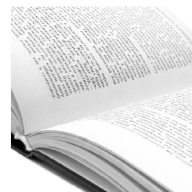


department of mercantile law

# PATENT and COPYRIGHT **LAW** only study guide for LML401N



university of south africa, pretoria

© 2004 University of South Africa

Revised edition 2008

All rights reserved

Printed and published by the  
University of South Africa  
Muckleneuk, Pretoria

LML401N/1/2009–2011

98331450

3B2

# CONTENTS

---

	<i>Page</i>
<b>Preface</b>	<b>vii</b>
<b>Study Unit 1</b> <i>The nature of the law of intellectual property</i>	<b>1</b>
1.1 Introduction	1
1.2 Bibliography	1
1.3 The concept “subjective right”	1
1.4 Theories advanced to explain the nature of intellectual-property rights	3
1.4.1 The privilege theory	3
1.4.2 The social-contract theory	5
1.4.3 The theory of the natural right of the creator of mental products	6
1.4.4 The ownership theory	6
1.4.5 The theory of personality rights	7
1.4.6 The theory of “immaterial” -property rights	9
1.5 The restricted duration of intellectual-property rights	10
<b>Study Unit 2</b> <i>The law of patents</i>	<b>13</b>
2.1 Introduction	13
2.2 Bibliography	13
2.3 Historical overview	13
2.4 The Patents Act 57 of 1978	17
2.4.1 Administrative institutions	17
2.4.2 What can be patented?	17
2.4.2.1 The term “invention”	17
2.4.2.2 Novelty	20
2.4.2.3 Inventive step	29
2.4.2.4 Utility	30
2.4.3 The application for a patent	32
2.4.3.1 The applicant	32
2.4.3.2 Application procedure	35
2.4.3.3 Examination of the application	38
2.4.3.4 Acceptance, grant and sealing	38
2.4.4 Opposition and revocation	39
2.4.5 The effect and duration of a patent	40
2.4.6 Amendment of a specification and correction of the register and other documents	42
2.4.7 Licensing of patents	43
2.4.7.1 Voluntary licences	43
2.4.7.2 Compulsory licences	44
2.4.7.3 Licences of right	46

2.4.8	Assignment, attachment and hypothecation of patent rights	47
2.4.9	Miscellaneous matters relating to patents and patent applications	48
2.4.10	Infringement of patent rights	48
2.4.10.1	Acts of infringement	48
2.4.10.2	Establishing infringement	50
2.4.10.3	Infringement proceedings	52
2.4.10.4	Civil remedies	52
2.4.10.5	Special remedies	53
2.4.10.6	Defences against patent infringement actions	54
2.4.10.7	Further aspects of infringement	56
2.4.11	The patentee and the state	56
2.4.12	Jurisdiction and appeal	57
2.4.12.1	Jurisdiction	57
2.4.12.2	Appeal	57
2.4.13	International Instruments	58
2.4.13.1	Paris convention	58
2.4.13.2	The Patent Cooperation Treaty	58

<b>Study Unit 3</b>	<b><i>The law of copyright</i></b>	<b>60</b>
3.1	Introduction	60
3.2	Bibliography	60
3.3	The Copyright Act 98 of 1978	62
3.4	Copyright defined	63
3.5	Copyright as subjective right: its legal subject and object	66
3.6	The objects of copyright	68
3.6.1	Literary works	69
3.6.2	Musical works	70
3.6.3	Artistic works	70
3.6.4	Cinematograph films	71
3.6.5	Sound recordings	71
3.6.6	Broadcasts	71
3.6.7	Programme-carrying signals	72
3.6.8	Published editions	72
3.6.9	Computer programs	72
3.7	The requirements for the subsistence of copyright	73
3.7.1	Inherent requirements	73
3.7.1.1	Originality	73
3.7.1.2	Material embodiment	78
3.7.2	Formal requirements	78
3.7.2.1	Author a qualified person	78
3.7.2.2	Works first published or made in a member of the World Trade Organization	80
3.7.2.3	Works made by or under the control of the state	80
3.8	Duration of copyright	82
3.8.1	Literary, musical and artistic works	82
3.8.2	Cinematograph films, photographs and computer programs	82

3.8.3	Sound recordings	83
3.8.4	Broadcasts	83
3.8.5	Programme-carrying signals	83
3.8.6	Published editions	83
3.8.7	Anonymous and pseudonymous works	83
3.8.8	Works of joint authorship	83
3.8.9	Works made by, or under, the control of the state	83
3.9	The nature of copyright	84
3.9.1	The nature of copyright in literary or musical works	84
3.9.2	The nature of copyright in artistic works	86
3.9.3	The nature of copyright in cinematograph films	86
3.9.4	The nature of copyright in sound recordings	87
3.9.5	The nature of copyright in broadcasts	87
3.9.6	The nature of copyright in programme-carrying signals	88
3.9.7	The nature of copyright in published editions	88
3.9.8	The nature of copyright in computer programs	88
3.10	Authorship and the first ownership of the copyright in a work	89
3.10.1	The author	90
3.10.2	The first owner of copyright	91
3.11	Infringement of copyright	94
3.11.1	Direct infringement	94
3.11.2	Indirect infringement	97
3.11.3	Distinguishing between direct and indirect infringement	99
3.12	The curtailment of copyright: statutory defences to copyright infringement	102
3.12.1	Fair dealing	103
3.12.2	Judicial proceedings	105
3.12.3	Quotations	105
3.12.4	Illustrations for teaching	105
3.12.5	Reproduction for broadcast	108
3.12.6	Reproduction for informatory purposes	108
3.12.7	Reproduction of articles on current economic, political or religious topics	108
3.12.8	Official texts of legislative, administrative or legal nature	109
3.12.9	<i>Bona fide</i> demonstration of radio or television receivers	109
3.12.10	Broadcast of a film incorporating a literary work	109
3.12.11	Reproduction permitted by regulation	110
3.12.12	Special exemption in respect of records of musical works	110
3.12.13	Inclusion of artistic works in film or television broadcasts; reconstruction of works of architecture	110
3.12.14	Reverse engineering of three-dimensional reproductions of artistic works	111

3.12.15	Distribution of excerpts of programme carried by programme-carrying signals	113
3.12.16	Backup copies of computer programs	113
3.13	Remedies for infringement of copyright	114
3.13.1	Civil remedies	114
3.13.1.1	Notional royalties	114
3.13.1.2	Additional damages	114
3.13.2	Summary remedies	116
3.13.3	Special remedies	116
3.13.3.1	Action for infringement of an author's moral rights	116
3.13.3.2	Protection of confidential information	118
3.13.3.3	Action for passing off	119
3.13.4	Presumptions	120
3.13.4.1	Presumptions in respect of originality	120
3.13.4.2	Presumptions in respect of the subsistence of copyright	120
3.13.5	Attachment <i>ad fundandum jurisdictionem</i>	120
3.14	Assignment and licences in respect of copyright	122
3.15	Conventions	125
3.16	Miscellaneous provisions	126
3.16.1	Copyright tribunal	126
3.16.2	Retrospective application of the Act	127
3.16.3	Application to a work made before the commencement of the Act	127
3.16.4	Time when a work is made	127
3.16.5	Regulation and control of circulation, presentation or exhibition of works	127
3.16.6	Regulation and control of the reproduction or adaptation of artistic works	127

<b>Study Unit 4</b>	<b><i>Remedies in civil actions</i></b>	<b>129</b>
4.1	Introduction	129
4.2	Damages	129
4.3	Interdicts	131
4.3.1	Interim interdicts	131
4.3.2	Final interdicts	132
4.4	Delivery up	132
4.5	Anton Pillar orders	134

# PREFACE

---

In this module we will be studying patents and copyright. Both are classified as intellectual property rights. Before we take a closer look at intellectual property rights, we want to remark briefly on the term “intellectual property”: some people object to the use of terms such as “intellectual property” and “intellectual-property rights” in English. They prefer the terms “immaterial property” and “immaterial-property rights”. Although the terms “immateriële goed” and “immaterieelgoedereregte” are fully accepted in Afrikaans, the terms “immaterial property” and “immaterial-property rights” are foreign to the legal terminology of the English-speaking world. In this study guide, we will therefore be using the internationally accepted terms “intellectual property” and “intellectual-property rights”.

We will therefore start with a brief discussion of the origin and nature of intellectual property rights. After that, we will discuss the law of patents and then the law of copyright. Lastly, we will briefly examine the civil remedies available when these rights are infringed.

As you go through this study guide, you will see that we sometimes use very formal language to explain the various concepts to you. The reason for this is twofold: firstly, we expect students at your level to be able to deal with legal terminology and, secondly, because both of the subjects dealt with in this course are regulated by statute we have, as far as possible, used the same language as that used in the statutes. It is therefore very important that you actually go through the fictional scenarios we set and the readings and activities based on that scenario. This will, we hope, make both the language and the content of this module more accessible to you.

The feedback on the activities does not always provide direct answers; instead, it often makes suggestions and provides guidelines that will enable you to assess your own progress. The readings merely serve as guidance on how to read cases, and do not cover all the prescribed cases. Please do not focus exclusively on the cases discussed in the readings.

Important: remember that patent law and the law of copyright can sometimes overlap. This will become evident as you work through the study guide.

## SETTING THE SCENE

Vusi, an immigrant from Namibia, tells you that, for many years, his late father made a beauty cream and sold it with considerable commercial success to his fellow villagers in a remote Namibian village. He never divulged the composition of the cream to anyone. One of its ingredients, however, was definitely a powder derived from a milk culture grown amidst much secrecy by the villagers. Shortly before his death, he wrote to Vusi, who by then had settled in South Africa. In his letter, Vusi’s late father gave him the composition of the cream so that Vusi could start selling the cream in South Africa and thus make a new life for himself.

Apart from its conventional cosmetic function, Vusi claims that the cream can reverse the ageing process, and that it operates as a powerful

aphrodisiac. Vusi has been working in secret with Thandi, a friend, to set up a small manufacturing process for making the cream. Thandi, a computer expert, designed the manufacturing process and wrote a computer program that both computerises and controls the manufacturing process.

Vusi and Thandi ask Mali, a marketing expert, to help them with the marketing of the product. According to Mali, the only way to sell a product is through attractive packaging and aggressive marketing. Mali advises Vusi and Thandi to instruct various artists to design unique jars and labels for their creams. She also tells them that they should keep a record of their costs, and a list of the retailers to whom they supply their cream, otherwise they are likely to lose track of their expenses and start operating at a loss.

On Mali's advice, Vusi and Thandi then instruct Mutu, a designer, to design a Y-shaped jar for the cream and Yvonne, a well-known artist, to decorate the jar with details from famous Renaissance paintings. They conclude a contract of employment with Bono for the design of the layout of a pamphlet in which the beneficial qualities of the cream are explained.

The scenario that you have just read will form the basis of most of the activities and explanations in this study guide; as far as patent law and the law of copyright are concerned, this scenario contains the potential for various forms of conflict.



### **ACTIVITY**

Before you continue with your study of the law of patents and copyright law, we suggest that you analyse the scenario given above once again. After you have done this, and in preparation for your study of this module, do the following three exercises.

- 1 Draw a mindmap to illustrate the different situations described in the scenario above.
- 2 Make a list of the situations. Under each situation, decide which of the ideas expressed by each of the characters are new and original. List the elements of design or innovation present in each situation that will eventually be subject to the Patents Act 57 of 1978 and the Copyright Act 98 of 1978.
- 3 Try to remember what you learned about copyright law and the law of patents in MRL201J. Which aspects of each situation suggest a potential problem relating to these two laws?

After you have made your lists, read the following discussion. This will give you feedback.



### **FEEDBACK**

Intellectual property law protects the applications of ideas and information that have commercial value. Patents are part of one category of intellectual property sometimes known as industrial property.



Patents are granted for inventions — inventions being new technological improvements that contain a certain amount of inventiveness which represents an advance on what was previously known. Patents have three main characteristics:

- (1) They are issued by a state or regional patent office.
- (2) They require that the invention be publicly described in the patent specification.
- (3) The right they accord is to prevent all others (not just actual imitators, but even those who think of the same invention independently) from using the invention for the duration of the patent.

At this stage, then, the following questions are crucial to any advice you give to Vusi:

- ◆ Is there an invention which can be patented? In this case, we have a product (the cream) and a process (the process by which the cream is manufactured).
- ◆ Is the invention new, in the sense that it has not been disclosed to the public? In this case, the cream has been sold to the public for many years with considerable commercial success. How relevant is the fact that it was only sold in a remote Namibian village? Does this mean that the invention has been disclosed?
- ◆ Is Vusi entitled to apply for a patent? He is not the inventor; his father was the inventor.
- ◆ Does the invention claim something which is against the laws of nature (reversing the ageing process) or immoral (being an aphrodisiac)?

These are the kind of questions we will ask in study unit 2, which deals with the law of patents.

Copyright is another category of intellectual property. Copyright protects original works in material form. Before a work can enjoy copyright protection, it must meet the inherent and formal requirements of protection.

At this stage, then, the following questions are crucial to any advice you give to Vusi and Thandi:

- ◆ Is there a work that falls within one of the categories listed in the Copyright Act? Here we actually have several works that could possibly enjoy protection.
- ◆ Is the particular work original AND in material form? These are the inherent requirements of protection.
- ◆ Is the author a qualified person OR was the work first made or published in the Republic? These are the formal requirements of protection.
- ◆ Who will be regarded as the author of the work? And who will be regarded as the copyright owner?

These are the kind of questions we will ask in study unit 3, which deals with the law of copyright.





# STUDY UNIT 1

## THE NATURE OF THE LAW OF INTELLECTUAL PROPERTY

---

### 1.1 INTRODUCTION

The law of intellectual property is a relatively new field of law. It became the focal point of judicial interest (particularly from the perspective of systematic classification) only in the second half of the 19th century, after the revival of trade and industry in the Western world. The law of intellectual property is concerned with the relationship between a legal subject and an immaterial legal object that has an existence outside, and independent of, any human being. In essence, then, an intellectual-property right is a subjective right, a product of a person's mind being the object of that right. Such a product could be a work of art, a work of literature, or an invention to name but a few.

Today the law of intellectual property is constantly changing as a result of the enormous technological achievements in industry and science. In the law of copyright, for example, we find that the Copyright Act 98 of 1978 expressly applies to computer programs, a legal object unheard of until fairly recently. In patent law, genetic engineering is presently a subject of heated debate; this is because the Patents Act 57 of 1978, like patent legislation in most other countries, specifically provides for patent protection of microbiological processes and products.

### 1.2 BIBLIOGRAPHY

Joubert WA *Grondslae van die Persoonlikheidsreg* (1953), particularly pages 18–27

Van Heerden HJO & Neethling J *Unlawful Competition* (1995), particularly pages 79–92

These works are not prescribed: we merely cite them as works of reference for this chapter.

### 1.3 THE CONCEPT “SUBJECTIVE RIGHT”

An intellectual-property right is, by nature, a subjective right. Before we can determine the nature of an intellectual-property right, therefore, we first should determine the meaning of the term “subjective right”. A subjective right consists in a dual relationship. On the one hand, it consists in a relationship between legal subjects (persons); on the other hand, it consists in a relationship between a legal subject and a legal object. A legal subject is the bearer of rights and obligations. A legal object is the particular legal property in respect of which the legal

subject exercises his or her rights. We can thus describe a subjective right as a right in respect of a particular legal property (legal object), which right may be enforced against third parties (other legal subjects).

The basic characteristic of a subjective right is that it relates to a legal object. A subjective right is intimately and inseparably connected to the legal object. We classify subjective rights according to the nature of the legal object to which the particular right relates. Traditionally, we divide subjective rights into the following categories:

- (1) **real rights** — those rights which have as their object some or other corporeal property unconnected with, and existing independently of, any human agency
- (2) **personal rights** (sometimes called creditors' rights) — those rights which have as their object the performance of some or other (human) act
- (3) **personality rights** — those rights which have as their object some or other incorporeal thing inseparably connected with the human personality
- (4) **intellectual-property rights** — those rights which have, as their object, some or other incorporeal property unconnected with, and existing independently of, the personality of any human agency, including that of the bearer of the rights

It has been argued that a fifth category of subjective rights should be recognised — **personal intellectual-property rights** (Neethling J “Persoonlike immaterieelgoederegte: 'n nuwe kategorie subjektiewe regte?” (1987) 50 *THRHR* 316). The legal objects of this new category include a person's earning power, creditworthiness, and the general state of his or her financial assets and effects.

Subjective rights are sometimes classified further as either absolute or relative subjective rights. Absolute subjective rights are those rights which are enforceable against the world at large, whereas relative subjective rights are enforceable *inter partes* only. Traditionally, the proponents of this classification regard the subjective rights mentioned in categories (1), (3) and (4) above as absolute, and the rights in category (2) as relative. But this distinction is untenable — every subjective right is absolute, in the sense that it must be respected by third parties. (Even a personal right arising out of a contract is protected from interference by third parties.)

The term “subjective right” is sometimes used to refer to each and every power or privilege derived from the objective legal system. In this, rather vague sense, “subjective right” may refer to any of the following:

- (1) the particular subjective right itself
- (2) the powers derived from that right
- (3) the various legal capacities enjoyed by the bearer of the right (eg contractual capacity or the capacity to act on another's behalf, as occurs when the legal subject is vested with parental authority)

Such a vague and clumsy usage of the term “subjective right” is obviously not conducive to a clear understanding of what exactly the right embraces. We should therefore distinguish between:

- (1) **legal capacities** — capacities or powers derived from legal norms but having no relationship with a legal object, such as contractual capacity
- (2) **subjective rights** — as we have already pointed out, rights which consist basically in a relationship between a legal subject and a legal object
- (3) **the content of rights** — powers derived from a subjective right and which actually constitute the content of the particular right, such as an owner's power to dispose of the thing he or she owns.

Therefore, whenever we use the term “subjective right” in this study guide, we refer to those rights that consist in a relationship between a legal subject and a legal object.

Now that we have briefly explained the meaning of the term “subjective right”, we are in a better position to take a closer look at the nature of intellectual-property rights.

## **1.4 THEORIES ADVANCED TO EXPLAIN THE NATURE OF INTELLECTUAL-PROPERTY RIGHTS**

In South Africa, as elsewhere, the main branches of the law of intellectual property are governed by legislation. For example, there are statutes regulating the position relating to patents, copyright, industrial designs, (registered) trade marks and trade names. As yet, however, the law relating to goodwill remains untouched by legislation. This means that the right to goodwill is still the most important common-law example of an intellectual-property right. In recent years some jurists have contended that confidential information, trade secrets and/or know-how should also be recognised as further examples of common-law intellectual property rights. However, the law in this respect has not yet been clearly settled, and we need to follow developments carefully.

Despite the fact that various statutes govern the law of intellectual property, these statutes tell us nothing about the true nature of an intellectual-property right. To discover something about the nature of intellectual-property rights, we must look at a number of conflicting theories. These theories owe their existence to the historical development of the law of intellectual property. We will be discussing the following theories: the privilege theory, the social-contract theory, the natural rights theory, the ownership theory, the theory of personality rights and, lastly, the theory of “immaterial”-property rights.

### **1.4.1 The privilege theory**

Those rights that can be called intellectual-property rights first appeared in 13th and 14th century England. The existence of these rights was directly related to the granting of so-called privileges by the monarch. These privileges gave someone the sole “right” to perform a particular task. (The word “right” appears here in quotation marks, since it may be argued that the privileges were more in the nature of a concession than a right; their granting was entirely dependent upon

the benevolence of the state which, in medieval times, resided in the person of the reigning monarch.) The main point, for our purposes, is that this “right” was initially granted in the fields of patent and (somewhat later) copyright law.

Other parts of the world soon followed the English example. As in England, completely arbitrary standards were adopted in the granting of privileges. Thus privileges were granted not only in respect of the products of a person’s mind, but, indeed, in respect of whatever might happen to take the sovereign’s fancy. Fortunately, in England the courts finally decided, in the early 17th century, that this undesirable practice had become intolerable. In the well-known case of *Darcy v Allein* (1602) Moore KB 671 (11 Coke 846) (perhaps better known as the Case of Monopolies) a charter or privilege, in terms of which one Darcy acquired the sole right to manufacture, sell and import playing cards in England, was declared invalid by the King’s Bench. Shortly afterwards, the practice of granting privileges was permanently abolished in 1623 by the English parliament’s passing of what is called the Statute of Monopolies. (Although this statute was confirmed by the reigning monarch only in 1624, it is customary to date it to 1623.) We will say more about this statute in 2.3 below.

At present, all we need to say is that it was only with the acceptance of the Statute of Monopolies that English intellectual-property law (especially patent law, because it was patent law which, in the first instance, was affected by the bestowal of privileges) was given a firm foundation on which it could build and develop. Today the English law of intellectual property no longer relies upon a system of privileges or, to put it another way, upon a *lex specialis*. Instead, the law of intellectual property is founded upon the *lex generalis* — the body of rules emanating from the prevailing legal system as a whole. The same is true in South Africa where, in practically all areas of intellectual property law, the example of England has been followed.

In the light of what we have said so far, it is easy to understand why jurists took recourse to the “privilege theory” to explain the nature of intellectual property rights. According to the proponents of this theory, any intellectual-property right (but more particularly the rights relating to copyright and patents) was similar to a “general privilege” bestowed upon the beneficiary concerned (the inventor or author) by the state or government. Although there is some doubt about when precisely the privilege theory was initially put forward, it was probably the first of the various theories advanced to explain the nature of intellectual-property rights. It is likely that the privilege theory was first proclaimed in England at the beginning of the 17th century, a time when, under the reign of the Stuarts, the granting of privileges was in vogue.

But we can raise various objections to the privilege theory. The first is the use of the expression “general privilege”. The use of this expression is obviously a contradiction in terms, since the concept “privilege” originally denoted a particular, not a general, concession. In other words, although inventors and authors may have obtained their rights initially by way of privileges (particular concessions), this is no longer the case: any inventor or author is free to apply for a patent or to claim copyright, as long as the requirements contained in the Patents Act 57 of 1978 and the Copyright Act 98 of 1978 are complied with. There is no question of a particular concession. By the same

token, a patent right or copyright cannot be revoked or terminated voluntarily by the state (as would have been the case with a true privilege): termination is possible only within the framework of the relevant statutes.

A more serious objection is that the privilege theory merely informs us of the manner in which intellectual-property rights originated, but tells us nothing about the actual nature of these rights. Various subjective rights may theoretically owe their origin to the granting of a privilege — rights such as property rights, personal rights, and usufructs. Like the privilege theory, the word “privilege” gives no indication of the content of such rights, nor of the nature of the legal objects to which the rights pertain. And, as you will remember, the nature of a right is inseparably bound up with the nature of its legal object (see 1.2 above).

#### **1.4.2 The social-contract theory**

The social-contract theory originated in the 18th century. It developed directly from Jean Jacques Rousseau’s notion of a so-called social contract. Rousseau attempted to reduce all legal relationships to a fundamental contract between citizen and state, that is, a social-contract. Social contract theorists regard the law of intellectual property and intellectual-property rights as the natural consequence of an agreement entered into between the creator of any new mental product and the state. According to social contract theorists, such an agreement is necessarily subject to the following terms:

- (1) The creator of the new mental product must undertake to disclose his or her product to the community at large.
- (2) As a consequence of such disclosure, the creator is deemed to cede all his or her rights in, and to, his or her product to the state.
- (3) In return, the state undertakes to allow the creator the sole right, for a limited period, to exploit his or her product for his or her own benefit.
- (4) At the end of the limited period referred to above, the creator loses all rights in and to his or her product, and the state becomes its exclusive owner.

The social-contract theory was very much in vogue at the beginning of the 19th century. For example, in an English judgment of 1800, it was said that “patents were to be considered as bargains between the inventor and the public”, and that “they are to be construed as other bargains”. An American decision of 1831 describes a patent as “a bargain with the public”. Indeed, as late as 1890, the American author Robinson could still write that the “grant and acceptance of this monopoly creates a contract between the inventor and the state”, a view which some modern authors agree with even today.

The social-contract theory is, however, also open to a certain amount of criticism. In the first instance, this theory is based upon a fiction, since there is no actual agreement between the creator of a new mental product and the state. The creator of a new mental product derives his or her right(s) from the general legal system, and the general legal system is in no way based on any contract between citizen and state.

Secondly, it is clearly incorrect to regard the right of the creator of a

mental product to a personal right which has, as its legal object, a performance (some human act) that would normally be derived from a contract. We need to determine the nature of the relationship between the creator of a mental product and the product so created; the social-contract theory tells us nothing about this relationship or its nature.

#### **1.4.3 The theory of the natural right of the creator of mental products**

This theory has a great deal in common with the social contract theory. It, too, was formulated towards the end of the 18th century by a Frenchman, Pierre de Beaumarchais. According to this theory, the creator of a new product obtains a natural right in respect of his product when he discloses his product to the public. This natural right exists for a limited period and enables the creator to exploit his product for his sole benefit. The creator obtains this natural right in consideration of the benefit he bestows upon the community by the disclosure of his product.

The argument advanced in support of this theory runs more or less along these lines: the creator of a new mental product expends time, capital, and physical and mental labour on the creation of his product. By disclosing his product to the community, the creator of the product makes it possible for the community to enjoy the benefit of this product. In return for such disclosure, it is only equitable that the creator should be rewarded. The only logical way to reward him is to allow him, for a limited period, the exclusive right (or monopoly) to exploit his product for his own benefit.

Today this theory is greatly favoured, especially in France. Although it can be defended on moral grounds, it is open to criticism, since, like the privilege theory, it tells us nothing of the intrinsic nature of intellectual-property rights. It merely confirms that it is equitable for the creator of a mental product to enjoy some protection in respect of his creation. In other words, it is equitable that a creator be granted some right to such a creation. But this theory does not indicate what the nature of such a right should be, nor into which category such a right should be classified in the systematic classification of subjective rights.

#### **1.4.4 The ownership theory**

Like the previous two theories, this one dates from the end of the 18th century. At first it was put forward mainly in France. Today it is perhaps the most widely accepted of all theories advanced to explain the nature of intellectual-property rights. (See, for example, the Netherlands and French systems, and also s 72 of our Patents Act 57 of 1978, and ss 22 and 23, and the marginal note to s 21 of the Copyright Act 98 of 1978.) Broadly speaking, this theory rests on the basic premise that the creator of a new mental product becomes its “owner” simply because he or she happens to be its creator. The assistance of the legislature is not required for the acquisition of such ownership.

The main point of criticism of this theory is that it squares ill with a legal system which, like ours, is based mainly on Roman law. As you probably know, Romanistic jurisprudence acknowledges ownership only of corporeal things. Only the term “quasi ownership”, and not “ownership”, can be applied with any theoretical force to incorporeals



such as rights (see Van der Merwe *CG Sakereg* 2 ed (1989) 21 and 37). We cannot, therefore, simply by speaking of the “ownership” of intellectual property rights, apply Roman-law rules of ownership to such terminology. Not even the mere possession of incorporeals was considered feasible in Roman jurisprudence since, in Roman law, possession consisted in the actual power and control of the possessor over a corporeal thing. You should also remember that the Romans regarded ownership as an exclusive right. It was exclusive in the sense that it was quite impossible for two or more people, who were not co-owners, to enjoy ownership of one and the same thing.

This point of view presented no problem when it came to the creation of corporeals, precisely because it is physically impossible for two (or more) people to create the same physical object (eg the same table) independently of each other. But the position is quite different when it comes to the creation of mental products, where it is quite possible for two (or more) people to arrive at the same idea or thought independently of each other. Consequently, it is also quite possible for them to create, independently of each other, the identical mental product. From this it follows that we can scarcely apply the Roman concept “ownership” as an exclusive right to the products of a person’s mind.

We do concede, however, that there is a degree of similarity between a right of ownership and a right to intellectual property. Although not identical the rights are, to a certain extent, analogous. Thus we find an ever-increasing tendency to use the term “ownership” to indicate the exclusive privileges enjoyed by the bearer of an intellectual property right (see 3.10 below and, for example, *Video Parktown North (Pty) Ltd v Paramount Pictures Corporation* 1986 (2) SA 623 (T) 631). This tendency brings with it certain dangers, as was illustrated by *Frank & Hirsch (Pty) Ltd v A Roopanand Brothers (Pty) Ltd* 1991 (3) SA 240 (D) (discussed in 3.4 below).

From what we have said so far, you will appreciate that the ownership theory is better suited to legal systems based upon Germanic law. In Germanic law the ownership of incorporeals was not a notional impossibility. So, for example, in Germanic law rights such as fishing and hunting rights were regarded as “things” and, accordingly, as suitable objects of ownership. Germanic law, too, had a conception of “possession” which was different from that encountered in Roman law. In Germanic law, possession consisted exclusively in the ability to use and enjoy the object of such possession. It was thus possible to have possession not only of a right, but indeed of anything incorporeal, including the product of a person’s mind.

#### **1.4.5 The theory of personality rights**

Otto von Gierke was the main proponent of the modern theory of personality rights. Its date of origin is usually given as 1877. This was the year in which Carel Gareis wrote an article in which he tried to establish a legal basis for rights which, like copyright and the right to a trade mark, are closely linked to the personality and intellect of the bearer of the right.

If you remember, the legal object of a “personality right” is something incorporeal that is inseparably connected with a person’s personality — in other words, an incorporeal something situated within a

person him- or herself. The early proponents of the personality-rights theory regarded, for example, a person's physical integrity, his honour, his individuality, his freedom, and his status (based upon birth or profession), as such legal objects. But Gierke went further and also regarded the products of a person's mind, such as the creations of the inventor and writer, as the legal object of personality rights. It was thus logical for Gierke to classify rights such as copyright and patent rights as personality rights.

At this point, we should, perhaps, give you some preliminary definitions of what constitutes the right to a patent and what constitutes copyright. We can define the right to a patent as an exclusive right granted by the state. In terms of this right, after he or she has complied with certain formalities, the inventor of any new and original invention capable of being utilised in trade, industry or agriculture is entitled, for a limited period, to prevent others from exploiting the invention for their own benefit. A patent right differs from the intellectual-property right which an inventor obtains in respect of his/her invention merely by being its inventor. This right, which may be called an inventor's right, is simply a right to the invention as such. Although an inventor's right has the same legal object as a patent right, it is not exclusive. An inventor could not, for example, on the basis of his/her right to his/her invention, prevent another inventor of an identical invention from enjoying the benefit of such invention. The position with patent rights is, of course, different: anyone other than the patentee himself (or herself) is excluded from enjoying the benefit of the invention.

We can describe copyright, generally, as the right of the author of any original work included in the categories set out in the Copyright Act 98 of 1978 (such as a literary or artistic work) in terms of which the author may prohibit the unauthorised copying of his or her work. Copyright, like the inventor's right, is not necessarily an exclusive right.

It is interesting to see how Gierke attempted to justify his categorisation of intellectual property rights as personality rights. Let us take, as an example, his argument regarding patent rights.

Gierke maintained that the right to a patent was, first and foremost, primarily aimed at the protection of the inventor's personality. An infringement of the patent right thus also constituted an interference with a personality right. To support his argument, he stated that an invention, both during the period of its creation and at the time of its completion, belonged to the person of the inventor, and formed an integral part of his personality. The inventor's right to his invention was, therefore, basically a personality right (like the right enjoyed by a person in respect of his *dignitas*) and not a proprietary one (such as ownership). The fact that once the inventor's right becomes a patent right, and acquires mainly the character of a propriety right, does not, in Gierke's view, mean that it can no longer be classified as a personality right. Before the inventor's right develops into a patent right, the inventor has a choice whether, and when, he will disclose his invention to the community at large. Whether the inventor's right will acquire the character of a propriety right depends on this choice: should the inventor decide to keep his invention secret, then, says Gierke, although it is naturally of economic value to the inventor himself, the right is not, strictly speaking, the same type of right as a

proprietary right. Should the inventor decide to disclose his invention, he is faced with yet another choice. On the one hand, he can place the invention at the disposal of the community, and waive any right which he may personally enjoy in respect of its use. In that event, according to Gierke, the inventor's right to his invention cannot ever acquire the character of a proprietary right. It is consequently destined always to remain a personality right. (As such it is a right upon which the inventor could rely to assert his authorship of his invention should a third party illegitimately claim to be its inventor. This is because such conduct by the third party would amount to interference with the inventor's personality right.) On the other hand, instead of placing his or her invention at the disposal of the community, the inventor can apply for a patent in respect of his or her invention. By obtaining a patent the inventor enjoys, for a limited time, the sole right to exploit his invention for his own personal benefit. Based on this, the inventor's right to his or her invention largely possesses the character of a proprietary right — or so the argument runs. But even under these circumstances, where the content of the right is overwhelmingly the content of a proprietary right, Gierke maintains that the inventor's right — now no longer merely a simple right to his or her invention as such, but a patent right — is still basically a personality right.

Gierke's argument appears to us to be rather forced. In the category of personality rights it is possible to place only those rights which have, as their legal object, property that is inseparably tied to a person's personality. Personality rights cannot include rights (such as a patent right) which have, as their legal object, incorporeal property which, although intimately connected with a person's personality, maintains a separate and completely independent existence.

The argument that any creation of a person's mind remains at all stages of its development representative of the spirit (and, therefore, the personality) of its creator, fails to convince. Just as a twenty-year-old child can hardly be said to be part of its mother, nor can it be said that ideas and thoughts, to which a person has given some form of outward expression, still form part of the creator's personality. Any other view would only lead to dubious, if not frankly unjust, results.

#### **1.4.6 The theory of "immaterial"-property rights**

The pioneer of this theory was the famous German jurist, Joseph Kohler. As early as 1875 Kohler pointed out that the explanation of the nature of rights (such as copyright and patent rights) should be sought in the nature of the author's or inventor's (the creator's) mental product, not in his personality. Kohler regarded this mental product as property created and existing quite separately from the personality of the creator, and as property deserving of the law's protection. Kohler was therefore of the opinion that, as long as the creator's activity did not extend beyond his personality (such as when it consisted only in the form of the ideas or thoughts that were the inspiration of the ultimate work), the activity belonged to the domain of the creator's personality. But once this activity assumed an individual and independent character (when the ideas or thoughts were reduced to some outwardly perceptible form) then such ideas and thoughts acquired an economic value and, quite apart from the personality of their creator, were in themselves suitable objects for the law's protection.

Kohler agrees with Gierke that, before an inventor discloses his invention to the community, his right to the invention cannot qualify as a separate subjective right. At this stage, the invention is inseparably bound up with the personality of the inventor, and the inventor's right to his invention is thus basically a personality right. Should the inventor therefore choose not to disclose his invention to the community, the theft of the invention by some third party would amount not so much to an infringement of the invention itself as to an infringement of the inventor's personality. (More particularly, it would amount to an infringement of the inventor's privacy and, thus, his personality.) Kohler speaks in this regard of an infringement of a "general" right of personality. He also maintains that no one can compel the inventor to disclose his invention should he decide to keep it secret, and that the inventor has a right to be acknowledged as the author.

The position is radically different after the invention has been disclosed. After disclosure, there exists a proprietary right which Kohler refuses to classify as a personality right. Kohler argues that here we are dealing with a distinct type of subjective right which he places in a category labelled "immaterial-property rights" (what we call here "intellectual-property rights"). The legal object of such a right is the mental product of the inventor, the invention. (In the case of copyright, the mental product qualifying as the object of the right would, of course, be the particular copyright work, such as the literary or artistic work.) But Kohler points out that the intellectual-property right represents only one facet of the rights which the creator of a mental product enjoys in his creation. Thus the creator of any mental product always maintains his personality right in relation to the product even after the product has been separated from his personality. This is why, Kohler maintains (as mentioned above) the creator is entitled to the acknowledgement of his authorship. Disregard of his authorship would then amount to interference with a personality right.

Finally, it is interesting to note that Kohler restricted his doctrine of intellectual-property rights to patent and copyright law — he regarded objects such as trade marks and trade names as objects of a person's personality and thus deserving of protection under the heading "personality rights". As we have already indicated, today the tendency is to regard all incorporeal property situated outside, and existing independently of, a person's personality as the legal object of some or other kind of intellectual-property right. This approach seems to be the correct approach even according to Kohler's theory. Indeed, it has been shown that, contrary to the very principles he advocated, Kohler erred in restricting his doctrine to the law of patents and copyright.

## **1.5 THE RESTRICTED DURATION OF INTELLECTUAL-PROPERTY RIGHTS**

The most common characteristic of statutory intellectual-property rights is their restricted duration. This characteristic is not found in common law intellectual-property rights. The right to goodwill (a common law intellectual-property right) is of unrestricted duration, and exists for as long as the various factors giving rise to the goodwill (such as the locale of the business, or the personal characteristics of

employer and employee) remain extant. Diverse views have been expressed on the advisability or otherwise of restricting the duration of statutory intellectual-property rights; the various views put forward depend on the theory advanced to explain the nature of these rights.

Those who regard intellectual-property rights as being similar to a right of ownership feel that the legislator, by restricting the duration of these rights, unfairly infringes upon the vested interests of their bearers. The supporters of the personality-rights theory, as well those who support the “immaterial”-property rights theory, however, deny that any injustice is involved.

Gierke (supporter of the personality-right theory) thought that the legislator is quite justified in restricting the duration of these rights, not because of the nature of the intellectual work (after all, an intellectual product can be immortal — Shakespeare’s works come to mind here), but because of the transient nature of the relationships involving personality rights. These relationships are based on the personality of the creator and are not only retained as part of his or her personality, but are also limited by this personality; if the creator of the product dies, these rights will also disappear.

Gierke’s remarks, when applied to copyright, certainly have a ring of truth about them. In fact, the legal systems of various countries acknowledge the existence of copyright for the lifetime of the author. Should the author die, the days of the copyright are numbered, since, as Gierke puts it, the right’s “bubbling source of life” has been cut off. It is true that the copyright is not immediately extinguished, but this must be ascribed (according to Gierke) to the fact that the right itself, by virtue of the uncertainty of the human span of life, would otherwise become unbearably uncertain. Moreover, Gierke claims that, even after death, the person of the author continues to exist for some time in his family circle — for the first generation, in any event.

This explanation is completely unacceptable when applied to patents, since the duration of patent rights in various countries bears no relationship whatever to the life expectancy of the inventor. The duration of a patent in South Africa is 20 years, irrespective of whether the inventor is still alive at the end of this 20 year period.

