COPYING INDUSTRIAL PRODUCTS – I

Protection under copyright

By
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The law pertaining to the copying of industrial products has undergone considerable fluctuation during the last few years. The pendulum has swung back and forth between automatic protection of a comprehensive nature for industrial products and little automatic protection or none at all. Certain industrial products may acquire protection through the registration of patents or designs: the law on this issue has been relatively static of late. It is, however, the scope of the automatic protection afforded industrial products under the laws of copyright and unlawful competition that has recently been the subject of heated debate.

The Copyright Act 98 of 1978 grants protection to so-called artistic works. Copyright law in Britain and South Africa has protected this form of work almost from the outset. Over the years, however, and particularly in recent years the definition of the term 'artistic works' has been expanded. In the process, copyright law has undergone a transformation from a branch of the law protecting essentially the fine arts to a source of protection for most products of the human intellect, including those of a technological nature. To judge from the copyright-infringement cases that have come before our courts in recent years, the operation of copyright law in the technological field has greatly overshadowed its application to the more traditional field of the fine arts. And it is in the technological field that copyright law has generated both the most publicity and the most controversy.

The infiltration of copyright law into the world of technology has been paralleled to some extent by the development of the law relating to the common-law delict of unlawful competition. The law of unlawful competition has begun to play an increasingly prominent role in the protection of technological innovations, compensating for the waning role of copyright law. Indeed, the law of unlawful competition may well become one of the most dominant forces in the protection of intellectual property of a technological nature in the future.

This two-part series describes and analyses recent developments in copyright law and the law of unlawful competition in so far as they relate to the protection of industrial products, with particular reference to three-dimensional utilitarian objects. Copyright is dealt with in this article and unlawful competition will be dealt with in the next.

The term 'artistic work' is defined in s 1 of the Copyright Act as meaning

1 Irrespective of the artistic quality thereof —

(a) paintings, sculptures, drawings,\(^1\) engravings and photographs;
(b) works of architecture, being either buildings or models of buildings; or
(c) works of artistic craftsmanship [sic], or works of craftsmanship [sic] of a technical nature,

\(^1\) Since 1983 the term 'drawing' has been defined as including 'any drawing of a technical nature or any diagram, map, chart or plan'. This definition is in keeping with that propounded in earlier case law; see Pan African Engineers (Pty) Ltd v Hydro Tube (Pty) Ltd 1972 (1) SA 470 (W), Ehrenberg Engineering (Pty) Ltd v Topka t/a Topring Manufacturing & Engineering (TPD case 18652/77, unreported), Scaw Metals Ltd v Apex Foundry (Pty) Ltd 1982 (2) SA 377 (D) and Klop Valves (Pty) Ltd v Saunders Valve Co Ltd 1987 (2) SA 1 (A).
The meaning of ‘total debt’

I refer to Peter Feinberg’s article entitled “Predicting Business Failure” ([1990] 19 BML 9) and in particular the definition of “total debt”.

I fail to see how debtors and bank balances can be disregarded when one calculates the current liabilities to be included in the computation of “total debt”. The ratio of cash flow to total debt is considerably less the day before creditors are paid or tax payments are made than it is the day after. Surely recoverable debts and cash funds should be deducted from creditors before the total debt is determined?

‘Mr Feinberg’s comments would be appreciated.’

S.P. Elliott

‘I believe that Mr Elliott has a valid point. When a company has a bank balance, debtors who pay on a regular basis could very well be deducted from creditors.

I must, however, point out that, in my experience, companies requiring close monitoring because of their financial position very seldom have bank balances but rather substantial overdrafts. In addition, the debts due to them are often outstanding for some time and payment is not received on a regular basis. At the end of the day one cannot be sure that all debtors will pay — even if they happen to be “blue-chip”. Blue-chip debtors today are not necessarily blue-chip debtors tomorrow. As a result, researchers have taken the conservative view and excluded debtors from the calculation of total debt.’

