copyright Act. Under the Malaysian law nothing is said about this process. By contrast in the UK law clearly provides that it is not fair dealing: (i) to convert a computer program expressed in a low level language into a version expressed in a higher level language; or (ii) incidentally in the course of so converting the program, to copy it[39]. In conclusion the UK law has clearly identified the act of decomplilation as a non fair dealing act.

However, Section 50 B (1) of the UK Copyright, Design and Patent Act 1988 provides that it is not an infringement of copyright for a lawful user of a copy of a computer program expressed in a

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the market for or value of copyrighted works; and (v) such other factors as the Librarian considers appropriate.

37 Malaysian Copyright Act 1987, Section 40

38 David Bainbridge, *Introduction to Computer Law, Fourth Edition*, Pearson Education Limited, 2000; at page 44-45

39 UK Copyright Design and Patent Act 1988 as amended by the Copyright (Computer Program) Regulation 1992; Section 29(4)

low level language (i) to convert it into a version expressed in a higher level language, or (ii) incidentally in the course of so converting the program, to copy it[40]. The act of decomplilation is permitted when if it is necessary to obtain information necessary for one to achieve the interoperability of any independently created program with the decompiled program or other program[41]. Under the UK law, the act of decomplilation is deems acceptable on its own rights and thus there is no need for one to rely on the principle of fair dealing when dealing with such act.

Given that the Malaysian law does not contain a provision similar to that found in UK law, one may wonder whether it means that Malaysian law prohibit acts of decomplilation? Can one rely on the principle of fair dealing under the Malaysian Copyright Act to support such act? An act of decomplilation maybe considered a necessity and may also be regarded as a reasonable act because decomplilation can enable one to gain information vital to creating an independent program to interact with the decompiled program[42].

When one considers the wording of the Malaysian provision on fair dealing, it seems difficult to include such an act since under this provision the act of decomplilation does not fall within any the listed purposes of non-profit research, private study, criticism, review or reporting of current events. The provision of the principle of fair dealing in the Malaysian Act (on it own merit), is too narrow. Even though the action of decomplilation maybe done for the purpose of private research, it is difficult to extend the principle of fair dealing to cover such an act.

By contrast the UK law clearly recognized that an act of decomplilation is not an act of fair dealing[43]. Therefore it reasonable to assume that a similar conclusion would arrive at by the Malaysian judiciary in the event that both the act of decompilation

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40 *ibid*. Section 50 B(1)(a)－(b)

41 UK Copyright Design and Patent Act 1988 as amended by the Copyright (Computer Program) Regulation 1992, Section 50 B(2)

42 David Bainbridge, *supra* note 38 at page 44

43 *Supra* note 41

and the principle of fair dealing is being contested in the court of law. However, with the absence of similar provisions as found in the UK Copyright Act, the rules of decomplilation in Malaysia, left much to be desire since by not allowing such an act, it would (to an extend) hinders the development in the industry of computer software in Malaysia

In the US the issue of decomplilation and its relation to the doctrine of fair use has been widely tested. In *Sega Enterprises Ltd. v. Accolade Inc*.[44], the court invoked the "fair use" doctrine to allow decompliling of software binary code in circumstances where there was no other way to decipher the chip interfaces to produce game software products for a specific system. The court concluded that when the person seeking the understanding has legitimate reason for doing so and when no other means of access to the unprotected elements exists, such disassembly is as a matter of law a fair use of the copyrighted work. The Court further expressed the view that where there is good reason for studying or examining the unprotected aspects of a copyrighted computer program, disassembly for purposes of such study or examination constitutes a fair use that is privileged by Section 107 of the US Copyright Act.

The Japanese Copyright Law has no provision concerning decomplilation. The absence of any provision left the law in the state of ambiguity. Article 10(3) of the Japanese Copyright Law provides that programming language, rule or algorithm shall not be protected under the copyright law. Under the Japanese Copyright Law the manner in which the computer program is executed is protected. As such the act of decomplilation for the purpose of dissecting the computer programs to learn how they work would technically be a direct violation of the Japanese Copyright Law.