Kohler (a supporter of the “immaterial”-property rights theory) based his explanation of the restricted duration of intellectual-property rights upon the nature of the object of these rights. He argues that it is a necessary feature of the law of intellectual property that the ideas which inspire inventions or literary or artistic works should be spread amongst humankind and so, with time, become the common property of all. Inventions are, after all, often based on a long line of preceding inventions, the inventors of which often died many years ago. If the old rights to an invention were to continue in existence, the inventor of a new invention based on an earlier invention would first have to obtain the previous inventor’s permission before he or she could use the newer invention! This would mean that a potentially priceless invention would be lost to humankind. Such a situation is obviously nonsensical. According to Kohler, an invention should be used to meet the social needs of the community. But the process of dissemination and assimilation is not the same for all inventions, nor does this process take place at the same rate. The state intervenes and lays down a fixed period applicable to all. The fixed period is a maximum period,

and a large number of patent rights will probably have lapsed by the time this period expires, either because they have been overtaken by other inventions or because they have proved to be inadequate or useless in practice. As far as both the nature and restricted duration of intellectual property rights are concerned, we prefer Kohler's views.



# STUDY UNIT 2

## THE LAW OF PATENTS

---

### 2.1 INTRODUCTION

Take another look at what happened in “Setting the scene”. Now Vusi has discovered that his cream can also be used to diagnose skin cancer. Thandi and Vusi both disagree on how to proceed with their inventions. Thandi wants to reveal her new programming code at an upcoming international conference on computer programming, which is to be held in Mauritius in a few weeks’ time. She believes that this will give the cream and the computer program an exposure that will prove highly advantageous as a marketing tool.

Thandi wants to sell a few thousand sachets of the cream to a pharmaceutical company “Mo Power Inc” that is based in the USA. Mo Power Inc intends to test the products on female and male volunteers. Vusi would like to give samples of the cream to a scientist, Professor Moodley, who specialises in chemical engineering at the University of Bombay.

In this study unit we will explore the question whether Vusi is entitled to patent the cream and/or any of its manufacturing processes and whether he can patent it as a diagnostic tool for cancer. We will also consider whether any of Thandi’s intended actions will influence the patentability of Vusi’s invention. These are only a few of the aspects of the law of patents we will be looking at in this study unit.

### 2.2 BIBLIOGRAPHY

To study this section of the course it is essential that you have a copy of the Patents Act 57 of 1978 as amended (“the Act”). This study guide incorporates the amendments up to 2004. If there are any further amendments, we will bring these to your attention in a tutorial letter. Please note that, in one of the tutorial letters we will supply you with a list of articles and cases that you need to study.

Apart from the Act itself, there is no compulsory textbook for the part of the module dealing with patent law. However, if you would like to read further on any topic discussed in this study guide, we suggest you consult the following works:

Burrell, TD *South African Patent and Design Law* 3 ed (1999) Juta Cape Town

Joubert WA (red) *The Law of South Africa* vol 20(1) (1999). See “Patents and inventions”.

### 2.3 HISTORICAL REVIEW

For a long time it was accepted that, historically, the first legislation relating to patents was promulgated in Britain in 1623 in the form of the Statute of Monopolies (see previous study unit). But later research revealed that the first law of general application empowering the grant

of a monopoly was, in fact, enacted in the city state of Venice on 19 March 1474. This law enabled the sovereign to confer, in response to an application for its grant, a monopoly upon private individuals to exploit a new and ingenious contrivance for a limited period of time within Venetian territory.

The idea of a territorial monopoly for a limited period of time spread beyond Italy to the rest of Europe, including Britain. It also gained a degree of recognition in Roman-Dutch law. This is clear from the following illuminating passage in Voet's *Commentarius ad Pandectas* 1.4.11(ii). As far as the types of privileges or benefits which the Emperor may grant, Voet states (in Gane's translation) the following:

There are other privileges by which from special favour it is only granted to certain persons by way of monopoly to carry on this or that form of art, craft or trade, when they themselves have either by their personal industry invented it, or after its discovery have greatly enlarged and developed it, or at their own expense and risk have made it useful and profitable. In this class should be included the power vouchsafed to both the East and West India Companies to carry on business in those quarters to the exclusion of others who are not members of those companies; as well as the rights which it is the custom to grant every day to the inventors of new things, to printers about to publish costly volumes and to many others of that class.

In England, privileges in the nature of a monopoly were initially granted only to towns and to merchant and craft guilds. The granting of monopolies was subsequently extended to include individuals, the first being that made by Edward III in favour of John Kempe in 1331, to exercise and teach his trade of woollen-cloth weaving. The grant of privileges of this nature encouraged inventive industry in England, and led to the introduction of new and beneficial industries from abroad. Unfortunately, patent monopolies (as the grants were known) ended up being injudiciously granted by the monarchy for almost any kind of activity. This was particularly true of the Tudor and Stuart monarchs, who granted patent monopolies as a way of either rewarding favourites of the royal court or as a way of obtaining revenue in return for the grant. Parliament frequently criticised these monarchical abuses, and these grants became a major feature of the struggle for power between Crown and Parliament.

In 1601 Queen Elizabeth I, in anticipation of drastic action by Parliament, cancelled the most objectionable patents, and conceded that the common-law courts could adjudicate those remaining.

*Darcy v Allein* (1602) Moore KB 671; 11 Coke 846 (KB 1602) (known as the Case of Monopolies) (see previous study unit) was the first matter concerning monopolies to come before the courts. Council correctly formulated the law then applicable:

Now therefore I will shew you how the judges have heretofore allowed of monopoly patents which is that where any man by his own charge and industry or by his own wit or invention doth bring any new trade into the Realm or any Engine tending to the furtherance of a trade that never was used before and that for the



good of the Realm; that in such cases the King may grant him a monopoly patent for some reasonable time, until the subjects may learn the same, in consideration of the good that he doth bring by his Invention to the Commonwealth; otherwise not.

Since this action was brought at common law, the court found that a privilege granted to an official of the Royal Court for the importation and selling of playing cards was an illegal monopoly.

This decision and those that followed did not, however, settle the patents conflict. Parliament finally dealt with the matter through legislation, with the enactment of the Statute of Monopolies in 1624. This statute provided that monopolies and letters patent were, and always had been, null and void, subject to one exception:

Letters patent and grants of privilege for the term of fourteen years or under thereafter to be made, of the sole working or making of any manner of new manufacture within this realm, to the true and first inventor and inventors of such manufacturers which others at the time of making such letters patent and grants shall not use, so as also they be not contrary to the law or mischievous to the State.

This statute has provided the basis for much subsequent English patent legislation. The English law of patents has, of course, been much extended and developed since 1624. The Patents Act 1977 currently regulates the position.

In South Africa, the grant of privileges was governed by Roman-Dutch law until the promulgation of Act 17 of 1860 (Cape of Good Hope) and Law 4 of 1870 (Natal). These enactments provided for the granting of patents for inventions in the Cape and Natal respectively. They were succeeded by Act 28 of 1904 (Cape) and Act 2 of 1895 (Natal). In the Transvaal, the position was governed by Proclamation 22 of 1902, and in the Orange Free State by Chapter CXII of the Orange Free State Lawbook.

After Union, the position was regulated by the Patents, Design, Trade Marks and Copyright Act 9 of 1916. This Act followed parallel British legislation and was subsequently replaced in respect of patents by the Patents Act 37 of 1952. This Act and amendments to it were repealed by the Patents Act 57 of 1978 (the "Act").

The present Act came into operation on 1 January 1979. It deals with all aspects of the law of patents. Common-law principles play a minor part and only in relation to matters such as the employer's right to an invention made by his or her employee.

In recent years, there have been efforts to harmonise patent legislation on a global scale. Real progress was made through the 1963 Strasbourg Convention, the 1970 Patent Co-operation Treaty (PCT), the 1973 European Patent Convention (EPC), the 1975 Community Patent Convention (CPC), and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), which constitutes Annex 1C of the Marrakesh Agreement Establishing the World Trade Organization (this agreement was concluded on 15 April 1994 and entered into force on 1 January 1995).

In certain respects the Patents Act 57 of 1978 reflects South Africa's

endeavour to keep abreast of the international developments reflected by these international instruments. As a result, the 1978 Act contains much that is new, which is why we should approach the cases decided under the 1952 Act with circumspection. Also, South Africa's membership of the World Trade Organisation and our accession to the PCT meant that the Act had to be amended to comply with TRIPS and the PCT. See further 2.4.13 below.

The process of enacting legislation to promote, develop and protect indigenous knowledge systems (IKS) is in its infancy in South Africa. The legislative developments were preceded by a South African case of biopiracy that drew worldwide attention. The CSIR developed an appetite suppressant derived from species of *Hoodia*, succulent plants indigenous to Southern Africa and long used by the indigenous San to stave off hunger and thirst. Up until 2001, the San remained oblivious to the fact that their knowledge of *Hoodia* had a commercial application, and that this knowledge had led to the development of a compound, P57, that was patented internationally by the CSIR. In 2003, following intense negotiations, an agreement was reached between the CSIR and the San, to give the San a share of royalties from potential drug sales (see Wynberg "Rhetoric realism and benefit sharing: Use of traditional knowledge of *Hoodia* species in the development of an appetite suppressant" (2004) 7/6 *The Journal of World IP* 851–876).

This case gave prominence to biodiversity, and renewed impetus for the adoption of an IKS policy and other legal measures to address the exploitation of biodiversity.

The National Environmental Management Biodiversity Act 10 of 2004 (Biodiversity Act), requires prior informed consent for any bioprospecting involving indigenous biological resources; regulates the export from the Republic of such materials; and provides for fair and equitable benefit-sharing by stakeholders of any benefits that flow from bioprospecting involving indigenous biological materials.

The South African Patents Amendment Act 20 of 2005 has introduced definitions of genetic resources, indigenous biological material, and traditional knowledge. Traditional knowledge is defined to mean the knowledge that an indigenous community has regarding the use of an indigenous biological or genetic resource. Traditional use means the way in which, or the purpose for which, an indigenous community has used an indigenous biological or genetic resource. A mandatory disclosure requirement and an additional ground for the revocation of a patent have been introduced to the patent system. Every applicant who lodges an application for a patent accompanied by a complete specification must also lodge a statement declaring whether or not the invention in question is derived from an indigenous biological resource, a genetic resource, or makes use of traditional knowledge.

Where a patent application is based on bioprospecting, the applicant is required to comply with all the requirements of Chapter 6 of the Biodiversity Act. In terms of the Biodiversity Act the applicant is required to lodge proof of the necessary permit; consent by the stakeholders; the material transfer agreement; the benefit sharing agreement; and co-ownership of the invention with the stakeholders (as prescribed in s 82(2)(a)–(b) 82(3)(b) and Ch 7 of the Biodiversity

Act and Reg 33A(1)–(f) of the Patents Amendment Regulations 1978). The Patents Amendment Regulations (and the new form P26) became effective on the 14 December 2007 and the Regulations under the Biodiversity Act on 1 April 2008. (See further 2.4.3.2 and 2.4.4 below.)

## **2.4 THE PATENTS ACT 57 OF 1978**

### **2.4.1 Administrative institutions**

The Act creates the following offices and institutions in order to process patent applications, record information and keep records in respect of patent applications and patents, and in order to hear applications and lawsuits relating to patent applications and patents:

- (1) the patent office, situated in Pretoria (read ss 5 and 6)
- (2) the registrar of patents (read ss 7, 13, 15, 16 and 17(3))
- (3) the commissioner of patents (read ss 8, 16–19 and 75–77)
- (4) the register of patents and the patent journal (read ss 10, 12 and 14)

The commissioner is a judge of the Transvaal Provincial Division of the High Court, and is appointed by the Judge President. The commissioner therefore possesses all the powers of a single judge in a civil action in a provincial division of the High Court. Only the Commissioner has the jurisdiction to hear, in the first instance, any civil action relating to a patent. It has been held that a reference to “any court” in the Act (eg in s 51(9)) includes the commissioner of patents (*Deton Engineering (Pty) Ltd & another v McKelvey & others* [1997] 4 All SA 394 (T)).

### **2.4.2 What can be patented?**

Section 25 sets out what constitutes a patentable invention for the purposes of the Act. It also contains the requirements for patentability. This section is the cornerstone of the Act and you need to study it carefully.

A patent will be granted “for any new invention which involves an inventive step and which is capable of being used or applied in trade or industry or agriculture” (s 25(1)). An invention should therefore comply with three requirements before it will be patentable:

- (1) It must be new.
- (2) It must involve an inventive step.
- (3) It must be capable of use or application in trade, industry or agriculture.

These requirements do not apply in the alternative — an invention must comply with all three to be patentable. We will now examine these requirements. We will first look at the meaning of the term “invention”, then at the requirement of novelty, the requirement of inventiveness, and lastly at the requirement of utility.

#### **2.4.2.1 The term “invention”**

Only an invention can be patented. It is therefore important that we

determine the meaning of the term “invention”. Section 1(ix) defines the term “invention” as “an invention for which a patent may be granted under section 25”. This definition does not, of course, help us, since it does not give us any clear guidelines on how to determine the meaning of the term “invention”. The definition refers us to section 25(2). Section 25(1) does not indicate **what an invention** is, and section 25(2) negatively provides:

Anything which consists of —

- (a) a discovery;
- (b) a scientific theory;
- (c) a mathematical method;
- (d) a literary, dramatic, musical or artistic work or any other aesthetic creation;
- (e) a scheme, rule or method for performing a mental act, playing a game or doing business;
- (f) a program for a computer; or
- (g) the presentation of information;

shall not be an invention for the purposes of this Act.

Section 25(3) then states that subsection(2) “shall prevent, **only to the extent** to which a patent or an application for a patent **relates to that thing as such**, anything from being treated as an invention for the purposes of this Act” (emphasis added). The effect of section 25(2) is not, therefore, to prevent any of the categories mentioned in it from constituting an integral part of a comprehensive patentable invention: section 25(2) merely entails that the listed classes of mental products **themselves** do not qualify as patentable inventions.

Section 25(2)(f) expressly provides that computer programs do not constitute inventions for purposes of the Act. However, some have used the provisions of section 25(3) to support an argument that a computer program might, in certain circumstances, form the subject of a patent. They argue that section 25(3) distinguishes between instances where the **program as such** is claimed to be an invention and where the program forms part of an invention. A program that is claimed to be an invention cannot be patented. Where the program forms part of an invention it can, however, be patented. An example of a program forming part of the invention would be a computer program hardwired into a pocket calculator in such a way that it becomes an inseparable part of the calculator. The same group of people also believe that a **method** of programming a computer could be patented (see Burrell, *South African Patent Law and Practice* 25–26; 30–31). Others, however, feel that this situation would be extremely undesirable, since it would perpetuate an artificial and absurd distinction whereby a program written on paper is denied patent protection, while the same program committed to the memory of a computer suddenly becomes patentable. Such an interpretation is said to render the disqualification of computer programs in section 25(2) nugatory, and for this reason such an interpretation is regarded as untenable (see Du Plessis, E “Protection of computer software” (1985) 7 *Modern Business Law* 61–63). Our courts have not had an opportunity to consider the import of these provisions, and it is difficult to predict with any certainty which interpretation our courts will prefer.

We want to make a few further remarks about the nature of the classes of inventions excluded by section 25(2): The main reason for not treating the majority of them (those mentioned in paragraphs (a), (b), (c) and (e) of this subsection) as inventions is that they are not suitable for use or application in trade, industry or agriculture — one of the requirements for patentability (see 2.4.2.4 below). Only when a discovery or a scientific theory or mathematical method is embodied or incorporated in a process or apparatus does it become suitable to be so used or applied. Also, it will be against the public interest to allow monopoly rights to exist for a basic theory or axiom.

The reason for the exclusion of the class mentioned in paragraph (d) is clear — these mental products are protected by copyright law. The same applies to computer programs, mentioned in paragraph (f).

Furthermore, section 25 lists three instances where, although the mental product qualifies as an invention, a patent will not be granted on other grounds:

- (1) an invention the publication or exploitation of which would be generally expected to encourage offensive or immoral behaviour (s 25(4)(a))
- (2) any variety of animal or plant or any essentially biological process for the production of animals or plants, not being a microbiological process or the product of such a process (s 25(4)(b))
- (3) a method of treatment of the human or animal body by way of surgery or therapy, or of diagnosis practised on a human or animal body (s 25(11))

The reason why the last category is excluded is because they are not deemed to be suitable for use or application in trade, industry or agriculture. Furthermore, it is considered against the public interest to grant a patent monopoly in respect of the medical treatment of people (and animals). But a **product** consisting of a substance or a composition for application in such methods may be suitable for use or application in trade, industry or agriculture and, for this reason, can be patented (s 25(12)).

Section 25(11) and (12) apply only to inventions consisting of substances or compositions for use in the **treatment** of the human or animal body: they do not apply, for example, to “a plumbing arrangement including a toilet pan” (*G I Marketing CC v Fraser-Johnson* 1996 (1) SA 939 (A)).



### ACTIVITY 2.1

- (1) Can Vusi patent the uses of the cream (to reverse the ageing process and to diagnose skin cancer)?
- (2) Can Thandi patent her computer program?



### FEEDBACK

- (1) The answer to the question relating to the diagnosis of skin cancer is easy: any method of treating the human body for

the purposes of diagnosis is excluded from patentability. However, where the diagnostic methods are applied to body tissue or fluids after they have been removed from the human or animal body, such diagnostic methods will be patentable subject matter. Any pharmaceutical product — in this case, the cream — used to treat human beings can be patented.

- (2) A computer program cannot be patented as such, but it may be patentable if the claims are directed to a computer programmed in a specific way.

#### 2.4.2.2 Novelty

The Act embraces the notion of absolute novelty, following the European Patent Convention (EPC). An invention shall be “deemed to be new if it does not form part of the state of the art immediately before the priority date of any claim to that invention” (s 25(5)). In other words, if the invention forms part of the state of the art as it was immediately before the priority date, it is not new. We will discuss the meaning of “priority date” in 2.4.3.2 below. To be new, then, the invention should differ from the state of the art in some specific respect. In a nutshell: an invention will be regarded as new and hence patentable where it reveals a difference when compared with a certain body of knowledge known as “state of the art”.

It is necessary, first of all, to establish the prior knowledge used to evaluate the invention.

##### **a The concept “state of the art”**

Section 25(6) provides:

The state of the art shall comprise all matter (whether a product, a process, information about either, or anything else) which has been made available to the public (whether in the Republic or elsewhere) by written or oral description, by use, or in any other way.

All disclosures **made available to the public**, therefore, wherever, whenever and however made (in other words, without limitation as to geography, time or manner of disclosure) will be regarded as part of the state of the art for purposes of the Act. An invention which discloses no difference when compared with the state of the art will not be regarded as new. This is what is known as the requirement of absolute novelty.

Section 25(7)–(9) contains further provisions relating to the state of the art in the context of the novelty requirement:

- (7) The state of the art shall also comprise matter contained in an application, open to public inspection, for a patent, notwithstanding that that application was lodged at the patent office and became open to public inspection on or after the priority date of the relevant invention, if —
  - (a) that matter was contained in that application both as lodged and as open to public inspection; and

(b) the priority date of that matter is earlier than that of the invention.

(8) An invention used secretly and on a commercial scale within the Republic shall also be deemed to form part of the state of the art for the purposes of subsection (5).

(9) In the case of an invention consisting of a substance or composition for use in a method of treatment of the human or animal body by surgery or therapy or of diagnosis practised on the human or animal body, the fact that the substance or composition forms part of the state of the art immediately before the priority date of the invention shall not prevent a patent being granted for the invention if the use of the substance or composition in any such method does not form part of the state of the art at that date.

The provisions of these subsections are by no means easy to understand.

The contents of a pending patent application (a patent application that has not yet been granted) also form part of the state of the art, even if that application was **not yet open for public inspection** on the specific date on which the novelty of a particular invention should be evaluated (s 25(7)). Remember that this pending application is **another** application, and that it is not the application regarding the particular invention that is being considered here. Note that it is a requirement that the priority date of the pending application forming part of the state of the art should be earlier than the priority date of the particular invention that is being considered. Also, when the court has to determine whether the novelty of an invention has been destroyed by the contents of an earlier pending application, it adopts a “whole contents” approach. In other words, it compares the claims of the later application with the disclosure or contents of the earlier application, and not merely with the claims of the earlier application (*McKelvey & others v Deton Engineering (Pty) Ltd & another* (1998) (1) SA 374 (SCA)).

An invention that is being used **in secret** does not usually form part of the state of the art, simply because it is not available to the public. But if it is used in secret and **on a commercial scale** in South Africa, it is deemed to form part of the state of the art (sec 25(8)).

Section 25(9) deals with a substance or a chemical composition that is used in the treatment of humans and animals. Even if this substance or composition was known beforehand, its **use for such treatment** may still be “new” for the purposes of patentability, and so it may still be patented, for example, by means of a patent for a new medicine in which the substance or composition is the active ingredient. Remember that, although a **method** of treatment cannot be patented (see 2.4.2.1), a **drug or remedy** for such treatment can. But you should also bear in mind that, apart from the requirement of novelty, the invention must not be obvious (see 2.4.2.3 below). It is therefore quite possible that the use of the substance or composition for medicinal purposes may be found to be obvious, which means that the relevant patent would be invalid.

From the above provisions it appears, then, that the state of the art with which the invention has to be compared to test for novelty consists of all disclosures made available to the public, including the following:

- the content of a pending patent application which has been laid open for public inspection, provided that the priority date of such pending patent application is earlier than that to which the later invention is entitled;
- information regarding an invention which has been used in the Republic in secret but on a commercial scale; and
- where the invention is for a substance to be used in a method of treatment of humans or animals, the fact that knowledge of that substance per se is part of the state of the art will not destroy the novelty of the invention (the medical utility of the substance).

We will now discuss the meaning of some of the phrases encountered in these statutory provisions in more detail.

### **b The phrase “made available to the public”**

Our courts have not yet interpreted this phrase in the context of patent law. But English patent decisions which have included a consideration of this phrase can help us decide on how our courts may interpret this phrase (albeit in a different context — that of the interpretation of s 101 of the previous British Patents Act 1949). It may also be helpful to examine the intention of the drafters of the Strasbourg Convention, which is where the phrase comes from (note that, by an indirect process, this phrase has become part of the present Act).

In *Fomento SA v Mentmore Manufacturing Co Ltd* [1956] RPC 87 (CA) the court held that the public had been given possession of an invention (thus destroying its novelty) where knowledge about it had been communicated to a member of the public in such a fashion that he was **lawfully free to use it as he pleased**. Subsequently, in *Bristol Myers Co's Application* [1968] FSR 407, the following was held: the communication of the invention to a single member of the public, without the communicator placing some **inhibiting fetter** on that member of the public about the publication of this information, was sufficient to make the invention available to the public.

When interpreting the term “public”, you should note that section 25(6) does not contain any restrictive words which would indicate that the “public” referred to should be the South African public. In fact, this subsection specifically provides that the disclosure may take place in the Republic or elsewhere. Such a wide interpretation would, of course, be in line with the principle of absolute novelty.

Where the knowledge is communicated in the form of a **general non-confidential** disclosure (eg in a written document such as a report or publication, or by way of the spoken word such as a lecture), it is made available to the public if the information, wherever in the world it is communicated, is accessible to the public at large. A **non-confidential disclosure to specific persons** would also amount to a disclosure to the public **if no inhibiting fetter or prohibition is placed upon the further disclosure** or communication of the



information. Again, it would make no difference whether the communication took place in the Republic or elsewhere. Both general non-confidential disclosures and non-confidential disclosures to specific persons will, therefore, destroy the novelty of an invention.

A **confidential or secret disclosure** to a member of the public will, on the other hand, not amount to a disclosure to the public. A confidential disclosure will therefore not destroy the novelty of an invention. In *Levin v Number Plates and Signs (Pty) Ltd* 1942 CPD 412, the applicant, prior to filing a patent application, exhibited his invention in confidence to certain persons with the object of persuading them to place orders for the invention. The court held that the exhibition of the invention in these circumstances (in circumstances of confidence) did not amount to prior publication under the 1952 Act, and thus did not destroy the novelty of the invention. In a similar situation one should remember that, in terms of section 25(8) of the present Act, commercial activity which qualifies as use on a commercial scale, even though it occurs in confidence, will still destroy the novelty of the invention.

### **c The phrase “secret use”**

The secret use of an invention (other than on a commercial scale) does **not** form part of the state of the art, since the invention is not made available to the public. Such prior secret use will, therefore, not destroy the novelty of an invention. But where the secret use is on a commercial scale in the Republic, such use forms part of the state of the art, and destroys the invention’s novelty (s 25(8)).

The legislature has been careful not to define and thus restrict the meaning of the phrase “use on a commercial scale”. This means that we have to determine, on the basis of the nature of the invention and the particular circumstances of the case, whether it has been used on a commercial scale.

At this stage you should note that the position regarding secret use on a commercial scale is different when the invention is tested for obviousness: when testing for obviousness secret use on a commercial scale does **not** form part of the state of the art. We will deal with this aspect of patent law more fully in 2.4.2.3 below.

### **d Testing for novelty**

To determine whether an invention is “new”, we must compare it with the state of the art as it existed immediately before the priority date to which the invention is entitled. If there is a substantial difference (if an essential feature of the invention does not appear in the state of the art), then the invention will be regarded as new. Where an invention cannot be regarded as new, it is common usage to say that the invention has been “anticipated” through lack of novelty.

It is important to note that the question of the novelty of an invention will be investigated in South Africa only when an action is instituted by a third party for the revocation of a patent already granted, or when an action is instituted by the patentee for the infringement of his or her patent and the infringer challenges the validity of the patent (by way of a defence). When application is made for a patent, the question of novelty is not investigated, since the South African Patent Office

examines all patent applications only for compliance with formal requirements, not for content. (We will discuss the principles relating to revocation and infringement more fully below in 2.4.4 and 2.4.10 respectively.)

We have already mentioned that the provisions regarding novelty contained in the previous Act differed from those of the present Act. However, since the test for novelty under the present Act involves a comparison of the invention with certain prior knowledge, much in the same manner as under the old Act, the directives laid down in these earlier decisions can still help us. (These directives deal with how the comparison has to be made in practice, and with when the necessary measure of difference (or similarity) will be present.) This is why, below, we have set out a number of principles or directives taken from earlier judicial decisions. When you study these principles or directives, remember that the particular type of anticipation referred to in the decisions (eg “prior use”, “prior knowledge”, or “prior publication”) are not of any significance under the present Act. Under the present Act, the comparison will always be with what forms part of the state of the art, although state of the art will, of course, still include prior knowledge, prior use and prior publications, as long as they were available to the public.

Where you test for anticipation on the basis of information contained in a **prior document** (a document made available to the public prior to the priority date of the patent under consideration), the courts have set out the following principles:

- (1) The question is primarily one of the construction of the prior document and the claim or claims of the patent allegedly anticipated. This is followed by a comparison of the document and the claim or claims so construed, to determine whether there are any substantial differences.
- (2) The prior document must be construed as at the date of its publication to the exclusion of information subsequently discovered (see, for example, *Gentiruco AG v Firestone SA (Pty) Ltd* 1972 (1) SA 589 (A); *Netlon Ltd v Pacnet (Pty) Ltd* 1977 (3) SA 840 (A); but compare *Letraset Ltd v Helios Ltd* 1972 (3) SA 245 (A) 265).
- (3) Extrinsic evidence is admissible, but only to prove the meaning of technical terms on the state of the art at the date of publication of the prior document so that these technical terms may be properly construed and applied (*Gentiruco AG v Firestone SA (Pty) Ltd* (*supra*); *Netlon Ltd v Pacnet (Pty) Ltd* (*supra*)).
- (4) It is for the court and not for expert witnesses to decide whether a prior publication anticipates a claim. In construing the documents and claim, the court will look to their substance and not their form. Anticipation is not dependent upon textual identity. It is not necessary for what is described in the anticipating document to have been used before it can constitute an anticipation (*Gentiruco AG v Firestone SA (Pty) Ltd* (*supra*); *Marine Construction and Design Co v Hansen's Marine Equipment (Pty) Ltd* 1972 (2) SA 181 (A); *Netlon Ltd v Pacnet (Pty) Ltd* (*supra*)).
- (5) In the vocabulary of patent practice, the features of an invention as embodied in the claims are referred to as the “integers of the invention”.

To establish anticipation, it is necessary for the anticipating document to set forth at least the essential integers of the claimed invention in such a way that the same or substantially the same invention is identifiable or perceptible, and hence made known. Otherwise, it is necessary that the same or substantially the same, product can be made from the descriptive matter contained in the anticipating publication.

If the description in the prior document differs from the claimed invention even in a small respect, as long as the difference is a real one (eg the non-recital of a single essential integer), there will be no anticipation (*Gentiruco AG v Firestone SA (Pty) Ltd (supra)*; *Netlon Ltd v Pacnet (Pty) Ltd (supra)*).

- (6) Where two processes are the same or substantially the same (ie their integers correspond), the fact that they have a different purpose is irrelevant when one tests for anticipation (*Gentiruco AG v Firestone SA (Pty) Ltd (supra)*).
- (7) The invention challenged must be described with reasonable certainty in the anticipatory prior publication before we can say that the invention is not new (*Letraset Ltd v Helios Ltd (supra)*).
- (8) In *Gentiruco AG v Firestone SA (Pty) Ltd (supra)* the court held that, for a publication to anticipate an invention, it must be a single publication or a series of publications forming an integrated whole. Anticipation cannot be established through the synthesis of a number of non-related publications into a mosaic which purportedly covers the integers of the invention.

However, as we have noted above, the current Act has introduced the requirement of absolute novelty. In view of this, it is not clear whether the rejection of a mosaic of separate publications will still prevail.

Before we conclude our discussion of the concept “novelty”, we want to mention two further matters:

In the first instance, you should remember that non-compliance with the requirement of novelty constitutes a ground for the revocation of the patent (see s 61(1)(c) and the discussion in 2.4.4 below).

Secondly, prior publication or disclosure of an invention will be excused in certain circumstances, so that the novelty of the invention will not be destroyed by such publication or disclosure. Section 26 provides:

A patent shall not be invalid by reason only of the fact that the invention in respect of which the patent was granted or any part thereof was disclosed, used or known prior to the priority date of the invention —

- (a) if the patentee or his or her predecessor in title proves that such knowledge was acquired or such disclosure or use was made **without his or her knowledge or consent**, and that the knowledge acquired or the matter disclosed or used was derived or obtained from him or her, and, if he or she learnt of the disclosure, use or knowledge before the priority date of the invention, that he or she applied for and obtained protection for his or her invention with all reasonable diligence after learning of the disclosure, use or knowledge; or

- (b) as a result of the invention being worked in the Republic by way of **reasonable technical trial or experiment** by the applicant or patentee or the predecessor in title of the applicant or patentee.



### ACTIVITY 2.2

Thandi wants to know if she can present a paper at an upcoming conference on new computer software, which is to be held in Mauritius in a few weeks time. In her paper, she intends to refer to the computer program which she has developed to control the manufacture of Vusi's cream. She also wants to publish her paper in a Ukrainian technical journal which has a select readership. Thandi and Vusi approach you for legal advice. They want to know the following:

- ◆ Will reading the paper at this conference constitute “disclosure to the public”?
- ◆ Would you advise Thandi to ask the organisers not to include her paper in the published conference proceedings?
- ◆ Would your answer to the previous two questions be any different if Thandi and Vusi told you that they do not want to patent the cream or the process in Mauritius?



### FEEDBACK

When you do this activity, remember that the ways in which something can be made part of the state of the art include oral and written disclosures. Remember, also, that it does not matter where the disclosure was made, which is why we speak of absolute novelty. All the actions mentioned in this activity will destroy the novelty of the invention because any disclosure — oral or written — or reference to the invention in any technical publication, anywhere in the world, will make that invention part of the state of the art.

The fact that the invention is disclosed orally and not in a written format, or the fact that it is disclosed in a technical publication, or the fact that it is disclosed in a remote part of the world such as the Ukraine, will not prevent it from becoming part of the state of the art: all these actions amount to making the invention available to the public.



### ACTIVITY 2.3

- ◆ Vusi wants to set up a meeting with MONEY\$\$\$, a possible investor in the process that will manufacture his invention. He wants to make a confidential disclosure that will protect the novelty of his invention. Make a list of the issues to be covered in a confidentiality agreement



## FEEDBACK

Note that, in the *Levin v Number Plates and Signs (Pty) Ltd* case, the inventor exhibited his invention to a group of people, because he wanted them to place an order for his invention (prior to the filing of a patent application). The court held that, owing to the circumstances of confidence, the exhibition did not amount to disclosure to the public.

The use of a confidentiality agreement will ensure that Vusi's disclosure of the ingredients of the cream and/or the manufacturing process to MONEY\$\$\$ will not destroy the novelty of his invention.

When you draw up your list, remember to include the following:

- ◆ A description of what is considered to be confidential: the ingredients of the cream and the manufacturing process, know-how, etc. (Information which is in the public domain cannot be included in a confidentiality clause.)
- ◆ The fact that Vusi is the inventor of the invention and that all intellectual property rights are reserved.
- ◆ A clause specifically stating that the disclosure is made for the express purpose of investigating the possibility of an investment being made by MONEY\$\$\$ in the commercial exploitation of the invention.
- ◆ A clause which specifies the period for which MONEY\$\$\$ is obliged to keep the information confidential.
- ◆ A clause that effectively protects Vusi against the use, transfer, disclosure or adaptation of details regarding the invention.
- ◆ A clause obliging MONEY\$\$\$ to obtain the signatures of all its employees who have access to information about the invention.
- ◆ A clause restricting the access of MONEY\$\$\$'s employees to the confidential information on a need-to-know basis.



## ACTIVITY 2.4

Thandi wants to give a few thousand sachets of the cream to Mo Power Inc. Mo Power Inc is an American corporation who will test the effectiveness of the alleged anti-ageing properties of the cream by doing human trials in the United States. Vusi wants to give a sample of the cream to Professor Pat, an acclaimed biochemist at the University of Bombay, to determine the effectiveness of the cream in diagnosing cancer.

- ◆ Will Thandi's proposed action destroy the novelty of the invention?
- ◆ If so, what can she do to make sure that it does not destroy the novelty of the invention?
- ◆ Will Vusi's proposed action destroy the novelty of the invention?
- ◆ If so, what can she do to make sure that it does not destroy the novelty of the invention?



### FEEDBACK

When you are faced with a question on the effect of prior use, always consider the manner in which, and the extent to which, the product has been used. Was it used secretly? Was it used in a technical trial or in experimentation? Was it used on a commercial scale?

These questions are important, because non-confidential use will always destroy novelty. Secret use, on a commercial scale in the Republic, will also destroy the novelty of an invention, but technical trials and experimentation will not.

Vusi's action will not destroy novelty, because his action is covered by section 26(b) of the Act. Thandi's action will not destroy the novelty of the invention, provided it doesn't constitute use on a commercial scale in the Republic. She must, however, make sure that the composition of the cream remains a secret and that it is not used on a commercial scale in the Republic.



### ACTIVITY 2.5

Vusi's sister, Nola, is a famous international model. For the past three months, she has been testing the cream for its anti-ageing properties. Nola is photographed and interviewed by She!, a women's magazine. During the interview, she reveals her beauty secrets. She tells the reporter that she has been using a new cream and that this new cream has sensational effects. She also tells the reporter important details about the composition and process of the cream's manufacture. These details are published in She! under the heading: "Nola's new recipe for eternal youth!" Vusi fears that this article has anticipated his invention, and that he may not be able to obtain a patent for the cream.

- ◆ Has the novelty of Vusi's invention been destroyed?
- ◆ Can he still obtain a patent for it?
- ◆ If he can, what should he do?



### FEEDBACK

The details of the invention were made known by Nola. The question is whether she has destroyed the novelty of the invention. Remember that section 26(a) will protect Vusi if he can show that she obtained her knowledge of the invention from him, and that she divulged the information without his knowledge and consent. Vusi should take immediate steps to apply for a patent as soon as he learned of the disclosure. Apply these principles to the three questions.

### 2.4.2.3 Inventive step

For an invention to be patentable, it must not only be new but must also involve an inventive step — the invention should not be obvious.

In section 25(10) the present Act follows the EPC definition of an inventive step:

Subject to the provisions of section 39(6), an invention shall be deemed to involve an inventive step if it is not obvious to a person skilled in the art, having regard to any matter which forms, immediately before the priority date of the invention, part of the state of the art by virtue only of subsection (6) (and disregarding subsections (7) and (8)).

Before we discuss the test for obviousness under section 25(10), we want to draw your attention to certain aspects of this section.

In the first instance, you should note that the state of the art against which the invention has to be evaluated to test for inventiveness has a more restricted content than for the purpose of testing for novelty. The material referred to by section 25(7) and (8) is excluded: inventions which have been used in secret (even though such secret use was on a commercial scale) do not form part of the state of the art, nor do pending patent applications that are open for public inspection, even though they may have an earlier priority date.

Secondly, we can mention that the reference to section 39(6) concerns so-called patents of addition. A patent of addition is one in respect of an invention that is an improvement on, or a modification of, or an addition to, a main invention, and such a patent is added or connected to the main patent. Section 39(6) provides that it will not be necessary for a patent of addition to be inventive when compared with the main invention.

Thirdly, section 25(10) refers to a person skilled in the art. The question is, therefore, whether or not the invention being examined is obvious to such a person with his or her knowledge. In effect, the court should place itself in the shoes of this skilled person when deciding on the question of obviousness.

Case law reveals that the mechanics of establishing the presence of an inventive step under this section are:

- (1) Determine the art to which the invention relates.
- (2) Determine the state of the art at the relevant time, as set out in section 25(6).
- (3) Decide whether the invention in question is a step forward on the state of the art.
- (4) Determine who should be regarded as a person skilled in the art to which the invention relates.
- (5) Determine the knowledge of the person skilled in the art.
- (6) Decide whether a person skilled in the art and thus in possession of this knowledge, would, in the light of such knowledge and the state of the art, when considering the same problem as faced the inventor, regard the step forward by the inventor as obvious. (Compare also *Ensign-Bickford (South Africa) (Pty) Ltd & others v AECL Explosives and Chemicals Ltd* 1999 (1) SA 70 at 80F–I.)

(See *Roman Roller CC & another v Speedmark Holdings (Pty) Ltd* 1996 (1) SA 405 (A) at 413; *AECI Explosives and Chemicals Ltd v Ensign-Bickford (South Africa) (Pty) Ltd & others* 1997 (3) SA 250 (T) at 261.)