Peter Feinberg

(1990) 19 Businessman’s Law 160

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2 Paragraph (c) of the definition was added in 1993.
3 Works falling into categories (b) and (c) therefore do not have to be of artistic quality: of the position in Britain as laid down in George Heneshet Ltd v Restwith Upholstery (Lancs) Ltd [1975] RPC 31. In earlier copyright legislation, only category (a) works did not have to meet this requirement.
4 See note 1 above.
5 Butt v Schultz 1984 (3) SA 568 (E), Schultz v Butt 1986 (3) SA 667 (A).
6 Bosai Afrika (Pty) Ltd v Grapnel (Pty) Ltd 1985 (4) SA 882 (C).
7 Kambrook Distributing v Haz Products (WLD case no 21810/84, unreported).
8 Insamcor (Pty) Ltd v Maschienfabriek Sidler Stalder AG t/a Sistag 1987 (4) SA 660 (W).
indirectly produced and sold three-dimensional derivative articles of his work anywhere in the world and the derivative articles ‘primarily have a utilitarian purpose and are made by an industrial process’. No infringement occurs subsequently by the making of unauthorized reproductions by indirect copying. The right to restrain reverse engineering is therefore forfeited when all of the following requirements are met:

- The artistic work has been reproduced in a three-dimensional form with the authority of the copyright-owner.
- The three-dimensional reproductions have been made by industrial process.
- The three-dimensional reproductions are articles with primarily a utilitarian purpose.
- The three-dimensional reproductions have been distributed anywhere in the world.

The competitor can, however, copy only the derivative product and not the original work or a two-dimensional version of it in making his competing product. In practice, therefore, in the industrial field, as soon as the copyright-owner in a technical work (such as an item of machinery or a spare part) has mass-produced derivative objects (and in the vast majority of instances he will have done so if the product has a utilitarian purpose), he can no longer rely upon the law of copyright to restrain others from copying his product indirectly, although he can prevent direct copying — the making of copies directly from his original work or from a two-dimensional reproduction of it.

Although it is easy to establish whether an article has been made by an industrial process, it is more difficult to determine when it has a utilitarian purpose. Would, for example, an expensive spoon or other item of cutlery made of silver and having an ornate aesthetic shape ‘primarily have a utilitarian purpose’?

Historical analysis reveals that the raison d’être of s 15(3A) is to prevent the law of copyright from operating in relation to industrial articles and thus from trespassing, as it were, on the terrain of registered designs or even patents. The intention is not unduly to deprive authors of protection. On this premise, it is submitted that the term ‘utilitarian’ should be contrasted with ‘artistic’ or ‘aesthetic’ and should be viewed against an industrial background. In practical terms the derivative article must be a useful thing in an industrial context. On this basis, an article such as a toy would not ‘primarily have a utilitarian purpose’. Items of machinery, on the other hand, obviously have such a purpose. When doubt exists the object of the average buyer in buying the article should be considered. Does he buy the article in order to achieve a useful, practical result or does he buy it for some other purpose, such as ornamentation or the derivation of pleasure?

The suggested approach accords in essence with that adopted in comparable circumstances in the law of designs. If the dominant object is ornamentation or the pursuit of pleasure, the article has primarily an artistic purpose and not a utilitarian one. The forfeiture of copyright protection will then not occur. But when the article is bought primarily for utilitarian purposes, forfeiture of protection will occur even though it has an artistic character or a strong aesthetic appeal. It is the purpose or function of the article that must be primarily utilitarian in order for forfeiture of copyright protection to occur.

It is clear that, subsequent to the passing of the Copyright Amendment Act of 1988, innovators of technology and, in particular, of utilitarian articles must performe look elsewhere for protection of the fruits of their endeavours. In relation to such items, copyright has for all practical purposes ceased to be a force to be reckoned with. The limited protection that the law of copyright continues to offer is of very little value in the struggle against copying or reverse-engineering of industrial products manufactured and sold for utilitarian purposes.

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9 An example of the dilemma is a modern replica of an early gun that has ornamental value and could be hung on a wall.

10 See The Law of South Africa (ed W A Joubert) VIII Designs by T D Burrell (1979) s 83 and AMP Inc v Utilux (Pty) Ltd [1972] RPC 103 (HL). In the American Copyright Act of 1978 the term 'useful article' is defined in s 101 to mean 'an article having an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information'.

(1990) 19 Businessman's Law 162