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FRANK & HIRSCH (PTY) LTD v A ROOPANAND
BROTHERS (PTY) LTD A

APPELLATE DIVISION

CORBETT C.J., BOTHA JA., GOLDSTONE JA., NICHOLAS AJA and HARMS AJA B

1993 May 3; June 2

Copyright—Infringement of—What constitutes—Section 23(2) of Copyright Act 98 of 1978 (prior to amendment by Copyright Amendment Act 125 of 1992)—Words 'would have constituted such infringement if the article had been made in the Republic' in s 23(2) applicable only to article imported into South Africa—Court required to make hypothesis that imported article made in South Africa by person who in fact made it—if person who made article could not, without infringing copyright, have made it in South Africa, then person who, with requisite knowledge and without licence, imports article into South Africa and sells and distributes it commits infringement of copyright. D
Copyright—Infringement of—Remedies—Interdict and order for delivery up—Orders often sought against defendant or respondent, 'its servants and agents'—Such formula misleading and ineffectual and to be discarded—Order to be granted simply against defendant or respondent. E

A claimant for protection against infringement of copyright under s 23(2) of the Copyright Act 98 of 1978 (prior to its amendment by the Copyright Amendment Act 125 of 1992) must prove (a) that he is the owner or the assignee of the copyright in the articles for which protection is claimed; (b) that the defendant either imported into South Africa the articles in issue for a purpose other than for his private or domestic use, or sold, let or by way of trade offered or exposed for sale or hire in South Africa the articles in issue, or distributed in South Africa the articles in issue for the purposes of trade or for any other purpose to such an extent that the owner of the copyright in question was prejudicially affected; (c) that to the defendant's knowledge the making of the articles in issue either (i) constituted an infringement of the claimant's copyright, or (ii) would have constituted such an infringement if the G

A articles had been made in South Africa; and (d) that the defendant had no licence from the owner to do what he had done.

The words 'would have constituted such an infringement if the article had been made in the Republic' in s 23(2) can only apply to an article imported into South Africa. The hypothesis which the Court is then required to make in terms of those words is that the imported article was made in South Africa by the person who had in fact made it. If that person could lawfully have made it in South Africa, there is no infringement of copyright (see *Twentieth Century Fox Film Corporation and Another v Anthony Black Films (Pty) Ltd* 1982 (3) SA 582 (W) at 589H–594H). It follows, as a logical corollary, that, if the person who made the article could not lawfully (ie without infringing copyright) have made it in South Africa, a person who, with the requisite knowledge and without licence, imports the article into South Africa or sells and distributes here commits an infringement of copyright in terms of s 23(2).

C In *casu*, where (1) TDK Electronics, a Japanese manufacturer of, *inter alia*, blank audio cassette tapes, had appointed the appellant as the sole distributor of its products in South Africa and had later assigned to the appellant all its copyright in the get-up of the tapes; (2) it was held by the Court that there was in the get-up of the tapes subject-matter enjoying copyright protection; (3) the respondent had imported into and sold and distributed in South Africa blank TDK cassette tapes with the get-up in which copyright in South Africa had been assigned to the appellant (the respondent's supplies had legitimately been obtained from a Singapore company); and (4) despite the appellant's formally notifying the respondent that it (the appellant) was the assignee of the copyright in the get-up adopted by TDK Electronics for the tapes and that the importation, sale and distribution by the respondent of the tapes in that get-up would constitute infringement of the appellant's copyright, the respondent continued importing, distributing and selling the tapes.

E *Held*, since the assignment of the South African copyright in respect of the get-up of the tapes had vested in the appellant exclusively all the rights comprehended by the South African copyright and had divested TDK Electronics thereof, that, hypothetically, the making in South Africa of the get-up of the tapes by TDK Electronics would have constituted an infringement of the appellant's copyright.

F *Held*, further, that in its correspondence with the respondent the appellant had placed before it sufficient facts from which the respondent could and should have appreciated that its commercial activities relating to the tapes in issue constituted an infringement of the appellant's copyright.

Held, accordingly, that the appellant had established all the requirements of s 23(2) of the Act and was thus entitled to an interdict and to an order for the delivery up of the infringing matter in the respondent's possession or under its control. Appeal allowed. The appellant had sought an order for delivery up against 'the respondent, its servants and agents'. The Court held that it was appropriate to discard what was in truth a misleading and ineffectual formula and simply to grant, in copyright and other intellectual property cases, orders, whether for an interdict or delivery up, as against the defendant or respondent, as the case might be.

G The decision in *Frank & Hirsch (Pty) Ltd v A Roopanand Brothers (Pty) Ltd* 1991 (3) SA 240 (D) reversed.

H Appeal from a decision in the Durban and Coast Local Division (Booyesen J) reported at 1991 (3) SA 240. The facts appear from the judgment of Corbett CJ.

