

A "Instead of acquiring information about trials by first-hand observation or by word of mouth from those who attended, people now acquire it chiefly through the printed and electronic media. In a sense this validates the media claim of functioning as surrogates for the public."

B If suitable safeguards are imposed on the reporting of this witness' evidence, I do not think that press reporting will render nugatory the effect of an *in camera* hearing. The fundamental problem, of course, as I have had occasion to observe in an earlier judgment, is that the Court's power to keep secret the identity of the witness from all members of the public is limited. In particular, it is fundamentally limited by the fact that the accused is present in the Court when the witness testifies. Greater protection to the safety of the witness, particularly after the witness has testified, can only be provided by other means. I decline to make an order excluding the Press.

D The last direction sought by the State involves withholding the address of the witness from the accused, though not from his legal representatives. I have already held in an earlier judgment that the identity of the witness may not be withheld from the defence. In my view the same principle applies here. I repeat again the observations of BEADLE CJ in *S v Niesewand (1) 1973 (3) SA 581 (RA)* at 582H-583A which I quoted in an earlier judgment in this trial:

E "I point out, however, that though a trial is held *in camera* nothing is withheld from the accused or his legal representative, so he has every opportunity of presenting his defence as adequately as if the trial were held in open Court. The fairness of the trial insofar as he is concerned is not therefore affected by the fact that the trial is held *in camera*. As far as his rights of appeal are concerned, they are in no way prejudiced by the fact that the original trial was held *in camera*. A trial *in camera* under our procedure therefore bears no resemblance whatever to the secret trials held in some countries, in which the accused is not adequately represented by a person of his choice and in which the full facts and what takes place at the trial are known only to persons who are in effect representatives of the State."

G It would moreover be unconscionable in my view to require of a legal representative to withhold information from his client, particularly if it were to appear that such information is relevant to the proper conduct of the defence. This would be destructive of the professional relationship between the accused and his legal representative. I am not prepared to give such a direction.

I give the following directions:

- H 1. The next witness, who shall be referred to as Miss B, will testify behind closed doors and no person shall be present when such evidence is given unless his presence is necessary in connection with these proceedings.
- I 2. Members of the Press who hold identification documents to the satisfaction of prosecuting counsel may be present in Court when Miss B testifies, subject to the following conditions:
- 2.1 Neither Miss B's identity nor that of her immediate family may be revealed.
- 2.2 Miss B's place of residence may not be revealed.

Accused's Attorney: *Priscilla Jana.*

# THE SOUTH AFRICAN LAW REPORTS

## DIE SUID-AFRIKAANSE HOFVERSLAE

SEPTEMBER 1986 (3)

SCHULTZ v BUTT

(APPELLATE DIVISION)

1986 March 10; May 16 CORBETT JA, HOEXTER JA, BOSHOFF JA, A  
NICHOLAS AJA and NESTADT AJA

*Trade and trade mark—Trade—Unfair competition—Requirements for the Aquilian action based thereon—Unlawfulness—Not limited to category of clearly recognized illegality—Fairness and honesty are criteria relevant to the question of unlawfulness—Regard to be had to boni mores and general sense of justice of the community—Public policy may also be important in a particular case—Respondent having designed the hull of a ski-boat—Design evolved over a long period with considerable expenditure of time, labour and money—Appellant making a mould of such hull and then making and selling boats in competition with respondent—Such unfair and unjust competition—No countervailing public interest to displace such conclusion.*

*Copyright—Registration of—Application for cancellation of—Act 57 of 1967 s 10 (2)—Design alleged not to be new or original as intended in s 10 (2) (a)—Where novel part of a design is no more than an ordinary variant, it is insufficient to impart character of novelty and originality to the whole—Design in dispute that of a boat—Window structure of ski-boat, the hull of which was designed by respondent, designed by appellant—Design of window structure basically functional and variants thereof matters of taste or choice—Window-structure no more than an ordinary trade variant of window structures in common use in boat-building trade—Design accordingly not novel or original—Cancellation thereof correctly ordered.*

In order to succeed in an Aquilian action based on unfair competition, the plaintiff must establish all the requisites of Aquilian liability, including proof

A that the defendant has committed a wrongful act. In such a case, the unlawfulness which is a requisite of Aquilian liability may fall into a category of clearly recognized illegality, such as trading in contravention of an express statutory prohibition; the making of fraudulent misrepresentations by the rival trader as to his own business; the passing off by a rival trader of his goods or business as being that of his competitor; the publication by the rival trader of injurious falsehoods concerning his competitor's business; and the employment of physical assaults and intimidation designed to prevent a competitor from pursuing his trade. But it is not limited to unlawfulness of that kind. In some of the cases appearing in the Law Reports, emphasis was placed upon criteria such as fairness and honesty in competition. In judging of fairness and honesty, regard is to be had to *boni mores* and to the general sense of justice of the community. While fairness and honesty are relevant criteria in deciding whether competition is unfair, they are not the only criteria. Questions of public policy may be important in a particular case, eg, the importance of a free market and of competition in our economic system.

B The Court accordingly, in a case where the question to be decided was whether the appellant was competing unfairly with the respondent by making a mould of a hull of a ski-boat designed by the respondent, the respondent's design having evolved over a long period of time, with considerable expenditure of time, labour and money, held that the making of such a mould by the appellant with which to make and sell boats in competition with the respondent was unfair and unjust. The Court held further that the appellant, having trespassed on the respondent's field, added impudence to dishonesty by obtaining a design registration, in terms of the Designs Act 57 of 1967, in his own name for the hull designed by the respondent with the object of forbidding the field to other competitors. Furthermore, the Court held that there was not any sufficient countervailing public interest to displace the Court's conclusion that the appellant's methods of competition were unfair and unjust.

Where the novel part of the design, registered or sought to be registered in terms of the Designs Act 57 of 1967, is nothing more than an ordinary trade variant, it is insufficient to impart the character of novelty and originality to the whole design where the design is composed of parts that are old and new.

Where, in a dispute concerning the registrability of the design of a boat in terms of Act 57 of 1967, the appellant had in terms of the Act registered the design of the window structure of a ski-boat (the hull of which had been designed by the respondent), the Court held that the appellant's window structure was no more than an ordinary trade variant of window structures in common use in the boat-building trade and as such its introduction could not make the design of the boat new or original. The Court held that basically the design of the window structure was determined by its function to provide some protection to the occupants of the boat against wind and spray and variants in the design were matters of taste or choice in the trade. The Court held, accordingly, that a Provincial Division had correctly ordered the cancellation of the design of the boat in terms of s 10 (2) of the Designs Act 57 of 1967.

H The decision in the Eastern Cape Division in *Butt v Schultz and Another* 1984 (3) SA 568 confirmed, but the terms of the order varied.

Appeal from a decision in the Eastern Cape Division (MULLINS J), reported at 1984 (3) SA 568. The facts appear from the report of the judgment of the Eastern Cape Division and from the judgment of NICHOLAS AJA.

I *L T C Harms SC* (with him *C J Mouton*) for the appellant: The nub of the respondent's case was that the appellant had filched the respondent's design by using a hull manufactured by the respondent as a plug for the manufacture of a mould which in turn was used to manufacture hulls for boats manufactured by the appellant as a commercial venture. The Court J *a quo* relied upon a number of decisions dealing with confidential