We have to stress that the test in this context is qualitative, and not quantitative. The Act does not require a particular, measurable degree of inventiveness, nor a particular, measurable increase in skill. As long as the invention is regarded as non-obvious, it amounts to an inventive invention. The test also involves the application of an objective standard: the court has to decide, on the basis of all the available information, what knowledge a person skilled in the art would probably have, and whether or not that person will regard the invention as obvious in the light of this knowledge and in the light of the state of the art. The subjective opinions of expert witnesses cannot usurp this function of the court (compare the less cautious approach in *Ensign-Bickford v AECI Explosives and Chemicals (supra)* at 460–1). It may sometimes be difficult to avoid a situation in which the expert witness conclusion openly concludes that a step is (or is not) obvious; this does no harm as long as the court remembers that such a conclusion is immaterial (*Schlumberger Logelco Inc v Colflexip SA* 2003 (1) SA 16 (SCA) at 27).

Finally, as with novelty, the question of the inventiveness of an invention will be investigated only in the event of proceedings for the revocation of the patent, or of an action for infringement where the validity of the patent is contested. (Non-compliance with the requirement of inventiveness constitutes a ground for the revocation of the patent in accordance with section 61(1)(c).)

#### 2.4.2.4 Utility

Although the Act does not mention the requirement of utility by name, it is clear that utility is indeed a requirement.

Section 61(1)(c) provides that a patent can be revoked on the grounds that the invention is not patentable under section 25. Section 25(1) provides that an invention should be capable of being used or applied in trade or industry or agriculture in order to be patentable. It is clear that to be capable of use or application in trade, industry or agriculture, an invention has to be useful. Furthermore, section 61(1)(d) provides that the patent can be revoked if the invention as illustrated or exemplified in the complete specification cannot be performed or does not lead to the results and advantages mentioned in the specification. If an invention (as illustrated or exemplified in the specification) must be capable of being performed, this again points to a requirement of utility.

The term “useful” implies that the invention must work. To establish whether an invention works, we look at the stated purpose of the invention and ask the question: When operated according to the inventor’s instructions as set out in the specification, does the invention fulfil its stated purpose?

In *Frank & Hirsch (Pty) Ltd v Rodi & Wienberger Aktiengesellschaft* 1960 (3) SA 747 (A) 755, the court held that the term “useful” connotes “effective to produce the result aimed at”. We find similar dicta in decisions of English courts. Thus, in *Lane Fox v Kensington*



and *Knightsbridge Electric Lighting Co* [1892] Ch 424 (9 RPC 221), the court said: “ ‘Useful for what?’ is a question which must always be asked, and the answer must be ‘useful for the purposes indicated by the patentee’.”

The purpose of an invention appears from the specification, and thus the question is always what the specification means. We must interpret the directions contained in the specification in the light of the knowledge of a specialist who would work with the invention.

Accordingly, it appears that the provision in section 61(1)(d) (a ground for revocation) — that the invention “cannot be performed, or does not lead to the results and advantages mentioned in the specification” — boils down to an assertion that the invention is “not effective to produce the result aimed at” or “not useful for the purpose indicated by the patentee”.

To be useful, it is not necessary for the invention to be a commercial success. But where the invention is one aimed at producing a better or cheaper method of production, the measure of its commercial success may well be a relevant factor in determining whether it satisfies the requirement of usefulness (see *B-M Group (Pty) Ltd v Beecham Group Ltd* 1980 (4) SA 536 (A) 550–551).

A general principle in the application of the requirement of utility is that the specification should be read by the addressee with a mind willing to understand, and not with the unreasonable desire to misunderstand or not to understand at all. In other words, the addressee must use his or her intelligence and knowledge in an attempt to interpret the directions in the specification in a reasonable manner (see *Selero (Pty) Ltd v Chauvier* 1982 (2) SA 208 (T)).



### ACTIVITY 2.6

Vusi has done some market research and has discovered that the potential market for his cream is very small. He is worried about the effect of this lack of marketability on the validity of any patent he may obtain for his cream.

- ◆ Does Vusi’s invention have to be commercially viable in order for it to be patentable?
- ◆ What will be taken into account in determining whether Vusi’s cream is useful?



### FEEDBACK

Did your answer cover the points mentioned below?

- ◆ Vusi’s invention does not have to be a commercial success before it can be patented.
- ◆ The fact that an invention is a commercial success is often an indication that it satisfies the requirement of utility.

To determine whether the cream is useful we would look at the specification in the light of the state of the art. The question is

whether the cream will, when operated or performed in accordance with the inventor's instructions, fulfil its purpose. It must be effective in producing the results aimed at, that is, slowing down the ageing process, or being useful for that purpose.

## 2.4.3 The application for a patent

### 2.4.3.1 The applicant

The inventor, or some other person who has acquired the right to apply from the inventor, or both the inventor and such other person, may make the application for the registration of a patent (s 27(1)).

Joint inventors may apply for a patent in equal undivided shares, unless they agree to some other disposition of rights (s 27(2)). Section 29 provides that the commissioner may settle disputes relating to an application between joint applicants. Upon application made to him, the commissioner also decides disputes between persons about their rights to obtain a patent for an invention, or to make, use, exercise or dispose of an invention, or to the right or title to a patent (s 28). The most common of these disputes are those between employer and employee in respect of an invention made by the employee.

The Act does not expressly provide for the allocation of inventions made by employees in the course of their employment. The only statutory provisions specifically relating to the employer-employee relationship are those contained in section 59 (to which we will refer to in more detail below).

According to Burrell the correct approach is that an invention made in the course and scope of an employee's employment shall belong to the employer **only if** an agreement exists between the parties to this effect (see, generally, Burrell 1999 *South African Patent* 288–295).

This approach is in line with that taken in the United States of America (see Burrell 1999 *South African Patent* 295–297). In England, prior to the Patents Act 1977, the position, in the absence of specific legislative regulation, was as set out by Lord Reid in *Sterling Engineering Co Ltd v Patchett* [1955] AC 534 at 547 ([1955] 72 RPC 50 at 58):

No doubt the respondent was the inventor and in the ordinary case the benefit of an invention belongs to the inventor. But at the time when he made these inventions he was employed by the appellants as their chief designer and it is, in my judgement, inherent in the legal relationship of master and servant that any product of the work which the servant is paid to do belongs to the master: I can find neither principle or authority for holding that this rule ceases to apply if a product of that work happens to be a patentable invention. Of course, as the relationship of master and servant is constituted by contract the parties can, if they choose, alter or vary the normal incidents of the relationship, but they can only do that by express agreement or by an agreement which can be implied from the facts of the case.

Presently, the Patents Act 1977 expressly provides that inventions made by employees in certain circumstances shall belong to the employer, while other inventions shall belong to the employees themselves (ss 39–43).

In the absence of specific provisions in our Act, the allocation of an invention made by an employee shall, in the case of a dispute, be made in accordance with general principles (see *Brown NO v Simmonds* 1947 (4) SA 108 (SR)).

It is important to note that, in terms of section 59(2), any condition in a contract of employment which: (1) requires an employee to assign to his employer an invention made by him otherwise than within the course and scope of his employment, or (2) restricts the right of an employee in an invention made by him more than one year after the termination of the contract of employment, is null and void.

A final remark: the Act does not define the term “inventor”. Section 2 of the Act does, however, contain a definition of the term “applicant”: this term includes the legal representative of a deceased applicant or an applicant under legal disability. The term “applicant” refers only to those who are entitled to exercise the right to apply for a patent. We have to determine the person entitled to exercise the other rights of a deceased inventor or an inventor under disability in accordance with general principles.



### **ACTIVITY 2.7**

At this stage Vusi wants to lodge a patent application for his cream. He wants to obtain patent protection for the anti-ageing properties of the cream and the diagnostic use of the cream; he also wants to obtain patent protection for the computer program. Vusi now wants you to prepare the patent application for him. He wants to know:

- ◆ what information you will need
- ◆ where he should lodge his application
- ◆ in whose name the patent application should be lodged, as Thandi insists on being named a “joint inventor”



### **FEEDBACK**

In drawing up the list of information you would need, did you consider the following:

- ◆ Details regarding the circumstances under which the invention was made.
- ◆ Subject-matter of the invention.
- ◆ The date and time when work on the invention was completed.
- ◆ Proof of the work carried out.
- ◆ Who was involved in the work (employees, independent contractors)?
- ◆ Why is this work regarded as significant?

- ◆ Details regarding the invention itself.
- ◆ What is the background knowledge in this field?
- ◆ Which aspects of the invention are regarded as something completely new?
- ◆ Have the details of the invention been kept confidential, or were they made public?
- ◆ How does it work?
- ◆ How could it be illustrated?
- ◆ For which parts of the invention may exclusive rights be claimed?
- ◆ You should also find out in which geographical location your client wishes to exploit the invention.



### **ACTIVITY 2.8**

Thandi is an employee of Vusi, a manufacturer of cosmetic creams. Thandi is a computer programmer. Thandi enters into an employment contract with Vusi. The agreement contains the following clause:

“The employee hereby assigns all rights and title in any invention made by herself to her employer.”

In her spare time, Thandi weaves materials using different types of fibres. One day she accidentally leaves a piece of her weaving on one of Vusi’s heaters. Hours later she discovers that, as a result of being exposed to the heat, certain fibre combinations form a very strong, almost unbreakable material. During the next few days she brings different samples of fibres to her place of work and she experiments using different combinations of the fibre and different periods and settings of heat exposure. As a result of all her experimentation, Thandi discovers that a very strong and durable type of material may be made by a specific combination of different types of fibre placed, for a certain period of time, on a heater (which happens to be owned by her employer). The material is suitable for windsurfing and she thinks that there may be a considerable commercial market for the material.

Vusi and Thandi approach you for legal advice.

- ◆ Vusi is of the opinion that the invention belongs to him, the employer, because it was made during Thandi’s hours of employment with him and his equipment was used.
- ◆ Thandi argues the her invention has nothing to do with her employer.
- ◆ Who do you think owns the invention?



## FEEDBACK

First of all, you have to take note of what may not be included in an employment contract — refer to section 59(2). Inventions made outside the course and scope of employment may not be claimed by employers.

Thandi's invention was not made within the course and scope of her employment: she was employed to write computer programs. She is correct in saying that it does not fall within the course and scope of her employment. Vusi cannot rely on the clause in his employment agreement with Thandi — it is null and void.

### 2.4.3.2 Application procedure

Patent applications are made in the form prescribed by section 30 and the regulations under the Act. Such applications must contain an address for service of notices and communications relating to the application. A declaration setting out the facts relied upon in support of the application must be lodged with the registrar before he will accept the application. The applicant or his or her agent must sign the application, and, where the applicant is a person other than the inventor, or a joint applicant with the inventor, proof of title or authority to apply must be filed.

Either a **provisional** or a **complete specification** must accompany the patent application. In the vocabulary of patents, we refer to an application accompanied by a provisional specification as a provisional application. The Act itself does not, however, use this term.

All that is required of a provisional specification is that it should fairly describe the invention (s 32(2)).

A complete specification, by contrast, is required —

- (1) to have an abstract;
- (2) to sufficiently describe, ascertain and, where necessary, illustrate or exemplify the invention and the manner in which it is to be performed in order to enable the invention to be performed by a person skilled in the art of such invention; and
- (3) to end with a claim or claims defining the invention for which protection is claimed (s 32(3)).

The claims must relate to a single invention, be clear, and be based fairly on the subject matter of the invention as disclosed in the specification. Since the protection sought is defined in the claim, claims are, in practice, defined in meticulous detail. Anything not specifically claimed is disclaimed. Thus, the extent of the monopoly conferred by a patent is to be sought in the claims, interpreted against the body of the specification.

If drawings are necessary, they must be in the prescribed form.

A new filing requirement is set out in section 30(3A). Every applicant who lodges an application for a patent accompanied by a complete specification shall lodge with the registrar a statement in the prescribed form (Form P.26), stating whether or not the invention is

- (i) directly derived from an indigenous biological resource or a genetic resource, and
- (ii) based on or derived from traditional knowledge or traditional use (see s 30(3A)(a))

Where Form P.26 contains a statement that the invention for which protection is claimed is based on or derived from an indigenous biological resource, a genetic resource, or traditional knowledge or use, the applicant shall, before acceptance of the application furnish the registrar with proof of his or her title or authority to make use of the indigenous biological resource, the genetic resource, or the traditional knowledge or use, by lodging with the registrar one or more of the following:

- (a) a copy of the permit issued in terms of Chapter 7 of the Biodiversity Act
- (b) if applicable, proof that prior consent had been obtained as contemplated in section 82(2)(a) or 82(3)(a) of the Biodiversity Act
- (c) if applicable, proof of a material transfer agreement as contemplated in section 82(2)(b)(i) of the Biodiversity Act
- (d) if applicable, proof of a benefit-sharing agreement as contemplated in section 82(2)(b)(ii) or 82(3)(b) of the Biodiversity Act
- (e) if applicable, proof of co-ownership of the invention for which protection is claimed (see Regulation 33A)

In the case of an invention comprising a microbiological process, section 32(6) requires the deposit of samples. It states:

If a complete specification claims as an invention a microbiological process or a product thereof, samples of any microorganism in question which is not available to the public shall before the acceptance of the application be dealt with in the prescribed manner.

In 1997 South Africa acceded to the Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure. As a result, a new regulation 28A, entitled "microbiological processes and products", has been inserted in the patent regulations to prescribe the manner in which a microorganism should be dealt with in the circumstances envisaged by section 32(6). Briefly, a culture of the microorganism must be deposited with an international depositary authority recognised in terms of the Treaty, not later than the date of lodging the application in South Africa. The complete specification should state the name (or a recognised abbreviation) of the relevant international depositary authority, and provide certain other information. The information regarding the international depositary authority may be added to the specification by way of amendment at any time before the application becomes open to public inspection ("the publication date"). The communication of the information about the deposit is considered to constitute the unreserved and irrevocable consent of the applicant to make the deposited culture available to the public from the publication date. A sample of the deposited culture must be furnished to any requesting party from the publication date, provided that a valid request for it is made to the relevant international depositary authority.

The date of the application will be the date upon which the application is lodged with the patent office (s 30(5)), except in so far as the Act provides otherwise. What is referred to here is the possibility of ante-dating an application to an earlier date (s 37) or of post-dating it to a later date (s 38(2)).

The priority date of an invention to which an application relates, and the priority date of any matter contained in such application, whether or not it is the same as the invention, is usually the date of filing the application with the patent office (s 33(1)).

Priority can be claimed in the following instances (see s 31(1)):

- (1) An application accompanied by a complete specification can claim priority from the date of filing (this will then be the priority date) of a previous application in respect of the same invention and accompanied by a **provisional specification**. This previous provisional application may not have been filed more than one year (or at the most 15 months on payment of a prescribed fee) prior to the application claiming priority.
- (2) An application accompanied by a complete specification can claim priority from the date of filing (again, the priority date) of a previous application in respect of the same invention and accompanied by a **complete specification** which, itself, was without a claim to priority. This previous application must have been filed not more than one year prior to the application claiming priority.
- (3) An application accompanied by a complete specification can claim priority from the date (again, the priority date) of an application **in a convention country** in respect of the same invention. The application in the convention country must have been filed not more than one year prior to the application claiming priority and must have been the first application in a convention country.

But it is possible to claim as a priority date a date **earlier** than the date of application: where priority is claimed from one or more earlier applications, or one or more earlier convention applications, or both, and the invention claimed in the specification is fairly based on matter disclosed in one or more of any these earlier applications, the priority date of the invention is the date of lodging the earliest application in which that matter was disclosed in so far as it is fairly based on such earlier application (s 33(2)). (A “convention application” is an application for a patent made in South Africa, which application claims priority from a relevant application in a convention country (s 2): see further 2.4.13.1 below.) Any invention claimed in an application may have one or more priority dates (s 33(3)). There is a rebuttable presumption that the priority date of an invention is the earliest priority date claimed in an application (s 33(4)). When you need to determine whether an invention claimed in an application is fairly based on the matter disclosed in an earlier application or an earlier application in a convention country, you should consider the disclosures contained in all documents lodged at the same time as and in support of such earlier application (s 33(5)).

The priority date of new matter introduced by way of a supplementary disclosure in terms of section 51(8) is the date of lodging such disclosure (s 33(6)).

The effect of section 31(1) is that a patent claim can, in certain circumstances, be entitled to a date earlier than the date on which the patent application was actually filed at the patent office. We refer to such an earlier date as the priority date. We should, of course, read this section with section 33.

An application accompanied by a provisional specification (the provisional application) lapses unless

- (1) a further application with a complete specification (the complete application) is lodged within 1 year, or (if a prescribed fee is paid) within 15 months of the date of the provisional application
- (2) priority is claimed in the complete application from the date of the provisional application (s 31(5))

On international applications, see 2.4.13.2 below.

#### 2.4.3.3 Examination of the application

The registrar examines only the form of the complete application, since the patent office has neither the staff nor the facilities to examine the subject-matter and merit of each application. If the registrar is satisfied that the application complies with the formal requirements of the Act, he will accept it (s 34).

The registrar will refuse the application if it appears to him that

- (1) the application is frivolous because it claims as an invention something obviously contrary to well-established natural laws; or that
- (2) use of the invention to which the application relates would be generally expected to encourage offensive or immoral behaviour (s 36(1); see also s 25(4)(a)).

The registrar may refuse the application if it appears to him that the invention in respect of which a patent is sought might be used in some manner contrary to law, unless the applicant adds a disclaimer in respect of such use, or some other reference to the illegality of such use, as the registrar may determine (s 36(2)).

In other cases where the registrar is not satisfied with the application, he may refuse to accept it altogether, or may require amendment of the application or specification to comply with the Act (s 35(1)).

#### 2.4.3.4 Acceptance, grant and sealing

If the registrar finds that the application is in order, he will give the applicant written notice of acceptance of the complete specification. The notice specifies the date of acceptance of the specification and states that, once the applicant publishes the fact of acceptance of the specification in the *Patent Journal*, the patent shall be deemed to have been sealed and granted as from the date of publication. If the applicant fails to advertise the acceptance timeously, or within the extended period allowed on application to the registrar, the application will lapse (s 42).



After publication, the registrar grants and seals a patent in respect of the invention with the seal of the patent office. Sealing is deemed to have been effected at the date of publication of the complete specification, and the patent is effective from that date (s 44).

You should note that, subject to certain exceptions, an application will lapse if the registrar has not accepted a complete specification in respect of it within 18 months of the date of application (s 40).

#### **2.4.4 Opposition and revocation**

Once a patent has been granted, any person may apply in the prescribed manner for the revocation of the patent upon the grounds specified in section 61, and only upon those grounds.

The grounds to which the section refers are:

- (1) That, under section 27, the patentee is not entitled to apply for the patent (see 2.4.3.1 above).
- (2) That the grant of the patent is in fraud of the rights of the applicant or of any person under or through whom he claims.
- (3) That the invention is not patentable under section 25 of the Act (see 2.4.2 above).
- (4) That the invention as illustrated or exemplified in the complete specification concerned cannot be performed or does not lead to results and advantages set out in the complete specification (see also 2.4.2.4 above).
- (5) That the complete specification does not fully describe, ascertain and, where necessary, illustrate or exemplify the invention and the manner in which it is to be performed.
- (6) That the complete specification as accepted does not disclose the best method of performing the invention known to the applicant for the patent at the time when the specification was lodged at the patent office.
- (7) That the claims of the complete specification are not clear or are not fairly based on the matter disclosed in the specification.
- (8) That the declaration lodged in respect of the application contains a false statement or representation which is material and which the patentee knew to be false when the declaration was made. Of particular relevance here are false statements relating to inventorship, to the applicant's right to apply, and to convention applications where priority is claimed.
- (9) That the application for the patent should have been refused under section 36 (see 2.4.3.3 above).
- (10) That the complete specification claims a microbiological process or product of it as an invention, and the requirements of section 32(6) have not been satisfied.
- (11) That the prescribed declaration lodged in respect of the application for the patent in terms of section 30(3A) contains a false statement or representation which is material and which the patentee knew to be false at the time when the statement or representation was made (see 2.4.3.2 above).

The commissioner has the power either to revoke the patent, or to uphold it subject to suitable amendment.

The invalidity of one claim renders the entire patent susceptible to revocation, unless the claim is amended to cure the invalidity (see *Wright Boag & Head Wrightson (Pty) Ltd v Buffalo Brake Beam Co* December 1965 *Patent Journal* 34). Burrell (1999 *South African Patent* 258) points out that we should not regard the entire patent as invalid, since section 68 specifically provides for relief for the infringement of a partly valid patent.

Revocation of a patent is retrospective to the date of the grant of the patent. Note that a patent which has expired is nevertheless capable of being revoked (see *Wright Boag & Head Wrightson (Pty) Ltd v Buffalo Brake Beam Co* (*supra*)).

#### **2.4.5 The effect and duration of a patent**

Section 45 sets out the protection afforded to the patentee. Basically, the effect of a patent is to grant the patentee a statutory monopoly which applies to South Africa. As a result, the patentee receives and enjoys the whole profit and advantage that may accrue by reason of the patented invention. Section 45(1) actually contains a provision on these lines. It also states that the effect of the patent will be such as to give the patentee “the right to **exclude other persons from** making, using, exercising, disposing or offering to dispose of, or importing the invention” (emphasis added); in other words, the protection is framed in a negative manner — the patentee obtains the right to prevent others from using his or her invention.

The right of the patentee is exclusive in the sense that it allows the patentee to exclude others from exploiting the invention. In practice, the exclusive right of the patentee has two main applications:

- (1) protection against infringement (see further 2.4.10); and
- (2) the possibility of assigning or licensing the right, in whole or in part.

The right of the patentee to his or her invention is usually limited in a number of ways:

- ◆ The claims which define the patent monopoly may be subject to amendment or invalidation by the courts in respect of defects that were not detected before the patent was granted.
- ◆ Where the invention improves on, or develops, an earlier invention still subject to a current patent, the patentee may need to obtain a licence under the earlier patent. It is quite possible for a later invention to be patentable, because it comprises particular or specific new and inventive features, and yet it may still fall within the ambit of an earlier, more general, or wider patent. See further the discussion in 2.4.7 below, especially of compulsory licences in respect of dependent patents.
- ◆ The patentee’s right is usually limited by law. For example, the patentee is required to exploit, to a certain extent, his or her invention if he or she wants to retain the monopoly. If he or she does not exploit the invention, a non-voluntary licence may be granted. See below for further discussion of non-voluntary licences for abuse of rights. Also, section 45(2) of the South African Patents Act states that the authorised sale of “a patented article ... shall, subject to other patent rights, give the purchaser the right to use, offer to dispose of and dispose of that article.”

- ◆ The state, or third parties authorised by the state may, in certain circumstances in the public interest, use the invention on terms fixed by agreement or by the courts.

The protection that is afforded the patentee lasts for the duration of the patent only. Note that section 45(2) provides that the disposal of a patented article by, or on behalf of, a patentee or his or her licensee shall, subject to other patent rights, give the purchaser the right to use, offer to dispose and dispose of the patented article.

The term of a patent is 20 years from the date of application (s 46(1)).

The patent's subsistence is subject to payment of the prescribed renewal fees. A patentee whose patent has lapsed because of a failure to pay the prescribed fees may apply to the registrar for its restoration (s 47). If the registrar is satisfied that the omission was unintentional and that the application has not been unduly delayed, he must advertise the application. Any person may then give notice of opposition to the restoration of the patent. If the restoration is not opposed, the registrar must issue an order for the restoration of the patent on payment of the prescribed fees; if the restoration is opposed, the commissioner decides the matter. Read section 48 on the rights of the patentee of a restored patent.



### ACTIVITY 2.9

Vusi approaches you for legal advice. The process he invented for manufacturing the cream has been patented in South Africa. He tells you that he is worried by what Leanie, Tanya, Suné, Sonja, Tina and Herman are doing. Consider the following situations separately:

- ◆ Leanie is advertising Vusi's cream.
- ◆ Tanya is the owner of a factory where Vusi's cream is produced.
- ◆ Suné is using Vusi's process to make the cream for a science project.
- ◆ Sonja is importing a better cream manufactured by Tina from the US.
- ◆ Herman is producing Vusi's cream and donating it to needy individuals.

Advise Vusi on whether any of the above actions falls within his exclusive monopoly, and if so, why the action is considered to be an infringement of his exclusive rights.



### FEEDBACK

The following actions are relevant:

- ◆ Advertising the cream. By offering to dispose of the cream, Leanie is infringing Vusi's rights.
- ◆ Making the cream. As the factory owner, Tanya is guilty of patent infringement.

- ◆ Experimental purposes. Suné is not making or using the invention and is therefore not infringing Vusi's rights.
- ◆ Importation. Importing another cream does not mean that Sonja is infringing Vusi's rights.
- ◆ Production for humanitarian purposes. Herman's actions constitute of making and disposing of the cream and are therefore an infringement of Vusi's rights.



### ACTIVITY 2.10

If he lodges the patent application on 1 February 2004, and the patent is granted on 6 June 2006, Vusi wants to know the date from which his patent will enjoy protection and the period for which it will enjoy protection.



### FEEDBACK

In advising Vusi you should have noted the contents of section 46(1) of the Patents Act. The duration of a patent is 20 years; make sure you calculate the period of protection from the correct date. Is the period calculated from

- ◆ the date of application: that is, 1 February 2004, or
- ◆ the date of grant: that is, 6 June 2006?

### 2.4.6 Amendment of a specification and correction of the register and other documents

Section 51 regulates the amendment of a specification (provisional or complete). See also *De Beers Industrial Diamond Division (Pty) Ltd v General Electric Company* 1988 (4) SA 886 (A); *South African Druggists Ltd v Bayer AG* 1989 (4) SA 103 (A); *Water Renovation (Pty) Ltd v Gold Fields of SA Ltd* 1994 (2) SA 588 (A); *Kimberly-Clark of SA (Pty) Ltd (formerly Carlton Paper of SA (Pty) Ltd) v Proctor & Gamble SA (Pty) Ltd* 1998 (4) SA 1 (SCA). Read section 51 carefully.

An applicant or patentee may, at any time, apply for the amendment of his provisional or complete specification. His application must take the prescribed form and must contain full reasons for the requested amendment (s 51(2)).

Where the specification concerned is open to public inspection, the amendment application must be advertised and is open to opposition. The commissioner deals with such opposition and determines whether and on what conditions, if any, the amendment ought to be allowed (s 51(2) and (3)).

Where the specification concerned is not open to public inspection, or where no opposition to an application for amendment has been entered, the registrar determines whether an amendment should be allowed, and if so, on what basis (s 51(4)).

Amendments which introduce new matter into a specification or which introduce matter previously not disclosed in substance in the specification will not be allowed (s 51(5) and (6)); see further *Bateman Equipment Ltd & another v Wren Group (Pty) Ltd* 2000 (1) SA 649 (SCA)). In the case of a complete specification not yet open to public inspection, new matter may be introduced by way of a supplementary disclosure attached to the specification. This supplementary disclosure will then be considered, should the validity of the patent be questioned later. The supplementary disclosure must describe matter which may fairly be associated with the matter described in the specification as originally framed. The supplementary disclosure should not be capable of forming the subject of a patent of addition (s 51(8)). When determining the validity of the patent, note should be taken of the priority date of the new matter introduced by way of the supplementary disclosure.

If an amendment of a complete specification will have the effect that claims will be included which are not fairly based on the specification before amendment, or that claims will be included which are not wholly within the scope of a claim before amendment, such an amendment will not be allowed (s 51(6) and (7)).

The amendment of a provisional specification shall be allowed if it is a correction, including a correction of an obvious mistake. This concerns a correction where the provisional specification does not correctly reflect the draftperson's intention. No amendment of a provisional specification shall be allowed if it introduces into the specification new matter or matter not in substance disclosed in the specification sought to be amended before the amendment (s 51(5)).

Section 50 provides for the correction of clerical errors or errors in translation in any document which is part of a patent or a patent application, or in the register (see further *McCauley Corporation Ltd v Brickor Precats (Pty) Ltd* 1989 BP 314 (CP)). Where such a correction is applied for and the registrar is of the opinion that the correction would materially alter the scope of the document, he may require that the correction be published in the patent journal, or be served on such persons as he may consider necessary. Any person can then enter an opposition against such a correction (s 50).

The registrar may order the register to be rectified by the making, amendment or deletion of any entry therein; such an order may be made either upon the request of an interested party or without such a request (s 52).

## **2.4.7 Licensing of patents**

A patentee does not necessarily exercise his monopoly relating to his patent himself. Another person can obtain the right to exercise these exclusive rights by obtaining a licence. We can divide licences into three categories: voluntary licences, compulsory licences and licences of right. Let's look at each one of these categories in turn.

### **2.4.7.1 Voluntary licences**

The patentee himself does not need to exercise his right to make, use, exercise, and dispose of his invention, or to prevent others from doing so. Instead, he may give others permission to exercise these rights

and may, in return, require the payment of a sum in remuneration (a royalty). The patentee gives this permission in a patent licencing agreement. Where the patentee voluntarily gives permission, we speak of a voluntary licence.

As a matter of law, only one distinction is of any significance here — exclusive and non-exclusive licences. In terms of an exclusive licence, the licensor (the patentee) undertakes not only to grant no other licences, but also not to manufacture or sell within the licensed territory.

In legal systems espousing the principle of freedom of contract, the parties to patent licences and assignments are usually free to determine the scope and nature of their obligations by mutual agreement. On occasion, though, Parliament may intervene. Section 57 of the South African Patents Act, for example, provides for the termination of contracts relating to licences where the patent under which a licence was granted expires, and section 58 relates to the effect of a patent licence. Unless the parties have agreed otherwise, the following applies:

- ◆ A licence to **make** a patented article carries with it the right to use, offer to dispose of, dispose of or import the patented article.
- ◆ A licence to **use or exercise** a patented process carries with it the right to make, use, offer to dispose of, or dispose of, the product of the process.

Patent licences may, of course, lead to anti-competitive behaviour. This is why legislators sometimes interfere with the parties' freedom of contract. Section 90 of the South African Patents Act, for example, states that certain conditions in a patent licence will be null and void. These include any condition in a patent licence, the effect of which will be —

- ◆ to prohibit or restrict the licensee from purchasing or using any article or class of articles, whether patented or not, supplied or owned by any person other than the licensor;
- ◆ to prohibit or restrict the licensee from using any article or process not protected by the patent;
- ◆ to require the licensee to acquire from the licensor any article or class of articles not protected by the patent; or
- ◆ to prohibit or restrict the making, using, exercising, or disposing of the invention concerned in any country in which the invention is not patented.

But, in two exceptional circumstances, restrictive terms are allowed in a licence agreement:

- ◆ where the term or condition prohibits the licensee from selling any goods other than those of the patentee; or
- ◆ where the term or condition reserves for the licensor the right to supply new parts for the patented article (s 90(2)).

#### 2.4.7.2 Compulsory licences

The commissioner may grant compulsory licences for the exploitation of a patented invention in two instances, namely dependent patents and abuse of rights.

Section 55 deals with the granting of compulsory licences in respect of **dependent patents**. If a patentee cannot exploit his or her patent without infringing an earlier patent and if the patentee is unable to obtain a licence under that patent, he or she may apply to the commissioner for a licence under that patent. The commissioner may then grant such a licence on such conditions as he thinks fit, but it must always include a condition that the licence may be used only for the purpose of exploiting the invention covered by the dependent patent.

The commissioner may not grant such a licence unless

- (a) the invention claimed in the dependent patent involves an important technical advance of considerable economic significance in relation to the invention claimed in the earlier patent;
- (b) the proprietor of the dependent patent granted the proprietor of the earlier patent on reasonable terms a cross-licence to use the invention claimed in the dependent patent; and
- (c) the use authorised in respect of the earlier patent cannot be assigned except with the assignment of the dependent patent.

Section 56 provides for compulsory licences in the case of **abuse of patent rights**. Let us first determine what will constitute an abuse of patent rights. Section 56(2) provides that patent rights are deemed to be abused if —

- (a) the patented invention is not being worked in South Africa on a commercial scale or to an adequate extent, after the expiry of a period of four years subsequent to the date of the application for the patent or three years subsequent to the date on which that patent was sealed, whichever period last expires, and there is, in the opinion of the commissioner, no satisfactory reason for such non-working (see further *Syntheta (Pty) Ltd (formerly Delta G Scientific (Pty) Ltd) v Janssen Pharmaceutica NV* 1999 (1) SA 85 (SCA) at 90);
- (b) —
- (c) the demand for the patented article in the Republic is not being met to an adequate extent and on reasonable terms;
- (d) by reason of the refusal of the patentee to grant a licence or licences upon reasonable terms, the trade or industry or agriculture of the Republic or the trade of any person or class of persons trading in the Republic, or the establishment of any new trade or industry in the Republic, is being prejudiced, and it is in the public interest that a licence or licences should be granted (see further *Syntheta (Pty) Ltd (formerly Delta G Scientific (Pty) Ltd) v Janssen Pharmaceutica NV (supra)* at 91); or
- (e) the demand in the Republic for the patented article is being met by importation and the price charged by the patentee, his licensee or agent for the patented article is excessive in relation to the price charged in countries where the patented article is manufactured by, or under, licence from the patentee or his predecessor or successor in title.

Application for a compulsory licence is made to the registrar. The patentee, or any other person who appears from the register to be

interested in the patent, may oppose the application (s 56(3)). An applicant for a compulsory licence under section 56(2) has to establish from the facts that the patent is abused. Bald assertions and repeating the wording of section 56(2) do not amount to statements of fact from which legal conclusions can be drawn (*Syntheta (Pty) Ltd (formerly Delta G Scientific (Pty) Ltd) v Janssen Pharmaceutica NV* 1999 (1) SA 85 (SCA) at 89–90).

The commissioner considers the application on its merits and determines whether or not a compulsory licence should be granted. Subject to the provisions of section 56(7), the commissioner may, upon granting a licence, impose such conditions on the grant as he deems fit, including a condition precluding the licensee from importing any patented articles into South Africa (s 56(4)). When the commissioner determines the conditions on which a licence should be granted, he must have regard to all relevant facts, such as the risks to be undertaken by the licensee, and the research and development already undertaken by the patentee (s 56(7)). The licence must contain a provision that, subject to adequate protection of the legitimate interests of the licensee, the licence shall be terminated, on application by the patentee, if the circumstances which led to its grant cease to exist and, in the commissioner's opinion, are unlikely to recur (s 56(4)).

The commissioner may amend or revoke any compulsory licence granted by him (s 56(9)).

Any licence granted under section 56 is non-exclusive. It cannot be transferred except to a person to whom the business, or part of the business, in connection with which the rights under the licence are exercised, has been transferred (s 56(5)). The compulsory licensee has, subject to the conditions attaching to the grant of the licence, the same rights and obligations as any other licensee under a patent.

#### 2.4.7.3 Licences of right

Section 53 authorises the patentee to apply, to the registrar, at any time after the sealing of the patent to have the words "licences of right" endorsed on the patent. When a patentee makes such an application, the registrar must so endorse the patent, unless he is satisfied that the patentee is precluded by contract from granting licences under the patent. Such a contract may, for example, be one under which the patentee obtained the invention and which forbids him or her the right to grant licences.

Section 53(2) sets out the consequence of such endorsement. After endorsement, any person may take out a licence under the patent subject to the conditions agreed upon between himself and the patentee, or, in default of such an agreement, upon conditions fixed by the commissioner. (Note s 53(2)(a) and (c).) The licensee is also entitled to call upon the patentee to institute proceedings in the event of any infringement of the patent; if the patentee fails to do so within two months of being so called upon, the licensee may himself institute proceedings (s 53(3)).

One may well ask why the Act should make provision for these licences of right. There are three reasons for doing so. In the first instance, the renewal fees payable in respect of a patent so endorsed



are reduced by half (s 53(2)(d)). Secondly, the endorsement which is also entered in the register of patents (besides being entered on the Letters Patent), serves as an invitation to interested parties to obtain licences under the patent — interested parties become “entitled as of right” to acquire such a licence (s 53(2)(a)). Thirdly, if an action for the infringement of the patent is instituted, no interdict will be granted against the defendant if he or she undertakes to acquire a licence on such terms as the commissioner may determine (s 53(2)(c)). Such a licence authorising the continued exploitation of the patented invention, instead of an interdict, naturally provides the patentee with continued financial compensation.

From the above it is clear that the endorsement of a patent in terms of section 53 would be beneficial particularly in those cases where the patentee himself does not exploit the invention, at least not on a large scale. Section 54 provides that such an endorsement can be cancelled again. This section should be read in its entirety for the procedure for, and consequences of, cancellation.



### **ACTIVITY 2.1 1**

Vusi and Thandi cannot find sufficient funding to enable them to set up a production facility in South Africa. It also transpires that they import the active ingredient of the cream — the powder from the milk culture — from Kenya. Consider the following separate situations:

- ◆ Thembi approaches Vusi and Thandi for a licence to manufacture and sell the cream. He proposes to use Vusi’s patented formula and Thandi’s patented process.
- ◆ Prudence approaches the commissioner for a compulsory licence under section 56. She makes it clear that she is not seeking a licence to sell the cream for use in South Africa. Instead, she wants to manufacture the cream in South Africa for the sole purpose of exporting it to countries in Africa where there is no corresponding patent. She believes that the success of this venture is crucial to the establishment of her own business.



### **FEEDBACK**

In Thembi’s case, the issue is that of a voluntary licence. In Prudence’s case, consider each of the grounds set out in section 56(2)(a)–(e). Could she argue that the granting of this licence is in the public interest because it is crucial to the establishment of her business? Can the establishment of her business be equated to the establishment of a new trade or industry in South Africa?

## **2.4.8 Assignment, attachment and hypothecation of patent rights**

A patentee or applicant for a patent may assign his or her rights in and to an invention (see ss 59(1) and 60(1)). You need to remember that

there is a distinction between a licence and an assignment. In the case of a licence, the licensor (the patentee) merely grants the licensor the right to exercise some or all of the rights in the patent. The licensor, however, remains the patentee. In the case of an assignment, the assignor (or patentee) transfers all the rights in the patent to the assignee. The assignor divests himself entirely of his rights in the patent. In other words, the assignee becomes the patentee.

An assignment must be in writing and registered at the patent office. If it is not in writing and registered, the assignment will be valid *inter partes* only (s 60(1)). A patent for a main invention and its patent of addition cannot be assigned separately from one another (s 39(7)).

The Act contains provisions providing for the attachment of a patent or patent application. Attachment takes place by the registration of the attachment order in the register of patents. Unless it is renewed, such an attachment lapses after three years. Read section 60(2), (3) and (4) for more on this.

The hypothecation of a patent or patent application can likewise be registered in the register of patents (s 60(5)). Note that the Act states that “the hypothecation ... may ... be entered in the register.” It seems as if registration is not a requirement for hypothecation. However, once an attachment or hypothecation has been recorded, the patentee is not allowed to alienate or encumber the patent or patent application, or to grant licences under it (s 60(6)).