I *C E Puckerrin SC* (with him Ms M M Jansen) for the appellant referred to the following authorities: Copyright Amendment Act 125 of 1992; Dean *Handbook of South African Copyright Law* ss 1-8, 1-24, 4-173-4, 174A; *Gramophone Co Ltd v Music Machine (Pty) Ltd and Others* 1973 (3) SA 188 (W); *Twentieth Century Fox Film Corporation and Another v Anthony Black Films (Pty) Ltd* 1982 (3) SA 582 (W); *Columbia Pictures Industries Inc v Videorent Parkmore* 1982 (1) SA 49 (W); *Columbia Pictures Industries Inc v Video Parktown North (Pty) Ltd* 1983 (2) SA 251 (T); C Visser 'Termination of Copyright by Accession and Specification' (1991) 54 *THRHR* at

813, 817 n 8; *Aldine Timber Co v Hlatswayo* 1932 TPD 337 at 341; *Galago A Publishers (Pty) Ltd v Erasmus* 1989 (1) SA 275 (A) at 285F; Laddie, Prescott and Vitoria *The Modern Law of Copyright* para 10.66 at 356; *Paramount Pictures Corporation v Video Parktown North (Pty) Ltd* 1983 (2) SA 251 (T); *Montres Rolex SA v Kleynhans* 1985 (1) SA 55 (C); *Video Parktown North (Pty) Ltd v Paramount Pictures Corporation* 1986 (2) SA 623 (T); Dean 'Account of Facts in South African Copyright Law' (1986) 103 *SALY* 103; *Braby v Donaldson* 1926 AD 337; the Copyright Act 98 of 1978; *Grotius* 2.8.2; *Voet* 41.1.21.

A *Findlay SC* (with him A K Kisson Singh) for the respondent referred to the following authorities: *Frank & Hirsch (Pty) Ltd v Roopanand Brothers* 1987 (3) SA 165 (D) at 184H–185E, 185G–H; *Aldine Timber Co v Hlatswayo* 1932 TPD 337 at 341; *Voet* 41.1.21 (*Gane's* translation vol 6 at 203); Lee and Honoré *Family, Things and Succession* 2nd ed para 313 at 270, para 324 at 274; *Khan v Minister of Law and Order* 1991 (3) SA 439 (T) at 442I–443E; Van der Merwe and De Waal 1986 *THRHR* 66 at 70, 71; Huber's *Jurisprudence of my Time* 2.6.2 (*Gane's* translation vol 1 at 131); *Grotius Introduction to Dutch Jurisprudence* 2.10.4 (*Maasdorp's* translation at 76); *S v Riebert* 1977 (3) SA 181 (T) at 182H; Joubert (ed) *The Law of South Africa* vol 27 para 135 at 120; *Davis v Comiti* (1885) 52 LTR 539 (Ch D) at 540; *South African Railways & Harbours v Huddy Diamond Crown Setting Co (Pty) Ltd* 1953 (4) SA 467 (A) at 472H; *Ruddy Diamond Crown Setting Co (Pty) Ltd v South African Railways & Harbours* 1953 (2) SA 713 (W) at 718B–719G; *CBS Inc v Ames Records Ltd* [1981] 2 All ER 812 (Ch) at 830b–d; Chowles and Webster *SA Law of Trade Marks* 2nd ed at 205; *Universal Stores Ltd v OK Bazaars* (1929) Ltd 1973 (4) SA 747 (A) at 761C; *Alfred McAlpine & Son (Pty) Ltd v Transvaal Provincial Administration* 1977 (4) SA 310 (T) at 335A; Laddie, Prescott and Vitoria *The Modern Law of Copyright* para 10.68 at 357–8; *Performing Rights Society Ltd v Matysen* 1941 NPD 269 at 275; *Video Parktown North (Pty) Ltd v Paramount Pictures Corporation* 1986 (2) SA 623 (T) at 641H–642B; *Braby v Donaldson* 1926 AD 337; *Gramophone Record Co (Pty) Ltd v Ban-Nab Radio & TV* 1988 (2) SA 281 (D) at 292C–E; *John Bell & Co Ltd v Esselen* 1954 (1) SA 147 (A) at 152D–154H; *Montres Rolex SA v Kleynhans* 1985 (1) SA 55 (C) at 69H–I; *Euromarine International of Mauren v The Ship Berg* 1986 (2) SA 700 (A) at 713G–H; *Paramount Pictures Corporation v Video Parktown North (Pty) Ltd* 1983 (2) SA 251 (T) at 262E–263B; *Atlas Organic Fertilisers (Pty) Ltd v Pikkevyn Ghuvano (Pty) Ltd* 1978 (4) SA 696 (T) at 699B–C; *Continental Wholesalers v Fashion Fantasy (Pty) Ltd* 1983 (1) SA 683 (D) at 686H.

Cur adv vult.

Postea (June 2).

I **Corbett CJ:** This case is concerned with what has become known as 'parallel importation' and it represents an attempt to prevent this by means of the law of copyright. In the Court *a quo*, the Durban and Coast Local Division, the attempt failed. The appeal to this Court seeks the reversal of the decision of that Court, which has been reported (see *Frank & Hirsch (Pty) Ltd v A Roopanand Brothers (Pty) Ltd* 1991 (3) SA 240 (D)).