information and the so-called doctrine of a "spring-board" and held that, in the light of those authorities, "anyone who is attracted by the design of the hull is entitled to incorporate features of the Butt-Cat hull in a hull of his own design. What he may not do, if he intends to conduct business in competition with the applicant, is to take a short cut, as it were, and construct hulls not to his own design, but according to applicant's drawing and plans (if such existed), or, what is even more reprehensible in my view, by using a mould made by applicant and upon which applicant has expended his time, labour, expertise and money." The Court furthermore held that the method of copying was not irrelevant and that, where the method used is the slavish adoption of another's design, even as a starting point for further modification or adaptation, such copying usually will be found unfair and unlawful. The Court furthermore held that the sale by the respondent of its Butt-Cat does not render the design of the hull public property in the sense that any person can copy that hull for trading purposes. Echoing words reminiscent of patent law, the Court held that a competitor may not copy the product of another's "inventiveness and experience". For some unknown reason the Court *a quo* then relied upon *Stellenbosch Wine Trust Ltd v Oudemester Group Ltd* 1972 (3) SA 152 which dealt with the question of confidentiality. For some reason a party is not entitled to use the hull as a starting point. Although it can be accepted that there is a general delict of unfair and unlawful competition, the main question is whether copying of something which is not protected by (a) the Copyright Act; or (b) the Patents Act; or (c) the Designs Act can be unfair and unlawful. The general principle is that the copying of functional objects which are not protected by any of the aforementioned statutes, is not improper or unlawful. *Agriplas and Others v Andrag & Sons* 1981 (4) SA 873 and the authorities there quoted; *Lorimar Productions Inc and Others v Sterling Clothing Manufactures (Pty) Ltd* 1981 (3) SA at 1140C-H; *Cadbury Schweppes (Pty) Ltd and Others v Pub Squash Co (Pty) Ltd* [1981] 1 All ER 213. The learned Judge misunderstood the concept of "confidentiality" and the "spring-board doctrine" which flows from it. It is trite law that, once the confidentiality has been lost, the right to the confidential information has also been lost. That means that the erstwhile confidential information can now be used with impunity and may be "copied". *Harvey Tiling (Pty) Ltd v Rodamac (Pty) Ltd and Another* 1977 (1) SA 316; *Saltman Engineering Co Ltd v Campbell Engineering Co Ltd* [1948] 65 RPC 203; *Prok Africa (Pty) Ltd and Another v NTH (Pty) Ltd* 1980 (3) SA at 697. By the same token the learned Judge erred in finding that the so-called "spring-board doctrine" was applicable to the instant matter and by relying in this regard on the judgments in the *International News Service* and *Terrapin* cases. The Courts have made it clear that the doctrine is of limited application only and depends entirely on the facts of the particular case. *International News Service v Associated Press* 248 US 215; *Terrapin Ltd v Builders' Supply Co (Hayes) Ltd* 1960 RPC 128. The respondent cannot be in a stronger position than would be the owner of an expired patent. Once a patent has expired, one is entitled to make an exact replica of that described and claimed in the patent. *John Waddington Ltd v Arthur E Harris (Pty) Ltd* 1968 (3) SA at 408. Paragraph 1 of the order is in any J

A event too wide. It covers: (a) any catamaran hull or any mould manufactured by the respondent without (b) a requirement that the respondent must have had a proprietary right in the hull or mould. The same criticism applies to para 2 of the order.

As indicated, only at the end of the case did the respondent introduce a claim based upon copyright infringement and this was based upon the introduction of "works of craftsmanship of a technical nature" in the definition of "artistic work" in s 1 of the Copyright Act 98 of 1978. It would, therefore, seem that the respondent did accept that his mould or hull was not, prior to the said amendment, a work which attracted copyright protection. It is clear that the work was not a work of "artistic craftsmanship". *George Hensher Ltd v Restawhile Upholstery (Lancs) Ltd* [1974] 2 All ER 420. It follows from the foregoing that: (a) at the time when the works were first made (ie the date of originality in terms of s 2) neither the plug nor the mould, nor the hull enjoyed the protection under the Copyright Act of 1978; (b) nor did the appellant commit any infringing act prior to October 1983. It is quite clear from the papers that the mould used by the appellant is a mould that antedates the October 1983 date. Nevertheless, the Court order (para 3) covers that mould and it also covers hulls which antedate the amendment. Even if it is assumed that the amendment creates copyright retrospectively (as was held by the Court *a quo*), the amendment does not create infringement retrospectively. Sections 7 and 23 of the Copyright Act. The respondent relies upon a progression of works and indicates that the hull was developed from time to time. It is not clear which hull is the original work (which is a basic requirement for copyright in terms of s 2) and it is also not clear whether there were substantial differences between the different progressions or stages in the life of his boat. There is insufficient evidence to indicate that the 1978 plug was an original work which, on its own, entitled the respondent to copyright. The mere fact that he was the first person to make the plug and that he did expend time in making it, does not mean that the plug was original. Obviously, a copy also requires time and effort. All this is relevant in the present case because, if the original work was created before 1965, no copyright was created by the amending Act in view of the fact that s 43 of the 1970 Act clearly provided that, although it was to apply in relation to work made before the commencement of that Act, it was not to be construed as creating any copyright which did not subsist prior to 11 September 1965. No copyright existed in terms of Act 9 of 1916 in respect of works of craftsmanship of a technical nature and, accordingly, no such copyright can now exist in respect of a work originally made during the life of the latter Act. The Court *a quo* erred in holding that the 1983 amendment created copyright retrospectively. It is true that s 43 of the 1978 Act did create copyright retrospectively for a limited period but no similar provision is to be found in the amending Act. There are no indications in the 1983 amending enactment which show that Parliament intended to legislate retrospectively and not merely prospectively as is the normal case. The consequences of attributing retrospectively of operation to the amending legislation are startling and are, indeed, conceded by the learned Judge in the Court *a quo*. It would mean that a person whose long-established business was founded upon the

hitherto perfect lawful copy of (say) spare parts for motor vehicles, would have to terminate its business without any further ado. Steyn *Die Uitleg van Wette* at 82 *et seq*. None of the exceptions to the presumption against retrospectivity as expounded by Steyn at 86-97 is applicable in the instant matter. The vested rights of the lawful copies referred to will be protected by an interpretation to the effect that the amending legislation is not retroactive. In conclusion, and in the alternative, the appellant should not have been ordered to pay the costs of the respondent prior to the proper introduction of the copyright aspect after the three sets of affidavits had already been filed.

The appellant is the registered proprietor of three designs in terms of the Designs Act 57 of 1967. They are for: (a) a boat hull; (b) a window structure for a boat; (c) a boat. It can be assumed that the first registration is invalid on the ground that the design therein represented was not new at the effective date. The design for the window structure for a boat has not been attacked and needs no further consideration. There is no evidence to indicate that the third design for the boat was not new or original within the meaning of those terms as set out in Act 57 of 1957 (s 4). The basic error is that the Court *a quo* apparently assumed that, because one aspect or integer of the design was not new or original, therefore the design as a whole was not new or original. The design must be considered in its totality and it may not be dissected for purposes of determining whether it is a valid design or not. The window is an essential and substantial part of the design and, since the respondent conceded the novelty of that window, it must follow that the combination is also new. *Homecraft Steel Industries (Pty) Ltd v S M Hare & Sons (Pty) Ltd* 1984 (3) SA 681; *Robinson v D Cooper Corporation of SA (Pty) Ltd* 1984 (3) SA 699; *Swiss Tool Manufacturing v Omega Africa Plastics* 1975 (4) SA at 384-385.

*L S Melunsky SC* (with him *R P van Rooyen*) for the respondent: It is well established that the proprietor of a business possesses certain rights in relation to his business including "the right to attract custom", "die reg op die werfkrag", goodwill and the right to trade without unlawful interference. *Patz v Greene and Co* 1907 TS at 437; *Matthews and Others v Young* 1922 AD at 507; *Geary and Son (Pty) Ltd v Gove* 1964 (1) SA at 440H; *Atlas Organic Fertilizers (Pty) Ltd v Pikkewyn Ghwano (Pty) Ltd and Others* 1981 (2) SA at 182D-E; Van Heerden and Neethling *Die Reg aangaande Onregmatige Mededinging* at 54-57. The basis of a claim for wrongful interference by a competitor with his rights as a trader is Aquilian. *Dun and Bradstreet (Pty) Ltd v SA Merchants Combined Credit Bureau (Cape) (Pty) Ltd* 1968 (1) SA at 221H-222A; *Prok Africa (Pty) Ltd and Another v NTH (Pty) Ltd and Others* 1980 (3) SA at 696B-C; *Atlas Organic Fertilizers case supra* at 186D; *Van Heerden and Neethling (op cit para 3.2.1 at 23-26)*; *Stellenbosch Wine Trust Ltd and Another v Oude Meester Group Ltd* 1972 (3) SA at 162A-B. In determining whether or not a competitor is acting unlawfully, an objective test, based on the *boni mores* is applied. *Atlas Organic Fertilizers' case supra* at 188G-H; *Lorimar Productions Incorporated and Others v Sterling Clothing Manufacturers (Pty) Ltd and Others* 1981 (3) SA at 1152H-1153A. In determining whether competition is lawful, moreover, regard must be

