

## European Intellectual Property Review

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### Case Comment

#### Universal City Studios v Network Video: recognition of Anton Piller orders in South Africa

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**Case:** Universal City Studios Inc v Network Video (Pty) Ltd 1986(2) S.A. 734 (A)

**\*E.I.P.R. 218** The Appellate Division of the Supreme Court of South Africa has recognised the availability under South African law of the procedural remedy which has become commonly known by the name of 'Anton Piller Order'. This has occurred in the recent case of *Universal City Studios, Inc. & Others v Network Video (Pty) Limited*.<sup>1</sup>

The Anton Piller Order, of course, derives its name from the British case of *Anton Piller KG v Manufacturing Processes Limited and Others*<sup>2</sup> and amounts to an order authorising the search for and seizure of evidence *pendente lite*, granted pursuant to an application brought *ex parte* and heard *in camera*.

#### Early Enthusiasm

South African legal practitioners followed the example of their British counterparts and commenced seeking and obtaining Anton Piller Orders in intellectual property cases in the late 1970's. This was mainly done in the early stages in copyright infringement and trade mark infringement cases. The first reported judgement was in the case of *Roma Watch Company SA and Others v African Textile Distributors*,<sup>3</sup> a trade mark infringement and passing-off case. The South African variety of the Anton Piller Order closely resembled its British counterpart and was sought in an urgent *ex parte* application and heard *in camera*; the standard search and seizure orders were included but, in addition, the order usually incorporated a temporary interdict restraining the wrongdoer from continuing the unlawful conduct, which temporary interdict was made subject to a so-called 'rule nisi' calling on the wrongdoer to show cause within a stated period why the temporary interdict should not be made final.

As the Order developed in practice, embellishments such as orders requiring the wrongdoer to disclose the source from which he obtained the offending goods were added to it. The standard practice in the South African version of the Anton Piller Order was to have the order entitle a representative of the applicant, together with his attorney and a court official, the Deputy Sheriff, to carry out the inspection of the wrongdoer's premises, and to have all material considered to be relevant taken into the custody of the Deputy Sheriff and to be held by him pending the outcome of the proceedings.

#### Judicial Backlash

The Anton Piller Order became very popular and a large number of such orders were granted in the late 1970's and the early 1980's, particularly in the Transvaal. As time went by, applicants became more and more extravagant in the scope of the orders requested and more and more cavalier in the execution of the orders. In certain instances, it would appear as though the procedure was abused, and those perceived as wrongdoers were subjected to unfair treatment and occasioned undue prejudice. A reaction set in against Anton Piller Orders and matters came to a head in the case of *Economic Data Processing Limited v Pentreath*.<sup>4</sup> In that case, Coetzee, J. castigated the remedy and the way in which it was sought, granted and executed in practice in South Africa. He reached the conclusion that there was no justification or basis for the procedure in South African common law or in the Supreme Court Rules, and that the Supreme Court did not have the inherent power or jurisdiction to create such a remedy.

This position was subsequently tempered somewhat by the Full Bench of the Transvaal Provincial

Division of the Supreme Court, a court of appeal, in the case of *Cerebos Food Corporation Limited v Diverse Foods SA (Pty) Limited and Another*.<sup>5</sup> In this case, the court held that an applicant who had a proprietary or similar interest in goods in the possession of another party and wished to lay claim to such goods could, in circumstances where the facts justified a conclusion that the possessor of the goods was likely to destroy them or otherwise dispose of them, approach the court for, and be granted, an order authorising the Deputy Sheriff to search for, and take possession of, the articles in question pending the finalisation of litigation in respect of that article. This order, while having some of the elements of an Anton Piller Order, was a substantially diluted version of that order. The court expressly stated that the applicant was not entitled to an order authorising the seizure of material which had purely evidential value, as the granting of such an order was beyond the power of the Supreme Court.

The court proceeded from the standpoint that it did not have inherent power to grant a procedural remedy in circumstances where the applicant could not show a substantive claim to the material sought to be attached.

The *Economic Data* and *Cerebos* cases, together with the further case of *Trade Fares and Promotion (Pty) Limited v Thompson and Another*,<sup>6</sup> a further judgment of Coetzee, J., in which some criticism is expressed of the judgment in the *Cerebos* case, effectively put an end to the granting of Anton Piller Orders in South Africa and, in fact, were commonly interpreted by commentators to mark the demise of the Anton Piller Order in South African law.