A The appellant, a South African company with its principal place of business in Johannesburg, trades as an importer and distributor of, *inter alia*, blank audio and video cassette tapes. Since 1974 appellant has acted as the sole and exclusive importer and distributor of blank TDK audio recording tapes ('TDK tapes') in terms of a distributorship agreement entered into between appellant and the manufacturer of TDK tapes, TDK Electronics Co Ltd of Japan ('TDK Electronics'), and the exporter of these tapes, Furukama Trading Co Ltd of Japan. Included in this agreement (which I shall call 'the distributorship agreement') are clauses in terms of which (i) TDK Electronics grants appellant the right to be the exclusive distributor of TDK tapes in the Republic of South Africa and in certain other Southern African states (referred to as the 'territory') and (ii) appellant undertakes not to sell sound recording tapes or similar products of 'other parties' in the territory.

At the time of the proceedings in the Court below the distributorship agreement was still in operation. It is common cause that TDK tapes are amongst the most famous and popular makes of blank audio cassette tapes in the world. Since 1974 appellant has established throughout South Africa a network of dealers to whom it supplies TDK tapes; and these tapes are stocked by many retail outlets in South Africa. They are one of the best selling brands of blank audio cassette tapes in South Africa. Appellant spends considerable sums of money each year on advertising and otherwise promoting the sale of TDK tapes and thereby establishing and maintaining the pre-eminence of these goods in the South African market. The importation and distribution of TDK tapes has become one of the major areas of appellant's business.

The respondent is also a South African company and it has its principal place of business in Durban. Its trading activities comprehend the importation into and sale in South Africa of blank audio cassette tapes, including TDK tapes. It appears from the answering affidavit filed on behalf of respondent in the Court *a quo* that respondent obtains its supplies of TDK tapes from Daldas and Co of Singapore, which in turn acquires them from Hock Cheong and Co, also of Singapore and the authorized dealer appointed by TDK Electronics in Singapore. TDK Electronics supplies these goods to Hock Cheong and Co without any restrictions on resale; and Hock Cheong and Co's supply of the goods to Daldas and Co and the latter's supply of the goods to respondent are similarly free of restriction. It appears that it would be unlawful in terms of Japanese law for TDK Electronics to impose contractual restrictions on the resale of TDK tapes supplied by it to its distributors.

The appellant has for some years been very concerned about the trading activities in South Africa of respondent in regard to the importation and sale of TDK tapes, which it terms 'parallel importation'. It avers that a parallel importer is in the nature of a 'parasite' in that he imports goods for which a ready demand has already been established by the regular and authorized distributor. The 'parasite' slur is, needless to say, strenuously denied by respondent.

In 1986 and after a running dispute for some years appellant instituted an action against respondent in the Durban and Coast Local Division,

A claiming that respondent's activities constituted the infringement of the mark 'TDK' and a certain device mark (which appears to represent a diamond with its different facets—the 'diamond device') on the cassette tapes, which were both registered trade marks; or alternatively that such activities amounted to the contravention of certain provisions of the Merchandise Marks Act 17 of 1941. The action was heard by Page J, who dismissed it with costs (see *Frank & Hirsch (Pty) Ltd v Roopanand Brothers* 1987 (3) SA 165 (D)).

Thereafter appellant and TDK Electronics considered other ways and means of preventing the parallel importation of TDK tapes by the respondent. It was eventually decided that, in order to give effect to the exclusivity of the distributorship agreement, TDK Electronics would assign to appellant all its copyright in the literary and/or artistic works comprised in the get-up and trade dress of TDK tapes. This was done by means of a written deed of assignment of copyright entered into between the parties in Japan on 4 June 1987. The preamble to the deed recorded that TDK Electronics was the owner in South Africa of copyright in . . . certain original artistic and literary works within the meaning of the Copyright Act of the Republic of South Africa 98 of 1978 in the nature of packaging, inserts, covers and the like for audio cassette and video cassette tapes, true copies of which works are annexed hereto marked "A1-A27".

and that it might become the owner of the South African copyright in 'further artistic and literary works of this nature to be made in the future'.

(Annexures A1-A27 consist of a series of colour photographs depicting the different aspects of a number of different TDK audio and video tapes and showing not only the outward get-up, but also what are termed the 'inserts'.) In the preamble all this was named 'the copyrighted works'. The deed further provided that TDK Electronics assigned and transferred to appellant

. . . the full and complete South African copyright and all its right, title and interest in and to the copyrighted works for the full duration of the term thereof.

Shortly thereafter, on 16 July 1987, appellant's attorneys wrote a letter to respondent setting out the full facts of the matter, including those relating to their exclusive distributorship, the nature of the packaging of the TDK tapes, their claim that the written and pictorial material included on such packaging constituted literary and/or artistic works in terms of the Copyright Act 98 of 1978 ('the Act') and the assignment to appellant of the South African copyright in such material by the owner thereof, TDK Electronics, for the full duration of the term thereof, and explaining in detail why the activities of respondent in importing and trading in TDK tapes constituted an infringement of appellant's copyright. The letter further demanded that respondent refrain from continuing to do so, on pain of legal action.

Respondent's reply was non-committal and, it appears, it continued to trade as before. On 15 December 1987 appellant's attorneys again wrote to respondent saying that they had received confirmation that respondent had sold in South Africa a TDK tape manufactured after the copyright had been assigned to appellant and threatening legal action unless there was compliance with the requirements of the letter of 16 July 1987.