However, could the circumstances (such as those being highlighted in *Sega Enterprise's case*) allow the act of decomplilation in Japan? Nevertheless, the current law is somewhat unclear on the issue of whether decomplilation is permissible in Japan under those

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44 *Sega Enterprises Ltd. v. Accolade Inc.* 977 F. 2 d 1510 (9 th cir. 1992)

circumstances. The matter is yet to be contested but is likely to be in Japanese courts. It should be noted that the *Sega Enterprise's case* is a Japanese corporation. Therefore, this case could affect the rule on decomplilation when Japan introduces the concept of fair use in its copyright law.

3.2.2 Reverse Engineering

Another area of concern within the computer software industry area is reverse engineering[45] of computer software. The Malaysian law does not contain any provision that prohibit or allowing the act of reverse engineering. The Malaysian Copyright Act only set out two provisions that related to computer program. Firstly, the making of a back-up copy of computer program does not lead to an infringement act but only as a precautionary measure in the event that the original copy is" lost, destroyed or rendered unusable"[46]. Secondly, an act to engage in the commercial rental of computer programs where the program is not the essential object of the rental[47] does not constitute to an infringement. The Malaysian Copyright Act says nothing about reverse engineering.

In principle the act of reverse engineering in Malaysia is considered as an act of infringement. In the case of *Peko Wallsend*

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45 As accordance to Merriam-Webster Online Dictionary access online <http://www.merriam-webster.com>; the phrase reverse engineering means "to disassemble and examine or analyze in detail (as a product or device) to discover the concepts involved in manufacture usually in order to produce something similar"; in term of reverse engineering of computer software is done to retrieve the source code of a program because the source code was lost, to study how the program performs certain operations, to improve the performance of a program, to fix a bug (correct an error in the program when the source code is not available), to identify malicious content in a program such as a virus or to adapt a program written for use with one microprocessors for use with another.

46 Malaysian Copyright Act 1987, Section 40

47 Malaysian Copyright Act 1987, Section 13(p)

Operations Ltd. v. Linatex Process Rubber Bhd.[48]; in this case the defendants were alleged of copying the plaintiffs' engineering drawings of pump parts and moulds, by way of reverse engineering. The High Court of Malaya under the judgment of Siti Norma Yaakob J. held that that a direct copying of drawings or other forms of artistic work as defined by the Act (Malaysian Copyright Act), is an infringement and enforceable under the Act; since the Act makes direct copying an infringement, it is only right and proper that indirect copying (reverse engineering) is also an infringement.

The decision in *Peko's case* set out the illegality of the act of reserve engineering under the Malaysian Copyright Act. However, in *Peko' case* the reverse engineering act was conducted on a mechanical product as an artistic work[49] in a commercial environment. The case did not address the act of reverse engineering on work define under the literary work which include computer software. Would the case be decided differently if product being infringe was computer software?

Further, one may asked of the provision on fair dealing can be extended to covers reverse engineering of a computer software if such acts are done for one of the purposes set out in the provision of fair dealing[50]. It seems desirable that the principle of fair dealing under the Malaysian law is extended. An action of reverse engineering of computer software may be a defense if the act is done on the pretext of non profit personal research and thus able to

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48 *Peko Wallsend Operation Ltd. v. Linatex Process Rubber Bhd*. (1993) 1 MLJ 225

49 Malaysian Copyright Act1987, Section 3 provides the definition of "artistic works" as to mean (*a*) a graphic work, photograph, sculpture or collage, irrespective of artistic quality; (*b*) a work of architecture being a building or a model for a building; or (*c*) a work of artistic craftsmanship.

50 Section 13(2) (a) of the Malaysia Copyright Act provide that an act of non profit research, education, reviews or reporting would fall as an action of fair dealing.

rely on the principle of fair dealing. However such a defense has yet to be contested by the Malaysian court.

In UK law; the Copyright Act also does not includes provision on the issues of reverse engineering, as well as on the question of its relation to the principle of fair dealing. Some critics have made the assumption that the fair dealing defense to copyright infringements permits copying where this is for the purposes of research or private study. However, in the UK law, the principle of fair dealings does not covers to any commercial research or study, as this maybe commonly related to reverse engineering[51].