#### **2.4.9 Miscellaneous matters relating to patents and patent applications**

Read the sections of the Act referred to below and note the following matters relating to patents and patent applications:

- (1) changing a complete specification to a provisional one: read section 38
- (2) patents of addition: read section 39
- (3) joint ownership of patents: read section 49
- (4) patents comprising more than one invention: read section 62
- (5) voluntary surrender of a patent: read section 64

#### **2.4.10 Infringement of patent rights**

As you will remember from 2.4.5 above, the effect of a patent is to confer upon the patentee a monopoly which enables him or her to exclude others from making, using, exercising, disposing or offering to dispose of or importing his or her patented invention. Thus, except where specifically qualified by the Act, any person who performs one of these acts without the consent of the patentee infringes the patent. The patentee is entitled to enforce his or her patent rights by instituting proceedings against such an infringer. The Act specifically sets out the remedies available in infringement proceedings. We will first examine the acts of infringement before discussing infringement.

##### **2.4.10.1 Acts of infringement**

###### **a Making**

“Making” has the ordinary meaning, and includes fabrication, production, and preparation, doing or performing an act and

converting something into something else. The intentions of the person actually making the patented article are important. Burrell (1999 *South African Patent* at par 5.5) notes that the making of a patented article for sale, although it may not be sold subsequently, is an act of infringement, whereas the making of a patented article solely for the purpose of experimentation is not regarded as an act of infringement. He also notes that, where a series of steps is required to make a patented article, the “making” occurs when the last or final step is carried out to complete the article.

### **b Using**

The ordinary meaning of the verb “to use” means to put into practice or operation, to carry into action or effect. Note that innocent possession, transport or storage do not constitute infringing acts but, for example, the mere possession with clear evidence of an intention to use may justify the grant of an interdict (see Burrell 1999 *South African Patent* at par 5.7). Burrell notes that the use must be for the purpose for which it was patented.

Similarly, unlicensed possession of patented articles for the purpose of supplying customers, wherever they may be, constitutes infringement. *Bona fide* experimental use does not constitute infringement. Burrell notes that commercial demonstration of the patented article is not mere experimental use and will constitute infringement.

### **c Exercising**

The meaning of the term “exercising” is broad and includes “to put into operation, to apply, to make use of”. The principles related to “using” discussed above apply equally to “exercising”. Burrell (par 5.8) notes that, in patent law, the term is particularly applicable to an art, process or method which is “exercised” against a machine, manufacture, composition of matter or other physical apparatus or means that is normally “used”.

### **d Disposing of**

In its ordinary grammatical sense, the verb “dispose” means to bestow, make over, deal out, distribute and the term “dispose of” has a corresponding meaning (see Burrell par 5.9). It is noted that any loss of physical possession (including letting, distributing, marketing, donating and the like), including physical destruction, falls within the definition of disposing of (see Burrell).

### **e Offering to dispose of**

The act of “offering to dispose of” was included to fulfil South Africa’s compliance obligations under the TRIPS Agreement (see Intellectual Property Laws Amendment Act 38 of 1997). This followed as in terms of English law the exposure of a patented article for sale was an infringement, although a mere offer for sale, unaccompanied by possession, amounted only to a threat to infringe (see *No-Fume Ltd v Frank Pichford & Co Ltd* (1935) 52 RPC 231 at 251–252). Since South African courts were likely to follow English jurisprudence, an amendment was deemed necessary, culminating in the addition of “offering to dispose of” as an exclusive right of the patentee.

## f Importing

“Importing” was also included to fulfil South Africa’s obligations in terms of the TRIPS Agreement (see Intellectual Property Laws Amendment Act 38 of 1997). Burrell (par 2.2 at par 5.11) notes that the South African legislator makes a distinction between goods imported and goods in transit (see Customs and Excise Act 91 of 1964). The act of importing thus has a limited meaning and does not include goods in transit.

### 2.4.10.2 Establishing infringement

The monopoly conferred by a patent is delimited by the claims of the patent. The function of the claims is to define the extent of the monopoly conferred by the patent (*Frank & Hirsch (Pty) Ltd v Rodi & Wienerberger AG* 1960 (3) SA 747 (A)). The court must, therefore, as its first duty, determine the nature and scope of the invention claimed. It does so by construing the claims against the background of the complete specification as a whole (*Gentiruco AG v Firestone SA (Pty) Ltd (supra)*); for a succinct summary of the rules of interpretation, see *Monsanto Co v MDB Animal Health (Pty) Ltd (formerly MD Biologics CC)* 2001 (2) SA 887 (SCA) at 891). The court will thus determine what the essential features (the essential integers) of the invention are.

Once the court has ascertained the essential integers of the invention claimed, it compares them with the process or product which allegedly infringes the patent. It is essential that you note that the comparison is **between the infringing product or process and the invention as claimed, and not between the comparable product or process of the patentee** (*Letraset Ltd v Helios Ltd (supra)*). When it makes this comparison, the court will look at essence and not form. The court will thus investigate whether the infringing product or process is substantially the same as the patented invention. The patent will be infringed if the infringer has taken all the essentials of the claim.

Traditionally, infringement will have taken place if the infringer has embodied all of the essential features mentioned in the claim in his infringing product or process, although he may have omitted a non-essential feature (which is possibly also mentioned in the claim). This principle — that infringement will take place where the infringer has taken all of the essential characteristics of a claim (even though he may have omitted non-essential characteristics) — has become known as the **pith-and-marrow** doctrine. (It is obvious, of course, that there will, *a fortiori*, be infringement if an infringer embodies in the infringing product or process **all** the features mentioned in a claim.)

The classic statement of the pith-and-marrows doctrine in South African law is *Frank & Hirsch (Pty) Ltd v Rodi & Wienerberger AG (supra)* 762:

I assume that A, B and C are essential features of an invention as claimed and that D, though mentioned in the claim, is in fact not an essential feature. If the alleged infringer omits A or B or C in his apparatus (whether or not he substitutes something else for what is omitted) he does not infringe the patent. To infringe he

must take the whole of the essentials of the invention. So far as D is concerned it does not matter what he does. If he has taken A and B and C, he has infringed whether he leaves D out entirely or keeps it in or substitutes a mechanical equivalent for it.

Regardless of the precise language in which the claims are put forward, the reference to the “pith and marrow” of an invention should not mislead one into supposing that the patentee is entitled to a monopoly of the mechanical or other principle that his invention uses, or a monopoly of the result that his invention achieves. Where the claims, upon their true construction, specify a number of elements or integers as the essential features of the invention, the monopoly is only for that specified combination of elements so acting in relation to one another. There is no infringement of the monopoly unless every element is present in the process or article that is alleged to infringe the patent, and unless these elements act in relation to one another in the manner claimed. (See *Raubenheimer v Kreepy Krauly (Pty) Ltd* 1987 (2) SA 650 (A) at 656, approving *Rodi & Wiennenberger AG v Henry Showell Ltd* [1966] RPC 441 (CA) at 467.)

To determine whether a feature is essential, the court applies the **doctrine of purposive construction** (*Stauffer Chemical Co & another v Salsan Marketing and Distribution Co (Pty) Ltd & others* 1987 (2) SA 331 (A) at 344; *Nampak Products (Pty) Ltd v Man-Dirk (Pty) Ltd* 1999 (3) SA 708 (SCA) at 712; *Aktiebolaget Hässle & another v Triomed (Pty) Ltd* 2003 (1) SA 155 (SCA) at 159). The doctrine of purposive construction looks at the purpose and function of each feature or integer. The term “purposive construction” was first used by Lord Diplock in *Catnic Components Ltd v Hill & Smith Ltd* [1982] RPC 183 (HL) 242–243:

A patent specification should be given a purposive construction rather than a purely literal one derived from applying to it the kind of meticulous verbal analysis in which lawyers are often tempted, by their training, to indulge. The question in each case is: whether persons with practical knowledge and experience of the kind of work in which the invention was intended to be used would understand that strict compliance with a particular descriptive word or phrase appearing in a claim was intended, by the patentee, to be an essential requirement of the invention so that any variant would fall outside the monopoly claimed, even though it could have no material effect upon the way the invention worked.

Note that, even after the court has established that the infringing product or process falls within the scope of the claims of the patent that has allegedly been infringed, infringement itself still has not been established. In order to establish infringement, it must also be proved that the infringer did in fact make, use, exercise or dispose the product or process which falls within the ambit of the patent.



### ACTIVITY 2.1 2

Vusi approaches you for legal advice about Simon’s alleged infringement of his patent.

Advise Vusi on the legal significance of each of the following, separate, situations:

- ◆ Vusi tells you that, although Simon is not using his patented process, Vusi's cream and Simon's cream are made of identical substances.
- ◆ Vusi tells you that he has become aware of a similar manufacturing process for a cream. This process had been in use, in Japan, for five years before he lodged his patent application.
- ◆ Vusi tells you that Thandi claims that she is the real inventor of the computer program and that Vusi had no right to include it in his patent application.



### **FEEDBACK**

First of all you must determine whether Simon has taken over all the essential features of Vusi's patent, as claimed.

The fact that a similar process is in use in Japan and the fact that Thandi claims to be the inventor of the computer program can both be used by Simon as defences against Vusi's patent claims. Simon could allege that Vusi was not entitled to apply for a patent since he was not the inventor and that his invention was anticipated by the prior use in Japan.

#### 2.4.10.3 Infringement proceedings

Without the special leave of the commissioner on the basis of good cause shown, infringement proceedings in respect of a patent may not be instituted within a period of nine months from the date of its sealing (s 44(4)).

As a general rule, only the patentee may institute infringement proceedings. He must do so in the prescribed manner (s 65(1)). However, in terms of section 53(3), the licensee of a licence of right may also institute infringement proceedings. He may do so if he called upon the patentee to institute proceedings, and the patentee failed to do so within two months after being so called upon. When the licensee institutes the proceedings, he may institute it in his own name as if he were the patentee, and he must join the patentee as defendant.

In terms of section 65(5) the plaintiff, in infringement proceedings, must give prior notice to all registered licensees who may then join the proceedings as co-plaintiffs. Since the licensee of a licence of right may institute infringement proceedings under the circumstances set out in section 53(3) as if he were the patentee, he must also comply with the requirements set out in section 65(5).

#### 2.4.10.4 Civil remedies

We will discuss the general civil remedies available in the event of the infringement of a patent in chapter 4 below.

A plaintiff in infringement proceedings is entitled to an interdict, delivery up of any infringing product or any article or product of which the infringing product forms an inseparable part, and damages (s 65(3); see further *Stauffer Chemicals Chemical Products Division of Chesebrough-Ponds (Pty) Ltd v Monsanto Company* 1988 (1) SA 805 (T)).

#### 2.4.10.5 Special remedies

##### **a Notional royalty**

The action for damages for patent infringement is Aquilian. The plaintiff is thus entitled to all the damages he can prove. In practice, the quantum of damages has, in the past, usually been based upon what a reasonable royalty would have been if the infringing acts had taken place under licence.

Section 65(6) now states that, in a patent-infringement action, instead of damages, the successful plaintiff may be awarded an amount calculated on the basis of a reasonable royalty which would have been payable by a licensee or sub-licensee in respect of the patent concerned. So the award of an amount based on a reasonable royalty is now an alternative to an award of damages.

##### **b The “threats provision”**

Section 70(1) provides that, where any person, by means of circulars, advertisements or otherwise, threatens any other person with an action for the infringement of a patent, the wronged person may bring an action and obtain

- (1) a declaration to the effect that such threats are unjustifiable,
- (2) an interdict against the continuance of such threats, and
- (2) may recover such damages as he has sustained as a result of such threats.

The threats will, however, be regarded as justifiable if it can be proved that the acts in respect of which the proceedings are threatened constitute an infringement of a valid claim. Furthermore, a circular, advertisement or communication comprising merely a notification of the existence of a particular patent will not be deemed to constitute a threat (see also s 70(2)).

##### **c Declaration of non-infringement**

During infringement proceedings, the commissioner may make a declaration that the use by any person of any process, or the making or use, or offer to dispose, or disposal or importation of any article, by any person, does not or will not constitute an infringement of a patent. The commissioner may make this declaration in proceedings between that person and the patentee, despite the fact that the patentee has made no assertion to the contrary (s 69(1)). To obtain a declaration of this nature, it needs to be proved that

- (1) such person has applied in writing to the patentee for a written

acknowledgement to the effect of the declaration claimed, and has furnished him with full particulars of the process or article in question; and

(2) the patentee has failed to give such an acknowledgement.



### ACTIVITY 2.13

In what circumstances would you, as Vusi's attorney, think it advisable for Vusi to claim a reasonable royalty instead of actual damages?



### FEEDBACK

Your answer should take into account the following:

- ◆ When is it advisable for Vusi to claim reasonable royalties? A claim for reasonable royalties is an alternative to a claim for damages.
- ◆ It is advisable to claim reasonable royalties when it is difficult to show or to prove damages, because reasonable royalties and a claim for damages have the same purpose and function.

#### 2.4.10.6 Defences against patent infringement actions

Invalid patents or patent applications cannot be infringed. The defendant may, by way of defence, rely on any ground on which a patent may be revoked, and may counterclaim for the revocation of the patent (s 65(4)). Where a patent has expired no action for infringement may be brought, but an action may be brought to recover damages in respect of acts of infringement committed before the date of expiration (see Burrell 1999 *South African Patent* at par 5.13).

##### a The "Gillette defence"

The so-called "Gillette defence" is available to a defendant who is able to establish that, at the priority date of the patent, the alleged infringing act was not novel, or was obvious. Burrell (at par 5.34) is of the opinion that this defence is nothing other than an attack on the validity of the patent (see *Netlon Ltd v Pacnet (Pty) Ltd* 1977 (3) SA 840 (A) at 862).

##### b Leave and licence

The defendant bases the defence of "leave and licence" on the alleged grant of a licence under the patent. The "leave and licence" granted by a patentee may be express, implied, or restricted. Whether a "leave and licence" has actually been granted will depend on the particular circumstances of each case.

##### c Exhaustion of rights

The defence of "exhaustion of rights" which, in effect, means that



once an article covered by a patent has been sold anywhere with the consent of the patent holder or his licensee, the article may later be dealt with by any other party as though it was not covered by a patent (see Burrell at par 5.35), is also applicable here. Thus, for example, where an article has been sold abroad it may be freely imported into South Africa.

#### **d Acts of non-infringement**

Section 69A provides that certain acts will not be regarded as infringing. Section 69A can therefore be raised as a defence.

Section 69A(1) states that:

It shall not be an act of infringement of a patent to make, use, exercise, offer to dispose of, dispose of or import the patented invention on a non-commercial scale and solely for the purposes reasonably related to the obtaining, development and submission of information required under any law that regulates the manufacture, production, distribution, use or sale of any product.

Let us rephrase this subsection: where any of the exclusive rights of the patentee have been performed on a non-commercial scale, solely to obtain information required under any law that regulates the manufacture, production, distribution, use or sale of any product, the performance of these exclusive rights will not amount to an infringement.

Section 69A(2) determines that the patented invention made, used, imported or acquired in terms of subsection (1) may not be possessed for any purpose other than that contemplated in subsection (1).

#### **e Other defences**

Other defences available to the defendant include acquiescence, election, waiver and estoppel. Burrell (par 5.36) notes that acquiescence and election are normally treated as waiver.

Neither ignorance of the existence of the plaintiff's patent, nor a lack of intent may be raised as a defence in a patent infringement action (Burrell at par 5.39–5.40). However, as will be seen in study unit 4, no damages may be claimed where the defendant can prove that he was not aware, and had no reasonable means of making himself aware, of the existence of the patent.



#### **ACTIVITY 2.14**

Vusi approaches you for legal advice about Simon's alleged infringement of his patent.

Advise Vusi on the legal significance of each of the following separate situations:

- ◆ Vusi tells you that he has known of Simon's infringement of his patent for the past five years, but has said nothing because of his personal liking for Simon. However, he has now decided to sue Simon for patent infringement for the past four years.

- ◆ Vusi tells you that he has become aware that Simon, who also acts as one of his retailers, is exporting his cream to Japan.
- ◆ Vusi tells you that Simon enquired about the patent registration. Vusi told Simon that he has not patented the process, because it is a century-old family secret.
- ◆ Vusi tells you that he allowed Simon to sell the patented cream at Sim's, one of Simon's retail outlets, but that he has never given him any verbal or written licence to act as his distributor.



### **FEEDBACK**

The defences that could be raised by Simon include leave and licence; here the particular circumstances will determine the outcome.

The exhaustion of rights is important here; once legally sold in one country, a product may be freely sold elsewhere.

The defences that could be raised by Simon include

- ◆ estoppel
- ◆ acquiescence
- ◆ waiver
- ◆ leave and licence

#### **2.4.10.7 Further aspects of infringement**

Read the sections of the Act referred to below and note the following aspects relating to infringement:

- (1) special provision as to vessels, aircraft and land vehicles of convention countries: section 71
- (2) infringement of partly-valid specifications: section 68
- (3) presumptions relating to new substances: section 67

#### **2.4.11 The patentee and the state**

Generally, a patent has, to all intents and purposes, the same effect against the state as it has against a private person (s 4). But note:

- (1) A Minister of State may use an invention for public purposes on such terms as are agreed upon with the patentee, or, in default of agreement, on such terms as determined by the commissioner on application by or on behalf of the Minister and after the patentee has been heard (s 4).
- (2) The Minister of Economic Affairs and Technology may, on behalf of the state, acquire, on such terms and conditions as may be agreed upon, any invention or patent (s 78).
- (3) If the patent has been granted in relation to armaments, the Minister of Defence may call upon the patentee to assign the

patent to him on behalf of the state. The Minister may then direct the registrar to keep the invention secret. The direction on secrecy may be terminated by notice of the Minister to the registrar.

- (4) The Minister of Defence should pay to the proprietor of the invention or patent such reasonable compensation as is agreed upon. If the Minister and the proprietor cannot reach an agreement, compensation must be determined by arbitration or, if the parties so agree, the commissioner (s 79).
- (5) The same applies to compensation payable to an inventor or patentee where he has suffered damage by reason of a secrecy order (s 80(3)).
- (6) The Minister of Economic Affairs and Technology may make a secrecy order — he may direct the registrar to keep an invention secret — where he is of the opinion that this would be in the national interest (s 80). When the Minister withdraws such an order of secrecy, any steps taken prior to the order may be proceeded with as if the interruption had not occurred. The period between the date of the order and its withdrawal is not taken into account in the computation of any prescribed period (s 80(2)).

## **2.4.12 Jurisdiction and appeal**

### **2.4.12.1 Jurisdiction**

The Commissioner of Patents, and no other tribunal, has jurisdiction in the first instance to hear and determine any action or proceedings, other than criminal proceedings, relating to any matter under the Act (s 18(1)). As a creature of statute, though, the authority of the commissioner is limited by the Act itself (*Nel v Steyn & andere* 2003 (4) SA 575 (O) at 581). Where an action concerns, for example, a claim for a statement and debatement of account, and the payment of royalties in terms of a technology licensing agreement at common law, even though the agreement refers to the manufacture of certain goods “in accordance with the patents applied for”, the High Court has jurisdiction to enforce rights under such agreement (*Precismeca Ltd v Melcon Mining Supplies (Pty) Ltd* 2003 (1) SA 664 (SCA)). Where an action concerns mainly another matter (such as a partnership agreement) it can be heard in another court, although the partnership also relates to patents (see *Buckingham v Doyle* 1961 (3) SA 384 (T)).

### **2.4.12.2 Appeal**

An appeal against any decision of the registrar may be lodged with the commissioner. An appeal against a decision of the commissioner (who is a judge of the Transvaal Provincial Division) must be noted and prosecuted in the manner prescribed in the Supreme Court Act 59 of 1959 for appeals against a decision by a single judge in a civil matter (s 76(1) and (2)).

The parties may agree to accept the commissioner’s decision as final (s 77).

## 2.4.13 International Instruments

### 2.4.13.1 Paris Convention

The Paris Convention for the Protection of Industrial Property was concluded in Paris in 1883 and has been revised fairly regularly. South Africa became a party to the convention in 1947. Most of the world's major countries are members of the Convention.

As far as the protection of industrial property is concerned, the member countries are obliged to accord the nationals of other member countries the same rights as those enjoyed by their own nationals according to their various laws (art 2).

A person who has filed a patent application in any member country enjoys a right of priority for a period of 12 months from the date of filing the application in the first member country (referred to as the "convention country"). This person is, therefore, entitled to obtain a patent in preference to other applicants in any other member country, provided that a corresponding application is filed in that member country within the twelve-month period specified (art 4 of the Paris Convention). The priority period is calculated from the first application for protection in a convention country. But, in certain circumstances, a subsequent application will be regarded as the "first" application — where, after filing of a first application in a convention country, a subsequent application is filed in the same country and in respect of the same invention, and

- (1) the first application has been withdrawn, abandoned or refused without having been open to public inspection;
- (2) no priority rights have been claimed on the strength of the first application; and
- (3) no rights are outstanding in the convention country in connection with the first application (s 31(2) of the Patents Act).

The convention also deals with the independence of patents, inventor's rights, importation and compulsory licences, grace periods for the payment of maintenance fees, patents in international traffic and patents relating to international exhibitions.

### 2.4.13.2 The Patent Cooperation Treaty

The Patent Cooperation Treaty (PCT) is a multilateral treaty to simplify the work connected with obtaining patent protection for inventions. It is a special agreement under the Paris Convention. The PCT was concluded in 1970. The PCT makes it possible to seek patent protection for an invention simultaneously in each of a large number of countries by filing an "international" patent application. Such an application may be filed by anyone who is a national or resident of a contracting party. The Treaty regulates the formal requirements with which any international application must comply. The PCT has made it possible to file a single international application that has the same effect as filing separate applications with the patent office of each country party to the PCT as designated in the application. A new chapter, chapter VA, has been inserted into the Patents Act to enable South Africa to become a party to the PCT.

An international application designating South Africa is deemed to be an application lodged at the South African patent office (s 43B).

The South African patent office may serve as a receiving, designated, or elected office in the appropriate circumstances (s 43C). The patent office, as designated Office or elected Office, shall not commence processing of the national phase of an international application designating or electing the Republic before the expiration of the period referred to in section 43E (1), except where the applicant complies with that section and lodges with the patent office a written request for early commencement of such processing (s 43D). (Note that, in this case, certain formalities need to be observed.) Before the end of this period, the applicant in an international application designating or electing South Africa must pay the prescribed national fee and lodge a translation of the international application within the prescribed period into an official language (if the international application had not been lodged or published in English) (s 43E). If these requirements have not been met within the prescribed period, the international application is deemed to have been abandoned in so far as the Republic is designated or elected.

When processing the national phase of an international application, the South African patent office has to apply the PCT in processing the application (s 43F). If the application conflicts with the Patents Act, the PCT provisions, regulations, and administrative instructions prevail. When the national phase of an international application designating South Africa is processed, the applicant must be represented by a patent agent in South Africa (s 43F). It is not necessary that the complete specification or an amendment be signed by such agent in order for the application to be accepted or allowed. The South African registrar or commissioner may extend time limits specified under the PCT, except where this is expressly provided otherwise (s 43F).

The description, claims, drawings (if any), and abstract provided for in article 3(2) of the PCT are deemed to be a complete specification (s 43F(3)(e)(i)). If the national phase of the international application is a convention application, the furnishing of a priority document in terms of rule 17.1 of the PCT regulations is deemed to comply with the requirements for a priority document in terms of the Patents Act (s 43F(3)(f)).

In the case of the national phase of an international application, the complete specification must be accepted 12 months from the date on which the prescribed national fee was paid and the appropriate translation lodged. If it is not, the application lapses (s 43F(3)(h)).

The national phase of the international application becomes open for public inspection when the national fee has been paid and the appropriate translation lodged, and the international application published in terms of art 21 of the PCT (s 43F(3)(i)).

Corrections and rectifications made in terms of the PCT regulations under the PCT are deemed to be corrections or amendments made in terms of the Patents Act (s 43F(3)(k)).

Amendments made to the national phase of the international application before its publication in terms of section 42 will not be advertised as contemplated in section 51(2) (s 43F(3)(l)).



# STUDY UNIT 3

## THE LAW OF COPYRIGHT

---

### 3.1 INTRODUCTION

Take another look at the episode we described in “Setting the scene”. Thandi does not want to register a patent in respect of her computer program. Also, her attorney advises her that there is some debate as to whether a computer program can indeed be registered as a patent. Thandi decides that copyright protection would be sufficient.

Mutu, the designer, wants to use the Y-shaped jar as packaging for his own herbal preparation. Vusi and Thandi are afraid that their product will lose its distinctiveness if this happens. They want to know whether the shape of their jar can possibly enjoy protection.

Be-beautiful, a competitor of Vusi and Thandi, also decorates its products with details from Renaissance paintings.

In this study unit we will explore the question whether Thandi’s computer program will enjoy copyright protection. We will consider all the different categories of works eligible for protection. We will examine whether Mutu are indeed entitled to use the Y-shaped jar. We will also look at the question whether details from Renaissance paintings are still eligible for copyright protection, or if any person is allowed to use such paintings. These are only a few of the aspects of law of copyright we will examine in this study unit.

### 3.2 BIBLIOGRAPHY

To study this section of the course it is essential that you have a copy of the Copyright Act 98 of 1978 as amended (“the Act”). This study guide incorporates the amendments up to 2004. Should there be any further amendments, we will bring these to your attention in a later tutorial letter. Note that, in one of the tutorial letters we will be sending you, we will supply you with a list of articles and cases that you should study in connection with copyright law.

Although we will be referring to the definitions in section 1 of the Act as we come across these in the various sections, the following definitions are of particular importance and you should make a careful study of these definitions:

- ◆ “adaptation”
- ◆ “artistic work”
- ◆ “author”
- ◆ “cinematograph film”
- ◆ “computer program”
- ◆ “copy”
- ◆ “copyright”
- ◆ “distribution”

- ◆ “dramatic work”
- ◆ “drawing”
- ◆ “exclusive licence”
- ◆ “infringing copy”
- ◆ “literary work”
- ◆ “musical work”
- ◆ “performance”
- ◆ “photograph”
- ◆ “published edition”
- ◆ “record”
- ◆ “reproduction”
- ◆ “sound recording”
- ◆ “writing”

You must also take note of subsections (2), (2A), (4) and (5).

Apart from the Act itself, there is no compulsory textbook for the copyright law part of this module. But if you would like to read further on any topic discussed in this study guide, we suggest you consult the following works:

Copeling AJC *Copyright law in South Africa* (1969) Juta Cape Town

Although this work deals with the Copyright Act 63 of 1965, certain parts are still relevant to the current position.

Copeling AJC *Copyright and the Act of 1978* (1978) Juta Cape Town

This very useful work deals with the present Act. Since this work does not make provision for the amendments that have occurred since 1978, it should, however, be consulted somewhat cautiously.

Dean, OH *Handbook of South African Copyright Law* (2004 revision)  
Juta Cape Town

This is the most recent work on South African copyright law. It is a loose-leaf work that is periodically updated. It contains a brief exposition of the general principles of our law of copyright. The bulk of the work consists of the text of relevant legislation and conventions.

Cornish, WR *Intellectual property: patents, copyright, trade marks and allied rights* 4 ed (1999)

Skone, James EP, Mummery, Sir J, Rayner, James JE & Garnett, KM,  
*Copinger and Skone James on Copyright* 14 ed (1999)

The books by Skone et al and Cornish deal with the British Copyright, Designs and Patents Act 1988.

Laddie, H, Prescott, P & Vitoria, M *The Modern Law of Copyright* (1980)

This book deals with the British Copyright Act 1956 and is useful mainly for its discussion of the general principles of copyright law.

### **3.3 THE COPYRIGHT ACT 98 OF 1978**

The Copyright Act 98 of 1978 governs all matters relating to the law of copyright in the Republic. Section 41(4) of the Act stipulates that “no copyright or right in the nature of copyright shall subsist otherwise than by virtue of this Act or of some other enactment in that behalf”. The Act repeals all previous copyright legislation and applies with retrospective effect to works made before its date of commencement (1 January 1979), in the same way that it applies to works made subsequently. Section 43(a) provides, specifically, that nothing contained in the 1978 Act shall affect the ownership, duration or validity of any copyright which subsisted under the previous Copyright Act 63 of 1965, or be construed as creating any copyright which did not subsist prior to the 1965 Act, which came into operation on 11 September 1965.

The present Act consists of an introductory section and five chapters. The introductory section consists of a series of definitions.

Chapter 1 deals with copyright in “original works”. It lists the categories of (original) works eligible for copyright protection (s 2). Chapter 1 also contains provisions relating to the ownership and duration of the copyright in the works mentioned in this chapter. It also contains provisions relating to those acts restricted or prohibited by the subsistence of copyright in the category of works in question, and to copyright licences and assignments (cessions) of copyright.

Chapter 2 deals with the question of infringement and the remedies available to the copyright owner and exclusive licensee as a consequence of infringement. It also deals with the onus of proof in copyright actions and the seizure of infringing copies of a work by customs officials.

Chapter 3 provides for the establishment of a copyright tribunal. Broadly speaking, the purpose of this tribunal is “to determine disputes arising between licensing bodies, or other persons from whom licenses are required and persons requiring licences or organizations claiming to be representative of such persons” (s 30).

Chapter 4 regulates the extension or restriction of the operation of the Act.

Finally, chapter 5 contains various miscellaneous and supplementary provisions. Some of these provisions provide for the appointment of an advisory committee to recommend possible amendments to the Act, and vest the Minister with absolute power to control the circulation, presentation and exhibition of any work or production (ss 40 and 45).

Unlike the 1965 Act, the present Act does not mirror British legislation. But, since some of its provisions still derive from the British Copyright Act 1956, decisions of the British courts, though naturally not binding here, will remain of persuasive value. In the main the present Act is based on the provisions of the Berne Convention (as modified in Paris in 1971), and frequently repeats its wording.

We will discuss the principles relating to the law of copyright as follows:

- ◆ We will begin by explaining to you what copyright is.
- ◆ Then we will discuss those categories of works eligible for



copyright protection, and the requirements that should be met before these works will indeed enjoy protection.

- ◆ We will then discuss the duration of copyright protection in each of these works, and, lastly, what the exclusive rights of the copyright owner in respect of each of these works are.
- ◆ We will then explain the difference between an author and a copyright owner, how copyright can be infringed, defences to infringement and remedies in the case of infringement.
- ◆ In conclusion, we will briefly refer to a few miscellaneous provisions.

### 3.4 COPYRIGHT DEFINED

The present Act contains no real definition of copyright. Section 1 only defines “copyright” as “copyright under this Act”. If we examine sections 6 to 11B, it becomes clear that “copyright under the Act” is the exclusive right to do or authorise the doing of those acts listed in the sections comprising the copyright in the works concerned. If we want to know more about the nature of statutory copyright, we need to analyse these acts in detail. But, for now, let us discuss a more general definition of copyright.

Copeling (*Copyright and the Act of 1978* p 2 par 2) suggests that copyright is “that right which vests in the author of every original literary and artistic work and enables him to prevent the unsolicited copying of his work, provided always that the work is not of a kind which is contrary to public morality.” This definition requires a few comments. In the first instance, it is probably better to state that copyright vests in the **copyright owner** and not the “author”, since there are situations in which the author is not the owner of the copyright in a work (see ss 21 and 22). Secondly, the works eligible for copyright protection comprise not only literary and artistic works, but also several other categories (s 2). Thirdly, a copyright owner can prevent not only the unsolicited copying of his work, but also a number of other acts (see ss 6 to 11B).

Dean (*Handbook of South African Copyright Law* 1–1) states:

Copyright law, like other branches of intellectual property law (ie the laws of patents, trade marks and designs), seeks to create a system whereby the creator of an original work is afforded a qualified monopoly in the use or exploitation of his work in order, firstly, to compensate and reward him for the effort, creativity and talent expended and utilized in the creation of his work, and, secondly, to act as an incentive for him to use his talents and efforts to create more and better works or intellectual products ...

In broad terms, copyright may be described as the exclusive right in relation to a work embodying intellectual content (ie the product of the intellect) to do or to authorize others to do certain acts in relation to that work, which acts represent in the case of each type of work the manners in which that work can be exploited for personal gain or profit.

You will notice that this definition is closer to the wording of the present Act, which makes it more suitable to apply in the context of the Act.

In some judicial decisions our courts have treated copyright as nothing other than a species of the real right of ownership. This trend was first seen in *Video Parktown North (Pty) Ltd v Paramount Pictures Corporation*; *Video Parktown North (Pty) Ltd v Shelburne Associates & others*; *Video Parktown North (Pty) Ltd v Century Associates & others* 1986 (2) SA 623 (T). When the author of an idea expends his or her imagination, skill or labour to translate it into material (tactile, visible or audible) form, in which it can be communicated to others as a meaningful conception or apprehension of his or her mind, said Slomowitz AJ, a right or “property” in that idea immediately comes into existence (at 631). The proprietary interest in the object of knowledge is the ownership of it, and is called “copyright”. Although “ownership” would have been an appropriate label, this term has been reserved for the proprietary interest in corporeals, “by way of semantic, but not ... legal, distinction” (ibid).

We can raise two objections against the court’s identification of copyright with ownership: the first being that it denies the dual nature of copyright, and the second being that the so-called ownership theory is untenable and can lead to dubious results. We will now look at each of these two objections.

In the first instance, if we categorise copyright as a *specie* of ownership, we deny the dual structure of copyright. Copyright theory draws a distinction between the exploitation (property) rights and moral rights. Exploitation rights ensure that an author has a financial basis of subsistence for his or her creative activities or an additional income. Although exploitation rights are exclusive, it is transferable. There are two main individual exploitation rights: the author’s right to exploit his or her work in material form, and the author’s exclusive right publicly to communicate his or her work in non-material form. The right to exploit the work in material form includes the right of reproduction, the right of distribution, and the right of exhibition. The right publicly to communicate the work in non-material form, in turn, encompasses, for example, the right of recitation, performance and representation. The moral rights, on the other hand, safeguard the intangible interests that associate the author with his work. In European copyright theory it is agreed that the moral rights of the author include the right of publication, the right of recall because of change of opinion, the right to claim authorship, and the right to the integrity of the work (see Dietz 1978 *Copyright Law in the European Community* 69). In South Africa the Copyright Act 98 of 1978 protects these moral rights (s 20; see 3.13.3.1 below), with the exception of the right of recall.

Secondly, the so-called ownership theory, advanced to explain the nature of what is properly known as intellectual-property rights, dates from the end of the 18th century. Not only is this theory untenable (as was shown in 1.6 above), but dubious results can also flow from the identification of copyright and ownership. This is illustrated by the decision in *Frank & Hirsch (Pty) Ltd v A Roopanand Brothers (Pty) Ltd* 1991 (3) SA 240 (D). There, the applicant applied for an interdict to restrain the respondent from infringing its copyright in certain audio and video cassettes by importing them into South Africa. The tapes in

question were manufactured and distributed under the trade mark “TDK” by a Japanese company. The company had entered into an agreement with the applicant in terms of which the latter was appointed the exclusive distributor of TDK tapes in South Africa.

The applicant became aware of the fact that the respondent had acquired stocks of TDK tapes from a source in the Far East which had bought them from the Japanese company without any restraint on their resale. To give effect to the exclusive agreement, the applicant subsequently entered into an agreement with the Japanese company in terms of which the company assigned to the appellant “all its copyright in the literary and/or artistic works comprised in the get-up and trade dress of TDK tapes”. An employee of the Japanese company devised a new get-up and trade dress for the tapes, which consisted of a distinctive label, containers and an insert bearing the trade mark and pictorial material. The respondent was made aware of the assignment of the copyright in the get-up, but continued to import and sell the tapes.

Booyesen J applied the principles of *accessio* and *specificatio* (derivative methods for the acquisition of ownership) to the copyright case before him. He held that, where a physical reproduction of a work became part of a principal thing by *accessio*, so that the product was not a reproduction, publication or adaptation of the work, but a different thing altogether or where, together with other physical things by *specificatio*, it became a new thing or article, then the product was not an article the making of which constituted an infringement of copyright. In the application before him, the judge held that the physical reproductions of the artistic or literary works comprising the get-up were accessory to the principal things (the cassette tapes) and, by *accessio* or *specificatio*, became part of the cassette tapes. The court accordingly held that the importing of the tapes did not constitute infringement of the copyright.

On appeal, though, Corbett CJ specifically rejected the trial court’s treatment of copyright as a type of ownership (*Frank & Hirsch (Pty) Ltd v A Roopanand Brothers (Pty) Ltd* 1993 (4) SA 279 (A) at 290). The judge stated:

I fail to see how these principles which deal with the passing of ownership in corporeal property have any relevance to the present situation. The owner of copyright in a certain subject-matter holds a bundle of incorporeal rights created and regulated by statute. The statute determines when and how these rights come into existence, how they may be transferred and when and how they terminate ... I do not see how common-law rules regarding the passing of ownership ... could displace the specific provisions of the statute governing the law of copyright.

The trial court’s application of the rules of *accessio* and *specificatio* to the facts before it met with similar displeasure on appeal. Corbett CJ stated (at 290–291):

The reasoning of the court a *quo* ... relies upon the principles of *accessio* and/or *specificatio* in order to establish not that the copyright in the wrappers was transferred to someone else when the cassettes were encased in them, but that it somehow ceased to exist. This ... is wholly contrary to the provisions of the

[Copyright] Act, which ... regulates how and when copyright terminates. It seems to be an inescapable consequence of the decision of the court *a quo* that, wherever the physical reproduction of a work in which A has the copyright becomes part of a “principal thing” (which itself is either not the subject-matter of copyright or over which A has no copyright), A loses his copyright and can have no claim for its infringement; and that this principle would apply to both direct and indirect infringement. If this were so, the protection afforded to an author by the copyright law would be nullified in a number of important instances.



### ACTIVITY 3.1

Take another look at the episode we described in “Setting the Scene”. Explain the term “copyright” to Vusi and Thandi and explain how they are likely to be affected by it. Now formulate a legal definition of “copyright”.



### FEEDBACK

The Copyright Act merely describes copyright as “copyright under this Act”. Dean (2003 *Handbook of the South African Copyright Law* 1-1) defines copyright as “the exclusive right in relation to a work embodying intellectual property (ie the product of the intellect) to do or to authorize others to do certain acts in relation to that work, which acts represent in the case of each type of work the manners in which that work can be exploited for personal gain or profit.” Break this definition down into its simplest form when explaining the meaning of “copyright” to Vusi and Thandi. Before you can do this, you will need to be clear in your own mind about the meaning of the term “copyright”. Remember that copyright basically entails a bundle of rights — a copyright owner has the exclusive right to perform or to authorise the performance of any of the acts in this bundle of rights.