A In January 1988 TDK Electronics adopted a new get-up for its TDK D60 audio cassette tapes, one of the best selling products of the range of TDK tapes. I shall later describe this new get-up which replaced the then-existing get-up for these tapes. In September 1988 a supplementary deed of assignment was entered into between TDK Electronics and appellant. The preamble to this deed refers to the deed of assignment of 4 June 1987 and recites that TDK Electronics has adopted a new trade dress for its audio and video cassette tapes. In the body of the deed it is provided that the artistic and literary works embodied in this new trade dress is comprised in the 'further artistic and literary works of this nature to be made in the future', referred to in the preamble to the original deed; and that the original deed applies in all respects to the copyright in this new dress.

B On 6 October 1988 appellant's attorneys addressed a further letter to respondent explaining that the new get-up adopted by TDK Electronics for its blank cassettes was covered by the assignment of copyright in appellant's favour and that accordingly the importation, selling and/or distribution by respondent of TDK tapes in the new get-up would constitute infringement of appellant's copyright. The letter ends with a warning that if respondent should be found to be doing this, infringement proceedings would be instituted forthwith.

C Thereafter appellant was provided with evidence that respondent was continuing to sell TDK D60 audio tapes. And in May 1990 appellant instituted motion proceedings in the Court *quo* claiming an interdict and orders for delivery up, an account of profits or, alternatively, for postponing the question of damages to a date to be arranged, and costs. The matter came before Booysen J who, for reasons which I shall later elaborate, dismissed the application with costs, but granted leave to appeal to this Court.

D I turn to examine the legal basis of appellant's case. The Act was extensively amended by the Copyright Amendment Act 125 of 1992, but it is common cause that this case must be decided on the basis of the law as laid down by the Act prior to the 1992 amendments. Section 23(1) and (2) provided as follows:

'23(1) Copyright shall be infringed by any person, not being the owner of the copyright, who, without the licence of such owner, does or causes any other person to do, in the Republic, any act which the owner of the copyright may authorise.
(2) Without derogating from the generality of ss (1), copyright shall be infringed by any person who, without the licence of the owner of the copyright and at a time when copyright subsists in a work—

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

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.'

(Republic', of course, means the Republic of South Africa—s 2 of the Interpretation Act 33 of 1957.) The appellant relies upon infringement in terms of s 23(2)—sometimes termed 'secondary' or 'indirect' infringement—and its claim relates specifically to the new get-up of the TDK D60 audio cassette tapes. (I shall call these 'the tape (or tapes) in issue'.) This get-up is illustrated by photographs of the two sides of the tape in issue which constitute annexures EG3 and EG4 to the founding affidavit. In addition, we have been provided (as was the Court *a quo*) with a sample of such a tape. Appellant avers that this get-up embodies artistic and/or literary works within the meaning of those concepts in the Act.

C In terms of s 24(1) of the Act infringements of copyright are actionable at the suit of the 'owner of the copyright'. Section 21 defines in whom ownership of copyright vests. And s 22 deals, *inter alia*, with assignment of copyright. It provides that copyright is transmissible as movable property by assignment; that an assignment of copyright may be limited so as to apply to some only 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; and that no assignment of copyright shall have effect unless it is in writing signed by or on behalf of the assignor. The effect of a valid assignment is to vest in the assignee ownership of the copyright in the work or works covered by the assignment and entitles the assignee to sue for infringement of such copyright (see *Galago Publishers (Pty) Ltd and Another v Erasmus* 1989 (1) SA 276 (A) at 279F-G; *Dean Handbook of South African Copyright Law* at 1-35).

F In the present case it is not in dispute that in terms of s 21 ownership of whatever copyright there is in the get-up of the tapes in issue originally vested in TDK Electronics; that this copyright, in so far as it obtained in South Africa, was validly assigned to appellant; and that such copyright still subsists. In order to complete its cause of action in terms of s 23(2) appellant had to establish also

G (a) that respondent either imported into South Africa the tapes in issue for a purpose other than for his private or domestic use, or sold, let or by way of trade offered or exposed for sale or hire in South Africa the tapes in issue, or distributed in South Africa the tapes in issue for the purposes of trade or for any other purpose to such an extent that the owner of the copyright in question is prejudicially affected;

H (b) that to respondent's knowledge the making of the tapes in issue either

- (i) constituted an infringement of appellant's copyright, or
- (ii) would have constituted such an infringement if the article had been made in South Africa; and
- (c) that respondent had no licence from the owner of the copyright to do what he did.

I It is not disputed that the evidence of the activities of the respondent in importing and marketing the tapes in issue established one or more of the requirements of (a) above. As to (b), appellant relied on alternative (ii). J

A This aspect of s 23(2) was considered by Goldstone J in the case of *Twentieth Century Fox Film Corporation and Another v Anthony Black Films (Pty) Ltd* 1982 (3) SA 582 (W). In this case the Court held:

(1) that the words in s 23(2),

‘ . . . would have constituted such an infringement if the article had been made in the Republic’,

applied, and could only apply, to an imported article, ie one not made in South Africa;

(2) that the hypothesis that the Court is required to make in terms of these words is that the imported article was made in South Africa by the person who made it in fact; and

(3) that if that person could lawfully have made it in South Africa, there is no infringement of copyright.