A had to the fact that the norm of public policy may differ from community to community. (*Lorimar Productions case supra* at 1153A.) It is not suggested that every trader who copies or imitates the products of his rival is thereby guilty of unlawful competition. Where the imitation of an article is in issue, the lawfulness or otherwise of the imitator will depend upon a number of factors, including the following: (i) the nature of the article; (ii) the time, effort and skill required by the originator to produce it and the cost to him in so doing; (iii) the method of copying employed; (iv) the type of business conducted by the parties, their situation in relation to each other, the nature and extent of the market and demand for the article in question. Of the factors mentioned above, perhaps the most important is the method employed by the competitor. In this regard the contentions in *Van Heerden and Neethling (op cit* at 143-148, under the heading "Prestasieaanklamping") are of vital significance to this case as will appear hereunder. On the facts of this case, it is clear, both from the findings of the Court *a quo* and on the affidavits, that the appellant was guilty of something more than mere imitation. It is, indeed, a case of exact physical duplication, the appellant using the actual product created by the respondent and directly making a mould from that product. The appellant's conduct, therefore, went far beyond mere copying and was tantamount to a form of piracy. The learned Judge *a quo* was perfectly correct in holding, therefore, that the method of copying was not irrelevant. Therefore, the appellant took over not only the respondent's idea but his very accomplishment, the result of his efforts. *Van Heerden and Neethling (supra*, especially at 143-145, including the authority referred to at note 48 at 144). The respondent had a widely known product which he marketed throughout the country with success. The marketing of the Butt-Cat hull was a successful commercial venture. The manufacture of the prototype of the hull (the plug, from which an unlimited number of copies can be made) took time, trouble, money, experience and a great deal of skill. Furthermore, the reputation of the Butt-Cat had spread to such an extent that, on the appellant's own admission, all catamarans, even of different design and manufacture, were known as Butt-Cats. The appellant and his father obviously worked closely together in establishing the boat-building venture based on the Butt-Cat hull. The appellant and his father appreciated that, by obtaining a Butt-Cat mould, they could use a short-cut to reach the market. They even knew that it was unlawful for them to do so and that is why they attempted to mislead the respondent into selling a mould to them on the pretext that they wanted it to manufacture a boat for their private use. The appellant has managed to break into the particular market by appropriating the respondent's time, trouble, money, skill and labour (not merely the idea which he was free to follow) as is evidenced by the fact that the respondent's single biggest customer, De Bruin, shows interest in the appellant's boat. The respondent's complaint is not against the copying of his hull as such. His complaint is against the appellant's entire behaviour in duplicating the hull physically from something that was the product of the respondent's endeavours and using the respondent's endeavours to break into the respondent's market and so appropriate part of the respondent's custom. The respondent was correct in

stating, as he did, that he merely expected the appellant to start in the boat-building business where all other competitors started, namely by taking what is common knowledge in the trade and designing their own vessels. Having regard to the factors mentioned above, the appellant's mode of competition cannot be regarded as lawful. On the contrary, the learned Judge *a quo* was correct in branding it as reprehensible. The criticism of the Court *a quo*'s judgment in the appellant's heads is without substance. The learned Judge *a quo* correctly used the "spring-board doctrine" (as reflected in *Harvey Tiling Co (Pty) Ltd v Rodomac (Pty) Ltd* 1977 (1) SA 316 and in other cases) as analogous to the facts of the present case. The learned Judge *a quo* was perfectly correct in applying the *Dun and Bradstreet case supra* to the matter in issue and in holding, as he did, that the sale of the Butt-Cat does not render the design of the hull public property *in the sense that any person can copy that hull for trade purposes*. There is no general principle that the copying of "functional objects" which are not protected by statute is not improper or unlawful. Further, the learned Judge clearly understood the concept of "confidentiality" and the "spring-board doctrine". The learned Judge was at pains to point out that the sale of an object such as a boat inevitably releases the design thereof to the purchaser but he added that this does not entitle the purchaser or anyone else to make a mould therefrom and to copy that hull for commercial purposes. Therefore, a boat hull cannot be duplicated as the appellant did merely because it is contended that the hull is "in the public domain" or that it is not subject to a patent. The appellant contends that the paras 1 and 2 of the order of the Court *a quo* are too wide. The point now raised was not taken in the Court *a quo* nor is it dealt with in the affidavits. The terms of the order are not too wide. The fact that the order refers to a catamaran hull *manufactured* by the respondent effectively restricts the terms of the order.

The learned Judge, in dealing with the claim in terms of the Copyright Act 98 of 1978, correctly pointed out that the relief claimed by the respondent, consequent upon a finding of infringement under the said Act is in similar terms to that claimed in respect of unfair competition. Therefore, should this Court find in the respondent's favour in respect of his claim for unlawful competition, it would not be necessary to make an additional order in terms of the Copyright Act. For the reasons set out below, however, the learned Judge *a quo* correctly held that the appellant's conduct constituted an infringement of copyright. Section 1 (a) of the Copyright Amendment Act 66 of 1983 (the amending Act) introduced "works of craftsmanship of a technical nature" into the definition of "artistic work" in s 1 (1) of the Copyright Act 98 of 1978 (the Act). Section 1 (d) of the amending Act altered the definition of "reproduction" by, in relation to any work, extending the meaning to include "a reproduction made from a reproduction of that work". The amending Act came into operation on 17 October 1983 (with the exception of ss 4 and 5 thereof). The appellant does not dispute that a Butt-Cat plug, mould and hull are works of craftsmanship of a technical nature. The appellant has correctly made this concession. As to the meaning of craftsmanship, see *George Hensher Ltd v Restawhile Upholstery (Lancs) Ltd* [1974] 2 All ER at 423a (Lord REID) and at 424f J

A (Lord SIMON). "Technical" means "relating to a particular art, science, profession or occupation". *The Shorter Oxford English Dictionary* sv "technical". The appellant has submitted: (i) that there is insufficient evidence to indicate that the 1978 plug was original; (ii) if the original work was created before 1965, no copyright was created by virtue of s 43 of the Act. It is not disputed: (i) that in 1974 the respondent decided to alter the shape of the Butt-Cat hull and that he then built a new mould; (ii) that in 1978 the appellant decided to modify the hull slightly and made a further concrete plug from which he made a mould. He then altered the plug slightly and made a further mould. The respondent pointed out that the reconstruction of the plug kept him busy for more than four months.

C Both the 1974 hulls and the 1978 hulls were original works. Moreover, the test as to whether or not the 1978 hull was an original work is dependent upon whether it originates from the author. *University of London Press Ltd v University Tutorial Press Ltd* [1916] 2 Ch at 608, 609; *Robinson v Sands and McDougall (Pty) Ltd* (1917) 23 CLR at 55, 56; *Canadian Admiral Corporation Ltd v Rediffusion Inc* (1954) Ex CR at 398, 399. (Extracts from the last two cases obtained from *Words and Phrases Legally Defined* 2nd ed at 46.) The appellant furthermore submitted that the 1983 amendment did not create copyright retrospectively. It is quite clear, however, that the amending Act is not retrospective in all respects.

E In particular, no conduct of the appellant prior to the commencement of the Act renders him liable for infringement. The amending Act is only retrospective in that it applies to work made before its commencement. The limited extent of the retrospectivity is, indeed, recognised by the appellant. The amending Act clearly applies to all artistic works made both before and after 17 October 1983, subject to the proviso to s 43 of the Act. Section 2 of the amending Act introduces a new subsection into the Act, this being s 15 (3A) (a) and (b). It is quite clear from the foregoing provisions of s 15 (3A) (a) and (b) that the Legislature intended artistic works made available to the public before the commencement of the Act to be subject to copyright. Furthermore, s 43 of the Act is quite explicit by providing, as it does, for its application to works made before its commencement.

The respondent applied for an order in terms of s 10 (2) of the Designs Act 57 of 1967 for cancellation of the registration of two designs which were registered on 4 August 1983 at the instance of the appellant. The learned Judge *a quo* held that the respondent established "at least" the requirements of s 10 (2) (a) and (b) of the Designs Act 1967 and that he was therefore entitled to order the cancellation of the said registrations. The appellant opposed the respondent's application in respect of both of the said registrations in the Court *a quo*, but now concedes that the first registration is invalid on the ground that the design therein represented was not new at the effective date. The appellant contends that the design in respect of the boat is new because of the window structure which, he alleges, is an essential and substantial part of the design. The feature or features of the design must be judged with reference to the article to which it is applied and, in such an evaluation, the Court must consider how and to what extent the design or the relevant features thereof will appeal to the eye of the likely customer and influence him in his choice.