## 3.5 COPYRIGHT AS SUBJECTIVE RIGHT: ITS LEGAL SUBJECT AND OBJECT

All subjective rights have a legal subject and a legal object. The legal subject is the bearer or holder of the right and the legal object that over which (or in regard to which) the legal subject exercises the powers and privileges accorded him or her in terms of the right (see WA Joubert “Die Realiteit van die Subjektiewe Reg en die Betekenis van ’n Realistiese Begrip Daarvan vir die Privaatreg” (1958) 15 *THRHR* 12 and 98). In the case of copyright, the legal subject is the copyright owner and the legal object is the particular work in respect of which the copyright subsists. The Act defines the term “work” to connote a work contemplated in section 2.

With this it would seem as if we have solved the problem of what constitutes the legal object of copyright. Unfortunately, this is not the

case. When one says that the object of copyright is the work in respect of which the copyright subsists, one should appreciate that much will depend on what, exactly, is understood by the term “work”. Does it refer to the material object by means of which a particular work is represented, or does it rather refer to the ideas or thoughts which have inspired the work? Alternatively, does it refer to **both** the material object **and** the ideas?

For a considerable length of time now the consensus of legal opinion has been that copyright law is concerned not with preventing the copying of ideas, but, rather, with preventing the copying of physical material existing in the field of literature and arts (see, for example, *Copinger and Skone James on Copyright* par 2-05; *Sutton Vane v Famous Players Film Co* [1928–30] MCC 6 at 8; *Natal Picture Framing Co Ltd v Levin* 1920 WLD 35). From this it may be deduced that the object of copyright is to be found not in the ideas of which a work consists, but in the representation of those ideas in an outwardly perceptible physical or material form.

With due deference to the great bulk of authority which favours this view, we cannot quite agree with this view. We cannot see that the purpose of copyright law is to protect the *physical* material of which a work is composed. If it were, it would mean that the copyright in a work would inevitably pass together with the ownership of the physical material, and this is definitely not the case (*Copinger and Skone James on Copyright* par 5-62 to 5-64a).

In our view copyright law protects the original skill and labour (mental as well as manual) that the author puts into his or her particular creation. But, as you will appreciate, for practical considerations, the law cannot and does not protect ethereal concepts such as “skill” and “labour”. What it can do is to give indirect protection by protecting the **product** of the author’s skill and labour.

This gives rise to the next question — in a copyright work, what must be considered the product of the author’s skill and labour? Quite obviously, skill and labour are required of the author not merely to **express** the thoughts or ideas which the work contains, but also to **arrive** at those thoughts or ideas in the first place. For example, the writing of a play requires skill and labour on the part of the playwright not only in putting the plot and dramatic incidents into words, but also in the initial conception of the plot and incidents. From this it follows that the product of an author’s skill and labour has two components:

- (1) the thoughts or ideas contained in the work, and
- (2) the form by means of which the thoughts or ideas are given outward expression.

Together, these two components constitute the “work” as such. We submit that, together, these are the real objective of the law’s protection and the true legal object of copyright.

Please note that we are not advocating that there be a copyright in mere ideas. It is clear that, until they are given some outwardly perceptible form, mere ideas cannot enjoy copyright protection. After all, until the ideas are reduced to material form there is nothing to prove the existence of either the ideas themselves or the work to which they pertain. It is thus doubtful whether, at this stage, one may

properly speak of a literary or artistic “work” in the accepted sense of the term. What we contend is that, once the ideas which relate to a particular work are reduced to an outwardly perceptible form, it is not only the form but the form **together with** the ideas that are entitled to copyright protection. This contention received the approval of the Appellate Division in *Galago Publishers (Pty) Ltd & another v Erasmus* 1989 (1) SA 276 (A) at 283–285.

These remarks do not apply to the independent copyright which subsists in sound recordings, cinematograph films, broadcasts, programme-carrying signals and published editions. In these works the legal object of the copyright is purely the **form** in which the particular literary, musical or artistic concept is embodied. Such copyright is therefore merely additional to, and in no way affects, the copyright which may already subsist in any literary, musical or artistic work from which the recording, film, broadcast, signal or edition may be derived.

As far as the reduction of the ideas to an outwardly perceptible form is concerned, you should take note of the provisions of section 44 of the Act. According to this section no work shall be deemed to have been made unless written down, recorded or otherwise reduced to material form. (This does not apply to broadcasts and programme-carrying signals: a broadcast is deemed to be made when it is first broadcast and a programme-carrying signal when it is first transmitted by a satellite.)

From this it is clear that, to receive the protection of the law, a work should not only exist in an outwardly perceptible form, but that such outwardly perceptible form should also be of a material or physical nature. For example, an extempore speech may be said to be a work which exists in an outwardly perceptible form. But it does not exist in a material form and thus cannot be the object of copyright.



### READING 3.1

Read *Galago Publishers (Pty) Ltd & another v Erasmus* 1989 (1) SA 276 (A) carefully. As you read this decision, ask yourself the following question:

What is meant by the statement that “there is no copyright in ideas or thoughts or facts, but only in the form of their expression”?

## 3.6 THE OBJECTS OF COPYRIGHT

Section 2 of the Copyright Act provides that “the following works, if they are original, shall be eligible for copyright”; it then lists the following categories of works:

- (1) literary works
- (2) musical works
- (3) artistic works
- (4) cinematograph films

- (5) sound recordings
- (6) broadcasts
- (7) programme-carrying signals
- (8) published editions
- (9) computer programs

The mere fact that a work can be classified in one of these categories does not mean that it will necessarily enjoy copyright protection — there are certain basic requirements that must be satisfied before copyright will subsist in a particular work. Before we discuss these requirements, we will briefly examine the various categories of works.

### 3.6.1 Literary works

Section 1(1) defines the term “literary work”:

“**literary work**” includes, irrespective of literary quality and in whatever mode or form expressed,

- (a) novels, stories and poetical works;
- (b) dramatic works, stage directions, cinematograph film scenarios and broadcasting scripts;
- (c) textbooks, treatises, histories, biographies, essays and articles;
- (d) encyclopaedias and dictionaries;
- (e) letters, reports and memoranda;
- (f) lectures, speeches and sermons; and
- (g) tables and compilations, including tables and compilations of data stored or embodied in a computer or a medium used in conjunction with a computer

but shall not include a computer program.

We want to make two remarks about this definition. In the first instance, for a literary work to qualify as such it need not have any particular literary merit. Secondly, a literary work need not be in a written form. This is clear from the phrase “in whatever mode or form expressed” in the definition, and from the wording of section 2(2). The wording here states that a literary work shall not be eligible for copyright unless the work has been written down, recorded, represented in digital data or signals, or otherwise **reduced to a material form**. Accordingly, the work should exist in some or other material form, although it need not be in writing.

The term “writing” also carries a wide definition in section 1(1): the term is defined to include any form of notation, whether by hand, printing, typewriting or any similar process.

It is thus clear that, although a literary work will only qualify for copyright protection if it has been reduced to material form, the Act places no limitation either upon the manner of the reduction to material form or upon the nature of the material form. It seems as if a literary work may, for example, now also exist in the form of a sound recording, cinematograph film, or, even, a computer tape or disc.

### 3.6.2 Musical works

The term “**musical work**” is defined as “a work consisting of music, exclusive of any words or action intended to be sung, spoken or performed with the music” (s (1)).

The words or actions intended to be sung, spoken, or performed with the music are specifically excluded from the definition of a “musical work”. It will, however, enjoy copyright protection as literary works. The lyrics of a song will, therefore, enjoy separate protection as a literary work and will not be protected as part of the musical work.

### 3.6.3 Artistic works

Section 1(1) defines the term “artistic work”:

“**artistic work** means, irrespective of the artistic quality thereof —

- (a) paintings, sculptures, drawings, engravings and photographs;
- (b) works of architecture, being either buildings or models of buildings; or
- (c) works of craftsmanship not falling within either paragraph (a) or (b).

Section 1(1) then defines the terms “sculpture”, “photograph”, “building”, “engraving” and “drawing” in greater detail.

In terms of section 1(1)(c) a work of craftsmanship, comprising an article made mainly or solely for utilitarian purposes, is included in the definition of artistic work (see *Butt v Schultz & another* 1984 (3) SA 568 (EC)). The term “drawing” is defined to include a **drawing of a technical nature**, a diagram, map, chart or plan. A drawing of a purely technical nature, that is, a drawing made without any intention on the part of its maker that it should appeal significantly to the aesthetic senses of the beholder, thus also qualifies as an artistic work for copyright purposes.

Prototypes and production drawings will therefore enjoy protection against infringement as artistic works. Where a three-dimensional article has been manufactured from a production drawing, the unauthorised copying of the three-dimensional article will be regarded as an infringement of the copyright in the production drawing. We refer to this kind of copying as indirect copying.

As far as a prototype is concerned, it should be noted that the infringement of copyright in technical drawings (eg production drawings) by way of an act of indirect copying (by copying of a three-dimensional article manufactured from the drawings) is part of our law (see *Scaw Metals Ltd v Apex Foundry (Pty) Ltd & another* 1982 (2) SA 377 (D); *Tolima (Pty) Ltd v Cugacius Motor Accessories (Pty) Ltd* 1983 (3) SA 504 (W)).

However, the Copyright Act contains a defence against this type of infringement which can be raised under certain circumstances. The copyright in an artistic work of which authorised three-dimensional reproductions have been made available to the public will not be infringed by any person who copies those three-dimensional



reproductions, provided that the authorised reproductions have a primarily a utilitarian purpose and are made by an industrial process (s 15(3A)). Only where the requirements of this defence have not been met will the indirect copying of the production drawing or prototype amount to an infringement. We will discuss this defence in more detail in 3.12.14 below.

### 3.6.4 Cinematograph films

The term “**cinematograph film**” connotes “any fixation or storage by any means whatsoever on film or any other material of data, signals or a sequence of images capable, when used in conjunction with any mechanical, electronic or other device, of being seen as a moving picture and of reproduction, and includes the sounds embodied in a sound-track associated with the film, but shall not include a computer program” (s 1(1)).

We want to bring the following points to your attention. In the first instance, this definition is wide enough to include a videotape. Secondly, it is only the fixation of the images which qualifies as a film. Thirdly, the soundtrack is also entitled to copyright protection as part of the cinematograph film. Fourthly, video games enjoy copyright protection as cinematograph films (*Golden China TV Game Centre & others v Nintendo Co Ltd* 1997 (1) SA 405 (A)). Lastly, the definition of a “photograph” in section 1(1) expressly excludes any part of a cinematograph film. This means that no part of the cinematograph film can enjoy protection as a photograph.

The scenario for a cinematograph film is protected as a literary work, and not as a cinematograph film. A computer program is likewise excluded from the definition of a “cinematograph film”, since such program enjoys copyright protection as a separate category of work.

### 3.6.5 Sound recordings

Section 1(1) defines a “**sound recording**” as “any fixation or storage of sounds, or data or signals capable of representing sounds, capable of being reproduced, but does not include a sound-track associated with a cinematograph film”. (The latter, of course, enjoys copyright protection as part of the cinematograph film: see 3.6.4 above.)

We want to stress the fact that, in the case of cinematograph films, sound recordings and broadcasts, the copyright in these works subsists separately from the copyright in the basic work (whether it be a literary, artistic or musical work). From this it follows, for example, that copyright may subsist in a particular literary work and simultaneously in a sound recording, a broadcast or a cinematograph film derived from such literary work. The literary work, sound recording, broadcast and cinematograph film each constitutes a distinct (separate) object of copyright.

### 3.6.6 Broadcasts

The term “**broadcast**” refers to “a telecommunication service of transmissions consisting of sounds, images, signs or signals which ... takes place by means of electromagnetic waves of frequencies of

lower than 3 000 GHz transmitted in space without an artificial conductor ... and ... is intended for reception by the public or sections of the public” (s 1(1)). The definition also expressly includes the emitting of programme-carrying signals to a satellite.

### 3.6.7 Programme-carrying signals

A “**programme-carrying signal**” is defined as “a signal embodying a program [sic] which is emitted and passes through a satellite” (s 1(1)). This definition thus makes it clear that a signal transmitted to, and relayed by, a satellite becomes a programme-carrying one only once it has passed through the satellite; on the “upleg” of the transmission to the satellite it qualifies as a broadcast (see the definition of “broadcast” in section 1(1) and the discussion under 3.6.6 above).

### 3.6.8 Published editions

Section 1(1) defines the term “**published edition**” as “the first print by whatever process of a particular typographical arrangement of a literary or musical work”. This means that the literary or musical work in question and the published edition of such work constitute separate and distinct objects of copyright. As with cinematograph films, sound recordings and broadcasts (see 3.6.5 above), the copyright in a published edition is additional to and subsists independently of any copyright in the basic literary or musical work from which it derives. We will use an example to explain this concept: when you write a book, the copyright in the literary work vests in you as the author. When this book is published, the copyright in the published edition vests in your publisher. In one book we thus have two separate works and therefore two separate copyright owners: you have the copyright in the literary work, and your publisher has the copyright in the published edition.

Essentially, the copyright subsisting in a published edition concerns the typographical arrangement of the edition. The typographical arrangement of a work usually includes the type of font used, the layout of the pages, the place on the page where the page numbers appear, etc.

The typographical arrangement of an edition will only enjoy copyright protection if it is original and not a reproduction of some previous edition of the same literary or musical work. We can see this from the definition which expressly provides that a published edition must be the “first print” of a particular typographical arrangement of a literary or musical work.

### 3.6.9 Computer programs

The term “**computer program**” is defined as “a set of instructions fixed or stored in any manner and which, when used directly or indirectly in a computer, directs its operation to bring about a result” (s 1(1)).

A work will be treated as a computer program only once it has reached a stage of development where it can be used, directly or indirectly, in a computer. The preliminary work in the preparation of a computer program (eg flow charts), which do not fall within the ambit of the

definition of a computer program, will enjoy protection as a literary work. Only once such material has reached a stage of development where it falls within the ambit of this definition does it cease to constitute a literary work and qualify, instead, as a computer program.

In *Haupt t/a Softcopy v Brewers Marketing Intelligence (Pty) Ltd* 2006 (4) SA 458 (SCA) 470B–D) it was contended that, because the program in question sometimes generated incorrect results, it did not qualify as a “computer program”. In this regard the court held that the section 1(1) definition of a computer program does not require the result to be correct. Therefore, as the program in question did bring about a result, although sometimes wrong, it did qualify as a computer program eligible for copyright.



### **ACTIVITY 3.2**

Return to the episode we described in “Setting the scene”. Make a list of all the possible objects of copyright in this scenario.

How many categories of works listed in the Copyright Act can you remember? For examination purposes, you should be able to list and define all these works.



### **FEEDBACK**

The computer program, the Y-shaped jar, the decoration of the jar (ie the label) and the pamphlet are all possible candidates. Now go back to the categories of works listed in the Act and fit each of these objects into a category. Remember that, even if a work falls into one of the categories listed in the Act, it will still only enjoy protection if it meets the inherent and formal requirements for protection.

## **3.7 THE REQUIREMENTS FOR THE SUBSISTENCE OF COPYRIGHT**

A work must comply with certain basic requirements before it will enjoy copyright protection. These requirements are all statutory. We can divide them into two groups — inherent and formal requirements. The inherent requirements relate to the work itself, whereas the formal requirements relate to the person of the author and to whether the work has first been made or published in South Africa. Let us first examine the inherent requirements, and then the formal requirements.

### **3.7.1 Inherent requirements**

There are two inherent requirements for the subsistence of copyright in a work — originality, and material embodiment.

#### **3.7.1.1 Originality**

Section 2(1) states that a work listed there is not eligible for copyright

unless it is **original**. Since the Act does not define originality, it is important that we determine what it means. Before we begin our explanation, you should understand that originality does not mean that the work must be the vehicle for new or inventive thought, nor does it mean that such thoughts as the work may contain must be expressed in a form which is novel or without precedent.

#### **a Skill or labour**

In *Appleton & another v Harnischfeger Corporation & another* 1995 (2) SA 247 (A) at 262 Corbett CJ gave the following succinct statement of the originality requirement:

Originality in this context does not require that the work should embody a new or inventive thought or should express a thought in a new or inventive form. Originality refers to original skill or labour in execution: it demands that the work should emanate from the author himself and not be copied. This does not mean that a work will be regarded as original only where it is made without reference to existing subject-matter. An author may make use of existing material and yet achieve originality in respect of the work which he produces. In that event the produced work must be more than a slavish copy: it must in some measure be due to the application of the author's own skill or labour. Precisely how much skill or labour he need contribute will depend upon the facts of each particular case.

(See also *Pan African Engineers (Pty) Ltd v Hydro Tube (Pty) Ltd & another* 1972 (1) SA 470 (W) at 472.)

As long as the author expended original skill and labour, the work is original, irrespective of whether one or more identical works already exist (see *University of London Press Ltd v University Tutorial Press Ltd* [1916] 2 Ch 601; *Macmillan & Co Ltd v Cooper* [1923] 40 TLR 186).

#### **b Creativity not required**

In United States law, a work must have a minimal degree of creativity or so-called “creative spark” to satisfy the originality requirement. In the United Kingdom, on the other hand, creativity is not required to make a work original the so-called “sweat of the brow” is sufficient. In *Haupt* (supra) Streicher JA confirmed that, as our present Copyright Act originated from United Kingdom law, creativity is not a requirement for copyright protection in South African law. The court then confirmed the test for originality in South African copyright law to be as follows: “Save where specifically provided otherwise, a work is considered to be original if it has not been copied from an existing source and if its production required a substantial (or not trivial) degree of skill, judgment or labour.” (473A–B of the judgment).

#### **c Copyright protection of thoughts or ideas?**

The view is sometimes taken that originality, as required of a copyright work, relates not to the thoughts which may be embodied in a work,

but instead to the expression of those thoughts in a particular form. According to this argument, it is this form which must emanate from the author, not the thoughts themselves. As was said by Petersen J in the *University of London Press* case (*supra*):

Copyright Acts are not concerned with the originality of ideas, but with the expression of thought, and in the case of “literary work” with the expression of thought in print or writing. The originality which is required relates to the expression of thought (at 608).

We do not agree with this statement. Apparently, the judge was of the opinion that a demand for originality of thought, rather than the **expression** of thought, would be tantamount to an acknowledgement of a copyright in mere ideas. What he failed to take into account was that, although there can be no copyright in thoughts or ideas **as such**, copyright is still capable of subsisting in thoughts and ideas that have been reduced to a physical or material form. As we have seen, once the thoughts or ideas have been reduced to such a form, it is not only the form, but the form **together with** the thoughts or ideas that enjoy copyright protection.

Therefore, where a work exists in a physical or material form (such as print or writing) it does not necessarily follow that the requirement of originality should be confined to the form. Moreover, such a limitation, though perhaps less objectionable in respect of an artistic work, holds serious dangers for literary works. It would actually pave the way for the piracy of these works, since it suggests that the contents of a literary work may be freely appropriated by anyone prepared to put himself or herself to the trouble of changing the word order.

Fortunately, the courts have been on their guard against such a contingency. On occasion it was held that where the incidents in an existing dramatic work were, without licence, appropriated for use in subsequent dramatisation, such appropriation constituted an infringement of the copyright in the first work, despite the fact that not a single sentence of that work was reproduced in the infringing copy (*Rees v Melville* [1911–16] MCC 168 (CA) at 173 and 174; *Sutton Vane v Famous Players Film Co Ltd* [1928–35] MCC 6). Similarly, it was stated that the conversion of a novel into a dramatic work by the pirating of its plots and incidents amounts to an infringement of the copyright in the novel, regardless of any resemblance between the language used in the two works (*Corelli v Gray* [1911–16] MCC 107 (CA)).

We are therefore of the opinion that originality in a copyright work relates not only to the form in which the thoughts are expressed, but also to the thoughts themselves. In other words, it is necessary that both the form and the thoughts originate from the author and not be copied from another work. Section 6(f), read with the definition of the term “adaptation” in section 1, seems to reinforce this view.

#### **d Works based on existing subject matter**

It is something of a generalisation to say that a work must emanate from the author himself (or herself) and not be copied from another work, in order to be original. For it is not necessary that every aspect of the work must emanate from the author himself — the author is

perfectly at liberty to use existing subject-matter. But where the author does so, his or her work must be more than a slavish imitation of some earlier work. To some extent at least it should be the result of the author's own independent labour.

Exactly what degree of labour is required is difficult to say. As Lord Atkinson put it in *MacMillan & Co Ltd v Cooper* (*supra* at 186):

What is the precise amount of the knowledge, labour, judgment or literary skill or taste which the author of any book or other compilation must bestow upon its composition in order to acquire copyright in it within the meaning of the Copyright Act ... cannot be defined in precise terms.

In the circumstances it may perhaps be best to resort to past decisions of the courts, though it has been said that there is a "rough practical test that what is worth copying is worth protecting" (*per* Petersen J in *University of London Press Ltd v University Tutorial Press Ltd* (*supra*), approved in *Ladbroke (Football) Ltd v William Hill (Football) Ltd* [1964] 1 All ER 465 (HL)).

Copyright protection has frequently been extended to compilations of non-copyright material because of the labour and skill involved in selecting and arranging the material. For example, the courts have protected a directory of telefax users (*Fax Directories (Pty) Ltd v SA Fax Listings CC* 1990 (2) SA 164 (D)), a catalogue and price list (*Payen Components SA Ltd v Bovic CC & others* 1995 (4) SA 441 (A)), and a medical account form (*Accesso CC v Allforms (Pty) Ltd & another* [1998] 4 All SA 655 (T)).

But in *GA Cramp & Sons Ltd v Frank Smythson Ltd* [1944] AC 329 (HL) it was held that the labour and skill associated with the selection and compilation of calendars, postal information, tables of weights and measures, and the like for inclusion in a pocket diary was insufficient to warrant the subsistence of copyright in the compilation (see also *Waylite Diary CC v First National Bank Ltd* 1995 (1) SA 645 (A)).

When reading these decisions as a whole, one reaches the conclusion that, for a compilation to be original, the labour and skill expended must be such that the compilation is not simply a copy of existing subject-matter, but instead a work that contains features and qualities absent in the material from which it was initially composed. In this regard the following excerpt from the judgment of Lord Atkinson in *MacMillan & Co Ltd v Cooper* (*supra* at 186) is pertinent:

It will be observed that it is the product of the labour, skill and capital of one man which must not be appropriated by another, not the elements, the raw material, if we may use the expression, upon which the labour and skill and capital of the first have been expended. To secure copyright for the product it is necessary that labour, skill and capital should be expended sufficiently to impart to the product some quality or character which the raw material did not possess, and which differentiates the product from the raw material.

Just as a compilation of existing subject-matter may be entitled to protection as an original copyright work, so, too, may an arrangement of private letters in book form (*Parry v Moring and Gollancz* [1901–4] MCC 49), an adaptation of a play itself no longer the object of

copyright (*Hatton v Kean* (1859) 7 CB (NS) 268), the rearrangement of a popular melody or the putting to words of music that is common property (*Austin v Columbia Gramophone Co Ltd* [1917–23] MCC 398), and an abridgement of an existing literary work (*MacMillan & Co Ltd v Cooper* (*supra*)). In all these cases the test whether sufficient skill and labour has been expended on the work for it to be original is basically the same as that laid down by Lord Atkinson in *MacMillan & Co Ltd v Cooper* (*supra*).

Similarly, artistic works are not denied protection simply because they happen to be partly taken from, or partly based upon, earlier works. Indeed, so great is the skill and labour required for the reduction of an artistic work to an outwardly perceptible form that it is perfectly possible for even a copy of such a work to rate as an original copyright work. This is particularly true where the work is copied in a medium different from that of the original. For example, if a painter copies a photographic portrait of Britney Spears, his painting, though perhaps a copy, is still deserving of protection as an original work. This is so because of the high degree of labour and skill which the painter employs in mixing his paints, applying those paints to the canvass, and, in general, obtaining a likeness of his subject (see *Bauman v Fussell & others* [1978] RPC 485 (CA); *Newton v Cowie & another* (1827) 4 Bing 234). But where an artistic work is copied in the same medium as that of the original, a material alteration in form is necessary before the copy will enjoy protection. In effect, the copy must be more than merely a slavish imitation of the original work.

#### **e Originality of infringing works**

We now come to a very important question connected with the originality of a work — can copyright subsist in a work that infringes another copyright work? You may have thought about this already when we stated earlier (with reference to artistic works) that copyright is perfectly capable of subsisting in a copy of such works. We find the answer to this question in section 2(3), which provides that a work “shall not be ineligible for copyright by reason only that the making of the work, or the doing of any act in relation to the work, involved an infringement of copyright in some other work.”

In the *Haupt* case (*supra*), Streicher JA explains this principle as follows:

If a work is eligible for copyright, an improvement or refinement of that work would similarly be eligible for copyright, even if the improved work involved an infringement of copyright in the original work, if it satisfies the requirement of originality. That will be the case only if the improvement or refinement is not superficial. The alternation to the original work must be substantial.

Sections 26(4) and (5) create certain presumptions in favour of originality; see also *Saunders Valve Co Ltd v Klep Valves (Pty) Ltd* 1985 (1) SA 646 (T)).

### 3.7.1.2 Material embodiment

A work should exist in some or other material form before it qualifies for copyright protection. Section 2(2) states:

A work, other than a broadcast or programme-carrying signal, shall not be eligible for copyright unless the work has been written down, recorded, represented in digital data or signals, or otherwise reduced to material form.

A broadcast qualifies for copyright protection once it has been broadcast, and a programme-carrying signal once it has been transmitted by satellite (s 2(2A)).

The requirement of material embodiment may be seen as a result of the notion that copyright protects only the expression of ideas. Cornish (1999 *Intellectual Property* 398–99) writes:

In the case of most artistic works it is only when the particular painting, photograph or other work is executed that the idea for it is transmuted into expression; the act of creation and the “fixation” of the work are indivisible.

But literary, dramatic and musical creativity admits of more stages. A man may conceive a speech in his mind and deliver it from memory without ever writing it down. Indeed, some composers, lacking musical literacy, can only get their works into permanent form by dictation or recording. So long as there is no fixation, they have no copyright and must seek legal protection elsewhere, particularly through performers’ protection legislation and contract.

The material embodiment of the work should have a certain measure of permanence. For example, pop artist Adam Ant’s face make-up did not have enough permanence for copyright (*Merchandising Corporation of America Inc & others v Harpbond Ltd & others* [1983] FSR 32 (CA)); the same applied to a device containing sand and glycerin for making “sand pictures” by moving the said device (*Komesaroff v Mickle & others* [1988] RPC 204).

### 3.7.2 Formal requirements

There are two formal requirements for the subsistence of copyright in a work: the work should have been made by a qualified person, or the work should have been first published or made in South Africa. Unlike the position relating to the inherent requirements, these two formal requirements are not cumulative but alternative. Even where the first requirement is not satisfied, then copyright may still vest in a work, but only if (in such a case) the second requirement has been satisfied.

#### 3.7.2.1 Author a qualified person

In terms of section 3(1), copyright shall be conferred on every work eligible for copyright where the author, or in the case of a work of joint authorship, any one of the authors, is at the time the work or a substantial part of it is made, a qualified person.

Although this subsection specifically requires the author to have been a qualified person at the time the work or a **substantial** part of it was



made, it should be noted that section 1(2A) in any event provides that “the doing of any act in relation to any work shall, unless the context otherwise indicates, be construed as a reference also to the doing of any such act in relation to any substantial part of such work”.

A “qualified person” is:

- (1) in the case of an individual, a person who is a citizen of a member of the World Trade Organization, or who is domiciled or resident in such a country; or
- (2) in the case of a juristic person, a body incorporated under the laws of a member of the World Trade Organization (ss 3(1) and 37 read with GN 1558 GG 17517 of 1 November 1996).

Remember that South Africa is a member of the World Trade Organization. Let us now examine certain aspects of this definition.

In the first instance, a person is a South African citizen once he or she has acquired South African citizenship under the South African Citizenship Act 88 of 1995 as amended. Briefly, this Act provides that South African citizenship may be acquired by birth, descent, or naturalisation.

Secondly, the definition contains reference to a person being “domiciled” or “resident” in a member state. The term “domicile” has a legal connotation. Broadly speaking, and with certain exceptions, the term may be regarded as connoting the country where a person has his or her permanent residence. In South African law domicile may be acquired as a consequence of birth, operation of law, or choice.

While a person’s domicile is a question of both fact and law, his or her “residence” is essentially a question of fact only. To be “resident” in a particular country it is necessary not only that a person be physically present in that country, but also that his or her presence there be more or less permanent. Exactly what degree of permanence is required is difficult to say, and the courts have not been helpful at all in providing an answer to this question. Indeed, it was stated by Centlivres CJ in *Ex parte Minister of Native Affairs* 1941 AD 53 that “the courts have studiously refrained from attempting the impossible task of giving a precise or exhaustive definition of the word ‘resides’” (at 59). All that can be said with any degree of certainty is that a person cannot become resident in a place by reason of a temporary visit only. That person must, to some extent at least, have made the place his or her home. It is perfectly possible for a person to be domiciled in one country and resident in another. It is also conceivable that a person may have more than one residence, although, of course, it is physically impossible for him or her to be resident in more than one place at one and the same time.

Thirdly, the definition of a “qualified person” refers to a juristic person. Perhaps you wonder why a juristic person is included in the definition when it can, in ordinary sense of the word, clearly not be the author of the work? But as we will show below (see 3.10.1), the legal author of, for example, photographs, sound recordings, cinematograph films, and computer programs, is not necessarily the person actually

concerned with their physical creation. The author is the person who must be a “qualified person” for copyright to subsist in the photograph, recording, film or program, and, in the case of these works, such a person may, obviously, be a juristic person.

Section 3(1) contains a proviso: a work of architecture erected in South Africa or any other artistic work incorporated in a building or any other permanent structure in South Africa, shall be eligible for copyright whether or not the author was a qualified person. Only those artistic works which constitute a permanent part of the buildings to which they are affixed are exempted from compliance with the statutory requirement.

### 3.7.2.2 Works first published or made in a member of the World Trade Organization

Copyright is conferred on every work that is eligible for copyright and first published or made in a member of the World Trade Organization, if the author is not a qualified person (ss 4(1) and 37 read with GN 1558 GG 17517 of 1 November 1996). Accordingly, where the author of the work is not a qualified person, we should look at the place in which the work was first published or made.

Section 1(5) provides that “a work shall be deemed to have been published if copies of such work have been issued to the public with the consent of the owner of the copyright in the work in sufficient quantities to reasonably meet the demands of the public, having regard to the nature of the work”. A literary, musical or artistic work or a computer program shall thus be deemed to be published if copies of the work or program have been issued to the public. A cinematograph film or sound recording is published by its sale, letting, hire, or offer for sale or hire of copies of the film or recording (s 1(5)(b)). Publication in South Africa will qualify as a first publication if it takes place within 30 days of an earlier publication elsewhere (s 1(5)(c)).

The following acts do not constitute publication of the work in question (s 1(5)(d)):

- (1) the performance of a musical or dramatic work, cinematograph film or sound recording
- (2) the public delivery of a literary work
- (3) a transmission in a diffusion service
- (4) the broadcasting of a work
- (5) the exhibition of a work of art
- (6) the construction of a work of architecture

### 3.7.2.3 Works made by or under the control of the state

Section 5 confers copyright on every work which is made by, or under, the direction or control of the state or any prescribed international organization. Such work must be the principal object of state direction and not merely incidental or a peripheral consequence of some generalised governmental licensing or monitoring power (*Biotech Laboratories (Pty) Ltd v Beecham Group PLC and another* 2002 (4) SA 249 (SCA)). Copyright vests in these works, irrespective of whether they comply with the requirements for the subsistence of copyright as contained in sections 3 (author a qualified person) and 4

(work first published or made in a member state of the WTO). For administrative purposes, such copyright is deemed to vest in an officer of the public service who has been designated by the State President by proclamation in the *Government Gazette*.



### READING 3.2

Read *Biotech Laboratories (Pty) Ltd v Beecham Group Plc and Another* 2002 (4) SA 249 SCA. As you read this decision, ask yourself the following questions:

- ◆ What was the main issue in this case?
- ◆ What was the court's decision regarding the question whether the package insert had been made "under the direction" of the State?
- ◆ What was the court's decision regarding the question whether the package insert had been made "under the control" of the State?



### ACTIVITY 3.3

You are an attorney practising in a large commercial firm. Your duties include giving legal advice on whether works created by certain clients enjoy copyright protection. Make a check list of all the relevant principles you should need to keep in mind in order to determine whether or not a work enjoys copyright protection.



### FEEDBACK

It is important to remember that there are no prescribed formalities for the subsistence of copyright. It arises automatically if the requirements are met. You can determine whether a work will enjoy protection by answering the following questions:

- (1) Does the work fall into one of the categories listed in the Act?
- (2) If so, does the work meet both the inherent and the formal requirements for copyright protection?

The inherent requirements: is the work original and is it in a material form? Remember, both the inherent requirements must be met.

The formal requirements: has the work been made by a qualified person, or has it first been published or made in a member state of the WTO? Remember only one of the formal requirements need to be met.



### ACTIVITY 3.4

Do you remember that Thandi wanted your advice on whether her computer program could be patented? Keeping your check list for copyright protection in mind, do you think that her computer program could possibly also enjoy copyright protection? Discuss all the requirements for protection. Draw up a table in which you compare the requirements for patent protection with those of copyright protection.



### FEEDBACK

Do this activity on your own. It is very important to actually compare the different requirements, because students tend to confuse them. Also remember that the requirements for patent protection are much more specific, and thus more difficult to meet. Also remember that patents need to be registered, while copyright protection arises automatically once the inherent and formal requirements for protection have been met.

## 3.8 DURATION OF COPYRIGHT

Copyright only protects a work for the duration of the term of copyright. Once the term of copyright has expired, the work falls in the public domain and anyone may freely copy it. The term of copyright is therefore important when you have to determine whether copyright subsists in a work.

### 3.8.1 Literary, musical and artistic works

Generally, the copyright in literary, musical and artistic works (excluding photographs) endures for the lifetime of the author and a further period of 50 years commencing from the end of the year in which the author died (s 3(2)(a)). But where, before the death of the author, a literary, musical or artistic work or an adaptation of it has not been published, performed in public, offered for sale to the public in the form of records, or broadcast, copyright continues to subsist for a period of 50 years from the year in which the first of these acts was done.

### 3.8.2 Cinematograph films, photographs, and computer programs

Copyright in these works subsists for 50 years from the end of the year in which work is made available to the public with the consent of the copyright owner or is first published, whichever term is the longer. If neither of these events have happened within 50 years of the making of the work, copyright subsists for 50 years from the end of the year in which the work was made (s 3(2)(b)).

### **3.8.3 Sound recordings**

Copyright in a sound recording endures for a period of 50 years from the end of the year in which the recording was first published (s 3(2)(c)).

### **3.8.4 Broadcasts**

Copyright in a broadcast endures for 50 years from the end of the year in which the broadcast takes place (s 3(2)(d)).

### **3.8.5 Programme-carrying signals**

Copyright in such signals endures for 50 years from the end of the year in which the signals are emitted to a satellite (s 3(2)(e)).

### **3.8.6 Published editions**

Copyright in a published edition endures for a period 50 years from the end of the year in which the edition was first published (s 3(2)(f)).

### **3.8.7 Anonymous and pseudonymous works**

In the case of an anonymous or pseudonymous work copyright subsists for 50 years from the end of the year in which the work is made available to the public with the consent of the copyright owner or from the end of the year in which it is reasonable to presume that the author died, whichever term is the shorter (s 3(3)(a)). If the identity of the author becomes known before the expiry of this period, the term of the copyright is 50 years from the end of the year in which the author died (s 3(3)(b)).

### **3.8.8 Works of joint authorship**

A work of joint authorship is a work where the contributions of the authors cannot be separated (s 1(1)). Copyright in a work of joint ownership subsists for a period of 50 years from the end of the year in which the longest living author died (s 3(4)). In the case of joint authorship of anonymous and pseudonymous works copyright endures for a period of 50 years calculated either from the end of the year in which the work was lawfully made available to the public, or from the end of the year in which it is reasonable to presume that the longest-living author died, whichever term is the shorter. (See further Copeling 1978 *Copyright and the Act* 89 par 69.)

### **3.8.9 Works made by, or under, the control of the state**

Copyright is conferred on works made by or under the direction or control of the state or certain prescribed international organisations (s 5(2)). With literary, musical or artistic works (excluding photographs) copyright subsists for a period of 50 years from the end of the year in which the work was first published (s 5(3)). In the case of a cinematograph film, photograph, sound recording, broadcast, programme-carrying signal, published edition or computer program the term is the same as that which it would have been had the work not been made by or under the control of the state (s 5(4)).



### ACTIVITY 3.5

Make a list of the terms of protection the works included in the scenario at the beginning of the study guide will enjoy if these works meet the requirements for copyright protection.



### FEEDBACK

Do this activity on your own. Remember: the relevant works are a computer program, the Y-shaped jar, the decoration of the jar (ie the label) and the pamphlet.

## 3.9 THE NATURE OF COPYRIGHT

Copyright is the exclusive right to do, to authorise others to do, or to prevent others from doing any of the acts that are designated in respect of each of the categories of works eligible for copyright. These acts are set out in sections 6–11B of the Act. This exclusive right (monopoly) of the copyright owner is, however, limited by the term of the copyright and, especially, by the so-called statutory defences contained in sections 12–19B of the Act. Moreover, a copyright owner cannot prevent another, who, by his or her own skill and labour produces an identical work, from exploiting his or her copyright in that work. The monopoly enjoyed by a copyright owner, therefore, is not as complete as that enjoyed by the owner of a patent.

### 3.9.1 The nature of copyright in literary or musical works

The copyright in a literary or musical work vests in the copyright owner the exclusive right to do, or to authorise others to do (or to prohibit others from doing), any of the following acts in South Africa:

- (1) reproducing the work in any manner or form;
- (2) publishing the work if it was hitherto unpublished;
- (3) performing the work in public;
- (4) broadcasting the work;
- (5) causing the work to be transmitted in a diffusion service, unless such service transmits a lawful broadcast, including the work, and is operated by the original broadcaster;
- (6) making an adaptation of the work; and
- (7) doing in relation to an adaptation of the work, any of the acts specified in relation to the work in (1)–(5) above (s 6).

We will now discuss each of these exclusive rights in more detail:

The copyright owner has the exclusive right to reproduce the work. The copyright owner enjoys extensive protection as far as the reproduction of the work is concerned, since the work may not be reproduced (without his or her permission) in **any manner or form**. In

relation to a literary or musical work, the term “reproduction” includes a reproduction in the form of a sound recording or cinematograph film. Remember that the definition of “reproduction” includes a reproduction made of a reproduction of a particular work (s 1(1)).