(See the judgment at 589H–594H.) It seems to me, with respect, that these propositions are a correct interpretation of the relevant words of s 23(2). It follows, as a logical corollary, that, if the person who made the article could not lawfully (ie without infringing copyright) have made it in South Africa, a person who, with the requisite knowledge and without licence, either imports the article into South Africa or sells or distributes it here commits an infringement of copyright in terms of s 23(2): see *Paramount Pictures Corporation v Video Parktown North (Pty) Ltd* 1983 (2) SA 251 (T) at 261B–F; also *Dean* (op cit at 1–23–4); *Dean* in an article entitled ‘Parallel Importation—Infringement of Copyright’ (1983) 100 SALJ 258 at 261–71.

In applying these statutory provisions, thus interpreted, to the facts of the present case, the cardinal questions which must be asked are: whether, if TDK Electronics had made the tapes in issue in South Africa, this would have constituted an infringement of appellant’s copyright in the get-up of the tapes; if so, whether respondent knew this; and whether respondent acted without the licence of the owner. The answer to the first of these questions depends in turn on whether there was in the get-up of the tapes in issue subject-matter enjoying copyright protection. It is to this question that I now turn.

Annexures EG3 and EG4 and the sample handed in show that the tape in issue is permanently encased in a transparent plastic cassette into which is built portions of the mechanism. When packed and ready for sale the cassette is enclosed in a transparent plastic container, the two halves of which are hinged together and which opens and shuts to a slight pressure of the fingers. This container is virtually devoid of embellishment. Inside the container there are placed pieces of paper called ‘inserts’. The container itself is enclosed in a cellophane wrapper. In its fully-packed state the cassette (in its container) measures about 11 cm X 7 cm and is about 1,5 cm thick. In determining whether there is subject-matter in the get-up of the tape in issue I shall concentrate on the wrapper and the inserts. For reasons which will emerge later it is not necessary to deal with what appears to be printed on the sides of the cassette itself.

One side of the cassette, when packed and enclosed in its wrapper, is obviously the one which would normally be uppermost on display (‘the obverse side’). The upper portion of the obverse side of the wrapper consists of a transparent panel through which portions of the tape and the

cassette mechanism are visible. The rest of this side is opaque and is divided into a number of rectilinear strips or panels of different colours—white, black, red and gold. On the transparent panel appear (in white) the aforementioned diamond device, the mark TDK and the words ‘Reliable cassette mechanism’. ‘D60’ (the ‘D’ in white and the ‘60’ in green) is printed against the background of a black panel and other technical information appears on a white panel. The reverse side of the wrapper has a red background on which appear, *inter alia*, the diamond device, the TDK mark, D60 (in white) on a small black panel, a narrow gold panel on which are printed the words ‘Dynamic Cassette Low Noise High Output’, material descriptive and laudatory of the cassette, printed in black, in English, German and French, and various other inscriptions. The designs and colouring on the obverse and reverse sides of the wrapper are carried over onto the edges of the cassette, upon which there are also various inscriptions, including the diamond device and the TDK mark.

The two inserts are somewhat different from one another. The one, made of thick, stiff paper is folded to fit into one portion of the hinged container (‘the first insert’). When the container is closed (whether empty or containing the cassette) part of this insert forms a series of strips or panels, coloured white, grey, black, red and gold, which are visible on portion of the obverse side and also on the bottom edge, after the wrapper has been removed. The rest of the insert is only visible on the obverse side when the container is empty. At the top of it is a strip coloured pink on which appear in red lettering certain inscriptions and below that a blank space with horizontal dotted lines. The purpose of this part of the insert was not explained to us, but I would infer that it is to provide the user of the tape with a convenient table upon which to list what he has recorded on the tape. On the reverse side is visible, when the wrapper is removed and irrespective of whether the container is empty or not, a similar table. The other insert (‘the second insert’) consists of an oblong piece of paper. On the one side (colours white and red) are a number of strip (pull-off) labels; and on the other a warranty relating to the cassette in English, German and French (black print against a white background). The original author of the get-up of the tapes in issue, an employee of TDK Electronics named Nobora Yemura, did not claim to have made or devised the second insert and it can consequently be ignored.

In terms of the Act copyright may exist in respect of, *inter alia*, original ‘literary works’ and ‘artistic works’. These are defined in the Act as follows:

“‘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 artistic craftsmanship, or works of craftsmanship of a technical nature, not falling within either para (a) or (b);

“‘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 broad-casting scripts;

- A (c) textbooks, treatises, histories, biographies, essays and articles;
(d) encyclopaedias and dictionaries;
(e) letters, reports and memoranda;
(f) lectures, addresses and sermons; and
(g) written tables and compilations.

