Copyright infringement as a criminal offence

O H Dean, attorney, Pretoria

Introduction

The Copyright Act 98 of 1978, as amended, provides that copyright infringement can in certain circumstances constitute criminal offences over and above civil law liability to the copyright holder. The penalties imposed in the Copyright Act for the commission of a criminal act of copyright infringement are very severe and are comparable to penalties which the law provides for offences such as rape, culpable homicide and armed robbery. In some circles it is considered to be anachronistic that the infringement of intellectual property rights, the protection of which is viewed as being very much a matter of civil law, should be a matter for the concern of criminal law.

Copyright is unique in being subject to protection by criminal law.

As an intellectual property right, copyright is unique in being subject to protection by criminal law. The other forms of intellectual property recognized by the law, namely patents, designs, trade marks, unlawful competition and passing-off do not enjoy any such protection, although some measure of indirect protection is afforded to a registered trade mark under the Merchandise Marks Act, 1947 and some aspects of passing-off share common ground with certain offences provided for in the Merchandise Marks Act, 1947 and the Trade Practices Act, 1976. It has been questioned whether there is any basis for copyright infringement to constitute a criminal offence while the infringement, for instance, of a registered patent or a registered design (which are closely akin to copyright) is not subject to any criminal law sanctions.

Origins of criminal copyright infringement

The origin of criminal sanctions for copyright infringement is obscure. South African copyright legislation is derived from, and is closely based on, British copyright legislation. Criminal sanctions for copyright infringement first appeared in British legislation in 1902 when infringement of the copyright in musical works became a criminal offence.[1] Criminal sanctions for copyright infringement were not extended to other types of works eligible for copyright until the passing of the 1911 British Copyright Act, the so-called "Imperial Copyright Act". The British textbook writers are silent on the question of why first the infringement of the copyright in musical works and later the infringement of the copyright in other types of works were made subject to criminal sanctions.[2]
The Imperial Copyright Act was incorporated holus bolus into the South African Patents, Designs, Trade Marks and Copyright Act, 1916 as the third schedule to that Act. The 1916 Act provided that the Imperial Copyright Act, subject to minor modifications, would apply in South Africa. According-

O H Dean *BA LLB (Stell)*

ly, the criminal provisions of the Imperial Copyright Act were incorporated into South African law apparently without question. Prior to the 1916 Act, each of the provinces or former republics or colonies which made up the Union of South Africa, with the exception of the Orange Free State, had adopted its own copyright legislation and none of these enactments had made any provision for copyright infringement to be subject to criminal sanctions.

The 1916 Act was repealed by the Copyright Act, 1965. The 1965 Act too provided criminal sanctions for copyright infringement. The 1965 Act in turn was repealed by the current 1978 Copyright Act, which has perpetuated criminal sanctions for copyright infringement. A significant amendment to the criminal provisions of the 1978 Act was brought about by the Copyright Amendment Act, 1984 and the criminal law provisions of our law of copyright are currently regulated by the 1978 Act as amended by the 1984 Act. Unless otherwise indicated, references to the Copyright Act are references to the 1978 Act as amended in 1984.

Offences and penalties

The criminal provisions of the Copyright Act are embodied in s 27. Not all acts of civil law copyright infringement constitute criminal copyright infringement. On the other hand, all acts of criminal copyright infringement also constitute civil law copyright infringement.

Criminal copyright infringement also constitutes civil law copyright infringement.

The following acts are criminal offences when, in the case of all types of work, a person commits those acts in respect of articles which he knows to be infringing copies of a work (that is, articles the making of which constitute an infringement of copyright or, in the case of imported articles, would have constituted an infringement of copyright if they had hypothetically been made in South Africa by the person who actually made them in the place of manufacture),[3] or in the case where such works consist of cinematograph films registered under the Registration of Copyright in Cinematograph Films Act 62 of 1977, commits them in respect of articles which are reproductions or adaptations of a cinematograph film:

1 Makes for sale or hire.
2 Sells or lets for hire or by way of trade offers or exposes for sale or hire.
3 Exhibits in public by way of trade.
4 Imports into the Republic otherwise than for the private domestic use of the importer.
5 Distributes for purposes of trade.
6 Distributes for any other purpose to such an extent that the owner of the copyright is prejudicially affected.[4]