Only the copyright owner may publish or authorise the publishing of the work. A literary or musical work is published when copies of the work are issued to the public (s1(5)). Thus the work may not be distributed without the permission of the copyright owner. The term “copy”, in relation to a literary or musical work, is defined as a reproduction of the work or an adaptation of it (s 1(1)).

As far as performing the work in public is concerned, the term “performance” is defined to include any mode of visual or acoustic presentation of a work (s 1(1)). A work can be performed by the operation of a loudspeaker, a radio, television or diffusion receiver, by the exhibition of a cinematograph film, by the use of a record or by any other means. Also, the delivery of a lecture, speech or sermon will constitute a performance of this lecture, speech or sermon. It should be noted that the term “performance” does not include the broadcasting or rebroadcasting or transmission of a work in a diffusion service. There is no definition of the term “public” in the Act, but it is submitted that, where a work is performed before those persons who normally comprise what may be termed the domestic circle, the performance will **not** be in public. Conversely, where the audience comprises a cross-section of the public and is not limited to a particular domestic circle, the performance will take place in public (see *Jennings v Stephens* [1936] Ch 469 at 481; *Southern African Music Rights Organisation Ltd v Svenmill Fabrics (Pty) Ltd* 1983 (1) SA 608 (C)).

On the meaning of the term “broadcast”, see 3.6.6 above.

The copyright owner has the exclusive right to cause the work to be transmitted in a diffusion service. The term “diffusion service” is defined as “a telecommunication service of transmissions consisting of sounds, images, signs or signals, which takes place over wires or other paths provided by material substance and intended for reception by specific members of the public” (s 1(1)). Such a service may be offered gratuitously, or as part of the amenities provided by an establishment such as a boarding house or hotel, or to subscribers (see Copeling 1978 *Copyright and the Act* 31 par 25).

Only the copyright owner may make an adaptation of the work. To understand what the phrase “making an adaptation of the work” means, we must look at the definition of the term “adaptation” in section 1(1). With a literary work, the term includes

- (1) in the case of a non-dramatic work, a version of the work in which it is converted into a dramatic work
- (2) in the case of a dramatic work, a version of the work in which it is converted into a non-dramatic work
- (3) a translation of the work
- (4) a version of the work in which the story or action is conveyed wholly or mainly by means of pictures in a form suitable for reproduction in a book or in a newspaper, magazine or similar periodical

As far as a musical work is concerned, the term “adaptation” includes any arrangement or transcription of the work, if such arrangement or transcription has an original creative character.

### **3.9.2 The nature of copyright in artistic works**

The copyright in an artistic work vests in the copyright owner the exclusive right to do or to authorise the doing of the following acts in South Africa:

- (1) reproducing the work in any manner or form;
- (2) publishing the work if it was hitherto unpublished;
- (3) including the work in a cinematograph film or a television broadcast;
- (4) causing a television or other programme, which includes the work, to be transmitted in a diffusion service, unless such service transmits a lawful television broadcast, including the work, and is operated by the original broadcaster;
- (5) making an adaptation of the work; and
- (6) doing, in relation to an a adaptation of the work, any of the acts specified in relation to the work in (1)–(4) above (s 7).

We will make only a few comments:

The copyright owner has the exclusive right to make a reproduction of his or her work. In relation to an artistic work the term “reproduction” includes a version produced by converting the work into a three-dimensional form or, if it is in three-dimensional form, by converting it into a two-dimensional form (s 1(1)). Again, the term also includes a reproduction made of a reproduction of a particular work (s 1(1)).

Only the copyright owner may publish his or her artistic work. As with literary works, publication of an artistic work takes place when copies of the work are issued to the public (s 1(5)). The term “copy”, when applied to an artistic work, is defined to include both a reproduction and an adaptation of the work (s 1(1)). A copy of a work of architecture is required to be in the form of a building or a model for a building (s 1(1)).

When we look at the exclusive right of the copyright owner to make an adaptation of his or her artistic work, it is yet again important to determine the meaning of adaptation. Section 1(1) provides that an adaptation of an artistic work can take the form of a transformation of the work in such manner that the original or its substantial features remain recognisable.

### **3.9.3 The nature of copyright in cinematograph films**

The copyright in a cinematograph film vests in the copyright owner the exclusive right to do or authorise the doing of any of the following acts in the Republic (s 8):

- (1) reproducing the film in any manner or form, including making a still photograph from it;
- (2) causing the film, in so far as it consists of images, to be seen in public, or in so far as it consists of sounds, to be heard in public;
- (3) broadcasting the film;



- (4) causing the film to be transmitted in a diffusion service, unless such service transmits a lawful television broadcast, including the film, and is operated by the original broadcaster;
- (5) making an adaptation of the film;
- (6) doing, in relation to an adaptation of the film, any of the acts specified in relation to the film in (1)–(4) above; and
- (7) letting, or offering or exposing for hire by way of trade, directly or indirectly, a copy of the film.

As with literary, musical and artistic works, only the copyright owner may make an adaptation of the cinematograph film. Although the Act defines the term “adaptation” in relation to certain works (eg 3.9.1 and 3.9.2 above), it does not do so in respect of cinematograph films. We submit that, for example, were one to dramatise the events in a documentary film or convert a television series into a full-length film, or the other way round, this would constitute an adaptation of the film.

The copyright owner has the exclusive right to let, or offer or expose for hire by way of trade, directly or indirectly, a copy of the cinematograph film. Section 1(1) defines “copy” as a reproduction or an adaptation of a cinematograph film, whilst the term “infringing copy” includes, in its definition, a copy of a film or still photograph made from the film.

#### **3.9.4 The nature of copyright in sound recordings**

The copyright in a sound recording vests, in the copyright owner, the exclusive right to do or authorise the doing of the following acts in the Republic (s 9):

- (1) making, directly or indirectly, a record embodying the sound recording,
- (2) letting, or offering or exposing for hire by way of trade, directly or indirectly, a reproduction of the sound recording;
- (3) broadcasting the sound recording;
- (4) causing the sound recording to be transmitted in a diffusion service, unless that service transmits a lawful broadcast, including the sound recording, and is operated by the original broadcaster;
- (5) communicating the sound recording to the public. (s 9)

Section 1(1) defines a “record” as “any disc, tape, perforated roll or other device in or on which sounds, or data or signals representing sounds, are embodied or represented so as to be capable of being automatically reproduced or performed therefrom.”

Section 9A makes provision for the payment of royalties. It gives effect to the principle “pay for play”, also known as “needle time”. A single royalty is payable in respect of the broadcast, the transmission in a diffusion service and the communication to the public of the sound recording. This royalty must be shared between the copyright owner in the sound recording and any performer on the recording.

#### **3.9.5 The nature of copyright in broadcasts**

The copyright in a broadcast vests the exclusive right to do, or authorise the doing of, the following acts in the Republic (s 10):

- (1) reproducing, directly or indirectly, the broadcast in any manner or form, including in the case of a television broadcast, making a still photograph from it;
- (2) rebroadcasting the broadcast; and
- (3) causing the broadcast to be transmitted in a diffusion service, unless such service is operated by the original broadcaster. (s 10)

In the case of a broadcast, the term “reproduction” includes a reproduction in the form of a record or a cinematograph film, and a reproduction made of a reproduction of the broadcast (s 1(1)).

### **3.9.6 The nature of copyright in programme-carrying signals**

The copyright in programme-carrying signals vests the exclusive right to undertake, or to authorise, the direct or indirect distribution of such signals by any distributor to the general public or any section of it in the Republic, or from the Republic (s 11).

A programme-carrying signal is distributed by any operation by which a distributor (the person who decides that the transmission of the derived signal shall take place) transmits a derived signal to the general public or any section of it (s 1(1)). A “derived signal” is defined as “a signal obtained by modifying the technical characteristics of the emitted signal, whether or not there have been one or more intervening fixations” (s 1(1)).

### **3.9.7 The nature of copyright in published editions**

The copyright in a published edition vests, in the copyright owner, the exclusive right to make or to authorise the making of a reproduction of the edition in any manner (s 11A).

### **3.9.8 The nature of copyright in computer programs**

The copyright in a computer program vests, in the copyright owner, the exclusive right to do or authorise the doing of any of the following acts in the Republic (s 11B):

- (1) reproducing the computer program in any manner or form;
- (2) publishing the computer program if it was hitherto unpublished;
- (3) performing the computer program in public;
- (4) broadcasting the computer program;
- (5) causing the computer program to be transmitted in a diffusion service, unless such service transmits a lawful broadcast, including the computer program, and is operated by the original broadcaster;
- (6) making an adaptation of the computer program;
- (7) doing, in relation to an adaptation of a computer program, any of the acts specified in relation to the computer program in (1) to (5); and
- (8) letting, or offering or exposing for hire by way of trade, directly or indirectly, a copy of the computer program. (s 11B).

Again you should note that the term “reproduction” includes a reproduction made of a reproduction of a computer program (s 1(1)).

As with literary works, a computer program is regarded as published when copies of the program are issued to the public (s 1(5)). Section 1(1) defines a “copy” as a reproduction of the computer program or an adaptation of it.

An “adaptation” in relation to a computer program includes a version of the computer program in a programming language different from that of the program, or a fixation of the program in, or on, a medium different from the medium of fixation of the program (s 1(1)).

Section 11B(h) dealing with the letting or offering for hire of the computer program is similar to sections 8(1)(g) and 9(b) (see 3.9.3 and 3.9.4 above).



### **ACTIVITY 3.6**

Sammy, who is Bono’s friend and a real computer “whizz”, rewrites Thandi’s computer program so that it can be used on another type of computer system. Will Sammy’s version of the computer program fall under the definition of an “adaptation”?



### **FEEDBACK**

In answering a question of this kind, it is very important to include the definition of an “adaptation”. The definition of the term “adaptation” in relation to a computer program includes a version of the computer program in a programming language different from that of the program, or a fixation of the program in, or on, a medium different from the medium of fixation of the program (s 1(1)). Sammy’s version is, therefore, an adaptation of the computer program designed by Thandi.

## **3.10 AUTHORSHIP AND THE FIRST OWNERSHIP OF THE COPYRIGHT IN A WORK**

We must distinguish between the author of a copyright work, and the holder of the copyright. It is common to refer to the holder of the copyright as the “copyright owner”. Strictly speaking, the use of the term “owner” in respect of a “right” and in respect of a “copyright” is not correct: only corporeals can be owned, which means that only the term “quasi ownership”, and not “ownership”, can be applied with any theoretical force to incorporeals such as rights (see Van der Merwe *Sakereg* 2 ed (1989) 21 and 37 and also refer to the discussion under 3.4 above).

But in line with standard practice and the language employed in the Copyright Act, we will use the term “copyright owner” in this study guide.

### 3.10.1 The author

The Act specifically indicates who will be regarded as the author of a particular work. In section 1(1) the term “author” is defined thus: connoting

- (a) for a literary, musical or artistic work, the person who first makes or creates the work;
- (b) for a photograph, the person who is responsible for the composition of the photograph;
- (c) for a sound recording, the person by whom the arrangements for the making of the sound recording were made;
- (d) for a cinematograph film, the person by whom the arrangements for the making of the film were made;
- (e) for a broadcast, the first broadcaster;
- (f) for a programme-carrying signal, the first person emitting the signal to a satellite;
- (g) for a published edition, the publisher of the edition;
- (h) for a literary, dramatic, musical or artistic work or computer program which is computer-generated, the person by whom the arrangements necessary for the creation of the work were undertaken; and
- (i) for a computer program, the person who exercised control over the making of the computer program.

The popular and conventional meaning of the word “author” is the maker or creator of a work. However, it is important that you remember that this meaning applies only to the first three categories of works mentioned (literary, musical or artistic works). In the case of all other works, someone other than the true creator of the work in question may qualify as its author. For example, the photographer will not necessarily be the author of the photograph he or she took — someone else may be responsible for the composition of the photograph. The same applies to sound recordings and cinematograph films. Here the presence of any creative contribution on the part of the “author” is irrelevant. This means that it is possible that a person other than the one responsible for the actual making or recording of a sound recording or film can qualify as the legal author of the sound recording or film.

Furthermore, the author of a computer program is the person who exercises “control” over the making thereof. The concept of “control”, for purposes of determining who the author of a computer program is (s 1(1)(i)), is broader than the control exercised by an employer over an employee for purposes of section 21(1)(d). A person may therefore, because of his control over the making of a computer program, be the author thereof, even if the program was created by an independent contractor. (*Haupt t/a Softcopy v Brewers Marketing Intelligence (Pty) Ltd & other supra* at 474F–H). (See also the discussion in 3.7.2.1 above of the inclusion of a juristic person in the definition of a “qualified person”.)

Where the activity of the person who reduces the work to material form is purely mechanical, he or she is not the author but the author’s agent or amanuensis. An example here is a shorthand typist. A shorthand typist merely takes down what is dictated to him and reproduces it in

written form (*Accesso v Allforms (supra)* at 670, in passing, and Cornish 1999 *Intellectual Property* 399). We should, of course, distinguish between the position of a shorthand typist and that of the so-called ghost writer. While the first merely acts as an amanuensis, a ghost writer is an author who gives expression to the teller's ideas (*Donoghue v Allied Newspapers Ltd* [1938] 1 Ch 106). This issue arises also, for example, in the case of artistic works. Thus, in *Kenrick & Co v Lawrence & Co* (1890) 25 QBD 99, a certain J had conceived the idea for a drawing, but J, being unable himself to draw, employed an artist to execute the drawing under his direction and according to his specifications. The court held that the author of the drawing was the artist, not J. The deciding factor, when one has to determine authorship in these situations, seems to be the skill and labour exercised by the person reducing the work to material form.

### **3.10.2 The first owner of copyright**

The general rule is that the author (or co-authors in the case of works of joint authorship) is the first owner of the copyright in a work (s 21(1)(a)). There are, however, a number of important exceptions to this rule.

Section 21(1)(b) includes the first exception, which relates to work done by employees of a newspaper, magazine or periodical. Where a literary or artistic work is made by an author in the course of his or her employment by the proprietor of a newspaper, magazine or similar periodical under a contract of service or apprenticeship, and the work in question is actually made for the purpose of publication in a newspaper, magazine or similar periodical, the proprietor concerned (the employer) shall be the owner of the copyright in the work in so far as the copyright relates to the publication of the work in any newspaper, magazine or similar periodical or to the reproduction of the work for the purpose of being so published. However, in all other respects, the author shall be the owner of the copyright subsisting in the work. A brief comment on this exception: first of all, you should remember that this provision applies only to literary and artistic works, and only to specific employment situations. Secondly, the copyright in the work vests in the proprietor (the employer) only to the extent that it relates to the publication of the work in question in a newspaper, magazine or similar periodical or the reproduction of such work with a view to being so published. In all other respects (such as the publication of the work in book form) the author will be the owner of the copyright subsisting in the work.

The second exception is contained in section 21(1)(c). Where a person commissions the taking of a photograph, the painting or drawing of a portrait, or the making of a gravure or a cinematograph film or a sound recording and pays for it in money or the equivalent of money, (money's worth) and the work is made in pursuance of that commission, that person (the person who commissions the work) shall be the owner of the copyright in the work. The provision contained in this paragraph is subject to the provision contained in paragraph (b) of this subsection. There are three elements that you should remember about this exception. First, only certain works are affected — photographs, painted or drawn portraits, gravures, cinematograph films and sound recordings. Secondly, the person who makes the commission must pay in money or money's worth. Thirdly, it must be a

commission (and not, for example, an employment relationship). A good example of where this exception will apply is in the case of wedding photographs. Where a couple commissions a photographer to take pictures on their wedding day, and pay the photographer, the copyright in these pictures will vest in the couple and not in the photographer.

Lastly, where a work is made in the course of the author's employment by another person under a contract of service or apprenticeship, in a situation not covered by paragraphs (b) or (c) of this subsection, the employer shall be the owner of the copyright in the work (s 21(1)(d)). This exception applies to all categories of works, except those which fall within the ambit of paragraph (b) or (c). However, it does not apply to a contract of work, such as the usual contract between an architect in private practice and a client who wants a home designed (*Marais v Bezuidenhout* 1999 (3) SA 988 (W)).

These exceptions to the general rule can be excluded by agreement between the parties (s 21(1)(e)). Section 21(1)(e) does not contain any direction as to what form such an agreement should take. We may therefore assume that such an agreement will be equally effective if written, oral or implied from the conduct of the parties or the peculiar circumstances of the case. In the unreported case of *Stiff v Reid-Daly & another* (Case no 99/30033 in the WLD) it was held that, although the plaintiff was the employee of a company, the operation of section 21(1)(d) had been excluded by an oral agreement and that the plaintiff therefore was the owner of the copyright in the work in question in her own capacity (Dean *Handbook* 1–30).

Where a work is made by, or under the direction or control of the state or a prescribed international organisation, the State or international organisation concerned shall be the owner of the copyright in the work (s 21(2)).



### ACTIVITY 3.7

Vusi's sister, Nola, is a famous international model. She has been testing the cream for its anti-ageing properties for the past three months. She is photographed and interviewed by *She!*, a women's magazine. *She!* commissions a freelance photographer to take the photographs. The reporter, an employee of *She!*, decides to write a book on the lives of famous models. He includes the article and photographs in his book.

- (1) Who are the authors of the article and photographs respectively? Give reasons for your answer.
- (2) Who owns the copyright in the article? Give reasons for your answer.
- (3) Who owns the copyright in the photographs? Give reasons for your answer.
- (4) Will the reporter infringe copyright by using the said article and photographs in his book?
- (5) Distinguish between an author and a copyright owner.



## FEEDBACK

- (1) In answering this question you are required to indicate who is regarded as the author in relation to a literary work (the article) and an artistic work (the photograph). The reporter, the maker or creator of the article, will qualify as the author of the article. As far as the photograph is concerned, the person responsible for the composition of the photograph will qualify as the author. From the facts it is reasonable to assume that the photographer will qualify as the author of the photograph.
- (2) In terms of section 21(1)(b), the owner of the copyright in the article is the proprietor of *She!* magazine. Note, with regard to section 21(1)(b), that the proprietor of *She!* is the owner only for purposes of publication in any newspaper, magazine or similar periodical. For all other purposes (eg publication in book form), the reporter, the author, is the owner of the copyright. As the reporter wrote the article in the course of his employment with *She!* magazine, the proprietor of *She!* magazine will be the owner of the copyright in the article for the purposes of publication in any newspaper, magazine or similar periodical.
- (3) Where a person commissions the taking of a photograph, the painting or drawing of a portrait, or the making of a gravure or a cinematograph film or a sound recording and pays for this in money or money's worth, and the work is made in pursuance of that commission, that person (the person who commissions the work) shall be the owner of the copyright in the work (s 21(1)(c)). *She!* magazine commissioned a freelance photographer to take the pictures of Nola. We can assume that *She!* magazine paid the freelance photographer for the said photographs and the copyright owner will therefore be *She!* magazine.
- (4) The proprietor of *She!* magazine will only be the owner of the copyright in the article for the purposes of publication in any newspaper, magazine or similar periodical. The reporter, as the author of the article, is therefore free to use his article for any other purposes, including inclusion in a book. However, he may not use the pictures taken of Nola, since the copyright therein vests in *She!* magazine as the commissioner of the photographs.
- (5) Answer this question yourself. Go back to paragraph 3.10 if you are uncertain about the difference between these two concepts.



## READING 3.3

Read *Marais v Bezuidenhout* 1999 (3) SA 988 (WLD). When you read this decision, ask yourself the following questions:

- ◆ What is the distinction between a contract of work and a contract of service?
- ◆ Who is the copyright owner of a work created in terms of a contract of work?

- ◆ Who is the copyright owner of a work created in terms of a contract of service?

### 3.11 INFRINGEMENT OF COPYRIGHT

Section 23 of the Act contains the provisions on copyright infringement. There are two types of copyright infringement: direct infringement and indirect infringement. Infringement is **direct** where the infringer commits any of the acts specifically designated in the Act as acts, the doing of which, or the authorisation of which, in relation to the particular category of work is the sole prerogative of the copyright owner (s 23(1)). An infringement of copyright is **indirect** where the infringer, although not actually committing any of the acts so designated, still knowingly does something to further the commission of any of these acts (s 23(2) and (3)).

Let us now examine direct and indirect infringement in more detail.

#### 3.11.1 Direct infringement

As you will remember from our discussion in 3.9 above, copyright is basically the exclusive right of the copyright owner to perform any of those acts listed in relation to each category of works. These exclusive rights are contained in sections 6–11B (see 3.9 above). Where a person does or causes someone else to do any of these acts without the copyright owner’s authorisation, such a person is directly infringing on the copyright owner’s copyright (s 23(1)).

It is therefore necessary to know what the exclusive rights of the copyright owner are before you can determine whether copyright was actually infringed. When we look at these exclusive rights, there are three definitions in section 1(1) of the Act that are important.

The first one is the definition of “reproduction”. In relation to a literary or musical work or a broadcast, the term “reproduction” includes a reproduction in the form of a record or a cinematograph film. In relation to an artistic work, this term includes a version produced by converting the work into a three-dimensional form or, if it is in three-dimensional form, by converting it into a two-dimensional form. In relation to any work, it includes a reproduction made from a reproduction of that work.

Secondly, the term “copy” is defined as a reproduction of a work and, in the case of a literary, musical or artistic work, a cinematograph film or a computer program, also an adaptation of the work. The definition also declares that an object shall not be taken to be a copy of a work of architecture unless the object is a building or a model of a building.

Thirdly, it is provided that, when the term “adaptation” is used in relation to:

- (a) a literary work, [the term] includes —
  - (i) in the case of a non-dramatic work, a version of the work in which it is converted into a dramatic work;
  - (ii) in the case of a dramatic work, a version of the work in which it is converted into a non-dramatic work;



- (iii) a translation of the work; or
  - (iv) a version of the work in which the story or action is conveyed wholly or mainly by means of pictures in a form suitable for reproduction in a book or in a newspaper, magazine or similar periodical;
- (b) a musical work [the term] includes any arrangement or transcription of the work, if such arrangement or transcription has an original creative character;
  - (c) an artistic work, [the term] includes a transformation of the work in such a manner that the original or substantial features thereof remain recognizable;
  - (d) a computer program [the term] includes
    - (i) a version of the program in a programming language, code or notation different from that of the program; or
    - (ii) a fixation of the program in or on a medium different from the medium of fixation of the program.

To commit a direct infringement of copyright, the infringer does not need to **know** that he or she is infringing copyright. Knowledge is therefore not a requirement for direct infringement (it is, however, a requirement for indirect infringement).

Where two people arrive at the same solution **independently** of each other, each will enjoy copyright in his or her own work.

If we want to establish infringement through the reproduction or adaptation of a work, we should prove that the copyright work had actually been **copied**. Whether there has been copyright infringement in the form of reproduction or adaptation is a question of fact. This question must be answered in two stages, one objective and the other subjective (*Galago Publishers v Erasmus (supra)* at 280; *Jacana Education (Pty) Ltd v Fransden Publishers (Pty) Ltd* 1998 (2) SA 965 (SCA) at 972; *Dexion Europe Ltd v Universal Storage Systems (Pty) Ltd* 2003 (1) SA 31 (SCA) at 36). We use the objective test to determine whether there is an objective similarity between the copyright work and the alleged infringing work, and the subjective test to determine whether there is a causal connection between the two works (see *Bosal Afrika (Pty) Ltd v Grapnel (Pty) Ltd & another* 1985 (4) SA 882 (C) at 408B–C; *Juta & Co Ltd & others v De Koker & others* 1994 (3) SA 499 (T)).

We judge “objective similarity” between the original work and the alleged infringing work in the light of prior subject matter. Sometimes we can attribute the close resemblance between two works simply to the fact that both works incorporate common prior subject matter. The existence of prior subject matter may, therefore, make it more difficult to prove objective similarity (*Jacana Education v Fransden Publishers (supra)* at 972 (this case concerned copyright in a map)). Where an infringing work is an exact replica of the copyrighted work, we refer to such work as a “Chinese copy”. There are different degrees of similarity between similarity due to common prior subject matter on the one hand, and a Chinese copy on the other. Objective similarity is a question of degree between these two poles (*Bosal Afrika (Pty) Ltd v Grapnel (Pty) Ltd (supra)* at 408F–G). In *Galago Publishers (Pty) Ltd*

(*supra*) the court considered the question of objective similarity. The central issue in this case was whether the publication of a new luxury edition of a book on the operations of the Selous Scouts in the bush war in former Rhodesia constituted copyright infringement.

On the facts before him, Corbett JA noted that, generally, the alleged infringing work differed from the copyright work in a number of respects: the alleged infringing work was of a larger format and print, and it was a glossy-type book with many photographs interspersed with short text, and fitted the description of a so-called coffee-table book. The judge also referred to marked differences in the style and general manner of presentation. But a closer examination of the works revealed that these differences were largely cosmetic and that the twelve chapters of the alleged infringing work were effectively merely an abridged version of the copyright work with extensive language copying. Objective similarity had, therefore, been established.

To establish infringement, at least a **substantial part** of the work should have been copied. This rule is based on the common-law maxim that the law does not concern itself with trivia (*de minimis non curat lex*). It also seems to be implied by section 1(2A) that any act performed in relation to an insubstantial part of a work does not fall under the Act.

The term “substantial part” refers not so much to the **quantity** (eg the number of pages) that is copied, but to the **quality** of what has been copied. Thus, for example, the conclusion reached by a researcher may comprise only a few pages of a book, but in terms of quality, it may constitute a substantial part of the book. In *Fax Directories (Pty) Ltd v SA Fax Listings CC (supra)* the court affirmed that the criterion to establish substantial similarity is quality rather than quantity.

In the recent case of *Haupt (supra)* the Supreme Court of Appeal affirmed (at 475H–476B) that the criterion to establish substantial similarity is quality rather than quantity:

... where a part of a work is reproduced, the question whether a substantial part had been reproduced depends much more on the quality than the quantity of what had been taken. It is true that, in this case, only 26% of the graphic component and 83% of the search component, consisting of 63 lines of several thousand lines of source code, had been copied, but then, those lines were copied because (the programmer employed by first respondent to write the program) found it too difficult to write them himself. These components were clearly considered to be a valuable ingredient of the program by both Haupt and the respondents. For these reasons the copying referred to, in my view, constituted the reproduction of a substantial part of the (computer) program. It follows that the first and second respondents infringed Haupt's copyright in the (computer) program.

After we have established objective similarity, we must establish a causal connection between the original work and the alleged infringing work. In order to establish a causal connection, we use the subjective test. Here we must prove that the copyright work is the source from which the alleged infringing work is derived, and to do this we must prove that the creator of the alleged infringing work had access to the original work. This causal connection can either be direct or indirect

(*Galago Publishers v Erasmus (supra)* at 293B-C — in this case the court refers to the indirect causal connection as unconscious copying; *Dexion Europe v Universal Storage Systems (supra)* at 36). The causal connection would therefore be direct where the infringer consciously reproduced the original work, and indirect where he or she subconsciously reproduced the work. Subconscious copying takes place where, for example, a person reads, sees or hears a work, forgets about it but then later reproduces it in the genuine belief that it is his or her own (see Cornish *Intellectual Property* at 415). Such copying, though subconscious, will constitute an infringement of the copyright in the original work.

The requirement of a causal connection implies that, when infringement has taken place, the original work and at least one copy of the work had to exist. The causal connection may be established through evidence (see *Schultz v Butt* 1986 (3) 667 (A) at 676), or it may be evident from the works. In a case concerning the copyright infringement of a compilation of names, addresses and telefax numbers (*Fax Directories (Pty) Ltd v SA Fax Listings CC (supra)*) the evidence of infringement was based entirely on the presence of fictitious entries and typographical errors common to both works concerned. The court noted that the presence of the fictitious entries and identical typographical errors “made the copying stand out like a sore thumb” (at 456A). In *Galago Publishers (Pty) Ltd v Erasmus (supra)* the court ruled that the infringing work could not have been written without conscious reference to the copyright one (at 294D). The court had no doubt that the abridged work was written with the original work at the infringer’s elbow (at 285–286).

Copying (here we are not referring to infringement!) may be direct or indirect. A copy of the original work is called direct copying; a copy of a copy is called indirect copying. The definition of the term “reproduction” expressly states that, in relation to any work the term includes “a reproduction made from a reproduction of that work”. A copy of an intervening copy (indirect copying) is therefore deemed to be an infringement of the copyright in the original work (see also *Scaw Metals Ltd v Apex Foundry (Pty) Ltd & another* 1982 (2) SA 377 (D)). In *Klep Valves (Pty) Ltd v Saunders Valve Co Ltd* 1987 (2) SA 1 (A) the appellant had copied his valves from valves manufactured according to the respondent’s engineering drawings. The court held that, in principle, this type of indirect copying amounts to an infringement of the copyright in the drawings, since the appellant had reproduced a substantial part of the respondent’s drawings. Please remember that this decision was handed down before the enactment of section 15(3A). We still refer to this decision because it is an excellent example of indirect copying. However, because of the justification now contained in section 15(3A), the sort of indirect copying that occurred in this case no longer amounts to infringement (see 3.12.14 below).

### **3.11.2 Indirect infringement**

Indirect infringement takes place where a person does something to further the commission of direct infringement. Unlike direct infringement, a prerequisite for establishing indirect infringement is guilty knowledge on the part of the infringer. In *Gramophone Co Ltd v Music*

*Machine (Pty) Ltd & others* 1973 (3) SA 188 (W) 207, with reference to the corresponding provisions of the 1965 Act, the court stated that “knowledge” amounted to notice of those facts that would suggest to a reasonable person that copyright is being infringed.

Sections 23(2) and (3) of the Act deal with indirect infringement.

Section 23(2) provides that copyright shall be infringed by any person who, without the licence of the owner of copyright, and at a time when copyright subsists in a work:

- (a) imports an article into the Republic for a purpose other than his own private and domestic use;
- (b) sells, lets, or by way of trade offers or exposes for sale or hire in the Republic any article;
- (c) distributes in the Republic any article for the purpose of trade, or for any other purpose, to such an extent that the owner of copyright in question is prejudicially affected; or
- (d) acquires an article relating to a computer program in the Republic,

if, to his knowledge, the making of that article constituted an infringement of that copyright or would have constituted such an infringement if the article had been made in the Republic.

Remember that the Act requires guilty knowledge: the infringer must know that the making of that article constitutes an infringement of copyright, or would constitute such an infringement, if the article is made in South Africa.

In *Frank & Hirsch (Pty) Ltd v A Roopanand Brothers (Pty) Ltd* 1993 (4) SA 279 (A), a case involving parallel imports, the court held that, if the person who made the offending article could not, without infringing copyright have made it in South Africa, a person who, with the required knowledge and without the copyright owner’s consent, either imports the article into this country, or sells or distributes it here, commits an act of infringement under section 23(2).

We are of the opinion that “private and domestic use” (see s 23(2)(a)) would occur where the use is confined to the user himself or, at least, where it does not extend beyond his domestic circle. As for the reference to prejudice to the copyright owner, (see s 23(2)(c)), we can assume that here the legislature had in mind the commercial exploitation of the work.

We will now turn to section 23(3). Section 23(3) provides that the copyright in a literary or musical work shall be infringed by any person who permits a place of public entertainment to be used for a performance in public of the work, where the performance constitutes an infringement of the copyright in the work. This subsection provides that this subsection shall not apply where the person permitting the place of public entertainment to be so used was not aware, and had no reasonable grounds for suspecting, that the performance would be an infringement of copyright. In other words, guilty knowledge is, once again, a requirement for infringement.

The Act does not define “a place of public entertainment”. Section 1 of the 1965 Act, however, defined “a place of entertainment” to include “any premises which are occupied mainly for other purposes, but are

from time to time made available for hire to such persons as may desire to hire them for purposes of public entertainment.” One could argue that the term should carry the same meaning under the present Act.

In section 1(1) the term “performance” is defined thus:

**“performance** includes any mode of visual or acoustic presentation of a work, including any such presentation by the operation of a loudspeaker, a radio, television or diffusion receiver or by the exhibition of a cinematograph film or by the use of a record or by any other means, and in relation to lectures, speeches and sermons, includes delivery thereof; and references to “perform” in relation to a work shall be construed accordingly: Provided that “performance” shall not include broadcasting or transmitting a work in a diffusion service.

The Act does not define the term “public”. However, we believe that, where a work is performed before those persons who normally comprise what may be termed the domestic circle, the performance will not be in public. But where the audience comprises a cross-section of the public and is not limited to a particular domestic circle, the performance will be deemed to take place in public (see *Jennings v Stephens* [1936] Ch 469 at 481).

### 3.11.3 Distinguishing between direct and indirect infringement

The following examples will, we hope, help to clarify the difference between direct and indirect infringement. One of the restricted acts in respect of literary works is the reproduction of the work in any manner or form. Accordingly, where a person makes a copy of the work without the consent of the copyright owner, he commits an act of direct infringement. But if, instead of making a copy of the work himself, he knowingly and without the consent of the copyright owner imports into South Africa — and for purposes other than his own private or domestic use — an infringing copy already in existence, he commits an act of indirect infringement (see s 23(2)(a)). Similarly, it is an act of direct infringement to perform the work in public without the consent of the copyright owner (see s 6(c)), but it is an act of indirect infringement to permit a place of public entertainment to be used for the performance of the work in public, if the person granting this permission knows that such performance lacks the consent of the copyright owner (see s 23(3)).



#### ACTIVITY 3.8

Vusi thinks it would be a good idea to adapt Thandi’s computer program so that it can also be used to keep track of their costs, suppliers and profits. Since Thandi is on vacation, he asks his friend Jomo to adapt the program. The computer program now flashes warning signals each time something happens that could adversely affect their business.

(1) Who is the copyright owner of the original computer program?

- (2) Make a list of all the exclusive rights that vest in the copyright owner of a computer program.
- (3) Is there a possibility of copyright infringement in this scenario? What test will the courts apply in order to determine whether there has indeed been copyright infringement?
- (4) Who is the copyright owner of the adapted version of the computer program? Will the adapted version enjoy copyright protection?



### **FEEDBACK**

- (1) The general rule is that the author of a work will also be the first owner of the copyright (s 21(1)(a)). The term “author” is defined in section 1(1) as meaning, in relation to a computer program, the person who exercised control over the making of the computer program. Thandi is the author of the computer program since she wrote the program, and thus exercised control over the making of the computer program. Thandi is the owner of the copyright in the original computer program.
- (2) The exclusive rights of the copyright owner are listed in section 11B of the Act (see 3.9.8 above).
- (3) Direct infringement takes place where a person, without the authorisation of the copyright owner, does or causes someone to do, any of the acts that the owner has the exclusive right to do or to authorise (s 23(1)). One of the exclusive rights of the copyright owner of a computer program is the right to make an adaptation (see section 11B and 3.9.8 above). Jomo made an unauthorised adaptation of Thandi’s computer program. The question of whether there has been copyright infringement in the form of adaptation is a question of fact, which must be answered in two stages, one objective (objective similarity) and the other subjective (causal connection) (see 3.11.1 above).
- (4) In terms of section 2(3), a work shall not be ineligible for copyright by reason only that the making of the work involves an infringement of copyright in some other work. The mere fact that the adaptation is an unauthorised adaptation will thus not preclude copyright from subsisting in the adaptation. Provided the work meets the inherent and formal requirements for the subsistence of copyright, it will attain copyright protection independently of the original work. Jomo adapted Thandi’s computer program and is the copyright owner of the copyright in the adapted version of the computer program. It should, however, be noted that every time Jomo exploits his work, he will infringe copyright in Thandi’s original work.



### READING 3.4

Read *Galago Publishers (Pty) Ltd & another v Erasmus* 1989 (1) SA 276 (A) carefully. When you read this decision, ask yourself the following questions:

- ◆ How does a court determine whether a “substantial part” of a work has been copied?
- ◆ On what factual basis did the court reach its conclusion? What was that conclusion?



### READING 3.5

Read *Bosal Afrika (Pty) Ltd v Grapnel (Pty) Ltd & Another* 1985 (4) SA 882 (C). When you read this decision, ask yourself the following questions:

- ◆ Which works were the subject of the dispute before the court?
- ◆ How does a court determine objective similarity where both works in question incorporate prior art? How does this differ from the “Chinese copy” situation?
- ◆ What did the court conclude in respect of each work in question?



### ACTIVITY 3.9

Can you think of an example that illustrates the distinction between direct and indirect infringement? Do you think it is fair that knowledge is a requirement for indirect infringement, but not for direct infringement?



### FEEDBACK

In terms of section 6, one of the exclusive rights of a copyright owner is to perform his or her work in public or to authorise the performance of his or her work. For example, if a person performs a copyrighted song in a restaurant (in other words, in public) without the permission of the copyright owner, that person is committing an act of direct infringement. The owner of the restaurant (which is a place of public entertainment) who allows this performance is committing an act of indirect infringement if he or she knows that this song is being performed without the copyright owner’s consent.

When thinking about the fairness of the knowledge requirement, keep in mind the ease with which direct infringement of copyright in a work can occur. If infringers were allowed to plead absence of knowledge in the instance of direct infringement, copyright owners would have no remedies at their disposal in cases of

direct infringement. Instances of indirect infringement of copyright are fewer and more specific. It could be argued that it would be unfair to hold indirect infringers liable if they did not have the necessary knowledge.



### READING 3.6

Read *Frank & Hirsch (Pty) Ltd v Roopanand Brothers (Pty) Ltd* 1993 (4) SA 279 (A). As you read this decision, ask yourself the following questions:

- ◆ What type of work was involved in this case?
- ◆ What did the plaintiff have to prove in order to succeed with his action?
- ◆ On what basis did the court find the required knowledge on the part of the defendant?

## 3.12 THE CURTAILMENT OF COPYRIGHT: STATUTORY DEFENCES TO COPYRIGHT INFRINGEMENT

As you will remember, the copyright owner has the exclusive right to perform those acts listed in relation to each category of works. This means that the copyright owner has the monopoly to exploit the copyright in a particular work. Infringement of copyright takes place where the infringer performs any of the copyright owner's exclusive rights without his or her authorisation, or where the infringer, although not actually committing any of the acts so designated, still knowingly does something to further the commission of any of these acts.

Sometimes, however, the performance of such an exclusive right without the copyright owner's permission will not amount to an infringement. In other words, there are certain circumstances under which a copyright owner's monopoly to exploit the copyright in a particular work will be curtailed.

Sections 12–19B regulates this curtailment of the copyright owner's monopoly. Under certain circumstances, these sections permit one, for example, to make copies of the work **without the copyright owner's prior permission**. We commonly refer to these sections as containing the so-called statutory defences to actions for copyright infringement.