### The Present Case

In the meantime, however, the major American film producing companies had sought and obtained a wide-ranging Anton Piller Order in the Cape Provincial Division of the Supreme Court. The case in question, *Universal City Studios, Inc. and Others v Network Video (Pty) Limited* (unreported in the court of first instance), was a **\*E.I.P.R. 219** copyright infringement case and dealt with video piracy. The Anton Piller Order which was granted authorised the search for and seizure of infringing copies of the applicants' films (including those of their films which had not been identified in the papers and in respect of which copyright had not yet been proved) found in the possession of the respondent, as well as evidence relating to trading in all such films. The order in question did not, however, include the customary temporary interdict and was thus not made subject to the customary 'rule nisi'. The order was executed and proceedings were commenced against the respondent on the basis of the material found and taken into the possession of the Deputy Sheriff. The respondent, however, appealed to the Full Bench of the Cape Provincial Division, the court of first appeal, against the granting of the Anton Piller Order, mainly on the basis that the order was incorrectly granted in that it had not been subject to a rule nisi. The Full Bench of the Cape Provincial Division of the Supreme Court upheld the appeal on the ground that the order, not being subject to a rule nisi, had indeed been wrongly granted. This decision was reported in the case of *Network Video (Pty) Limited v Universal City Studios, Inc. and Others*.<sup>7</sup> In its judgment, the Full Bench of the Cape Provincial Division did not, however, appear to object to the principle of the granting of an Anton Piller Order.

Although the action which the film companies had instituted against Network Video (Pty) Limited had in the meantime been settled, the film companies, motivated by a desire to entrench the Anton Piller Order in South African law, appealed to the Appellate Division of the Supreme Court against the decision of the Full Bench of the Cape Provincial Division of the Supreme Court. The appeal was not opposed by the respondent and the only ostensible issue in contention between the parties in the appeal was the liability for the costs of the Anton Piller proceedings.

### The Appellate Division Upholds Anton Piller Orders

In the decision of the Appellate Division in the *Universal* case, a unanimous decision of the five-judge court, Corbett, J.A. granted full recognition to the Anton Piller Order in its original form as conceived in Britain. Corbett, J.A. stated that an applicant is entitled to approach the court on an urgent basis *ex parte*, and at a hearing in camera request the court to authorise the Deputy Sheriff to enter upon the premises of the respondent to search for and take into custody infringing articles and material which constitute evidence of infringement, provided the applicant can show a prima facie cause of action to which the material sought to be attached is relevant and can show a likelihood that the respondent will destroy or otherwise dispose of the material and thus frustrate the claim of the applicant if he becomes aware of proceedings being instituted against him.

Corbett, J.A. stated unambiguously that the Supreme Court 'possesses an inherent reservoir of power to regulate procedures in the interests of the proper administration of justice' and that it can, in circumstances which justify it doing so, grant procedural remedies which do not exist in the common law and which are not provided for in the Supreme Court Rules. He said that in circumstances where it is likely that a respondent will destroy evidence if he obtains notice of proceedings which are about to be instituted against him, the Court could assume to itself the power to grant an order authorising the attachment of evidence in order to preserve it. He expressed the view that 'it would certainly expose a grave defect in our system of justice if it were to be found that in circumstances such as these the Court were powerless to act'. Corbett, J.A. has thus made it clear that the courts in the *Economic Data*, *Cerebos* and *Trade Fares* cases were wrong or too conservative in stating that the Supreme Court has no power to order the attachment of evidence in order to preserve it.

### **But Refuses to Countenance Fishing Expeditions**

The Appellate Division was not, however, prepared to go as far as countenancing an order authorising the Deputy Sheriff to search for and attach evidence in order to found a cause or causes of action. The Court thus drew a distinction between evidence relating to a cause of action which has prima facie been proved in the application, on the one hand, and evidence relating to a cause or causes of action which were not set out and prima facie established in the application. To the extent that the order granted by the court of first instance in the *Universal* case went further than authorising the search for, and attachment of, infringing articles or evidence relating to causes of action which had prima facie been established, the Appellate Division disapproved of the original order. On the basis that the appellants had urged upon the Court the concession that their appeal would not be substantially successful unless they could show that they ought to be entitled to an order authorising the Deputy Sheriff to attach evidence in order to found a cause or causes of action (a concession which was calculated to make it necessary for the Appellate Division to determine the outer limits of the permissible scope of the Anton Piller Order), the Court held that the appeal was unsuccessful and should be dismissed with costs.

### **Conclusion**

In precipitating a situation where the Appellate Division of the Supreme Court was required to pronounce upon the acceptability of the Anton Piller Order in South African law and practice, and in indirectly being responsible for the formal recognition of the Anton Piller Order in South African law, the major American film producers have done not only themselves but also the owners of all intellectual property a substantial service. As the Appellate Division of the Supreme Court has recognised, the circumstances and facts of modern business methods and practices are such that the rights of intellectual property owners cannot always prevail unless extraordinary remedies designed to overcome the devious methods of some pirates of intellectual property are placed at their disposal. The Anton Piller Order is an extraordinary remedy of this nature.

E.I.P.R. 1986, 8(7), 218-219

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1. 1986 (2) SA 734 (A).
  2. [1976] 1 AllER 779.
  3. 1980 (2) SA 254 (W).
  4. 1984 (2) SA 605 (W).
  5. 1984 (4) SA 149 (T).
  6. 1984 (4) SA 177 (W).
  7. 1984 (4) SA 379 (C).

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