A person convicted of any of the aforegoing offences is liable, 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, for each article to which the offence relates and in the case of a second or further conviction, to a fine not exceeding R10 000 or to imprisonment for a period not exceeding five years, or to both, for each article to which the offence relates. In both instances the total fine or the total period of imprisonment which can be imposed cannot exceed R50 000 or ten years in respect of articles involved in the same transaction (s 27(6)). Where any of these offences are committed in respect of the copyright in a cinematograph film the court may in its discretion, in addition to these penalties, prohibit the person who has been convicted, for such period as is determined by the court, from carrying on, or having any direct or indirect financial interest in, or deriving any direct or indirect financial benefit from, any business which sells, lets, offers, exposes or distributes reproductions or adaptations of cinematograph films. A person who contravenes this prohibition is guilty of an offence and a fine not exceeding R10 000, or a term of imprisonment not exceeding five years, may be imposed (s 27(8)).

In addition, the following acts also constitute criminal copyright infringement:

1 Making or having in one's possession a plate (that is, a mould, negative and the like) knowing that it is to be used for making infringing copies of a work (s 27(2)).
2 Causing a literary or musical work to be performed in public knowing that copyright subsists in the work and that the performance in question constitutes an infringement of the copyright (s 27(3)).
3 Causing a sound or television broadcast to be rebroadcast or transmitted in a diffusion service knowing that copyright subsists in the broadcast and that such rebroadcast or transmission constitutes an infringement of the copyright (s 27(4)).
4 Causing programme-carrying signals (that is, satellite transmissions) to be distributed by a distributor for whom they were not intended in the knowledge that copyright subsists in the signals in question and that such distribution constitutes an infringement of copyright (s 27(5)).

Any person convicted of any of the aforegoing offences is liable, in the case of a first conviction, to a fine not exceeding R1 000 and in any second or further conviction, to a fine not exceeding R1 000 or to imprisonment for a period not exceeding one year (s 27(7)).

Mens rea

An interesting question which arises is whether *mens rea* is required for the offences described above and if so, what form it takes. In general one might expect *mens rea* in the form of *dolus* to be required before any of the acts in question can constitute criminal offences. However, further analysis suggests that this might not be the case.

The first batch of offences described above (that is, those set out in paras **1**-**6** and embodied in s 27(1) of the Copyright Act) are described in substantially identical terms to the so-called "indirect" or "secondary" acts of civil copyright infringement set out

in s 23(2) of the Copyright Act. In both ss 23(2) and 27(1) the infringer is required to *know* that he is dealing with an infringing copy (that is, a copy the making of which he knows to be an act of infringement) of the work in question. The nature of this "knowledge" was examined for purposes of civil infringement in the case of *Gramophone Company Limited v Music Machine (Pty) Limited and others* 1973 3 SA 188 (W) and it was held that the possession of knowledge is an objective test. Moll J adopted the following formulation of the test (207):

> "[N]otice of facts such as would suggest to a reasonable man that a breach of copyright law was being committed."

This test has been approved and adopted in a number of subsequent civil cases, for example, *Paramount Pictures Corporation v Video Parktown North (Pty) Ltd* 1983 2 SA 251 (T). In view of the substantial similarity in the wording between ss 23(2) and 27(1), applying the normal principles of the interpretation of statutes it is submitted that the term "knowledge" must be given the interpretation formulated by Moll J in the *Gramophone* case, in s 27(1) as well as in s 23(2) of the Copyright Act. On this premise it is submitted that the form of *mens rea* required by s 27(1) of the Copyright Act is *culpa* and not *dolus*.

If the concept of "knowledge" indicates *culpa* in s 27(1) of the Copyright Act, then it would seem to follow that the same principle applies to the other offences described above (that is, in paras **1**-**4**) and that *culpa* is sufficient *mens rea* in respect of those those offences as well.