*Homecraft Steel Industries (Pty) Ltd v S M Hare and Sons (Pty) Ltd* 1984 (3) SA at 691A-692C; *Robinson v D Cooper Corporation of SA (Pty) Ltd* 1968 (4) SA at 704C-F. The boat featured on the design in respect of the boat is neither new nor original. Nor can it be made new or original merely by attaching thereto a window or any other component when the major part — the hull — is admittedly not capable of registration on the grounds that it is not new or original. Furthermore, at the relevant date: (i) the applicant for registration was not the proprietor; and (ii) the application was in fraud of the proprietor (the respondent). With reference to (i) above, the respondent was the author of the design and is therefore the proprietor in terms of the Act. With reference to (ii) above, the application was in fraud of the respondent inasmuch as the appellant knew, at all material times, that the respondent refused to permit the appellant to copy his hull.

*Harms SC* in reply.

*Cur adv vult.*

*Postea* (May 16).

NICHOLAS AJA: This is an appeal against a judgment of MULLINS J in the Eastern Cape Division which is reported as *Butt v Schultz and Another* 1984 (3) SA 568 (E).

Mr Hugh Butt (the applicant in the Court *a quo* and the present respondent) is a farmer and boat builder of Kenton-on-Sea, near Port Alfred. Mr Dennis Schultz (the respondent in the Court *a quo* and the present appellant) is a boat builder of Port Alfred.

During the years 1954-1978 Butt developed the design of the hull of a catamaran-type ski-boat. First he created a concrete "plug" which embodied the shape of the hull in the inverted position. From the plug he made a mould by applying to it successive layers of glass fibre reinforced plastic (commonly called "fibre glass") and resin until the required thickness was achieved. Hulls could be made as required from the mould.

Butt constructed his first plug and made his first mould in 1955. The boats made from hulls cast from this mould being unsatisfactory, he made a new mould in about 1959. From this he started making hulls which he sold under the name of "Butt-Cat". The design was modified in 1964 and again in 1974 and 1978. In the latter year he constructed a new plug, from which he made two moulds, one of which he called his No 1 mould. About 75% of the Butt-Cat hulls now produced are made from the No 1 mould. Over the years the development of the Butt-Cat hull has taken a great deal of time, trouble and money. Butt has had to make numerous experiments and to draw heavily on his experience as a seaman.

He has built up an extensive business in the manufacture and sale of Butt-Cat hulls, selling them to customers in many parts of the Republic and South West Africa and as far afield as the Comoro Islands in the Indian Ocean. In the years 1981, 1982 and 1983 respectively, he sold 25, 15 and 16 Butt-Cat hulls, making an average profit of about R1 500 on each one.

A During 1983 Schultz and his father approached Butt with a request that he sell them a mould which he was not using, in order (so they said) to build themselves one boat for their private use. Butt had doubts about this because he knew that the Schultzes had from time to time manufactured boats for sale, and he refused to sell.

B In August 1983 Butt received information that Schultz had constructed a mould from a Butt-Cat hull, and was using it to make hulls for boats which he was selling in competition with the Butt-Cat. On 24 August 1983, Butt's attorneys made these allegations in a letter to Schultz and stated:

C "Your dishonest action aforesaid is clearly calculated to cause damage to our client and as such constitutes wrongful and unlawful competition with our client." They called upon him to comply with certain demands. In a reply dated 5 September 1983 Schultz's attorneys wrote *inter alia*:

"Our client denies absolutely the contents of your letter and takes the strongest exception to the suggestion that his action has been dishonest.

D Our client has filed the design of his boat hull, the window structure and the Super 20 Boat in the Designs Office in Pretoria and you are referred to the application Nos 830645/6/7."

E At the beginning of September, Butt examined a boat named "Bon Voyage 3" which had reportedly been manufactured by Schultz. With slight differences its hull was identical with the Butt-Cat hull and it was obvious to him that it was a copy. Later that month, a photograph was taken of Schultz's mould at his premises: it was substantially identical with the Butt-Cat mould. He learned that Schultz had acquired a complete Butt-Cat hull from one Beary to whom Butt had sold it as a reject in 1982 because the finish was unsatisfactory, and it was clear to him that Schultz had made his mould from this hull and was using it to make F boats for sale.

Arising out of the letter from Schultz's attorneys, dated 5 September 1983, Butt caused a search to be made of the Designs Register. It appeared from the reports received that Schultz had on 1 August 1983 made three applications for registration of a design, in each of which he G made a declaration that:

"The applicant claims to be the proprietor of the design and that to the best of his knowledge and belief the design is new and original."

The first application (No 83/0645) was in respect of a "Boat hull", and it was stated that:

H "The novelty claimed resides in the shape and/or configuration of a boat hull substantially as shown in the representation . . ."

The second (No 83/0646) was in respect of a "Window structure for a boat". The third (No 83/0647) was in respect of a "Boat", it being stated that:

I "The novelty resides in the shape and/or configuration of a boat substantially as shown in the representation."

The representation showed a boat which was a composite of the hull shown in the representation of a boat hull in application No 83/0645 and the window structure represented in application 83/0646. Registration of all three designs was effected on 4 August 1983.

J A comparison of drawings prepared from the Butt-Cat hull with the representations of the hull in application No 83/0645 showed that the designs were identical.

By notice of motion dated 26 October 1983 Butt launched an application against Schultz, in which the Registrar of Designs was joined as second respondent, claiming cancellation by the Registrar of the registration of designs Nos 83/0645 and 83/0647, and an interdict and ancillary relief against Schultz. The Registrar of Designs did not oppose the application but abided by the decision of the Court.

B Originally Butt's claim for relief by way of interdict was based on passing off and "unlawful competition and for unlawful interference with my trade". In January 1984 leave was granted to Butt to supplement his founding affidavit and to amend the notice of motion so as to claim relief for breach of copyright in the Butt-Cat hull.

C In his answering affidavit Schultz admitted that he had used the Butt-Cat hull which he had obtained from Beary to construct from it a mould which he used to create hulls for boats which he named "Supercats". He claimed, however, that he had made modifications to the Butt-Cat hull, spending 600 man hours "re-working" it and employing D labour and materials which he valued at R16 000.

Judgment was delivered on 26 April 1984. In the judgment, MULLINS J referred to the modifications which Schultz alleged he had made but considered them to be the result of simple operations which did not affect the design of the hull as a whole. He said (at 580B-D):

E "All these modifications. . . had as their starting point a mould which itself had been constructed from one of applicant's hulls. It does not require much imagination to appreciate the saving to first respondent in time, labour, and money by reason of his using one of applicant's hulls as a plug. First respondent admits that building a plug is a laborious process, whether it is being built from scratch or whether it is being redesigned. Even if he had one of applicant's hulls available, from which he could take measurements, the construction of a plug would still be the vital starting point of the construction process. The using of applicant's hull as a plug from which to commence his construction process, and thereby avoiding the necessity to design his own hull, amounts in my view to unfair competition, against which applicant is entitled to be protected." F

G The learned Judge found further that Schultz's conduct in using a Butt-Cat hull in order to produce hulls, whether or not with the adaptations or modifications effected by him, constituted an infringement of the copyright which Butt had in the Butt-Cat plug, moulds and hull. He also found in Butt's favour in respect of the claim for cancellation of the registration of designs Nos 83/0645 and 83/0647. The cause of action based on passing off was abandoned and it was not dealt with in the judgment. An order was granted as follows:

- H "1. The first respondent (ie Schultz) is interdicted and restrained
- (a) from using
    - (i) any catamaran hull, with or without adaptations or modifications, manufactured by applicant; or
    - (ii) any mould, with or without modifications, made from a catamaran hull manufactured by applicant I for the purpose of manufacturing catamaran hulls in the course of first respondent's trade or business
  - (b) from selling or otherwise disposing of in the course of trade any catamaran boat or hull presently in his possession manufactured from any hull or mould referred to in para (a) above. J

- A 2. The first respondent is ordered to deliver to the deputy sheriff for destruction any moulds or hulls presently in his possession which have been manufactured, with or without adaptations or modifications, from a catamaran hull manufactured by applicant.
- B 3. It is declared that the catamaran moulds and hulls presently manufactured by first respondent in the construction of boats marketed by him under the name of "Supercat" infringe the copyright in such mould and hull, which copyright vests in the applicant in terms of the provisions of the Copyright Act 98 of 1978 as amended by Act 66 of 1983.
- C 4. Second respondent is directed in terms of s 10 (2) of the Designs Act 57 of 1967 to cancel in his register the registration in the name of first respondent of a boat hull and boat registered on 4 August 1983 under Nos 83/0645 and 83/0647 respectively.
- D 5 (a) First respondent is ordered to pay the costs of application, such costs to include the costs of two counsel, and the reserved costs of the postponements on 31 October 1983, 24 November 1983 and 6 December 1983.
- E (b) Leave is granted to first respondent, if so advised, to re-open the issue of the costs of the aforesaid postponements on notice to the applicant and the Registrar within 14 days of the date of delivery of this judgment, and thereafter to set the matter down for further argument in regard to such costs.