The reason for the existence of these defences is that here we are dealing with two conflicting interests, namely that of the user of the copyright work on the one hand and that of the copyright owner on the other. The user of a copyright work sometimes has a legitimate interest in being able to use such work without the permission of the copyright owner. To expect the user to obtain permission every time he or she wants to use the work would seriously impede (and sometimes probably completely stifle) scientific progress, private study, and



effective teaching at schools and universities. On the other hand, a copyright owner has a right to proper remuneration for allowing his or her work to be used. It is thus imperative that we determine, exactly, the ambit of permission granted by each of these statutory defences.

### 3.12.1 Fair dealing

Section 12(1) of the Act provides thus:

Copyright shall not be infringed by any fair dealing with a literary or musical work —

- (a) for the purposes of research or private study by, or the personal or private use of, the person using the work;
- (b) for the purpose of criticism or review of that work or of another work; or
- (c) for the purpose of reporting current events —
  - (i) in a newspaper, magazine or similar periodical; or
  - (ii) by means of broadcasting or in a cinematograph film;

Provided that, in the case of paragraphs (b) and (c)(i), the source shall be mentioned, as well as the name of the author if it appears on the work.

Although section 12(1) mentions only literary and musical works by name, the provisions of this section apply with equal force to: artistic works (see s 15(4)), cinematograph films (see s 16), sound recordings (see s 17), broadcasts (see s 18), published editions (see s 19A), computer programs (see s 19B), the making or use of adaptations of literary, musical and artistic works and of cinematograph films (s 12(9) read with ss 6(g), 7(f) and 8(f) respectively) and to a work in its original language or in a different language (see s 12(11)). The only copyright work which is not covered by section 12(1) is a programme-carrying signal.

This subsection contains arguably the most oft-cited “statutory defences” — research, private study, and personal or private use. At the same time it is the most problematical of the defences as far as interpretation and application are concerned. We will discuss some of these problems below.

We can divide the provisions of this subsection into two main parts: (1) the purposes for which a work may be used, and (2) the restrictions that are placed on such use. The most effective way to analyse the provisions of this subsection will be to discuss each of these parts in turn.

We will first discuss the purposes for which a work may be used.

The first purpose provided for is “research or private study by, or the personal or private use of, the person using the work” (s 12(1)(a)). Section 12(1)(a) does not require “research” to be private. It therefore appears that a person may use a work not only for private research, but also for a purely commercial purpose, such as to further research undertaken by the company of which he or she is an employee.

As far as the use of a work for the purpose of “private study” is concerned, it is clear that what is envisaged here is the student. A

student may reproduce an extract from the work solely for his or her own personal use and not with the intention of circulating the extract, or copies of it, among fellow students. (See *Hawkes & Son (London) Ltd v Paramount Film Service Ltd* [1934] 1 Ch 593, in which it was stated that the phrase “private study” should be strictly construed.)

“Personal or private use” is another purpose contemplated in this section. The word “or” appears to draw a distinction between “personal use” and “private use”. It is not entirely impossible to contemplate such a distinction. For example: if you reproduce a drawing from a work in a public lecture, it could be argued that such use constitutes “personal” but not “private” use, since the use of the work results in the end in a public lecture. By contrast, “private use” would occur where the use is confined to the user him- or herself or where it does not extend beyond the user’s domestic circle. This would be the case where a person reproduces a drawing from a do-it-yourself manual to enable him or her to repair a domestic appliance.

It is unlikely that the remaining purposes provided for in section 12(1) (criticism or review, and reporting current events in the media) will cause any difficulties. We will therefore not comment on them.

Let us now turn to the restrictions placed on the uses permitted under section 12(1).

The first restriction is that the work must be “dealt with fairly” for the stipulated purposes. The immediate aim of the fair-dealing requirement is to confine the use of the work to those purposes specified in the section. Also, by stipulating that such use may comprise only so much of the work as is fair, the Act restricts the extent to which the work may be used. The application of this part of the requirement raises certain vexing questions. For example: who will determine the extent of the copying of a work to constitute fair use of such work — the person using the work, the owner of the copyright in the work or an impartial third party?

The proviso effectively curtails any meaningful copying of a work for a purpose specified in section 12(1). The requirement that a work must be used “fairly” to fulfil a particular purpose should refer to the use of a work that does not involve making a copy of a substantial part of the work in question. Such use would be feasible; for example, where a book is used for criticism or review or in reporting current events. Where a reviewer or reporter quotes from a book in the course of a review, the book is used “fairly” for the stated purpose. Similarly, if one were to use colour slides in the course of a public lecture to review a certain photographer’s work, one’s conduct would constitute fair dealing. Furthermore, supposing a critic is asked to review a cinematograph film at a showing to which members of the public are invited. Normally, the screening of such film would contravene section 8(b) which prohibits anyone from causing such film to be seen or heard in public without the permission of the copyright owner. It can now be argued that should it be reasonably necessary to screen the entire film — or a substantial portion of it — for the purpose of review, this will constitute fair dealing under section 12(1) and hence will be lawful. What should be noted, though, is that it will often be extremely difficult to determine whether the extent to which the work was used was fair in relation to the purpose for which it was used.

Section 13 stipulates that reproductions of a work may be made as prescribed by regulation, provided that the reproduction is not in conflict with a normal exploitation of the work and is not unreasonably prejudicial to the legitimate interests of the owner of the copyright. The regulations deal specifically with reproductions made by libraries and archives.

### **3.12.2 Judicial proceedings**

The copyright in a literary or musical work shall not be infringed if the work is used for the purposes of judicial proceedings or reproduced for the purposes of a report of judicial proceedings (s 12(2)).

Besides literary and musical works, this section applies also to: artistic works (s 15(4)), cinematograph films (sect 16), sound recordings (s 17), broadcasts (s 18), published editions (s 19A), computer programs (s 19B), the making or use of adaptations of literary, musical and artistic works and adaptations of cinematograph films (s 12(9) read with s 6(g), 7(f) and 8(f) respectively), and a work in its original language or in a different language (s 12(11)).

Section 1(1) defines the term “judicial proceedings” as “proceedings before any court, tribunal or person having by law power to hear, receive and examine evidence on oath.”

### **3.12.3 Quotations**

The copyright in a literary or musical work which is lawfully available to the public shall not be infringed by any quotation from the work, including any quotation from articles in newspapers or periodicals that are in the form of summaries of such work (s 12(3)). The quotation must meet certain requirements before it will be a valid defence against infringement: the quotation must be compatible with fair practice; the extent of the quotation may not exceed the extent justified by its purpose; and the source as well as the name of the author (if it appears on the work) must be mentioned (see the proviso to s 12(3)).

Apart from those works mentioned, the section also applies to: cinematograph films (s 16), sound recordings (s 17), broadcasts (s 18), computer programs (s 19B), the making or use of adaptations of literary and musical works and adaptations of cinematograph films (s 12(9) read with ss 6(g), 7(f) and 8(f) respectively), and a work in its original language or in a different language (see s 12(11)).

We discussed that part of the proviso to this subsection which deals with the extent of the quotation in 3.12.1 above, and will discuss the rest of the proviso in 3.12.4 below.

### **3.12.4 Illustrations for teaching**

The copyright in a literary or musical work shall not be infringed by using such work by way of illustration in any publication, broadcast or sound or visual record for teaching (s 12(4)). The extent of such use must be justified by its purpose; it must be compatible with fair practice, and the source must be mentioned, as well as the name of the author if it appears on the work (see the proviso to s 12(4)).

Section 12(4) is based on article 10(2) of the Berne convention. This article of the convention reads:

It shall be a matter for legislation in the countries of the Union, and for special agreements existing or to be concluded between them, to permit the utilization, to the extent justified by the purpose, of literary or artistic works by way of illustration in publications, broadcasts or sound or visual recordings for teaching, provided such utilization is compatible with fair practice.

Besides literary and musical works section 12(4) applies also to: artistic works (s 15(4)), cinematograph films (s 16), sound recordings (s 17), broadcasts (s 18), published editions (s 19A), computer programs (s 19B), the making or use of adaptations of literary and musical works and adaptations of cinematograph films (s 12(9) read with ss 6(g), 7(f) and 8(f) respectively), and a work in its original language or in a different language (s 12(11)).

As with section 12(1), section 12 (4) raises certain problems of interpretation.

The first problem relates to the interpretation of the phrase “by way of illustration”. Copeling suggests that the phrase should be read as implying “by way of example, for the purpose of clarification” (Copeling *Copyright and the Act* 43 par 32(d)). The practical effect of such an interpretation will be that a work cannot be reproduced where it will form “the sole or primary means of instruction” in a particular course.

Also, it has been argued that the exception applies “to only a part of the work used as an illustration in teaching and that **the work itself must have been made for the purpose of teaching**” (“Working Group on the Legal Problems Arising from the Use of Videocassettes and Audiovisual Discs” April 1987 *Copyright* 91 (emphasis added)). If this statement is correct, it would further limit the number of works that can be used for teaching purposes.

The second problem is posed by the phrase “to the extent justified by the purpose”. One could argue with some force that the phrase is unnecessary, since it is difficult to imagine a situation where the use of the work in question is “compatible with fair practice” and yet such use is not “to the extent justified by the purpose”.

The third problem concerns the media mentioned in section 12(4).

The first medium is a “publication”. Although the Act does not define this term, it does define two related terms — “published edition” and “publication”. The definition of the term “published edition” is given in 3.3.8 above. Unfortunately, this definition is not particularly helpful in the present context, since the definition merely concerns the **typographical arrangement** of a particular literary or musical work. As far as the act of publication is concerned, as opposed to the object produced by this act, the Act provides that a work shall be deemed to have been published if copies of such work have been issued to the public with the consent of the owner of the copyright in the work in sufficient quantities reasonably to meet the needs of the public, taking into account the nature of the work (s 1(5)(a)). The sale, letting, hire or offer for sale or hire, of copies of a cinematograph film or sound

recording constitutes publication of the film or recording (s 1(5)(b)). The Act also provides that, for the purposes of sections 6, 7 and 11(b), a work shall be deemed to be published if copies of it have been issued to the public (s 1(5)(e)).

As a possible guideline to the meaning of “publication” in section 12(4), the requirement in section 1(5) that the work be issued “in sufficient quantities to reasonably meet the needs of the public” creates a problem, since it is debatable whether the most common educational “publications” — texts published by educational institutions themselves (eg university study guides) — would meet this requirement. It seems, therefore, that the definition of the term “published edition”, despite the reservation voiced above, comes closer to what the legislature had in mind in section 12(4). The effectiveness of section 12(4) would be severely hampered if the subsection were read to require that a publication be issued in such numbers as to satisfy the reasonable requirements of the public in order to fall within the ambit of this subsection.

The second medium is a broadcast. We gave the definition of this term in 3.3.6 above.

The third medium is a sound recording. We gave the definition of this term in 3.6.5 above.

The fourth medium is a “visual record”. Although the Act does not define this expression, the definition of “cinematograph film” is wide enough to include a visual record (see AJC Copeling & DJ Pienaar “Onderrig en die Wet op Outeursreg” (1980) 2 *Modern Business Law* 48 at 49).

It is important to note that section 12(4) requires that the inclusion of the work in one of the above media should be accompanied by the **intention** that such publication, broadcast, sound or visual record be used for teaching — even though it may never actually be used for that purpose:

Although section 12(4) does not actually spell out such an intention, it would appear on analysis of this section that the infringement against which protection is provided is the unauthorised reproduction of the work by means of its inclusion in a publication, broadcast, sound or visual record intended for teaching purposes. There is no requirement that the publication, broadcast, sound or visual record must actually be **used** before the concession embodied in section 12(4) takes effect (*idem* at 50) (own translation).

Conversely, should the work be included without such intention, and the publication, broadcast, sound or visual record is still used for teaching, then section 12(4) cannot be invoked.

Although section 12(4) undoubtedly contains the most important provision relating to the use of copyright material for teaching, the provisions of section 13 are also important in this context. For a discussion of section 13, see 3.12.1 above and, especially, 3.12.11 below.

### **3.12.5 Reproduction for broadcast**

The copyright in a literary or musical work shall not be infringed by the broadcaster's reproduction of such work by means of the broadcaster's own facilities where such reproduction or any copy of the work is intended exclusively for lawful broadcasts and is destroyed before the expiration of a period of six months immediately following the making of the reproduction, or such longer period as may be agreed to by the owner of the relevant part of the copyright in the work (s 12(5)(a)). Any such reproduction may, if it is of an exceptional documentary nature, be preserved in the archives of the broadcaster, but it shall not, subject to the provisions of the Act, be used for broadcasting or for any other purpose without the consent of the owner of the relevant part of the copyright in the work (s 12(5)(b)). The term "broadcaster" is defined to connote "a person who undertakes a broadcast" (s 1(1)).

Besides literary and musical works, this section also applies to: artistic works (s 15(4)), sound recordings (s 17), published editions (s 19A), computer programs (s 19B), and the making or use of adaptations of literary and musical works and adaptations of cinematograph films (s 12(9) read with ss 6(g), 7(f) and 8(f) respectively).

Copeling (*Copyright and the Act* 44 par 32(e)) comments:

The concession, therefore, would appear to be aimed at enabling the corporation to arrange for the broadcasting of a literary or musical work in circumstances where (a) permission to broadcast the work has already been obtained from the copyright owner, or is due to be given, and (b) copies of the work required for the purpose of broadcasting are not readily available. One has here in mind the situation where permission has been obtained to broadcast a literary (including dramatic) or musical work no longer in print.

### **3.12.6 Reproduction for informatory purposes**

The copyright in a lecture, address or other work of a similar nature which is delivered in public shall not be infringed by reproducing it in the press or by broadcasting it if such reproduction or broadcast is for informatory purposes (s 12(6)(a)). The author of a lecture, address or other work referred to in paragraph (a) shall have the exclusive right of making a collection of these works (s 12(6)(b)).

This section also applies to the making or use of an adaptation of a lecture, address or similar work (s 12(9)), the transmission of the work itself or an adaptation of it in a diffusion service (s 12(10)), and the use of the work in question either in its original language or in a different language (s 12(11)).

### **3.12.7 Reproduction of articles on current economic, political or religious topics**

The copyright in an article published in a newspaper or periodical, or in a broadcast, on any current economic, political or religious topic shall

not be infringed by reproducing the article in the press or by broadcasting it, provided that such reproduction or broadcast has not been expressly reserved and the source is clearly mentioned (s 12(7)).

This subsection also applies to: the making or use of an adaptation of an article of the nature mentioned in the section (s 12(9)), the transmission of the article itself or an adaptation of it in a diffusion service (s 12(10)), and to the use of the article in question either in its original language or in a different language (s 12(11)).

### **3.12.8 Official texts of a legislative, administrative or legal nature**

No copyright subsists in official texts of a legislative, administrative or legal nature, or in official translations of such texts, or in speeches of a political nature or in speeches delivered in the course of legal proceedings, or in the news of the day that are mere items of press information (s 12(8)(a)). Section 12(8)(b) provides that the author of the speeches referred to in paragraph (a) of this subsection shall have the exclusive right to make a collection of these speeches.

This section also applies to published editions (see s 19A).

The reason for the concession embodied in this section is that it would be contrary to the public interest to protect such works (see Copeling *Copyright and the Act* 46 par 32(h)). It should be noted that the official texts concerned must be embodied in a **public document** to be covered by the concessions contained in section 12(8), since there is no reason why the work should be denied the benefit of copyright protection where it is not embodied in a public document (see Copeling *Copyright and the Act* 46 par 32(h)). By the same token it can be argued that political speeches made in private or speeches delivered in the course of closed legal proceedings should not fall within the ambit of section 12(8) (see Copeling *Copyright and the Act* 46 par 32(h)).

### **3.12.9 *Bona fide* demonstration of radio or television receivers**

The copyright in a literary or musical work shall not be infringed by its use in a *bona fide* demonstration of radio or television receivers or any type of recording equipment or playback equipment to a client by a dealer in such equipment (s 12(12)).

The provisions of this subsection also apply to: artistic works (s 15(4)), cinematograph films (s 16), sound recordings (s 17), broadcasts (sect 18), published editions (s 19A), and computer programs (s 19B).

### **3.12.10 Broadcast of a film incorporating a literary work**

The authorisation to use a literary work as a basis for the making of a cinematograph film or as a contribution to such making, shall, in the absence of an agreement to the contrary, include the right to broadcast such film (s 12(13)).

This provision also applies to: artistic works (s 15(4)), cinematograph films (s 16), sound recordings (s 17), broadcasts (s 18), published editions (s 19A), and computer programs (s 19B).

### 3.12.11 Reproduction permitted by regulation

Section 13 provides:

In addition to reproductions permitted in terms of this Act reproduction of a work shall also be permitted as prescribed by regulation, but in such a manner that the reproduction is not in conflict with a normal exploitation of the work and is not unreasonably prejudicial to the legitimate interests of the owner of the copyright.

Note the qualifier that any reproduction of a work should not be in conflict with the **normal exploitation** of the work and not **unreasonably prejudice** the legitimate interests of the copyright owner. This immediately poses the question as to what should be regarded as a normal exploitation of a work and what constitutes unreasonable prejudice to the legitimate interests of the copyright owner.

The phrase “normal exploitation” is definitely a problem since, if we argue that the “normal” exploitation referred to amounts to nothing more than the exercise of those rights embodied in sections 6–11B, we have still not explained what the **abnormal** exploitation of a work would entail.

As far as the phrase “unreasonable prejudice” is concerned, we could argue that, although any unlicensed reproduction would necessarily prejudice the legitimate interests of the copyright owner, the legislature still deemed it necessary to provide for such copying under certain circumstances, and it was prepared to deem the prejudice to the legitimate interests of the copyright owner under these circumstances **reasonable** (see, for example, regulation 3(d), (e) and (h) in terms of which a library or archive depot may copy a work in its entirety). Any copying that did not fall within these provisions, would, of course, be treated as **unreasonably prejudicial** to the legitimate interests of the copyright owner.

### 3.12.12 Special exemption in respect of records of musical works

Read section 14 of the Act.

### 3.12.13 Inclusion of artistic works in film or television broadcasts; reconstruction of works of architecture

The copyright in an artistic work shall not be infringed by its reproduction or inclusion in a cinematograph film or a television broadcast, or transmission in a diffusion service, if such inclusion is merely by way of background, or incidental to the principal matters represented in the film, broadcast or transmission, or if such work is permanently situated in a street, square or similar public place (s 15(1)–(3)).

As far as the last exception is concerned, it is important to determine the meaning of the term “public place”. For our purposes it seems safe to say that a place to which the public has general access can be regarded as a “public place” (see Copeling *Copyright and the Act* 50 par 33(c)). It must also be noted that the artistic work in question must



be **permanently** situated in the street, square or public place. From this follows, for example, that artistic works that are on loan will not fall under this subsection even though they may be permanently situated in a street, square or similar public place for the duration of the loan.

Also, an artistic work permanently on view in an art gallery to which the public has general access will not fall within the ambit of this subsection, since the work is not situated in a street, square or similar public place (see Copeling *Copyright and the Act* 50 par 33(c) for more examples).



### ACTIVITY 3.10

Nola is the model in the television commercials that advertise Vusi's facial cream. In one of these commercials Nola is photographed leaning against a sculpture executed by a recently discovered artist; the sculpture is permanently situated in a shopping mall. Does the TV commercial infringe the sculptor's copyright?



### FEEDBACK

Read section 15(1)–(3) of the Act again. In terms of section 15(1)–(3) the copyright in an artistic work is not infringed by its reproduction or inclusion in a cinematograph film or a television broadcast, or transmission in a diffusion service, if such inclusion is merely by way of background, or incidental to the principal matters represented in the film, broadcast or transmission, or if such work is permanently situated in a street, square or similar public place. The commercial is a television broadcast, and the inclusion of the sculpture is merely by way of background. Furthermore, the sculpture is situated in a public place (the shopping mall). The sculptor's copyright will thus not be infringed by the commercial.

### 3.12.14 Reverse engineering of three-dimensional reproductions of artistic works

The copyright in an artistic work of which three-dimensional reproductions were made available, whether inside or outside the Republic, to the public by or with the consent of the copyright owner (such reproductions are called "authorised reproductions"), shall not be infringed if any person without the consent of the owner makes, or makes available to the public, three-dimensional reproductions or adaptations of the authorised reproductions, provided that the authorised reproductions primarily have a utilitarian purpose and are made by an industrial process (s 15(3A)).

This is a very important statutory defence to copyright infringement. It basically means that a person will not infringe on copyright by making a reproduction of a three-dimensional utilitarian artistic work where the work has been made by an industrial process. We refer to this type of

reproduction as reverse engineering. For example, Volkswagen manufactures a spare part for a Golf and makes it available to the public. This part has a utilitarian purpose and is made by an industrial process. If another manufacturer gets hold of this part (ie the three-dimensional artistic work) and makes a reproduction of it, this manufacturer will not infringe on Volkswagen's copyright. Remember that this defence does not apply to instances where the manufacturer uses the two-dimensional artistic work (the production drawings) to make his reproduction. It only applies where the manufacturer uses the three-dimensional artistic work (the part itself) to make his reproduction. In other words, where the requirements of section 15(3A) have been met, the copyright owner of a utilitarian artistic work may not prevent the reverse engineering or reproduction of a three-dimensional reproduction or adaptation of his or her work. There are four requirements for this defence: authorised reproductions may be copied only where (1) **three-dimensional reproductions** (2) have been **made available to the public by or with the consent of the copyright owner**, and where (3) the reproductions primarily have a **utilitarian purpose**, and (4) they were made by an **industrial process**.

The direct copying of the original two- or three-dimensional work (the technical drawing or prototype) or the authorised two-dimensional copy of an artistic work still constitutes copyright infringement. Section 15(3A) will only apply where the original artistic work (the technical drawing or prototype) has been reproduced in **three-dimensional** form.

The reproduction must have a **primarily utilitarian purpose**. Sculptures or other primarily decorative or aesthetic articles still enjoy full copyright protection.

In *Bress Designs (Pty) Ltd v GY Lounge Suite Manufacturers (Pty) Ltd* (*supra*) the court declined to limit the term "**industrial process**" to manufacture by automatic machinery. The court held that the term "industrial" implies "of industry, in the sense of a branch of trade or manufacture", whilst the term "process" implies "a course of action, proceeding, especially a series of operations in manufacture" (at 470). In the case before it, the court held that the manufacture of the particular sofa was an industrial process that took place in the applicant's factory.



### READING 3.7

Read *Dexion Europe Ltd v Universal Storage Systems* 2003 (1) SA 31 (SCA). When you read this decision, ask yourself the following questions:

- ◆ What are the facts of this case?
- ◆ On what defence against an action for copyright infringement did the respondent rely?
- ◆ Did the respondent succeed with this defence?

### 3.12.15 Distribution of excerpts of programme carried by programme-carrying signals

The copyright in programme-carrying signals shall not be infringed by the distribution of short excerpts of the programme so carried that (1) consists of reports of current events; or (2) as are compatible with fair practice, and to the extent justified by the informatory purpose of these excerpts (s 19(1)). These provisions do not apply to a programme carried by programme-carrying signals representing a sporting event (s 19(2)).

### 3.12.16 Backup copies of computer programs

The copyright in a computer program shall not be infringed by a person who is in lawful possession of such program or authorised copy of it, where:

- (1) he makes copies of the program to the extent reasonably necessary for backup purposes
- (2) a copy so made is intended exclusively for personal or private purposes
- (3) such copy is destroyed when possession of the computer program in question, or the authorised copy of it, ceases to be lawful (s 19B)

The person in possession of an authorised copy of a computer program may thus make copies for backup purposes, but he or she may only use these copies for his or her personal or private purposes. Where his or her possession of the computer program ceases to be lawful (eg when the person sells the program to a third person) he or she must destroy the backup copies.



#### ACTIVITY 3.1 1

Thandi markets her computer program. Under what circumstances will a buyer of the program be allowed to make a copy of the program?



#### FEEDBACK

To be able to answer this question, you need to know section 19B. The person in possession of an authorised copy of a computer program may make copies of the program where this is reasonably necessary for backup purposes, but such copies may be used only for such person's personal or private purposes. The copies made should be destroyed when the possession of the computer program ceases to be lawful (eg where the computer program is transferred to a third person).

## 3.13 REMEDIES FOR INFRINGEMENT OF COPYRIGHT

### 3.13.1 Civil remedies

We will discuss the general civil remedies available in the event of copyright infringement later on, in chapter 4. The Copyright Act qualifies the general principles relating to an award of damages by providing for the calculation of the amount to be awarded on the basis of a notional royalty, and by allowing an award of additional damages (see 4.2).

#### 3.13.1.1 Notional royalties

In the event of copyright infringement, the owner of the copyright is entitled, *inter alia*, to claim damages (s 24(1); see further 4.2 below). Alternatively, a successful plaintiff in an infringement action may seek an amount calculated on the basis of a reasonable royalty, such as where copyright is infringed by performing the work in public (*Performing Right Society Ltd v Berman & another* 1966 (2) SA 355 R); *Performing Right Society Ltd v Butcher & others* 1973 (1) SA 562 R); *South African Music Rights Organisation Ltd v Trust Butchers (Pty) Ltd* 1978 (1) SA 1052 (E)). The remedy of a reasonable royalty appears in section 24(1A)–(1C):

(1A) In lieu of damages the plaintiff may, at his or her option, be awarded an amount calculated on the basis of a reasonable royalty which would have been payable under the circumstances by a licensee in respect of the work or type of work concerned.

(1B) For the purposes of determining the amount of damages or a reasonable royalty to be awarded under this section or section 25(2), the court may direct an enquiry to be held and may prescribe such procedures for conducting such enquiry as the court considers necessary.

(1C) Before the owner of copyright institutes proceedings under this section, he or she shall give notice in writing to the exclusive licensee or sub-licensee of the copyright concerned of the intention to do so, and the exclusive licensee or sub-licensee may intervene in such proceedings and recover any damages he or she may have suffered as a result of the infringement concerned or a reasonable royalty to which he or she may be entitled.

Note that the claim for a reasonable royalty is an **alternative** to a claim for damages — the opening words of section 24(1A) clearly states this. The successful plaintiff may still, of course, claim additional damages under section 24(3) (see 3.13.1.2 below).

#### 3.13.1.2 Additional damages

Section 24(3) provides:

Where in an action under this section an infringement of copyright is proved or admitted, and the court having regard, in addition to all other material considerations, to —

(a) the flagrancy of the infringement; and

(b) any benefit shown to have accrued to the defendant by reason of the infringement,

is satisfied that effective relief would not otherwise be available to the plaintiff, the court shall, in assessing damages for the infringement, have power to award such additional damages as the court may deem fit.

*CCP Record Co (Pty) Ltd v Avalon Record Centre* 1989 (1) SA 445 (C) is a typical situation where a claim for additional damages can succeed. The plaintiff organised a trap-purchase of two pirate copies of original sound recordings. The court was satisfied that the benefit to the defendant from the infringement was no more than the few rand it had received for the sale of the offending tapes. The plaintiff had a small claim for patrimonial loss, but failed to prove it, and a claim for an interdict, but failed to pursue it. Therefore, other than a claim under section 24(3) the plaintiff had no claim for any kind of patrimonial loss.

Conradie AJ noted that the discretion given to the court in section 24(3) is “enormously wide”, limited only by the consideration that the amount awarded to the plaintiff must provide relief — the defendant should not simply be fined (at 450). Additional damages under this subsection are damages of a kind that would not, but for the subsection, be recoverable at all, either because they cannot be proved or because, other than in the subsection, no cause of action exists for their recovery. By an award of damages the court should set out to do what is fair, taking into account that the defendant’s punishment is also the plaintiff’s relief. Where no particular benefit is shown to have accrued to the infringer, additional damages may be awarded, but then the assessment would seek to relieve the kind of hurt to a plaintiff which cannot *ex hypothesi* be compensated otherwise, or to give him an advantage which the law would otherwise not give. In the end the judge awarded the plaintiff R3 000 in additional damages.

VWV Duba (“Additional Damages and Section 24(3) of the Copyright Act 1978” (1989) 106 *SALJ* 467 at 469–471) offers two main points of criticism on this judgment. In the first instance, he considers it unfortunate that the court declined to call additional damages “punitive” or “exemplary” — these terms are occasionally used by judges in defamation cases in assessing damages where the conduct of the defendant had aggravating features. Secondly, he finds the meaning given to the term “additional damages” by Conradie AJ (damages that cannot be proved) unacceptably vague. The author points out that damages may be “unprovable” in two distinct situations: (1) where damage has actually been proved to exist but, where without the plaintiff being to blame for it, the exact amount of the damages cannot be quantified as a result of insufficient evidence available at the trial, and (2) where the plaintiff has not proved damage at all. Duba believes that the judge did not clearly distinguish between the two situations, and asks whether “additional damages” can be awarded under this subsection where the plaintiff has failed to prove that he has suffered any loss at all. Finally, Duba suggests that, in future, the award of additional damages under section 24(3) should be treated as a South African form of the English law exemplary or punitive damages. But before such an award can be made, there must

be adequate proof of the existence of a cause of action and also of harm sustained by the plaintiff, thus preventing the granting of an award under this subsection where the plaintiff has altogether failed to establish damage.

### **3.13.2 Summary remedies**

Certain acts of copyright infringement constitute criminal offences, in respect of which provision is made for summary remedies. Read section 27(1)–(5).

A person convicted under section 27 shall be liable:

- (1) in the case of a first conviction, to a fine not exceeding R5 000 or to imprisonment for a period not exceeding three years or to both such fine and imprisonment, for each article to which the offence relates; or
- (2) in any other such case, to a fine not exceeding R10 000 or to imprisonment for a period not exceeding five years or to both such fine and such imprisonment, for each article to which the offence relates (s 27(6)).

### **3.13.3 Special remedies**

#### **3.13.3.1 Action for infringement of an author's moral rights**

Section 20 provides for the “moral rights” of an author:

- (1) Notwithstanding the transfer of the copyright in a literary, musical or artistic work, in a cinematograph film or in a computer program, the author shall have the right to claim authorship in the work, subject to the provisions of this Act, and to object to any distortion, mutilation or other modification of the work where such action is or would be prejudicial to the honour or reputation of the author: Provided that an author who authorises the use of his or her work in a cinematograph film or a television broadcast or an author of a computer program or a work associated with a computer program may not prevent or object to modifications that are absolutely necessary on technical grounds or for the purpose of commercial exploitation of the work.
- (2) Any infringement of the provisions of this section shall be treated as an infringement of copyright under Chapter 2, and for the purposes of the provisions of the said Chapter the author shall be deemed to be the owner of the copyright in question.

As we explained in 3.4 above, the concept “copyright” includes both exploitation (patrimonial) rights and moral (non-patrimonial) rights. Moral rights concern the relationship between authors and their works at a personal level; this is why some authors would normally not include the author's moral rights as part of his or her copyright (see, for example, Skone et al 1999 *Copinger & Skone* par 11–01). Although moral rights reflect a personal relationship between an author and his or her work, they remain a component of copyright and should be clearly distinguished from personality rights (see J Neethling 1998 *Persoonlikheidsreg* 25–28; J Neethling “Outeursreg en Persoonlikheidsregte: 'n Teoretiese Analise met Verwysing na Outeursregbevoegdheid in die Suid-Afrikaanse Reg” (1975) 38 *THRHR* 333).

Section 20(1) creates two moral rights, namely the right to be identified as the author of the work (the so-called paternity right), and the right to object to derogatory treatment of the work (the so-called integrity right).

Only the authors of literary, musical and artistic works, cinematograph films, and computer programs and associated works enjoy moral rights.

In this context the distinction between the author and the first owner of copyright is important (see 3.10 above). Section 21(e) expressly provides that the exceptions (contained in s 21(b)–(d)) to the general rule that the author is also the first owner of the copyright in the work concerned, shall apply subject to the provisions of section 20. This means, for example, that despite the fact that copyright vests in the employer where the work was created by his or her employee in the course of the author's employment under a contract of service, the employee-author will still be able to enforce his or her moral rights in the work. Note that no provision is made for the enforcement of the author's moral rights where the work was created under the direction or control of the state (see ss 5 and 21(2)).

Since moral rights derive from copyright, they endure for the full duration of the copyright in the work (see Copeling *Copyright and the Act* 67; Dean 2003 *Handbook* 1–61) and, like exploitation rights, devolve on the author's heirs upon his death. Procedurally, too, moral rights can be enforced in the same way that patrimonial rights are: this is why section 20(2) provides that any infringement of moral rights is treated as an infringement of copyright, and that for this purpose the author is deemed to be the owner of the copyright in question.

There appears to be some uncertainty about whether moral rights can be transferred. Dean argues that the author's moral rights are of a personal nature and for this reason cannot be assigned — they are retained by the author despite the transfer of the copyright, or exploitation rights (Dean 2003 *Handbook* 1–64, 5–2n5). But to the extent that the author's moral rights form part of his or her copyright and are not rights of personality, there does not appear to be any reason why they cannot be transferred expressly. Their express transfer is not prohibited by the Act — all that section 20(1) provides is that they will not pass without further ado together with the transfer of the economic rights. Even if such rights cannot be transferred, it is clear that they can be waived (see also Dean 2003 *Handbook* 5–2, 5–3, 5–19, 5–23).

An infringement of the author's moral rights may also give rise to an action for the infringement of personality rights at common law (Copeling 1978 *Copyright and the Act* 66 par 49; see also G Dworkin "Moral rights in English law — the Shape of Rights to Come" [1986] 11 *European Intellectual Property Review* 329). Copeling makes this comment:

Inasmuch as they would, in the main, appear to be concerned with protection of the author's self-esteem and identity, it follows that an infringement of these rights may well give rise to an action for an infringement of the author's dignitas under the common law. Similarly, by injuring the author's personal or professional reputation, such an infringement may, respectively, lead to an

action for defamation or infringement of goodwill. In all these cases, it is submitted, the author is at liberty to initiate proceedings under both the common law and section 20(1). However, if the danger of double damages is to be avoided, it is clear that the damages so recoverable cannot be cumulative.

### 3.13.3.2 Protection of confidential information

The action for breach of trust or confidence is essentially a remedy of English law. A plaintiff may institute it against a defendant who obtains from the plaintiff, directly or indirectly, certain confidential ideas or information and then, without the plaintiff's consent, proceeds to use such ideas or information. ("Information" is not only scientifically instructive knowledge, but all knowledge of a literary or artistic kind [see *Prince Albert v Strange* 1849 1 Mac & G 25, 41 Ch 1171; *Exchange Telegraph Co Ltd v Central News Ltd* [1897] 2 Ch 48].)

In English law the action is not entirely dependent upon the existence of some prior nexus of contract, express or implied, between the parties. The action for breach of confidence lies in equity, and enforces a broadly-defined duty of good faith that arises from a special relationship of trust or confidence (see Jennifer E Stuckey "The Equitable Action for Breach of Confidence: Is Information ever Property?" (1981) *Sydney Law Review* 402 at 403). It is based entirely on the principle of equity that he or she who has received information in confidence shall not take unfair advantage of such information (*Seager v Copydex Ltd* [1985] 2 All ER 415 (CA) at 419).

Section 41(3) provides:

The provisions of this Act shall not derogate from any rule of law relating to confidential or privileged information, unlawful competition or personality rights.

This subsection seems to be in accordance with the majority view expressed in our case law — that the English-law action for breach of confidence does not form part of our law (see, for example, *Dun and Bradstreet (Pty) Ltd v SA Merchants Combined Credit Bureau (Cape) (Pty) Ltd* 1968 (1) SA 209 (C) 215; *Stellenbosch Wine Trust Ltd v Oude Meester Group Ltd*; *Oude Meester Group Ltd v Stellenbosch Wine Trust Ltd & another* 1972 (3) SA 152 (C) at 161; *Coolair Ventilator Co (SA) (Pty) Ltd v Liebenberg & another* 1967 (1) SA 686 (W); *Atlas Organic Fertilizers (Pty) Ltd v Pikkewyn Ghwano (Pty) Ltd & others* 1981 (2) SA 173 (T)); but compare *Goodman v Von Moltke* 1938 CPD 153; *Harvey Tiling Co (Pty) Ltd v Rodomac (Pty) Ltd & another* 1977 (1) SA 316 (T)).

In South African law, the protection of confidential information may be based on **breach of contract** (see *Coolair Ventilator Co (SA) (Pty) Ltd v Liebenberg (supra)*), on the Aquilian action for **unlawful competition** (see *Dun & Bradstreet (Pty) Ltd v SA Merchants Combined Credit Bureau (Cape) (Pty) Ltd (supra)*; *Atlas Organic Fertilizers (Pty) Ltd v Pikkewyn Ghwano (Pty) Ltd (supra)*), or the **breach of a fiduciary duty** (see *Sibex Construction (SA) (Pty) Ltd & another v Injectaseal CC & others* 1988 (2) SA 54 (T)). **Copyright**, too, can play an important part (see *Dun & Bradstreet (Pty) Ltd v SA Merchants Combined Credit Bureau (Cape) (Pty) Ltd (supra)*; *Northern Office Micro Computers (Pty) Ltd v Rosenstein (supra)*).



“Confidential information” is information that is not known to the general public. In terms of the South African law of trade secrets, information which an employer divulges in confidence to an employee, or information which the employee gleans during the course of his or her employment on the understanding that it is confidential, is protected. This general statement is, however, subject to a number of qualifications. In the first instance, not all information obtained in the course of a person’s employment is protected (see also DJ Joubert “Die Reg en Inligting” (1985) 18 *De Jure* 34 at 39). For example, a restriction on the use of information that is not truly of a confidential nature (*Marks v Luntz & another* 1915 CPD 712) and which prevents the employee from applying his or her skill and knowledge in competition with his or her former employer, is void and unenforceable (DJ Joubert “Die Reg en Inligting” (1985) 18 *De Jure* 34 at 39)). Secondly, the proprietor of the information should treat it as confidential and take steps to contain the dissemination of such information to a select group (*Harvey Tiling Co (Pty) Ltd v Rodomac (Pty) Ltd (supra)* 323 and 325; *Atlas Organic Fertilizers (Pty) Ltd v Pikkewyn Ghwano (Pty) Ltd (supra)* 194). Professor Joubert notes that the information will be treated as confidential where the reasonable person would have concluded that it was of this nature (DJ Joubert “Die Reg en Inligting” (1985) 18 *De Jure* 34 at 42)).