Criminal offences in respect of cinematograph films registered under the Registration of Copyright in Cinematograph Films Act stand apart. In the case of these works, it is not required that the infringer must deal with infringing copies of the works nor that he should have any specific knowledge. The offence is committed by performing one of the prohibited acts without the authority of the copyright owner in relation to articles which are simply reproductions or adaptations of the cinematograph film. The offences in relation to a registered cinematograph film must be contrasted with the offences in relation to all other types of works. In respect of the latter category the section specifically requires that the infringer must have so-called "guilty knowledge" (in the form of *culpa* as contended above). In sharp contrast no knowledge of any kind is specified in the case of offences in respect of registered cinematograph films. It is submitted that it can be deduced from this that the legislature intended that the prohibition in the case of offences in respect of registered cinematograph films should be absolute. This point must be viewed in conjunction with the fact that s 26(9) of the Copyright Act provides that where a cinematograph film is registered under the Registration of Copyright in Cinematograph Films Act

> "it shall be presumed that every party to those proceedings had knowledge of the particulars entered in the register of copyright mentioned in s 15 of the said Act ...".

The relevant provision applies to both civil and criminal proceedings. This presumption is irrebuttable and it, therefore, provides in effect for constructive knowledge of the subsistence of copyright in a cinematograph film in South Africa and of the ownership of such copyright.

Case law

There is a paucity of authority dealing with the question of criminal copyright infringement in South African law. In recent times most criminal prosecutions for copyright infringement have been concerned with trading in so-called "pirate copies" (that is, infringing copies) of cinematograph films or sound recordings. There have, however, been isolated instances of prosecutions being brought for the infringement of copyright in computer software and in technical drawings. On the whole in most cases the State has accepted admissions of guilt and the fines paid or penalties imposed after convictions have been relatively trivial amounts. The only two reported cases, namely *Worldwide Film Distributors (Pty) Ltd v Divisional Commissioner, South African Police, Cape Town and others* 1971 4 SA 312 (C) and *Cine Films (Pty) Ltd and others v Commissioner of Police and others* 1971 4 SA 574 (W), 1972 2 SA 254 (A) deal with the question of "infringing copies" of works. These cases make the point that the State must adduce satisfactory evidence that the alleged offence relates to copies of the work made without the authority of the copyright holder. These cases shed no light on the ratio for providing criminal sanctions for copyright infringement or on the approach and policy to be adopted when imposing penalties for criminal copyright infringement. However, a recent prosecution and conviction in the regional court for the regional division of southern Transvaal held at Klerksdorp on 20 July 1987, has given some useful insight into these issues. The case in question is *S v Sibiya and another* (case SH334/87). The case is unreported but the transcription of the reasons for sentence given by the magistrate, Mr L Vertue, is available. I will deal below in some detail with this case as it is instructive.

S v Sibiya

The accused in this case, Michael Sibiya, an eighteen-year-old male, was charged with making unauthorized copies of approximately one hundred sound recordings and selling them without the authority of the copyright owner. He pleaded guilty to this charge and admitted that he made and sold the infringing copies in order to make a profit. The court imposed a fine of R10 000 or alternatively imprisonment for ten years; R9 000 and nine years were suspended for five years. The accused had no previous convictions and the magistrate took account of this fact and the fact that he was youthful and had no fixed employment.

In his reasons for sentence the magistrate made the point that the accused knew that copyright existed in the sound recordings in question but

despite this he had made copies of the sound recordings in order to generate profit for himself. He said that the court viewed this conduct in a serious light and that he did not think that it was fully appreciated what damage this sort of practice can cause to an entire industry. The magistrate drew the analogy between the offence committed and the theft of someone's salary. He said:

> "Making a recording and then selling it is tantamount to taking someone else's pay. You might just have a person to work for a month and at the end of the month instead of him getting his pay you just take his pay away from him."

Pursuing this line of thought, the magistrate went on to say:

> "These artists and these particular companies make their profits from the selling of these cassettes. For every single original one that is sold he gets his share. And these so-called pirate recordings have the effect of some middle man who had nothing to do with making the particular record, who had no effort, who had put no effort into it, now comes and makes a profit. He steals the profit from the other person. It is really not far from stealing. I think many people get the impression that the person making a record or a cassette just goes to a record company makes a record and gets a lot of money for it. Nobody stops to think where the money is coming from, how he makes a living."