With the leave of the Court *a quo*, Schultz now appeals against the whole of the order.

#### Unfair competition

F As a general rule, every person is entitled freely to carry on his trade or business in competition with his rivals. But the competition must remain within lawful bounds. If it is carried on unlawfully, in the sense that it involves a wrongful interference with another's rights as a trader, that constitutes an *injuria* for which the Aquilian action lies if it has directly resulted in loss. (See *Matthews and Others v Young* 1922 AD 492 at 507; *Geary & Son (Pty) Ltd v Gove* 1964 (1) SA 434 (A) at 440-441.)

G In order to succeed in an action based on unfair competition, the plaintiff must establish all the requisites of Aquilian liability, including proof that the defendant has committed a wrongful act. In such a case, the unlawfulness which is a requisite of Aquilian liability may fall into a category of clearly recognized illegality, as in the illustrations given by CORBETT J in *Dun and Bradstreet (Pty) Ltd v SA Merchants Combined Credit Bureau (Cape) (Pty) Ltd* 1968 (1) SA 209 (C) at 216F-H, namely trading in contravention of an express statutory prohibition; the making of fraudulent misrepresentations by the rival trader as to his own business; the passing off by a rival trader of his goods or business as being that of his competitor; the publication by the rival trader of injurious falsehoods concerning his competitor's business; and the employment of physical assaults and intimidation designed to prevent a competitor from pursuing his trade. But it is not limited to unlawfulness of that kind. In the J *Dun and Bradstreet* case *supra* at 218 CORBETT J referred to the fact that

in the cases of *Geary & Son (Pty) Ltd v Gove (supra)* and *Combrinck v De Kock* (1887) 5 SC 405 emphasis was placed upon criteria such as fairness and honesty in competition and said:

"Fairness and honesty are themselves somewhat vague and elastic terms but, while they may not provide a scientific or indeed infallible guide in all cases to the limits of lawful competition, they are relevant criteria which have been used in the past and which, in my view, may be used in the future in the development of the law relating to competition in trade."

See also *Stellenbosch Wine Trust Ltd and Another v Oude Meester Group Ltd; Oude Meester Group Ltd v Stellenbosch Wine Trust Ltd and Another* 1972 (3) SA 152 (C) at 161G-H. In judging of fairness and honesty, regard is had to *boni mores* and to the general sense of justice of the community (cf *Atlas Organic Fertilizers (Pty) Ltd v Pikkewyn Ghwano (Pty) Ltd and Others* 1981 (2) SA 173 (T) at 188-189 and the cases there cited, and *Lorimar Productions Inc and Others v Sterling Clothing Manufacturers (Pty) Ltd; Lorimar Productions Inc and Others v OK Hyperama Ltd and Others; Lorimar Productions Inc and Others v Dallas Restaurant* 1981 (3) SA 1129 (T) at 1152-1153). Van der Merwe and Olivier *Die Onregmatige Daad in die Suid-Afrikaanse Reg* 5th ed at 58 note 95 rightly emphasize that

"die regsgevoel van die gemeenskap" opgevat moet word as die regsgevoel van die gemeenskap se regsbeleidmakers, soos Wetgewer en Regter".

E While fairness and honesty are relevant criteria in deciding whether competition is unfair, they are not the only criteria. As pointed out in the *Lorimar Productions* case *ubi cit*, questions of public policy may be important in a particular case, eg the importance of a free market and of competition in our economic system.

F In the present case it seems that MULLINS J's conclusion that Schultz's conduct amounted to unfair competition was based, in part, on the application of principles extracted from *dicta* in the English cases of *Saltman Engineering Co Ltd v Campbell Engineering Co Ltd* [1948] 65 RPC 203 (CA) at 215 and *Terrapin Ltd v Builders' Supply Co (Hayes) Ltd* 1960 RPC 128, which were quoted and applied in *Harvey Tiling Co (Pty) Ltd v Rodomac (Pty) Ltd and Another* 1977 (1) SA 316 (T).

G The English judgments applied the broad principle of the English law of equity that he who has received information in confidence shall not take unfair advantage of it. In the *Dun and Bradstreet* case *supra* it was held at 213-215 that the equitable cause of action based on breach of confidence which is available in England does not exist in our law; but that does not mean that the misuse of confidential information in order to advance one's own business interests and activities at the expense of a competitor's may not constitute a wrongful act in the context of an action for unlawful competition. See the *Dun and Bradstreet* case *supra* at 221C-E; and compare *Stellenbosch Wine Trust Ltd and Another v Oude Meester Group Ltd (supra)* at 162. See also *Prok Africa (Pty) Ltd and Another v NTH (Pty) Ltd and Others* 1980 (3) SA 687 (W) at 696.

I In the case of *Harvey Tiling (supra)*, it is clear that, although there was no clear statement in the summons to that effect, the cause of action was unfair competition. The first defendant, Rodomac, manufactured a tile in competition with that manufactured by the plaintiff, Harvey Tiling. The second defendant, Roux, had been employed as Harvey Tiling's works J

A manager, but left its service and became a 33<sup>1</sup>/<sub>3</sub>% shareholder and managing director of Rodomac. The plaintiff's case as alleged in the summons was that Rodomac was manufacturing tiles according to a process that was the same as Harvey Tiling's process, and that the two defendants had always used and were using Harvey Tiling's know-how which they had wrongfully misappropriated. It was in these circumstances that counsel on both sides were agreed that the legal principles which were applicable were those stated in the English cases. (See at 321G.)

MULLINS J stated the following as a test of confidentiality: "Information reasonably useful to a competitor, ie to gain an advantage over the holder of such information, may generally be regarded as confidential" and added,

"I consider that the same considerations apply to cases where trade information is obtained from sources other than through an employee." (See at 577B-C.) Having quoted from the judgment of Lord GREENE MR in the *Saltman Engineering* case, he indicated that he was "applying these principles to the present case".

In my opinion, the learned Judge erred in this regard. Where nothing is said between the parties to a communication in regard to confidentiality, the criterion referred to will be relevant to the question whether it was confidential. But it is of the essence that the communication should be of secret or private matters. To be confidential, the information must "have the necessary quality of confidence about it, namely, it must be something which is not public property and public knowledge".

(Per Lord GREENE MR in the *Saltman Engineering* case at 215.) The design of the Butt-Cat hull was in the public domain: there was nothing confidential about it.

In my view, therefore, the decision of the Court *a quo* cannot be sustained insofar as it is based on the misuse of confidential information.

That, however, was not the only basis of MULLINS J's decision. He said at 579D-F:

"Admittedly in the *Dun and Bradstreet* case the information was distributed by the plaintiff to its clients on a confidential basis. I do not regard this however as the sole *ratio decidendi* of the judgment. The sale of an object such as a boat inevitably releases the design thereof, and *in casu* the hull, to the purchaser. This does not entitle the purchaser or anyone else, in my view, to make a mould therefrom and to copy that hull for commercial purposes. A rival manufacturer is entitled to examine hulls designed by his competitor, and to incorporate *in his own design* what he regards as the most desirable features thereof. He may not, however, in my view, copy such hull, the product of another's inventiveness and experience, in a manner which does not require him to apply his mind to such design or to exercise his own inventiveness and experience, even if he only uses it as a starting point and makes modifications thereto."

And at 580E-F:

"There is no question of granting applicant a monopoly in regard to the design of his hull. Anyone is entitled to design a hull with similar features. What applicant is entitled to be protected against is the use by first respondent of applicant's hull *as a starting point*. First respondent must start from the beginning, not on the second or third rung of the ladder. Applicant is not entitled to be protected against another person evolving his own design similar to that of applicant, or even against the copying of his design, but he is entitled to be protected against the use of one of his hulls to form a mould, with or without modification. See Callman on *Unfair Competition* para 4.60."

Counsel for Schultz submitted that the main question in the appeal was whether the copying of something which was not protected by the Copyright Act, the Patents Act or the Designs Act, can be unfair or unlawful.

If that would be the main question the answer would be clear. Anyone may ordinarily make anything produced by another which is in the public domain: One may freely and exactly copy it without his leave and without payment of compensation. So, in *Steers v Rogers* [1893] AC 232 (10 RPC 245 (HL)), where Lord HERSCHELL LC, having said (at 251) that a patent does not confer upon the patentee a right to manufacture according to his invention, continued:

"That is a right which he would equally effectually have if there were no Letters Patent at all — only in that case all the world would equally have the right. What the Letters Patent confer is the right to exclude others from manufacturing in a particular way and from using a particular invention." See also *John Waddington Ltd v Arthur E Harris (Pty) Ltd* 1968 (3) SA 405 (T) at 407-408.