In would be instructive, at this point, to consider how other jurisdiction deal with the problem of reverse engineering. The Australian law includes substantial provisions in relation to reverse engineering. It has been proposed that certain acts of reverse engineering may fall within the defence of fair dealing[52]. Although the Australian Copyright Law Review Committee Report (CLRC) 1995[53] have considered this issues in its draft report[54]. The report looked at Section 40 of the Australian Copyright Act. This section provides that; "a fair dealing with a literary ... work, or with an adaptation of a ... work, for the purposes of research or study does not constitute an infringement of the copyright in the work"[55].

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51 David C Musker; "Reverse Engineering"; this paper was presented at "*Protecting & Exploiting Intellectual Property in Electronics, IBC Conferences*", 10 June 1998; access online from <www.jenkins.eu/articles/reverse-engineering.asp>

52 Andrew McRobert; Reverse Engineering Software: Is Your Shrink-Wrap License Valid?; *Deacon Website*; access online at <www.deacons.com.au>. Note that the author further clarified that although the Australian law can be seen to allow certain act of reverse engineering and fall part of the principle of fair dealing but he further stress that the Australian courts have shown a reluctance to permit such reverse engineering activity, at page 3

53 Copyright Law Review Committee (1995) ISBN 0642208301, Access online from the website of <www.ag.gov.au>

54 *ibid*. at paragraph 10. 27

55 Australian Copyright Act 1968 Section 40(1)

The CLRC further explored the notion that the act of reverse engineering may fall within the principle of fair dealing under Section 40(2) (c) of the Australian Copyright Act which provide that a dealing by way of copying the whole or a part of a work or adaptation for the purpose of research or study includes the possibility of obtaining the work or adaptation within a reasonable time at an ordinary commercial price will be considered as fair dealing. This is in response to a case in the US, where the Court of Appeals (9 th Circuit)[56] held that reverse engineering, including the decomplilation of a program to determine its unprotected ideas and functional concepts was permissible as a "fair use" under Section 107 of the US Copyright Act 1976.

While the Committee understands that the list of matters in Section 40(2) quoted in the last paragraph was drawn from a comparable list to the one used in Section 107 of the US Copyright Act 1976 however there are differences. Notably, and relevantly for present purposes, Section 40(2) (c) has no counterpart in the US provision[57]. Thus the CRLC came to the conclusion that reverse engineering should not generally be permitted under the principle of fair dealing, and recommended the prohibition of reverse engineering unless it otherwise comes within the fair dealing defence[58].

However, the Australian Copyright Act does provide an extensive provision covering the reproduction of a computer program in the course of reverse engineering. Under the Australian Copyright Act such reproduction is permitted if it is for the purpose of either of a) producing interoperable software, b) error correction or c) security testing[59]. The provisions allow certain flexibility in allowing

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56 *Sega Enterprises Ltd v Accolade Inc*. 977 F. 2 d 1510 (9 th Cir. 1992)

57 Copyright Law Review Committee (1995) ISBN 0642208301, access from the website of <www.ag.gov.au> ; see paragraph 10. 28

58 Brudenal P. The Future of Far Dealing in Australian Copyright Law *The Journal of Information, Law and Technology* (*JILT*) 1997(1) ; Access online at <http : //elj.warwick.ac.uk/jilt/copright/97_1 brud/>

59 Australian Copyright Act 1968 (as amended) Division 4 A, Section 47 D, 47 E and 47 F

an action of reverse engineering as an act of non infringement.

Under the US law it is recognised that the law would allow the defence of fair use in act of reverse engineering. One may consider here the case of *Atari v. Nintendo*[60], concern with Nintendo's NES video game console and cartridges. The cartridges contained a microprocessor, and program code, and were interrogated by the console microprocessor, as a security measure. The security was potentially a two-way process, with the console checking for a valid cartridge and vice versa. Atari disassembled the program code which performed the security signalling exchange. Atari then implemented the signalling exchange to validate the cartridge, thus achieving compatibility of their cartridges with Nintendo consoles. However, they went further and implemented the rest of the interface, to validate the consoles, in the anticipation that in future Nintendo changed their product. In each case, they copied some actual code, allegedly only to the extent necessary.

The Court held that the intermediate copying during reverse engineering was legitimate, as "fair use". However, Atari infringed copyright, in going too far in copying beyond what was strictly necessary. In this case, if Atari would stop their reverse engineering process immediately after they disassembled the program code which performed the security signalling exchange, then the judgment have been against Nintendo. As view of the case can be said that the disassembly of the object code in order to gain an understanding of the ideas and functional concepts embodied in the code is considered as a fair use that is legitimate under Section 107 of the US Copyright Act.