B Applying these definitions I am satisfied that the whole of the wrapper constitutes 'artistic work' within the meaning of the statutory definition. As this definition indicates, artistic quality is not a necessary requirement. Nevertheless, I am satisfied that considerable design and draughting skill has gone into the production of this wrapper. The obverse side has a lay-out which is attractive, eye-catching and colourful; and, though less skill would appear to have been required to produce the reverse side, it, too, shows evidence of artistic quality. Moreover, it is interesting to note that the English Courts have recognised items such as labels as having the necessary qualities to constitute artistic work: see *Charles Walker & Co Ltd v The British Picker Co Ltd* [1961] RPC 57; *Tavener Ruiledge Ltd v Specters Ltd* [1959] RPC 83 (CA). In the *Charles Walker* case the label, as illustrated at 58 of the report, appears to have substantially less artistic merit or quality than either side of the wrapper here in issue.

E At this point I should make it clear that appellant disavows any copyright in the diamond device and the TDK mark individually and *dehors* the wrapper or the insert as a whole. These two features had originally been made by someone other than the author of the wrapper and insert and were incorporated in the wrapper and the insert by the author thereof.

F The claim that the wrapper includes literary work is perhaps more debatable, but in view of the finding in respect of artistic work it is not necessary to pursue this aspect. And, I might add, I did not understand respondent's counsel to seriously dispute the proposition that the wrapper constitutes or contains artistic work. Nor did he suggest that this artistic work was not original; 'original' in this context meaning that the work should emanate from the author himself and not be copied (see *Klep Valves (Pty) Ltd v Saunders Valve Co Ltd* 1987 (2) SA 1 (A) at 22H-23B).
G Turning to the first insert, I am of the view that, mainly on the strength of the portion displaying the coloured strips and panels, this item of get-up has artistic subject-matter. Again it is not necessary to consider literary subject-matter. Nor is it necessary to deal with the inscriptions printed on the cassette itself. As far as can be ascertained this is not separable from the cassette.

H Assuming at this stage that appellant has shown infringement of copyright, it will be entitled to an interdict against respondent on the strength of, and in respect of, the wrapper and the first insert and will be entitled also to the delivery up of these items. But it will not be entitled, and this is conceded by appellant, to any such orders in respect of the cassette tape itself. In view of the impossibility of separating the inscriptions on the cassette from the cassette it is not feasible to grant any such orders in regard to the inscriptions.

J I hold, accordingly, that the get-up of the tapes in issue did contain subject-matter for copyright protection. The assignment of the South African copyright in respect of the get-up of the tapes in issue vested in

A appellant exclusively all the rights comprehended by the South African copyright and divested TDK Electronics thereof. It follows that, hypothetically, the making in South Africa of the get-up of the tapes in issue by TDK Electronics would have constituted an infringement of appellant's copyright.

B The next element required to establish appellant's cause of action is knowledge of this on the part of respondent. In the case of *Gramophone Co Ltd v Music Machine (Pty) Ltd and Others* 1973 (3) SA 188 (W) 'knowledge' in the similar sections (ss 17(2) and 17(3)) of the previous Copyright Act of 1965 was held to mean notice of facts such as would suggest to a reasonable man that a breach of copyright law was being committed (see at 207F-G); and also *Paramount Pictures Corporation v Video Parktown North* (supra at 261G); and the discussion in *Copinger and Skone James on Copyright* 13th ed at 140). It is not necessary to decide whether this formulation is precisely correct or adequate for, in my view, appellant, by means of its letters of 16 July 1987 and 6 October 1988, placed before respondent sufficient facts from which it could and should have appreciated that its commercial activities relating to the tapes in issue constituted infringement of appellant's copyright. And it would have been no answer for the respondent to say that although it knew all the relevant facts it nevertheless believed, as a matter of law, that it was committing no infringement (*Copinger and Skone James on Copyright* (op cit at 241)); *Sillitoe and Others v McGraw-Hill Book Company (UK) Ltd* [1983] FSR 545 at 557). None of this appeared to be contested by the respondent in this Court.

F Subject to the question of licence (with which I shall deal later) the appellant would thus appear to have established all the requirements of a cause of action in terms of s 23(2) of the Act. It was nevertheless non-suited in the Court *a quo*. The Court's reasons for doing so appear from the reported judgment at 244I-246D. Here the learned Judge *a quo* commences his line of reasoning by focussing on the words in the section which relate to an article the making of which would have constituted an infringement of copyright if the article had been made in South Africa (at 244I). Having referred to the purposes of the law of copyright and certain provisions of the Act, he concludes that copyright in a literary or artistic work is infringed by making an article which is a reproduction, publication or adaptation of the work without licence of the owner of the copyright; or by importing such an article for the purposes of trade. The learned Judge then poses the question (at 245H-I):

'What is the position, though, if a physical reproduction of the work by *accessio* becomes part of a principal thing so that the thing thus made is not a reproduction, publication or adaptation of the work but a different thing altogether and what if such a physical reproduction of the work together with other physical things by *specificatio* becomes a new thing or article?'

He answers this question by stating the following (at 245I-246C):

'It seems to me that the answer to this question must be that it is not an article the making of which constitutes an infringement if only the making of an accessory part of the article which has been made constituted an infringement. If the Legislature had meant to refer to such articles, it should have said so, eg by

A referring to an article or any part thereof. To hold otherwise would mean that the importer of a car which has components such as shock absorbers of another manufacturer fitted, upon which literary or artistic work is printed or painted, could be infringing copyright and be prohibited from importing the car.