But the question to be decided in this case is not whether one may lawfully copy the product of another but whether A, in making a substantially identical copy, with the use of B's mould, of an article made by B, and selling it in competition with B, is engaging in unfair competition.

This question has not arisen in any previous case in South Africa. Nor do cases decided in England provide any assistance, since it appears that English law does not recognize an independent tort of unfair competition. (See the judgment of POWELL J sitting in the Supreme Court of New South Wales which is included in the report of *Cadbury-Schweppes (Pty) Ltd v The Pub Squash Co Ltd* 1981 RPC 429 (PC)\* at 461-464.) Some guidance is however to be obtained from the decision of the United States Supreme Court in *International News Service v The Associated Press* (1918) 248 US 215, a case which was considered by CORBETT J in the *Dun and Bradstreet* case *supra* at 219-221. In that case the Court held by a majority that it constituted unfair competition in trade for the defendant news agency to appropriate news gathered by the plaintiff news agency for the purpose of selling it to the defendant's clients. PITNEY J, who wrote the opinion of the Court, said at 239-240:

"The right of the purchaser of a single newspaper to spread knowledge of its contents gratuitously, for any legitimate purpose not unreasonably interfering with complainant's right to make merchandise of it, may be admitted; but to transmit that news for commercial use, in competition with complainant — which is what defendant has done and seeks to justify — is a very different matter. In doing this, defendant, by its very act, admits that it is taking material that has been acquired by complainant as the result of organization and the expenditure of labor, skill and money, and which is saleable by complainant for money, and that defendant in appropriating it and selling it as its own is endeavouring to reap where it has not sown, and by disposing of it to newspapers that are competitors of complainant's members is appropriating to itself the harvest of those who have sown. Stripped of all disguises, the process amounts to an unauthorized interference with the normal operation of complainant's legitimate business precisely at the point where the profit is to be reaped, in order to divert a material portion of the profit from those who have earned it to those who have not; with special

\*Reported also at [1981] 1 All ER 213, but the trial Court's judgment is not included in that report — Eds.



A advantage to defendant in the competition because of the fact that it is not burdened with any part of the expense of gathering the news. The transaction speaks for itself, and a court of equity ought not to hesitate long in characterizing it as unfair competition in business."

A reversal of this approach occurred in two cases decided in 1964: *Sears, Roebuck & Co v Stiffel Co* 376 US 225 and *Compco Corporation v Day-Brite Lighting Inc* 376 US 234. In *Sears'* case the question was whether a State's unfair competition law can, consistently with the federal patent laws, impose liability for or prohibit the copying of an article which is protected by neither a federal patent nor a copyright. It was stated in the opinion of the Court (at 231-232):

C "In the present case the 'pole lamp' sold by Stiffel has been held not to be entitled to the protection of either a mechanical or a design patent. An unpatentable article, like an article on which the patent has expired, is in the public domain and may be made and sold by whoever chooses to do so. What Sears did was to copy Stiffel's design and to sell lamps almost identical to those sold by Stiffel. This it had every right to do under the federal patent laws. That Stiffel originated the pole lamp and made it popular is immaterial. 'Sharing in the goodwill of an article unprotected by patent or trade-mark is the exercise of a right possessed by all — and in the free exercise of which the consuming public is deeply interested' . . . To allow a State by use of its law of unfair competition to prevent the copying of an article which represents too slight an advance to be patented would be to permit the State to block off from the public something which federal law has said belongs to the public."

E What the Court decided was a constitutional question. It did not deal at all with the question whether *Sears'* conduct amounted to unfair competition. The case has therefore no bearing on the present problem.

F The way in which unfair copying had been dealt with in Western European countries is of interest. Some examples are given in Christine Fellner *The Future of Legal Protection for Industrial Designs* (ESC Publishing Ltd, Oxford, 1985):

G "319 On 9 November 1978 a plaintiff complained to the Court of Appeal at Ghent about slavish copying of his advertisements for carpets. He did not allege copyright infringement, but said that he had originated the theme of bare feet on a carpet suggesting a feeling of pleasant comfort, and had used and developed this theme for many years at considerable cost. The defendant had, the Court found, taken care to avoid confusion but had taken advantage of this original 'theme', and there was substantial similarity of presentation. An injunction was granted, based entirely on the 'parasitic' exploitation of the investment and ideas of another. Confusion was not necessary. . . ."

H "471 A further recognised type of unfair competition is the direct misappropriation ('unmittelbare Leistungsübernahme') of the work of another by using his artefact as a mould or prototype for the competitor's own product. This principle was used to combat pirate record pressing before the existence of 'mechanical copyright' in records. Recent examples include the copying of a plastic boat by using the competitor's boat as a mould and the copying by direct casting of carefully selected sets of 'off the peg' false teeth. The unfairness here resides in the *method* of copying; the defendant is taking the fruits of the plaintiff's money, skill and labour intact, without investing any of his own. Where this is not the case, the action will not lie. . . ."

I See also Van Heerden and Neethling *Onregmatige Mededinging* at 144-145.

J *Fellner* (op cit at 200) refers to the ways in which "foreign jurisdictions selectively control slavish imitation through their unfair competition laws", saying:

"In the absence of specific industrial property rights, by no means all copying is prohibited; but where it is felt to be 'unfair', the law will provide a remedy. As well as the fact of copying, the judge can consider the scale of the plaintiff's initial investment, the originality and commercial success of his product, the ease with which it was copied, the technical and commercial feasibility of product differentiation, and the economic sense or nonsense of requiring investment in redesigning a satisfactory product from scratch. He can also scrutinise the behaviour of the parties, taking account, for example, of any unfairness in the way information was obtained, impropriety of motive, and dubious marketing practices, including public deception. His aim is to reach a decision which is fair as between the parties while paying due regard to the public's interest in free, as well as fair, competition. In certain jurisdictions at least he can grant a remedy which is tailored to the facts, such as a limited injunction or damages only."

C In my view the principles enunciated in the *International News Service* case, and the principles appearing from the passages quoted from *Fellner*, are generally in accordance with the broad equitable approach adopted by South African Courts in unfair competition cases.

D The question then is, what is the result of the application of these principles to Schultz' conduct? In the American case of *American Safety Table Co Inc v Schreiber* (1959) 269 F 2nd 255 it was said at 271-272:

E ". . . (At) first glance it might seem intolerable that one manufacturer should be allowed to sponge on another by pirating the product of years of invention and development without licence or recompense and reap the fruits sown by another. Morally and ethically such practices strike a discordant note. It cuts across the grain of justice to permit an intruder to profit not only by the efforts of another but at his expense as well."

However, this initial response to the problem was curbed in deference to the greater public good:

F "For imitation is the life blood of competition. It is the unimpeded availability of substantially equivalent units that permits the normal operation of supply and demand to yield the fair price society must pay for a given commodity . . . Unless such duplication is permitted, competition may be unduly curtailed with the possible resultant development of undesirable monopolistic conditions. The Congress, realizing such possibilities, has therefore confined and limited the rewards of originality to those situations and circumstances comprehended by our patent, copyright, and trademark laws. When these statutory frameworks are inapplicable, originality *per se* remains unprotected and often unrewarded. For these reasons and with these limitations the bare imitation of another's product, without more, is permissible. And this is true regardless of the fact that the Courts have little sympathy for a wilful imitator."

G One's initial response to Schultz' conduct in the present case is no different. There can be no doubt that the community would condemn as H unfair and unjust Schultz' conduct in using one of Butt's hulls (which were evolved over a long period, with considerable expenditure of time, labour and money) to form a mould with which to make boats in competition with Butt. He went further. Having trespassed on Butt's field, he added impudence to dishonesty by obtaining a design registration in his own I name for the Butt-Cat hull, with the object no doubt of forbidding the field to other competitors.

J In South Africa the Legislature has not limited the protection of the law in cases of copying to those who enjoy rights of intellectual property under statutes. The fact that in a particular case there is no protection by way of patent, copyright or registered design, does not license a trader to J

A carry on his business in unfair competition with his rivals. In my view there is not in the present case any sufficient countervailing public interest to displace one's initial response to Schultz' methods of competition.

In my opinion, therefore, MULLINS J was right in his conclusion that Schultz' conduct amounted to unfair competition, against which Butt was B entitled to be protected.