The mere fact that information qualifies for copyright protection does not necessarily mean that it also constitutes a trade secret. For example, even where the copyright to the confidential information vests in an employee, the employee still may not divulge it because his or her employer has concurrent rights that this confidential information must be protected as trade secrets. But even though an employer’s rights to his or her trade secrets are protected, one should also remember that a former employee is entitled to use his or her own skill and experience, even to attain a result similar to the employer’s trade secret (see *Northern Office Micro Computers (Pty) Ltd v Rosenstein (supra)*).

### 3.13.3.3 Action for passing off

Broadly speaking, a person will expose him- or herself to an action for passing off where this person leads the public to believe that his or her goods or business are the goods or business of another.

In all respects the action for passing off is identical to the action for the use of a deceptive trade description. Consequently, in an action for passing off it is necessary for the plaintiff to prove (1) that by extensive use the product has acquired a public **reputation**, and (2) that the general get-up of the defendant’s product was calculated to **deceive** the public.

One should note that the mere intention of deception on the part of the defendant is insufficient: it is essential that the plaintiff prove actual deception.

The action for passing off is completely independent of an action for the infringement of copyright. However, these two actions can sometimes overlap. We can use the example of a person who publishes a literary work, where the title and get-up of this work are so similar to an earlier literary work that the public are deceived into believing that it actually is the earlier work. By publishing the work, this

person infringes on the copyright of the earlier literary work. However, if the earlier work also acquired public **reputation** and the infringing work actually **deceives** the public, the copyright owner will also succeed with an independent action for passing off. This example applies equally to other copyright works.

To recover damages the plaintiff must prove that the defendant's unlawful use of the plaintiff's get-up was either negligent or intentional. An interdict, of course, may be obtained simply by reason of the fact that the plaintiff stands to suffer damage and because the defendant is unlikely to discontinue his or her infringement of the plaintiff's right or rights.

### 3.13.4 Presumptions

#### 3.13.4.1 Presumptions in respect of originality

Read section 26(4) and (5) (see *Saunders Valve Co Ltd v Klep Valves (Pty) Ltd* 1985 (1) SA 646 (T)).

#### 3.13.4.2 Presumptions in respect of the subsistence of copyright

Read section 26(3).

### 3.13.5 Attachment *ad fundandam jurisdictionem*

In the case of *Disney Enterprises Inc v Griesel NO & others* 895 JOC (T) the court ordered the attachment of the copyright in the registered cinematographic film *The Lion King* in order to found the court's jurisdiction against Disney Enterprises Inc (see OH Dean "Stalking the Sleeping Lion" 2006 (July) *De Rebus* 16). As cinematographic films is the only class of copyright works that can be registered in South Africa, they can be easier attached than the other, non-registerable classes of works. (See Dean *Handbook* 12.20 & 15.12.8.)



#### ACTIVITY 3.12

Thandi writes an article on her computer program which she wants to publish in a technical journal. In this article she elaborates on the steps she took in developing the program and even adds excerpts from the algorithms of the program. Late one night, while he is working on the layout of the pamphlets on her computer, Bono finds a copy of this article on Thandi's hard drive. He is very interested in it and makes a copy of it to read at home. After reading it, he realises that it could be a rich source of additional income. He gives a copy of the article to his friend, Sammy, a computer "whizz" who, in accordance with the instructions and explanations in the article, develops an identical program. Bono himself publishes the article under his own name. Thandi approaches you for legal advice.

Discuss all the possible remedies available to Thandi against both Bono and Sammy.



## FEEDBACK

Bono directly infringes Thandi's copyright by making a reproduction of her article. Sammy, arguably, directly infringes Thandi's copyright by using her algorithms and explanations to write an identical program. Bono infringes on Thandi's moral rights in her article by claiming to be the author of the article.

There are several remedies available to Thandi, including the remedies for infringement of copyright and moral rights, and the action for passing off. Remember that the English action for breach of trust or confidence does not form part of South African law. Thandi could probably also rely on a trade secret or contract of employment to protect her rights. Discuss these remedies.



## ACTIVITY 3.13

Bono does an excellent job of designing the layout of the pamphlet. It is colourful and striking and, according to Mali, will definitely have a positive impact on sale figures. However, after the incident with the article, Bono wants to take revenge on Thandi and Vusi. He secretly concludes a contract with Free-2-B, manufacturers of beauty products. In terms of his contract with Free-2-B, Bono also has to design a pamphlet for their facial cream. Unknown to Thandi and Vusi, he uses exactly the same layout, letter type, colours and wording as he did on theirs. Thandi and Vusi approach you for legal advice.

- (1) Since Bono designed their pamphlet, can Thandi and Vusi hold him liable for copyright infringement?
- (2) If they can, discuss all the possible remedies available to Thandi and Vusi.



## FEEDBACK

- (1) Do you still remember the general rule in section 21(1)(a) which states that the copyright in a work initially vests in the author? However, as with every rule, there are a number of important exceptions. One of these exceptions applies in these specific circumstances. Where a work is made in the course of the author's employment by another person under a contract of service or apprenticeship, the employer is the owner of the copyright in the work (s 21(1)(d)). Section 21(1)(d) applies to all works, except those falling under paragraphs (b) or (c). (Paragraph (b) deals with those situations where a literary or artistic work is made by an author in the course of his or her employment by the proprietor of a newspaper, magazine or similar periodical, and paragraph (c) deals with those situations where a person commissions the taking of a photograph, the painting or drawing of a portrait, or the making of a gravure or a cinematograph film or a sound recording and pays for it in

money or money's worth.) Since Bono designed the pamphlet in the course of his employment with Thandi and Vusi, the copyright in the pamphlet vests in Thandi and Vusi. Thandi and Vusi can therefore hold him liable for copyright infringement, even if Bono is the author of the pamphlet. Always remember to distinguish between the author of a work and the copyright owner of a work.

- (2) Vusi and Thandi have several remedies at their disposal. First of all they can institute an action for infringement of copyright. Remember that the English action for breach of trust or confidence does not form part of South African law. Vusi and Thandi can, however, rely on breach of their contract of employment by Bono as a possible action. Remember to discuss these actions.

### **3.14 ASSIGNMENT AND LICENCES IN RESPECT OF COPYRIGHT**

Usually, when you buy a work in which copyright subsists (eg a book), you do not simultaneously obtain the copyright that subsists in the book. In other words, although you may own the book, you do not own the copyright in the literary work embodied in the book or the copyright vesting in the publisher of the book. It follows, then, that although you may sell the book, you may not perform in respect of the book any of the so-called restricted acts reserved in section 6 (in respect of the literary work) or section 11A (in respect of the published editions) for the copyright owner. You may only perform the restricted acts if copyright was transmitted to you in terms of section 22.

Section 22 provides:

- (1) Subject to the provisions of this section, copyright shall be transmissible as movable property by assignment, testamentary disposition or operation of law.
- (2) An assignment or testamentary disposition of copyright may be limited so as to apply to only some of the acts which the owner of the copyright has the exclusive right to control, or to a part only of the term of the copyright, or to a specified country or other geographical area.
- (3) No assignment of copyright and no exclusive licence to do an act which is subject to copyright shall have effect unless it is in writing signed by or on behalf of the assignor, the licensor or, in the case of an exclusive sublicense, the exclusive sublicensor, as the case may be.
- (4) A non-exclusive licence to do an act which is subject to copyright may be written or oral, or may be inferred from conduct, and may be revoked at any time: Provided that such a licence granted by conduct shall not be revoked, either by the person who granted the licence or his successor in title, except as the contract may provide, or by a further contract.
- (5) An assignment, licence or testamentary disposition may be granted or made in respect of the copyright in a future work, or the copyright in an existing work in which copyright does not

subsist but will come into being in the future, and the future copyright in any such work shall be transmissible as movable property.

- (6) A testamentary disposition of the material on which a work is first written or otherwise recorded shall, in the absence of a stipulation to the contrary, be taken to include the disposition of any copyright or future copyright in the work which is vested in the deceased at the time of his death.
- (7) A licence granted in respect of any copyright by the person who, in relation to the matters to which the licence relates, is the owner of the copyright, shall be binding upon any successor in title to his interest in the copyright, except a purchaser in good faith and without notice, actual or constructive, of the licence or a person deriving title from such a purchaser, and any reference in this Act to the doing in relation to any copyright of anything with or without the licence of the owner of the copyright shall be construed accordingly.
- (8) Where the doing of anything is authorised by the grantee of the licence or a person deriving title from the grantee, and it is within the terms, including any implied terms, of the licence for him to authorise it, it shall for the purposes of this Act be deemed to be done with the licence of the grantor and of every other person, if any, upon whom the licence is binding.

Copyright can be transmitted as movable property by assignment, testamentary disposition, or operation of law (s 22(1)).

Assignment is a transaction separate from the transfer of the material embodiment of the work (the book in our example). Assignment of the copyright should be in writing and signed by, or on behalf of, the assignor.

In the recent case of *Prism Holdings Ltd and another v Liversage and others* 2004 (2) SA 478 (W) it was held (at 486 A–D) that, although it was the undoubted intention that the sale of business should include all business assets, including copyright in the computer programs in issue, there was no formal assignment of copyright as required by section 22(3) of the Copyright Act. Therefore, at least until the situation can be rectified, the seller remains the owner of the copyright in the software (as it existed before being further developed by the new owner of the business). In this regard, also see *Logistics Network (Pty) Ltd v Hard & Software Systems CC* 199 BIP 278 (C) where it was confirmed that an assignment of copyright is invalid if not in writing.

Copyright is transmitted by operation of law — for example, where the copyright owner is declared insolvent: the copyright then vests in the trustee of the insolvent estate (s 20(1) of the Insolvency Act 24 of 1936).

An assignment or testamentary disposition of copyright may be limited in respect of (1) the nature of the act (s 6, 11A), (2) its duration, and (3) geographical area. For example: A may assign the right to publish his book in the Republic of South Africa for a period of five years.

An assignment of copyright and an exclusive licence must be in writing and signed by or on behalf of the assignor, the licensor or exclusive sub-licensor (in the case of an exclusive sublicense) (s 22(3)).

An “exclusive licence” is defined as a licence authorising a licensee, to the exclusion of all other persons, including the grantor of the licence, to exercise a right which by virtue of this Act would, apart from the licence, be exercisable exclusively by the owner of the copyright (s 1(1)). An exclusive licensee or an exclusive sub-licensee has the same rights of action and is entitled to the same remedies as if the licence were an assignment, and his or her rights and remedies are concurrent with the rights and remedies of the owner of the copyright under which the licence and sub-licence were granted (s 25(1)). Before an exclusive licensee or sub-licensee institutes proceedings under subsection (1), he or she should give notice in writing to the relevant copyright owner of his or her intention to do so; the owner may intervene in such proceedings and recover damages which the owner may have suffered as a result of the relevant infringement or a reasonable royalty to which he or she may be entitled.

In the case of an assignment of a future copyright, the copyright vests in the assignee as soon as it comes into existence.

As a non-exclusive copyright licence may be written, oral or even inferred from conduct, such non-exclusive licences are closely related to the defence to a copyright infringement claim that the claimant has abandoned or waived his right to claim copyright infringement. In the case of *Haupt t/a Soft Copy v Brewer’s Marketing Intelligence (Pty) 2005 (1) SA 398 (C)* it was held (at 416H–417D) that a waiver must always be strictly proved and is never presumed.



#### **ACTIVITY 3.14**

Thandi realises that her computer program could, with a few modifications, be used by other manufacturers. She then modifies the program so that it can be successfully used by several other manufacturers of beauty products. Are there any ways in which she can grant other manufacturers the right to use her program without forfeiting the ownership of the copyright in her program?



#### **FEEDBACK**

The mere sale of the material object embodying the object of copyright does not mean that the copyright itself is forfeited. By selling copies of the computer program, Thandi will not forfeit her copyright in the computer program.

There are several ways in which Thandi can grant other manufacturers the right to use her program without forfeiting her copyright. Here you should discuss the different methods of assignment and licensing. Section 22 contains all the provisions relating to assignment and licensing. Section 22 is discussed in paragraph 3.14 of this study guide.

### 3.15 CONVENTIONS

Today, there are a number of international conventions relating to copyright. For our purposes, the most important is the Berne Convention for the Protection of Literary and Artistic Works. South Africa is a member of this convention. Among the other countries that have ratified this Convention (including various of its revisions) as a whole and that constitute what is known as the "Berne Union" are Australia, Austria, Belgium, Canada, France, Italy, New Zealand, the Netherlands, Portugal, the United Kingdom, and the United States of America.

The Berne Convention has been revised many times, most recently in Paris in 1971. It appears that the 1978 Act is an attempt to enable South Africa to accede to the Paris text of the convention. At present, South Africa is a member of the convention as revised in Brussels in 1948 as far as the substantive provisions are concerned. However, South Africa does not adhere to the administrative provisions of the Paris text, as it has partly acceded to this text in 1975.

Member countries of the convention agree to grant the authors or copyright owners of other convention countries the same recognition and protection as they do **their own** authors or copyright owners. Thus the domestic copyright law which operates within the convention countries themselves is not affected in any material respect. For example, South Africa will recognise and protect the copyright of a work that qualifies for copyright in the United Kingdom, but this protection will be in accordance with the protection extended in terms of **our** Act, and not in terms of the United Kingdom's legislation.

Generally speaking, however, copyright conventions interfere, to a limited extent, with the protection that a work enjoys in a particular convention state. For example, it is a common term of such conventions that an author must enjoy certain minimum privileges in respect of his or her work in all convention countries. The following are certain of the rights reserved for the author: the right to translate his or her work; to make a cinematograph film of the work; to broadcast it; and to reproduce it by any other mechanical means. On the other hand, article 19 of the Brussels Convention (a 1948 revision of the Berne Convention) expressly states that the convention should not preclude authors from the benefit of any wider protection given by the local law, and article 20 preserves the right of member countries to make arrangements with other member countries giving greater protection to their respective nationals than is required under the convention.

The operation of our Act was extended to all the member countries of the Berne Convention in terms of section 37 (see GN 704 in *Government Gazette* 10947 of 25 September 1987). A list of the countries is included in Schedule 1.

The provisions of our Act apply in the following manner (see paragraph 2 of the proclamation):

- (1) in relation to literary, musical or artistic works, cinematograph films, sound recordings and published editions first published in that

country, as they apply in relation to literary, musical or artistic works, cinematograph films, sound recordings and published editions first published in the Republic;

- (2) in relation to persons who at a material time are citizens or subjects of that country, as they apply in relation to persons who at such a time are South African citizens;
- (3) in relation to persons who at a material time are domiciled or resident in that country, as they apply in relation to persons who at such a time are domiciled or resident in the Republic;
- (4) in relation to bodies incorporated under the laws of that country, as they apply in relation to bodies incorporated under the laws of the Republic.

To these provisions is added the proviso that copyright in a sound recording or a published edition subsists only to the extent that protection in the nature of or related to copyright is granted under the laws of its country of origin in respect of such a work first published in South Africa or made by a qualified person referred to in section 3(1) of the Act, and such a work shall not enjoy any wider protection by virtue of this proclamation than is enjoyed in its country of origin by a South African work of the same description.

When considering whether copyright subsists in a work, one will therefore have to bear in mind the consequences that flow from our membership of the Berne Convention. Also, there is such a direct relationship between our membership of this convention and the subsistence of copyright that one could almost classify the Berne Convention as a further manner (in addition to s 3 and s 4) in which copyright can come into existence.

The status of the Berne Convention has recently been enhanced by two other international instruments.

The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), which constitutes Annex 1C of the Marrakesh Agreement Establishing the World Trade Organization (this agreement was concluded on 15 April 1994 and entered into force on 1 January 1995), incorporates the substantive provisions of the Berne Convention, with the exception of Article 6bis, which relates to moral rights (Art 9(1)). As a result, all members of the World Trade Organization must comply with the Berne Convention, even if they are not convention countries.

In response to the demands of the digital age, especially supranational networks such as the Internet, the WIPO Copyright Treaty (WCT) was adopted in December 1996. It came into force on March 6, 2002. Again, the WCT obliges all contracting parties to comply with the substantive provisions of the Berne Convention (Art 1(4)). It then introduces certain measures to deal with the legal issues raised by recent technological developments.

### **3.16 MISCELLANEOUS PROVISIONS**

#### **3.16.1 Copyright tribunal**

Read sections 29 to 36.



### **3.16.2 Retrospective application of the Act**

Read section 41.

### **3.16.3 Application to a work made before the commencement of the Act**

Read section 43.

### **3.16.4 Time when a work is made**

Section 44 of the Act stipulates that a work, except a broadcast or programme-carrying signal, shall be deemed to have been made at the time when it was first reduced to writing, recorded or otherwise reduced to material form. A broadcast shall be deemed to have been made at the time when it was first broadcast, and a programme-carrying signal when it was first transmitted by a satellite.

### **3.16.5 Regulation and control of circulation, presentation or exhibition of works**

Section 45 of the Act provides that the Minister may make such regulations as he may consider necessary, including regulations to empower any person specified in them to prohibit or authorise the circulation, presentation or exhibition of any work or production. The circulation, presentation or exhibition of any work or production in pursuance of authority granted in terms of such regulation shall not constitute an infringement of copyright in such work or production, but the author shall not be deprived of his or her right to a reasonable remuneration, which shall in default of agreement be determined by arbitration.

With reference to this section Dean (*Handbook* 2003 4–150En50) states:

This section is the successor to s 50 of the 1965 Copyright Act, which was commonly referred to at the time of the passing of that Act, as the “Piracy Clause”. The section is based upon art 17 of the Berne Convention (Brussels text). Its declared purpose at the time of the passage of the 1965 Act through Parliament was to place the government in a position to take appropriate action against any boycotts in respect of works which might be imposed against South Africa. Section 45, like its predecessor, has never been brought into operation. Notwithstanding this, the section was amended by s 4 of Act No. 66 of 1983. Section 4 of Act No. 66 of 1983 has not, however, to date been brought into operation, with the result that the existing s 45 remains in operation for the time being.

### **3.16.6 Regulation and control of the reproduction or adaptation of artistic works**

Read section 45A. Note that this section was inserted by section 5 of the Copyright Amendment Act 66 of 1983. But section 5 has not yet been brought into operation which means that, strictly speaking, section 45A does not yet form part of the Act.

Dean (*Handbook* 2003 4–150Fn51) comments on the rationale for this legislative provision:

This section was introduced as part of the process of the proper regulation of the protection enjoyed by technical drawings and works of craftsmanship of a technical nature against indirect copying in the form of three-dimensional reproductions. The section is a supplementary “piracy clause” and it is intended to enable the government to counteract copyright-related boycotts in regard to technical articles such as machinery, equipment and spare parts. Unlike s 45, on which it is based, this section makes provision for compulsory licences in respect of the reproduction, and adaptation of works. It also makes provision for their distribution, as does section 45, but in contrast to section 45 it does not make provision for the performance and exhibition of works. This stems from the nature of the type of work in question.



### **SUMMARY ACTIVITY**

Imagine that you are Thandi. You have put a lot of your own creative effort into designing the computer program, not to mention hours of hard work. Make a list of all the reasons why you would like your work to enjoy copyright protection.

Now, imagine that you are the Chief Executive Officer of Free-2-B, which manufactures beauty products. Thandi’s computer program will meet all your business requirements. Make a list of all the reasons why you do not want Thandi’s program to enjoy copyright protection.



### **FEEDBACK**

We are not giving you any feedback for this activity because we would like you to do it by yourself. Weigh up the rights of Thandi against those of Free-2-B. Do you think copyright protection is a good thing, and why? What would you change if you were the legislator?



# CHAPTER 4

## REMEDIES IN CIVIL ACTIONS

---

### 4.1 INTRODUCTION

Both the Copyright Act and the Patents Act contain specific provisions relating to the relief that may be granted in the event of infringement. Section 24(1) of the Copyright Act provides for relief by way of “damages, interdict, accounts, delivery of infringing copies or otherwise ... as is available in any corresponding proceedings in respect of infringements of other proprietary rights.” Section 65(3) of the Patents Act, in turn, states that a plaintiff in infringement proceedings shall be entitled to an interdict, delivery up of any infringing product or any article or product of which the infringing product forms an inseparable part, and damages.

### 4.2 DAMAGES

Infringement of a patent or copyright is a type of delict. The usual principles of delictual liability therefore apply to an award of damages for such infringement.

As you will remember from your studies of law of delict, one of the requirements for delictual liability is fault. Fault comprises either negligence or intent. Fault on the part of the infringer must therefore be proved before any claim for damages can succeed. Copyright and patent legislation also expressly stipulate the requirement of fault.

Section 24(2) of the Copyright Act provides that where in an action for infringement of copyright it is proved or admitted that at the time of the infringement the defendant was not aware and had no reasonable grounds for suspecting that copyright subsisted in the work to which the action relates, the plaintiff shall not be entitled to any damages against the defendant in respect of the infringement. Where the defendant was aware of the existence of copyright in the work, he or she acted intentionally, and where he or she had reasonable grounds for suspecting the existence of copyright he or she acted negligently. As you will remember from 3.11.1 above, fault (knowledge) is not a requirement for direct infringement. It is therefore possible that a defendant who had indeed infringed directly on copyright will not be liable for damages, because he or she acted without fault.

Section 66(1) of the Patents Act states that a patentee shall not be entitled to recover damages in respect of infringement of a patent from a defendant who proves that, at the date of the infringement, he or she was not aware, and had no reasonable means of making him- or herself aware, of the existence of the patent. Once again, fault comprises either intent or negligence. The marking of an article with the word “patent” or “patented”, or any word or words expressing or implying that a patent has been obtained for the article, which have

been stamped, engraved, impressed on or otherwise applied to the article, do not constitute notice of the existence of the patent unless such word or words are accompanied by the number of the patent (s 66(2)). This subsection states specifically that it does not affect any proceedings for an interdict, which means that an interdict may always be applied for in those circumstances (see 4.3 below).

Damages have been said to be “aimed at compensating the proprietor for his patrimonial loss, actual or prospective, sustained through the infringement” (*Omega Africa Plastics (Pty) Ltd v Swisstool Manufacturing Co (Pty) Ltd* 1978 (3) SA 465 (A) at 471; *Priority Records (Pty) Ltd v Ban-Nab Radio and TV; Gramophone Record Co (Pty) Ltd v Ban-Nab Radio and TV* 1988 (2) SA 281 (D) at 292)). The damages awarded may include loss of profits in respect of those infringing articles that the plaintiff could and would himself have made and sold but for the infringement. In *South African Music Rights Organisation Ltd v Trust Butchers (Pty) Ltd* 1978 (1) SA 1052 (E) at 1057–1058, for example, the court awarded the plaintiff the licence fees that the defendant should have paid during the years that he had infringed the plaintiff’s copyright as well as the expenses the plaintiff had incurred in establishing the infringement. An alternative basis on which we can calculate damages is that of a reasonable royalty, such as where copyright is infringed by performing the work in public (*Performing Right Society Ltd v Berman & another* 1966 (2) SA 355 (R); *Performing Right Society Ltd v Butcher & others* 1973 (1) SA 562 (R); *South African Music Rights Organisation Ltd v Trust Butchers (Pty) Ltd* 1978 (1) SA 1052 (E)). The legislator has sanctioned this basis in respect of both patent and copyright infringement (see 2.4.10.4.1 and 3.13.3.1 above).

The burden of proof is on the plaintiff to prove damage, since there is no legal inference that infringing sales would have gone to the plaintiff (*Omega Africa Plastics (Pty) Ltd v Swisstool Manufacturing Co (Pty) Ltd* (*supra*) 472).

Finally, the Commissioner of Patents may, if he thinks fit, refuse to award damages where infringement of a patent took place after the patentee had failed to pay the prescribed renewal fees within the prescribed period, and before an extension for payment had been obtained (s 66(4)). The Commissioner of Patents can also refuse to award damages for infringements which take place prior to the amendment of a specification in terms of section 51 (s 66(5)).



#### **ACTIVITY 4.1**

Tsepo makes and sells Vusi’s cream, and even uses packaging similar to Vusi’s. Vusi has suffered loss through Tsepo’s actions. However, he cannot say precisely how much money he has lost. Will this prevent him from instituting a claim for damages?



#### **FEEDBACK**

No, this will not prevent Vusi from claiming damages. Vusi must present as much information as he can about his damages, and

the court may order an enquiry to determine damages as best it can. Damages awarded may include loss of profits. An alternative basis on which damages can be calculated is that of a reasonable royalty.

### 4.3 INTERDICTS

Interdicts can be either final or interim (*pendente lite*).

Fault is not a prerequisite for the granting of an interdict. Section 66(1) of the Patents Act states that the provisions of that subsection will not affect proceedings for an interdict — therefore, even though the infringement may have taken place innocently, it remains possible for a plaintiff to obtain an interdict against continued infringement.

Section 24(4) of the Copyright Act provides that in an action for infringement of copyright in respect of the construction of a building, no interdict or other order shall be made after the construction of the building has been begun so as to prevent it from being completed, or to require the building, in so far as it has been constructed, to be demolished.

#### 4.3.1 Interim interdicts

An interim interdict preserves or restores the *status quo* pending the final determination of the rights of the parties. It does not affect the final determination of these rights.

There are four requirements for an interim interdict (*LF Boshoff Investments (Pty) Ltd v Cape Town Municipality; Cape Town Municipality v LF Boshoff Investments (Pty) Ltd* 1969 (2) SA 256 (C); *Multi Tube Systems (Pty) Ltd v Ponting & others* 1984 (3) SA 182 (D)):

- (1) the applicant's right must be clear, or, if not clear, *prima facie* established, though open to some doubt
- (2) if the right is only *prima facie* established, there must be a well-grounded apprehension of irreparable harm to the applicant if the interim relief is not granted and he or she ultimately succeeds in establishing his or her right
- (3) the balance of convenience should favour the granting of an interim interdict
- (4) the applicant should have no other satisfactory remedy

Even when these requirements have been satisfied, the court still has a discretion to grant or refuse a temporary interdict. In *Beecham Group Ltd v B-M Group (Pty) Ltd* 1977 (1) SA 50 (T) Franklin J stated that questions relating to the applicant's prospects of success in the action and to whether he would be adequately compensated by an award of damages at the trial are merely factors to be taken into account in the exercise of this discretion. These factors should not be considered in isolation, but together with factors such as the balance of convenience, the preservation of the status quo, the relative strength of each party's case, the so-called uncompensatable disadvantages to each party, and the respective prejudice that would be suffered by each

party as a result of the grant or refusal of the interdict. The latter boils down to the following question: who will probably suffer the greater damage: the plaintiff, if the interdict is refused and the action finally succeeds, or the defendant, if the interdict is granted and the action ultimately fails?

An interim interdict is obtained by means of an application to the High Court.

#### **4.3.2 Final interdicts**

A final interdict is based on a final determination of the rights of the parties.

There are three requirements for a final interdict (*Robertsons (Pty) Ltd v Pfizer South Africa (Pty) Ltd* 1967 (3) SA 12 (T); *Adidas Sportschuhfabriken Adi Dassler KG v Harry Walt & Co (Pty) Ltd* 1976 (1) SA 530 (T); *Hudson & Knight (Pty) Ltd v DH Brothers Industries (Pty) Ltd t/a Willowtown Oil and Cake Mills & another* 1979 (4) SA 221 (N)):

- (1) the applicant should have a clear right
- (2) there must be an injury actually committed or reasonably apprehended
- (3) there must be no adequate protection by any other ordinary remedy

The usual way to obtain a final interdict is by way of action, although it may also be obtained by way of application, provided there is no *bona fide* factual dispute.

#### **4.4 DELIVERY UP**

Upon the final determination of the rights of the parties to an infringement action, the court may grant the successful plaintiff an interdict to restrain the defendant from infringing the plaintiff's copyright or patent. But the possibility exists that the defendant may have in his or her possession infringing articles that could be used to commit further acts of infringement.

To discourage the defendant from disregarding the interdict and committing further acts of infringement, the court may make an order for delivery up. In a copyright-infringement action the infringing copies or plates used or intended to be used for infringing copies should be delivered, whilst in a patent-infringement action "any infringing product or any article or product of which the infringing product forms an inseparable part" should be delivered. The infringing articles are delivered to the plaintiff for the purpose of the erasure of the material offending the plaintiff's copyright or, where this is not possible or relevant (in a patent-infringement action), for the destruction of the infringing articles themselves.

We now come to the question of whether fault is a requirement for a delivery order. It has been said that a delivery order enhances the efficacy of the interdict, since it deprives the infringer of the means to perform acts of infringement and of the products of his or her infringement. (In *Cerebos Food Corporation Ltd v Diverse Foods SA*

*(Pty) Ltd & another* 1984 (4) SA 149 (T) at 173, though, the court expressed doubt about the correctness of regarding delivery up as a means to enhance the efficacy of the interdict.) Consequently, a claim for delivery should be combined with a claim for an interdict. If we look at a delivery order in this way, fault on the part of the infringer should not be a prerequisite for a successful claim for delivery.

We can, of course, also argue that the infringing articles delivered to the successful plaintiff may have some intrinsic value. Since the plaintiff gains an advantage by the delivery, the delivery order really relates to the damages he or she should receive. According to the principles of delictual liability, a plaintiff cannot be awarded such damages without proof of fault on the part of the infringer. Furthermore, we can say that such delivery would allow the plaintiff to benefit more than is necessary in view of the loss he or she has suffered. This is why the delivery would be undesirable because, again, it does not accord with delictual principles.

The fact is, however, that the legislature has provided this separate remedy. The purpose and function of delivery bears no relationship to the determination or award of damages. The infringing material which is delivered does not become the property of the plaintiff: in a copyright action, for example, it is delivered for the purpose of the erasure of the offending material or, alternatively, its destruction. For example, where an infringing copy of a cinematograph film is erased from a videotape, the blank video tape remains the property of the defendant. Since the purpose and function of a claim for delivery bears no relation to the determination or award of damages, fault should thus not be a prerequisite for a claim for delivery.

Some uncertainty exists concerning the basis and precise nature of a claim for delivery. The correct view seems to be to regard an order for delivery as a mandatory interdict which is granted together with a prohibitory interdict. The defendant is ordered to deliver up the means and products of infringement, thereby preventing further infringement as far as possible (see R Kelbrick “Delivery Up in Trade Mark Litigation” (1987) 9 *Modern Business Law* 12).



#### **ACTIVITY 4.2**

Vusi knows that Tsepo is packaging and selling her cream in her beauty salon.

- ◆ What can he do to prevent Tsepo from doing so?
- ◆ Can he get an order to obtain these articles?
- ◆ What requirements must he prove to get immediate relief?
- ◆ What requirements must he prove to get permanent relief?



#### **FEEDBACK**

Your answer should take the following into account:

- ◆ How can Vusi prevent Tsepo from selling the infringing materials? To discourage Tsepo from committing the acts of

infringement, Vusi may apply for an order for delivery up. Vusi may ask the court to order Tsepo to deliver the cream (packaged and unpackaged).

- ◆ Can he get an order to obtain these articles? Tsepo can be ordered to deliver up the means and products of infringement, thereby preventing further infringement (as far as possible).
- ◆ The steps Vusi must take to get immediate relief include applying for an urgent interim interdict and, once this has been granted, instituting action for the grant of a final interdict.
- ◆ What are the requirements he must prove to get immediate relief? See the requirements listed under “interim interdicts” in 4.3.1.
- ◆ What are the requirements he must prove to get permanent relief? See the requirements listed under “final interdicts” in 4.3.2.

It is important to note that the primary distinction between the requirements of temporary and final relief relates to —

- ◆ the strength of the right that can be proved; and
- ◆ a consideration of where the balance of convenience lies.

#### 4.5 ANTON PILLAR ORDERS

A further legal remedy relating to intellectual property rights came into being fairly recently. It was initially used in England, but was later used in both the United States of America and South Africa. This legal remedy is an interlocutory remedy which is aimed, in particular, at acquiring or conserving information for purposes of a subsequent action for infringement. This legal remedy is normally in the form of a mandatory injunction coupled with an inspection order and an order for delivery or disclosure. Information so acquired generally relates to the origin and extent of the infringement, the identity of infringers, the profits obtained as a result of the infringement, and the whereabouts of the infringing articles, materials or aids.

This remedy became known as an Anton Pillar order (taking its name from *Anton Pillar KG v Manufacturing Processes Ltd & others* [1976] Ch 55). An application for an Anton Pillar order came before our courts for the first time in *Roamer Watch Co SA & another v African Textile Distributors also t/a MK Patel Wholesale Merchants and Direct Importers* 1980 (2) SA 254 (W).

An Anton Pillar order usually comprises:

- (1) an order to enter and search the premises of the defendant, and to attach documents and other material located, with the primary purpose of preserving this as evidence
- (2) an order for the disclosure of the identity of suppliers and customers of the defendant, and of the origin of infringing articles
- (3) an order for the delivery of infringing articles as well as relevant documents



The great advantage of an Anton Pillar order is that it is brought as an *ex parte* application without prior notice to the other party. This means that the latter is caught unawares, before he or she has time to destroy or dispose of his or her infringing stock or incriminating papers.

An Anton Pillar order has been granted in South Africa in several cases. In none of them have the courts questioned the validity of such a remedy in our law. But, in a series of decisions, the court strongly condemned this type of remedy, on the grounds that the relief obtained in this way was in no way based on the principles of Roman-Dutch law. The courts also found that, in practice, the secrecy and urgent nature of this type of application were abused, to the detriment of the defendant. The courts accordingly refused to grant Anton Pillar orders in cases such as *Economic Data Processing (Pty) Ltd & others v Pentreath* 1984 (2) SA 605 (W) and *Cerebos Food Corporation Ltd v Diverse Foods SA (Pty) Ltd (supra)*.

By way of an *obiter dictum* in *Universal City Studios Inc & others v Network Video (Pty) Ltd* 1986 (2) SA 734 (A) the Appellate Division indicated that the Supreme Court has the inherent jurisdiction to grant an order for search and attachment of documents and other material for the purpose of preserving it as evidence (see component (1) above). The court did not express any opinion on the competency of a court to grant components (2) and (3) (an order for the disclosure of the identity of suppliers and customers, and one for the delivery of infringing articles and relevant documents).

Subsequently, the South African Law Commission investigated the advisability and validity of Anton Pillar orders (see SA Law Commission project 57). The Commission resolved that specific questions of law relating to such orders be submitted to the Appellate Division for final determination.

In *Shoba v Officer Commanding, Temporary Police Camp, Wagendrift: Maphanga v Officer Commanding, South African Police Murder and Robbery Unit, Pietermaritzburg* 1995 (4) SA 1 (A) the Appellate Division confirmed that the Anton Pillar order for the search and attachment of documents and other material for the purpose of preserving it as evidence (component (1) above) forms part of our law. This remedy may be brought as an *ex parte* application without prior notice to the respondent. To obtain such an order, the applicant must *prima facie* establish the following:

- (1) that he or she has a cause of action on the ground of infringement against the respondent which he or she intends to pursue
- (2) that the respondent has in his or her possession specific, and specified documents and other material which are of vital importance to his or her subsequent action
- (3) that there is a real and well-founded apprehension that this evidence may be destroyed or disposed of before the subsequent action comes to trial or before the stage of discovery

The court has a discretion to grant the remedy. In exercising this discretion, the court will have regard *inter alia* to the following factors:

- (1) the cogency of the applicant's *prima facie* case as set out in its application

- (2) the potential harm that would be suffered by the respondent if the order is granted compared with the potential harm that would be suffered by the applicant if the order is refused
- (3) the terms of the order — these should not be more onerous than is necessary to protect the interests of the applicant

It was noted that courts must ensure that this type of procedure is not abused.

In the *Lourenco* case the applicants sought and obtained an Anton Pillar order against the respondents. Shortly after execution of the Anton Pillar order, the respondents approached the court to set aside the Anton Pillar relief, on the grounds that the application did not comply with the fundamental requirements for Anton Pillar relief as set out in the *Shoba* and *Maphanga* cases. The Anton Pillar order was set aside and the applicants were ordered to return to the respondents all documents and other items that were seized in course of the execution of the Anton Pillar order. The applicants did not comply with the said order. Instead they served on the respondents' attorney of record a notice of application for leave to appeal. It was held by the court that lodgement of an appeal against the setting aside of an Anton Pillar order does not have the effect of reviving the Anton Pillar order pending the outcome of the appeal, and that the applicants indeed had to return the documents and other items that were seized. (*Lourenco and others v Ferela (Pty) Ltd and others* (No 2) 1998 (3) SA 302 (T).

In *Ex parte Dabelstein v Hildebrandt* [1996] All SA 17 (C) the court held that the granting of an Anton Pillar order is not inconsistent with Chapter 3 of the Constitution. The court held that Anton Pillar orders are necessary and proportionate to the legitimate aim pursued and constitute a justifiable limitation of the rights envisaged by section 33(1) of the Constitution.



### ACTIVITY 4.3

Vusi wants to institute an action for damages against Tsepo. He knows that Tsepo has full documentation setting out the profits she made selling her cream. He has also heard that Tsepo intends destroying these documents so that she need not disclose them during the court action.

- ◆ Is there anything Vusi can do to prevent this?
- ◆ Set out what Vusi must prove to obtain such an order.



### FEEDBACK

Your answer should cover the following points:

- ◆ Is there anything that Vusi can do to prevent Tsepo from destroying the proof of the profits she made from selling the cream? Yes. Vusi can request a court to grant an urgent Anton Pillar order, which will allow a search of Tsepo's premises and the attachment of documents showing her profits for safe-

keeping. The order is granted *ex parte* (without notice to Tsepo). She will thus be caught unawares and before she has had the chance to destroy evidence.

- ◆ What must Vusi prove to obtain such an order? He must show the following:
  - that he has a cause of action against Tsepo for patent infringement, which he intends to pursue;
  - that Tsepo has in her possession full documentation which is of vital importance to his claim (the records of Tsepo's profits are vital as they will assist Vusi in proving damages); and
  - that he has a real and well-founded fear that she will try to destroy the evidence (Vusi can prove that he has a real and well-founded fear that Tsepo will destroy these records as he has heard rumours that she wants to destroy the documents so that she cannot be forced to disclose them during the stage of discovery.)



### **SUMMARY ACTIVITY**

Imagine that you are Vusi. You have just been awarded the Inventor of the Year prize. You have to give a talk to other inventors on the ways in which inventors can contravene the law. Draw on your own experiences (as described in this module) and write out the talk. Remember that you are talking to people who do not know a lot about the law and who need to have legal matters explained to them in simple terms.

While giving the talk you sense that there is quite a lot of resistance to what you are saying. Think of five different objections that other business people could raise to your remarks. Write down these objections and say how you would respond to them. Remember that you are trying to persuade these inventors to work within the law.



### **FEEDBACK**

You should be able to do this activity after completing the course. Refer to the relevant principles in patent law and the law of copyright.