... the analogy between the offence committed and the theft of someone's salary.

Because the magistrate likened the copyright infringement to theft he felt that it must be viewed in a serious light. He went on to say:

> "It is also true that this particular type of practice has reached some serious proportions in this country. That is one of the reasons why there are such heavy penalties."

The magistrate pointed out to the accused that in terms of the Copyright Act he could, if he felt disposed to impose the maximum sentence on him on the strength of the charge brought against him, theoretically have imposed a fine of a million rand and of the order of six hundred years in prison. He considered, however, that he should not impose the maximum sentence but he felt that because the accused was making a living out of copyright infringement he should impose a severe sentence. He felt that it was necessary to create a deterrent and in this regard he said:

> "There should be a deterrent element in my sentence as well. The aim of the court should be not only to withhold the accused from doing the same thing again in the future but to a certain degree one must also indicate to other potential offenders the seriousness of this particular type of offence and the aim of the court to a certain degree should be, therefore, to deter others as well."

In imposing the penalties referred to above the magistrate expressed the view that he felt that he was being lenient on the accused.

The magistrate could theoretically have imposed a fine of a million rand and six hundred years in prison.

In regard to the knowledge on the part of the accused the magistrate said:

> "It is also the situation where the law requires from a person that before embarking upon a certain business, like this particular one you are in, one should acquaint himself with the laws regarding that. Now the accused apparently was acquainted with that but I think one should also study the implications."

Copyright theft

It is interesting to note that the magistrate saw in the *Sibiya* case copyright infringement as analogous to theft and regarded it as "theft" of incorporeal property or more particularly the fruits of intellectual property. It is submitted that his approach is both logical and appealing. Indeed, in Britain it has long been felt by copyright owners that the term "piracy" as applied to wholesale infringement of the copyright in cinematograph films and sound recordings is an inappropriate term as it has a connotation of flamboyance and romanticism; instead the substitute term "copyright theft" has been coined and is in common use. The magistrate's approach to the question is in conformity with this view. Infringement of copyright, like theft, amounts to the misappropriation of another's property or assets with a view to making them one's own.

Theft of incorporeal property

Slomowitz AJ in the case of *Video Parktown North v Paramount Pictures Corporation* 1986 2 SA 623 (T) described the nature of copyright thus:

> "It seems to me that when he who harbours an idea, by dint of his imagination, skill or labour, or some or all of them, brings it into being in tactile, visible or audible form, capable thereby of being communicated to others as a meaningful conception or apprehension of his mind, a right of property in that idea immediately comes into existence. The proprietary interest in that object of knowledge is the ownership of it and is called 'copyright'. It might just as well be called 'ownership', but we have chosen to call it by another name, reserving 'ownership' as the appellation for the proprietary interest in corporeal things, by way of semantic, but not, as I see it, legal, distinction. In this sense, copyright has sometimes been called 'intellectual property', as it indeed is."

It is submitted that it is not far-fetched to apply the principles of theft to property of the nature de-

scribed in the aforegoing quotation. In the same way that an organized society should strive to prevent theft of corporeal articles, so should it seek to prevent the misappropriation of incorporeal property. The fact that the owner of corporeal property can vindicate his property where he finds it in the hands of a third person, does not remove the necessity for society to make theft a criminal offence. By the same token the granting of civil law remedies to a copyright owner to repair the damage which he suffers as a result of copyright infringement does not remove the responsibility of the State to provide its own sanctions against the theft of incorporeal property.

"Piracy" is an inappropriate term as it has a connotation of flamboyance and romanticism.

Copyright is the means by which creative people are able to derive remuneration from the fruits of their endeavours and by which an incentive is provided to stimulate intellectual creativity. A work of great merit would be virtually valueless without the ability to control the exploitation thereof which copyright provides. Copyright in such a work is a commercial asset of substantial value. One thinks for instance of the value in monetary terms of a novel by an author such as Frederick Forsythe or a musical composition by Andrew Lloyd Webber. Assets such as these merit comprehensive protection by the law, including the criminal law, in the same way as for example valuable items of jewellery merit and enjoy such protection.