Infringement of copyright

It is common cause that Butt is the "author" of the Butt-Cat hull and that he is a "qualified person" in terms of s 3 (1) of the Copyright Act 98 of 1978.

C In terms of s 2 (1) (c) of the Act, "artistic works" are eligible for copyright if they are original. Prior to the amendment of s 1 (1) of the Act by s 1 (a) of the Copyright Amendment Act 66 of 1983 (which came into force on 17 October 1983) "artistic work" was defined as meaning *inter alia*:

D "(c) works of artistic craftsmanship not falling within either para (a) or (b)". By the amendment a new para (c) was substituted, namely, "(c) works of artistic craftsmanship, or works of craftsmanship of a technical nature, not falling within either para (a) or (b)".

It is common cause that the Butt-Cat hull is a "work of craftsmanship of a technical nature" falling within para (c). As such it became eligible E for copyright for the first time in October 1983.

It was submitted on behalf of Schultz that:

- (a) The 1983 amendment did not create copyright retrospectively. Consequently there was no copyright in the Butt-Cat plug, mould and hulls because they had been made before 17 October 1983.
- F (b) In any event, there could have been no infringement of copyright before 17 October 1983.
- (c) By virtue of s 43 (a) (ii) of the Act, there was no copyright in the Butt-Cat plug, mould and hulls because such copyright did not subsist prior to 11 September 1965.

G Schultz' counsel did not press submission (a) with any conviction. That was not surprising in view of the provisions of s 43 of the Act:

"43. This Act shall apply in relation to works made before the commencement of this Act as it applies in relation to works made thereafter: provided that —

- (a) . . . nothing in this Act contained shall —
- H (i) .....
- (ii) be construed as creating any copyright which did not subsist prior to 11 September 1965 . . ."

I It follows that, if the substituted para (c) of the definition of "artistic work" had been included in the definition of that expression in the 1978 Act, there could have been no doubt that it would have operated retroactively. And the mere fact that it was substituted by amendment in 1983 cannot have a different result.

J Butt's counsel did not quarrel with submission (b). Clearly any copying by Schultz before 17 October 1983 was not an infringement because prior to that date no copyright existed in respect of works of craftsmanship of a technical nature, and there is nothing in the 1983 amendment which makes conduct unlawful which was lawful when it was committed.

In regard to submission (c): if the hull acquired by Schultz from Beary was made from a mould or plug created prior to 11 September 1965, Butt had no copyright therein. The probability is, however, that the Beary hull was made from the plug and mould which Butt created in 1978. The 1978 plug was "original", not, it is true, in the sense of being the first work of that type which was created, but in the copyright sense of originating from the author. Even though it was developed from and resembled the original plug, it was in itself a "work of craftsmanship of a technical nature", in which Butt owned the copyright.

In terms of s 7 of the Act, copyright in an artistic work vests in the owner of the copyright the exclusive right *inter alia* of reproducing the work in any manner or form, and of making an adaptation thereof. It is clear that Schultz infringed that right subsequently to 17 October 1983, and consequently a declaratory order in terms of para 3 of the order made by the Court *a quo* was properly granted.

Cancellation of registered design

In terms of s 10 (2) of the Designs Act 57 of 1967, "10 (2) At any time after a design has been registered any person interested may apply to the Court for the cancellation of the registration of the design on any of the following grounds, namely

- (a) that the design was not new or original;
- (b) that the applicant for registration was not the proprietor; or
- (c) that the application was in fraud of the proprietor,

....."

In design No 83/0647, the boat is represented in plan, side and front views: design No 83/0645 is for a boat hull, which is the same as the hull of the boat represented in design No 83/0647. Design No 83/0646 is for a window structure for a boat, which is the same as the window structure represented in design No 83/0647.\*

It is conceded that the registration of design No 83/0645, in respect of a boat hull, was properly cancelled on the ground that the design was not new or original at the effective date. In my opinion the registration was also liable to cancellation on grounds (b) and (c). Butt, not Schultz, was the author of the design and hence the proprietor within the definition in s 1 (1) of the Act. Schultz' declaration that he was the proprietor was to his knowledge untrue and he made it with the intention of procuring a registration to which he was not entitled.

The registration of design No 83/0646 was not attacked and no order was made in regard thereto.

In regard to design No 83/0647, cancellation of registration was claimed on the ground that it was not new or original.

In terms of s 4 (2) of the Act, a design shall be deemed to be a new or original design if, on or before the date of application for registration thereof, such design or a design not substantially different therefrom, was not "(a) used in the Republic".

The general concept of a "design" was discussed in the judgment of this Court in *Homecraft Steel Industries (Pty) Ltd v S M Hare & Son (Pty) Ltd and Another* 1984 (3) SA 681 (A) at 690D-692H. As appears therefrom, the elements of design are pattern, shape, configuration or ornamenta-

\*The designs are reproduced at the end of the judgment at pages 689-91 — Eds.

A tion; and for the external appearance of any article to be registrable as a design there must be something special, peculiar, distinctive, significant or striking about its pattern, shape, configuration or ornamentation, something which catches the eye — and in this sense appeals to the eye — and which distinguishes the article from others of its type and class.  
B Moreover, the proviso to the definition of “design” excludes from consideration (i) any feature in so far as such feature is dictated solely by the function which the article is intended to perform and (ii) any method or principle of construction. As was observed in that case (at 692D):

C “The visual criterion is, of course, of cardinal importance not only in determining whether a design meets the requirements of the definition, but also in deciding questions of novelty and infringement.”  
The question whether a design is novel and original is thus a question of fact to be decided by the eye, upon comparison between the registered design and an alleged anticipation.

D What has to be considered here is a comparison between design No 83/0647 and the design of a boat which differs only in respect of the window structure.

E It may be accepted for the purposes of the present case that the design of Schultz’ window structure was new or original. But that is not sufficient to justify a finding in his favour. In *Re Clarke’s Registered Design* [1896] 13 RPC 351 LINDLEY LJ said at 360 lines 28-30:

“Where a design is composed of old parts and is registered, the design, as one whole, is what is protected; not the design for some or one of the component parts taken separately from any of the others, and it is not necessary to distinguish what is old from what is new.”

F Compare what CHITTY J said in *Walker & Co v A G Scott & Co Ltd* [1892] 9 RPC 482 at 485 lines 50-55:

“The design may be valid within the Act although all the parts are old except some particular part only which is new or original. The novelty or originality of the particular part may be sufficient to impart the character of novelty and originality to the whole.”

G Where the novel part of a design is nothing more than an ordinary trade variant, it is insufficient to impart that character. See *Phillips v Harbro Rubber Co* [1920] 37 RPC 233 at 240 lines 31-36. Lord MOULTON said (*ubi cit* at lines 9-13):

“The working world, as well as the trade world, is entitled at its will to take, in all cases, its choice of ordinary trade variants for use in any particular instance, and . . . no registration of a design can prevent an ordinary workman from using or not using trade knowledge of this kind.”

H The window structure of a sea-going ski-boat is the equivalent of the wheel-house of a larger boat — its function is to provide some protection to the occupants against wind and spray. Basically its design is determined by that function, and variants are matters of taste or choice in the trade. That such variants are numerous is evident from the copies of illustrations from publications annexed to Schultz’ affidavit.

I In my opinion, Schultz’ window structure is no more than an ordinary trade variant of window structures in common use in the boat-building trade. As such, its introduction cannot make the design of the boat new or original. If it were otherwise, one would have the absurd position that anybody could obtain registration of the design of a boat comprising a Butt-Cat hull and a variant of a window structure. The observations of  
J

ASTBURY J in *Allen West & Co Ltd v British Westinghouse Electric and Manufacturing Company Ltd* [1916] 33 RPC 157 are apposite. The learned Judge said at 162 lines 27-40:

“The encouragement given by the patent law to those who produce new and useful inventions, and by the law relating to designs to those who produce new and original designs, is primarily to advance our industries, and keep them at a high level of competitive progress; but in administering these provisions it is, I think, most important to bear in mind the fact that they are not intended, and ought not to be allowed, to paralyse or impede the natural and normal growth and development of the manufactures which they are intended to benefit. I think this case ought to be determined upon the question whether the difference in the registered design of the right-angled finger support is or is not sufficient to make it an original design with the meaning of the Act, or, whether, on the contrary, it is not an ordinary and natural alteration of the shape of a known article for the purpose of fitting it into a case or apparatus in which it is desired that it shall work.”