Under the Japanese law there is no provision concerning reverse engineering. Currently Japanese law has not and does not recognize the principle of fair use or fair dealing and thus an act of reverse engineering constitutes technically a copyright infringement. However many legal scholars argues that reverse engineering is probably legal in Japan in a practical sense, even though the

60 *Atari v. Nintendo* 975 F. 2 D 872 (FED. CIR. 1992)

Japanese Copyright Law doesn't explicitly say that[61]. The only provision that can limit an act of reverse engineering under the Japanese copyright is the anti circumvention provision. However, Article 30(1) (ii) of the Japanese Copyright Law provides narrow scope of anti circumvention regulations. As such the provision does not prohibit direct circumvention activities concerning TPM for the purpose of reverse engineering or security research[62]. Thus it could be said that both reverse engineering and security research do not constitute a violation of anti circumvention provision and thus some extent does not constitute to an infringement acts.

Nevertheless, the Japanese Copyright Law does provide a specific exception to the copyright of a computer program. The Law provides that the right to maintain integrity of the author of the computer program shall not apply to a modification which is necessary to enable the use on a particular computer of a computer program work that is otherwise unusable on such computer, or to make more effective use of a computer program work on a computer[63]. The Japanese Law also permits that an act of backing up computer program to the extent that such act is deemed necessary for it own exploitation of the work on a computer[64]. The Law also provides that a computer program can be reproduced for personal use.

However, things might change in the future regarding the relationship between reverse engineering and the principle of fair dealings. Japanese may in future adopt a doctrine of fair use similar to that found in the US law. It would be interesting to see how the relevant law would be interpreted the issue of reverse engineering

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61 Pamela Jones; Software, Reverse Engineering and the Law;; *LWN Net Website*; May 4, 2005; access online at <http://lwn.net/Articles/134642/>

62 Yuko Noguchi, Why you Need to be Aware of Digital Copyright Issues; *Managing Intellectual Property-Mori Hamada & Matsumoto (IP Focus)* July/August 2006; <www.managingip.com>

63 Japanese Copyright Law 1970, Section 3(1) Article 20(2)(iii)

64 Japanese Copyright Law 1970, Section 3(5) Article 47(2)

or other technological related issues.

4. Conclusion

The role of the principle of fair dealing in a legal system is important. The right to use copyrighted work for purposes such as research and personal studies creates and maintains a balance between the rights of the copyrighted owner and the general public. However, it should be noted that this principle goes beyond than merely providing limitation to the copyright. Fair dealing encourages competitive activity by allowing for the use of copyrighted material in the development of new products.? This principle also maintains the right for the public interest, where when the public interest is sufficiently great there is a means of ensuring that access will be available.

This paper highlighted some problems that the principle of fair dealing faces in the current technological environment. Among those are usage of TPM in protecting copyrighted work by the author, reverse engineering and decomplilation of computer programs. The need of the principle of fair dealing to include act of reverse engineering and decomplilation goes to the root of encouraging creativity.

The act of reverse engineering can assist the process of research and development, and so often the incorporation of some of the ideas contained in those other works would result in greater innovation. The act of decomplilation would speed up innovation because one program can be built on another. The principle of fair dealing in some jurisdictions like the UK, US and Australia currently extends to such a process, and thereby encourages new works to be created. The practice allows smaller companies to make programs that work with, or compete against big software company that have become industry standards.

In the current technological environment, Malaysian law can be considered the least evolve as compared to other jurisdictions that have the principle of fair dealing in their Copyright law. The

Malaysian Copyright Act reflects a narrow approach to exercising the principle of far dealing towards acts of decomplilation and reverse engineering. The Malaysian law provision on TPM also limits the use of principle of fair dealing as a defense. On the Japanese front, although, the principle of fair dealing is not recognized but the exemption provisions in the Copyright Law provided a bit of leeway in allowing the act of reverse engineering and decomplilation as a legitimate process. It would be interesting to see how the relevant law will address the technological issues when Japan adopts the doctrine of fair use.

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