B The remedies of the Copyright Act could not possibly have been meant to apply to such a situation. The short answer would be that the car is not an article the making of which infringed copyright. The car would not be a copy, reproduction or adaptation of the work. The reproduction work would merely be an accessory component thereof.

C It seems to me that these cassette tapes are also not articles the making of which would have constituted infringement of copyright. The physical reproductions of the artistic or literary works comprising the get-up were indeed accessory to the principal things, i.e. the cassette tapes, and by *accessio* or *specificatio* became part of the cassette tapes, the articles in question.

D Respondent's counsel supported this line of reasoning. Indeed, despite the fact that respondent raised a number of other defences on the papers and in argument before the Court below, this was virtually the only ground upon which respondent's counsel resisted the appeal in this Court. He did also argue the question of licence, but without much conviction.

E I am, with respect, unable to agree with the reasons and decision of the Court *a quo*. The reliance on the concepts of *accessio* and *specificatio* is, in my view, misplaced. In *Wille's Principles of South African Law* 8th ed, the section edited by Prof C G van der Merwe contains the following definitions of accession and specification:

'*Accessio* is a method of acquiring ownership by a person in a thing by virtue of it being added to, or incorporated with, a thing belonging to himself (at 285).

F 'Specification occurs when a person creates a *nova species* (a new product) out of materials which belong wholly or partly to another without there being any legal relationship between the parties. The maker only becomes the owner of the new product if it cannot be reduced to its original form'

G (at 287). (See also *Aldine Timber Co v Hlatwayo* 1932 TPD 337 at 341.) 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. Respondent's counsel conceded that he knew of no authority which suggested that the principles of *accessio* and *specificatio* apply to incorporeal rights; and I would be surprised if there were any. In any event, I do not see how common-law rules regarding the passing of ownership (even if applicable on the facts) could displace the specific provisions of the statute governing the law of copyright. And, finally, the reasoning of the Court *a quo*, as I understand it, 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.

H This, in my view, is wholly contrary to the provisions of the Act, which, as I have stressed, regulates how and when copyright terminates. It seems to be an inescapable consequence of the decision of the Court *a quo* that

A 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. Thus, for example, an artist who painted an original artistic work would, presumably, not be entitled to sue under either part of s 23 if a reproduction of that painting were used without permission as a dust-cover for, or an illustration in, a book of which someone else was the author. Similarly, a writer or poet would have no claim against a publisher who unauthorisedly included his short story in a collection of short stories or his poem in an anthology of poetry. Many other examples spring to mind.

B That this is not the law is well illustrated by two English cases and an Australian one. The first is *Tavener Rutledge Ltd v Specters Ltd* (*supra*). In that case plaintiff and defendant both sold sweets (particularly fruitdrops) in tins. In each case the top of the tin was decorated by a coloured drawing depicting fruitdrops and a central panel which featured the producer's name, the name of the product, viz 'fruit flavoured drops', and certain other information. In an action in which the plaintiff claimed, *inter alia*, infringement of copyright, the Court held that defendant's label so closely resembled plaintiff's that it constituted a copy thereof and the copyright claim succeeded. The essential facts of that case are very similar to those in the present case.

C In the second case, *Moffatt and Paige Ltd v Gill & Sons Ltd* [1902] 86 LT 465 (CA), the plaintiff was the publisher of an annotated edition of Shakespeare's *As You Like It*. The defendant published an annotated edition of the same work. Plaintiff sued successfully for infringement of copyright, the Court finding that defendant's publication was substantially a copy of plaintiff's. It was also held that the plaintiff's work was subject-matter of copyright. Clearly this copyright applied only to the author's annotations since, as Collins MR pointed out (at 470), it was open to anybody to compile an edition of *As You Like It*. The annotations were obviously accessory to the main work, but that did not prevent there having been an infringement of copyright.

D In the Australian case, *R A & A Bailey & Co Ltd v Boccaccio Pty Ltd and Others; R A & A Bailey & Co Ltd v Pacific Wine Co Pty Ltd* (1986) 6 IPR 279, an instance of parallel importation, the product in question was a liqueur manufactured in the Republic of Ireland called 'Bailey's Original Irish Cream'. It was marketed in a distinctive bottle and part of the get-up was a label which contained various inscriptions and a picture of a country scene. In an action in the Supreme Court of New South Wales it was not disputed that there was copyright in the label as being an artistic work and it was so found. The defendant raised other defences (which failed), but nowhere was it suggested that because the label was accessory to the bottle of liqueur no copyright in the label existed.

E The example of the motor car and its shock absorbers used by the Judge *a quo* to reinforce his reasoning is, in my view, unhelpful. From a practical point of view I find it very unlikely (i) that printing on a shock absorber

A would constitute a literary or an artistic work; and (ii) that, if it did, the owner of the copyright would not have licensed its use; and (iii) even assuming he had not, that the importer would have knowledge of all this. If, contrary to the probabilities, these circumstances all co-existed, then, subject to the *de minimis* principle, the importer might have a problem. In other words, the example does not demonstrate the correctness of the approach adopted by the Judge *a quo*.