Comparison between copyright and other intellectual property

I commenced this article by drawing attention to the fact that our law provides criminal sanctions for copyright infringement but does not in general provide criminal sanctions for infringement of other intellectual property rights such as patents, trade marks and designs. In my submission this is not a ground for arguing that copyright infringement should not be subject to criminal sanctions, but rather that infringement of the other forms of intellectual property rights should perhaps also be subject to criminal sanctions. The same basic principles and policy considerations apply to them as apply to copyright infringement.

There are, however, some basic differences between copyright and the other forms of intellectual property which may serve to explain this difference in approach. Perhaps the most important of these is that copyright subsists automatically provided certain conditions are satisfied, but no formalities such as registration need be met, while on the other hand patents, trade marks and designs only come into existence pursuant to registration. By virtue of the fact that a patent, design or trade mark is registered and adducing proof of the subsistence of the right in question is relatively simple, they are in principle easier to enforce than copyright. Perhaps this factor has played some role in causing the legislature to adopt a different approach to copyright on the one hand and the other forms of intellectual property on the other hand with regard to the question of criminal sanctions. It is respectfully submitted that this is not a sufficient basis for drawing such a distinction.

In my view the grounds for adopting a different approach on the question of criminal sanctions in the case of copyright on the one hand and the other forms of intellectual property rights on the other hand probably lie in the nature of international conventions which are the font of the two respective classes of rights. Patents, designs and trade marks are governed internationally by the Paris Convention for the Protection of Industrial Property, 1883, as revised, while copyright is governed internationally by the Berne Convention of 1886, as revised (South Africa has subscribed to the Brussels text of the convention dating from 1948). The Paris convention requires member countries to grant reciprocal protection to each other's patents, trade marks and designs on the basis of so-called "national treatment", that is, a foreign item of property must be protected in each member country in the same way as that country protects its native items of property. The convention deals mainly with procedural and formal requirements but does not lay down minimum standards of protection which the member countries are obliged to grant. By contrast, the Berne convention provides for reciprocal protection of member countries' works and for national treatment but in addition also lays down comprehensive minimum standards of protection which member countries must grant to both native and foreign works under their laws.

The term "copyright theft" has been coined and is in common use.

The difference in approach of these two conventions means that in essence South Africa is obliged to guarantee to subjects of other Berne convention member countries the prescribed minimum standards of copyright protection but has no such obligation towards subjects of other Paris convention member countries in regard to their patents, etcetera. It is submitted that in order to ensure that it adequately discharges its obligations under the Berne convention, the South African legislature, following the example of the British legislature and virtually all Berne convention member countries, has provided for criminal sanctions as well as for civil rights of action pursuant to infringements of copyright. Because under the Paris convention South Africa and the other member countries are not obliged to provide or guarantee minimum standards of protection, the South African legislature, like virtually all other member countries of the Paris convention, has not found it necessary to provide for criminal sanctions for the infringement of patents, trade marks and designs.

Conclusion

In all the circumstances it is submitted that there is both practical and legal justification for the provision of criminal sanctions for copyright infringement and for treating infringement of copyright both from a legal and policy point of view as in essence a form of theft. The prevalence of copyright infringement and its harmfulness to copyright owners is sufficient justification for it being regarded as a serious matter and as suitable subject matter for criminal sanctions.

Footnotes

1 Laddie Prescott and Vitoria *The Modern Law of Copyright* 441.

2 Laddie op cit 441 et seq; *Copinger and Skone James on copyright* 12 ed; and Sterling and Carpenter *Copyright Law in the United Kingdom* 376 et seq.

3 S 1(1) of the Copyright Act definition of "infringing copy" and *Twentieth Century Fox Film Corporation and another v Anthony Black Films (Pty) Ltd* 1982 3 SA 582 (W).

4 S 27(1) of the Copyright Act. See *Worldwide Film Distributors (Pty) Ltd v Divisional Commissioner SA Police, Cape Town and others* 1971 4 SA 312 (C); and *Cine Films (Pty) Ltd and others v Commissioner of Police and others* 1972 2 SA 254 (A). □