And at 164 line 46-165 line 15:

D “In *Le May v Welch* (L R 28 ChD 34) Lord Justice BOWEN said: ‘It is not every mere difference of cut,’ — he was speaking of collars — ‘every change of outline, every change of length, or breadth, or configuration, in a simple and most familiar article of dress like this, which constitutes novelty of design. To hold that would be to paralyse industry and to make the Patents, Designs and Trade Marks Act a trap to catch honest traders.’ There must be, not a mere novelty of outline, but a substantial novelty in the design having regard to the nature of the article. Lord Justice FRY said: ‘It has been suggested by Mr *Swinfen Eady* that unless a design precisely similar, and in fact identical, has been used or been in existence prior to the Act’ — prior to the date of registration I think it ought to be — ‘the design will be novel or original. Such a conclusion would be a very serious and alarming one, when it is borne in mind that the Act may be applied to every possible thing which is the subject of human industry, and not only to articles made by manufacturers, but to those made by families for their own use. It appears to me that such a mode of interpreting the Act would be highly unreasonable, and that the meaning of the words “novel or original” is this, that the design must either be substantially novel or substantially original, having regard to the nature and character of the subject-matter to which it is to be applied.’”

E My conclusion is that design No 83/0647 was not novel or original, and that MULLINS J was correct in ordering the cancellation of the registration.  
G

Form of order

It was submitted on behalf of Schultz that paras 1 and 2 of the order made by the Court *a quo* were too wide.

H I agree that the order should be amended to make it clear that the interdict relates solely to the Butt-Cat hull (which was the only hull in issue in the application), and that the order for delivery up in para 2 should relate solely to the period after 17 October 1983.

I In the result the appeal will be dismissed except insofar as it relates to the amendments of the order. This is a matter which occupied very little time at the hearing of the appeal, and I do not think that Schultz’ limited success in this regard calls for any special order in regard to costs.

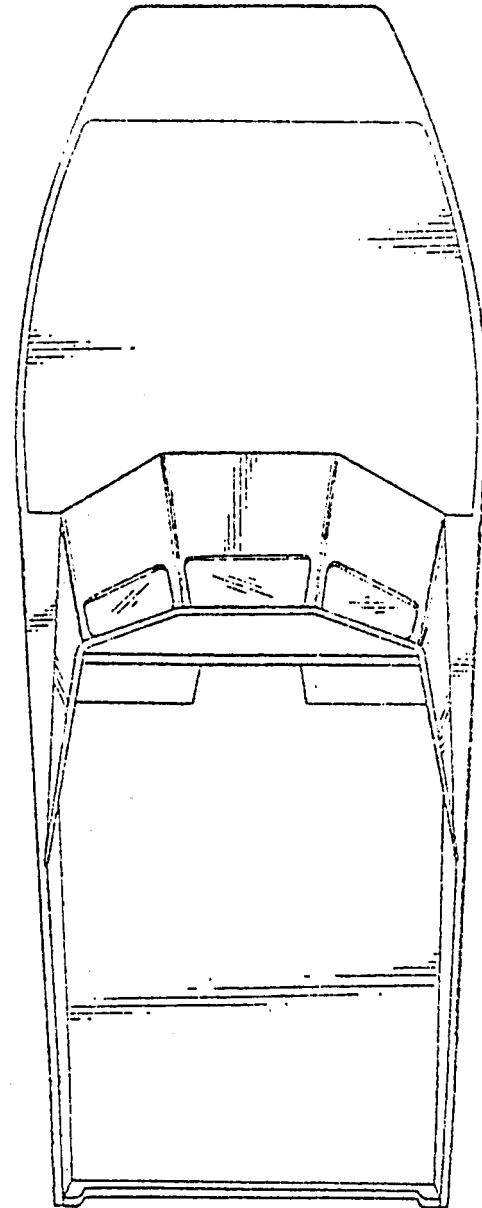
The following order is made:

1. Paragraphs 1 and 2 of the order of the Court *a quo* are amended to read:  
“1. The first respondent is interdicted and restrained  
(a) from using  
J

- A (i) any Butt-Cat hull, with or without adaptations or modifications, manufactured by applicant; or  
 (ii) any mould, with or without modifications, made from such hull manufactured by applicant  
 for the purpose of manufacturing catamaran hulls in the course of first respondent's trade or business.
- B (b) from selling or otherwise disposing of in the course of trade any catamaran boat or hull presently in his possession manufactured from any hull or mould referred to in para (a) above.
- C 2. The first respondent is ordered to deliver up to the deputy sheriff for destruction any moulds or hulls presently in his possession which have since 17 October 1983 been manufactured, with or without adaptations or modifications from a Butt-Cat hull manufactured by applicant."
- D 2. Save as aforesaid the appeal is dismissed with costs, including the costs of two counsel.

CORBETT JA, HOEXTER JA, BOSHOF JA and NESTADT AJA concurred.

E Appellant's Attorneys: *Neville Borman & Botha*, Grahamstown; *McIntyre & Van der Post*, Bloemfontein. Respondent's Attorneys: *Wheeldon, Rushmere & Cole*, Grahamstown; *Webber & Newdigate*, Bloemfontein.

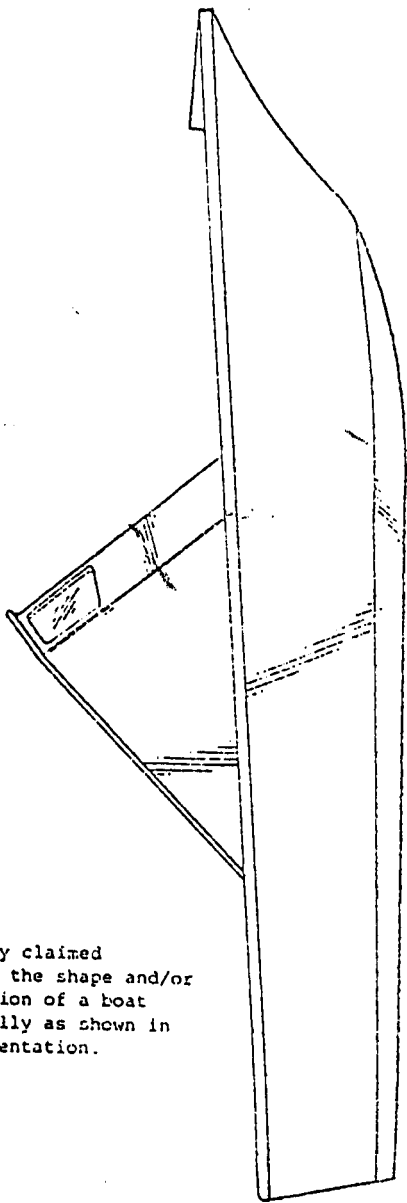


Plan View

The novelty claimed resides in the shape and/or configuration of a boat substantially as shown in the representation

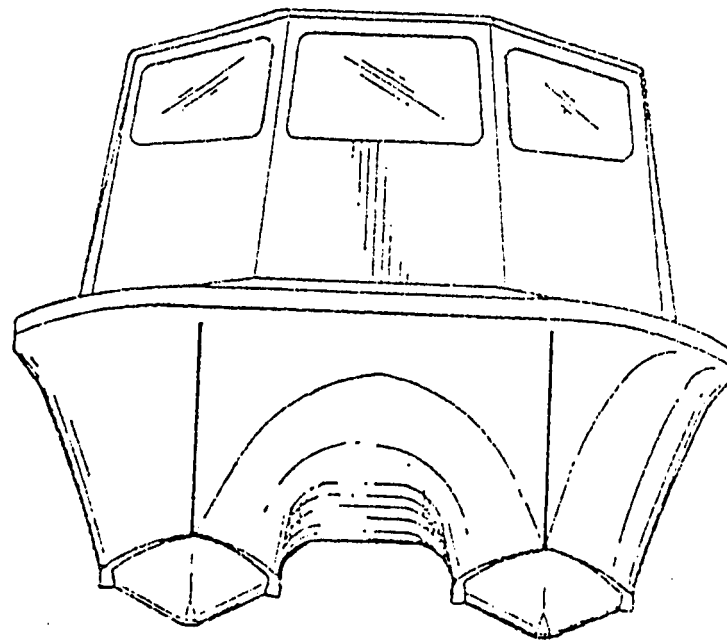
ADAMS & ADAMS  
APPLICANTS PATENT ATTORNEYS

A



Side View

The novelty claimed resides in the shape and/or configuration of a boat substantially as shown in the representation.



Front View

The novelty claimed resides in the shape and/or configuration of a boat substantially as shown in the representations.