B It remains to deal briefly with the questions of licence and estoppel raised by respondent and, as I have indicated, argued but faintly before us. Reduced to its essentials, respondent's argument is that TDK Electronics labelled and packaged the tapes without any restriction on resale, and the C subsequent lack of restriction on resale to, *inter alia*, a South African importer by the person first purchasing them, occurred to the knowledge of and without action by appellant against TDK Electronics; that this constituted an unconditional consent by conduct on the part of the appellant to (and thereby an implied licence for) the sale of the goods in that form, so packaged and labelled; and that this consent extended to D resales. There is no substance in this argument. When asked what action appellant could have taken against TDK Electronics, respondent's counsel was unable to give an adequate reply. Moreover, after the assignment of the copyright and by means of its letters of 16 July 1987 and 6 October 1988 appellant made it abundantly clear to respondent that the continued E importation and sale of the tapes in issue would infringe its copyright. This would have dispelled any notion of an implied licence. And, of course, after the assignment only appellant could grant a licence in regard to South Africa.

F Respondent's counsel conceded that if the implied licence argument failed, the one based on estoppel could not succeed.

G For these reasons, I hold that appellant did establish infringement of its copyright in the get-up (comprising the wrapper and the first insert) of the tapes in issue and that its appeal must be allowed. Appellant is entitled to an interdict and delivery up of the wrappers and inserts which came into respondent's possession after it received the letter of 6 October 1988. Appellant also claimed relief by way of an account of profits but during the H hearing of the appeal this was wisely abandoned.

I In appellant's notice of motion the prayers for an interdict and for an order for delivery up are directed against 'respondent, its servants and agents'. Orders of this nature are sometimes, but not always, sought and granted by the Court in copyright and other intellectual property cases (see, for example, *Tie Rack plc v Tie Rack Stores (Pty) Ltd and Another* 1989 (4) SA 427 (T) at 451F; but compare *Paramount Pictures Corporation v Video Parktown North (Pty) Ltd* (*supra* at 263D and G)). Insofar as an order in this form refers to 'servants' it seems to me to be redundant, particularly in the case of a limited liability company which perforce acts to a great extent through its servants. The unqualified reference to 'agents' is anomalous in that such agents are not before the Court and consequently the order would not be binding on them. These points were discussed in the speech of Lord Uthwatt in *Marengo v Daily Sketch and Sunday Graphic Ltd* [1948] 1 All ER 406 (HL) at 407 (a passing off case) with reference to the English practice of granting an injunction against 'the defendants, their staff, servants and agents'. He pointed out that the reference in an J order to staff, servants and agents could not bind such persons, but was

A merely a warning to them against possibly committing contempt of court by knowingly assisting the defendant in a breach of the injunction. The learned Law Lord considered that this form of order was open to objection and concluded (at 407H):

B 'I suggest (my suggestion is, perhaps, a one-sided compromise with tradition) that the Judges might well consider whether injunctions should not assume the form of restraining "the defendants by themselves their servants workmen and agents or otherwise" from committing the prohibited acts. In the present case the Lords are a limited company and can act only through others. I invite your Lordships, therefore, to consider whether the injunction here should not take the form of restraining the "defendants by their servants workmen agents or otherwise" from commission of the acts to be enjoined.'

C (See also *Copinger (op cit* para 11-63 at 341).)

D My researches indicate that in this country there is no established tradition regarding the form of such orders and, in my view, it is appropriate to discard what is in truth a misleading and ineffectual formula and simply to grant the order, whether it be for an interdict or delivery up, as against the defendant or respondent, as the case may be.

E Respondent's counsel contended that the failure of the argument on an account of profits merited a special order in regard to costs should the appeal succeed. I cannot agree. The appellant has achieved substantial, indeed almost overwhelming, success and it is entitled to its costs of appeal in full.

F The following order is made:

(1) The appeal is allowed with costs, including those occasioned by the employment of two counsel.

(2) The order of the Court *a quo* is set aside and the following order is substituted:

'It is ordered:

(a) that respondent is interdicted from infringing the applicant's copyright in the get-up (consisting of the cellophane wrapper and the first insert) of TDK D60 audio cassette tapes (hereafter referred to as the "subject works") by:

(i) importing into the Republic of South Africa audio tapes in the get-up of which copies of the subject works appear; and/or

(ii) selling, exposing for sale or distributing for trade audio-tapes in the get-up of which copies of the subject works appear;

(b) that respondent deliver up to the applicant for destruction all copies of the subject works which are in their possession or under their control; and

(c) that respondent pay the costs of suit, including the costs of two counsel.'

I Botha JA, Goldstone JA, Nicholas AJA and Harms AJA concurred.

J Appellant's Attorneys: *Spoor & Fisher*, Pretoria; *Straus Daly*, Durban; *Israel & Sackstein*, Bloemfontein. Respondent's Attorneys: *J Kisson Singh & Co*, Durban; *Lovius-Block*, Bloemfontein.