

ACCOUNT OF PROFITS IN SOUTH AFRICAN COPYRIGHT LAW

INTRODUCTION

The South African courts have in recent times had to consider the question of the remedy known as an 'account of profits' in South African law on three occasions: in the cases *Paramount Pictures Corporation v Video Parktown North (Pty) Ltd*¹ and in the subsequent appeal to the full bench of the Transvaal Provincial Division of the Supreme Court in *Video Parktown North (Pty) Ltd v Paramount Pictures Corporation*,² and in *Montres Rolex SA v Kleynhans*.³ With all due respect, I shall seek to demonstrate that the conclusions reached in these cases are incorrect in so far as our law of copyright is concerned.

In *Paramount Pictures Corporation v Video Parktown North (Pty) Ltd* and *Montres Rolex SA v Kleynhans* the court reached the conclusion that in our copyright law an account of profits is no more than a procedural remedy that can be used by a plaintiff in action proceedings (and not in motion proceedings) to assess and compute the amount of damages he has suffered, while in *Video Parktown North (Pty) Ltd v Paramount Pictures Corporation* the full bench of the Transvaal Provincial Division decided that, although the remedy is a substantive remedy and not a procedural one, as had been held by the court a quo, and that it had been part of our law of copyright as regulated by the Copyright Act 1965,⁴ it had been removed from our law of copyright in the Copyright Act 1978.⁵

In order to understand fully the position of an account of profits in South African copyright law, it is necessary to trace the history of this remedy in both English and South African copyright law, commencing with the English common law.

ACCOUNT OF PROFITS IN ENGLISH COMMON LAW

The origins of the remedy in the English common law are conveniently and comprehensively set out in the *Montres Rolex* case.⁶ Seligson AJ⁷ stated that historically the remedy is a development of the Court of Chancery in the exercise of its equity jurisdiction; in

¹ 1983 (2) SA 251 (T).

² Case no A.785/83—hitherto unreported. [It is anticipated that the case will be reported in the South African Law Reports by February 1986 at the earliest—Editor.]

³ 1985 (1) SA 55 (C).

⁴ Act 63 of 1965.

⁵ Act 98 of 1978.

⁶ *Montres Rolex SA v Kleynhans* supra note 3.

⁷ At 60F–G.

modern English law a distinction is drawn between damages, which constitute the relief claimable 'at law', and an account of profits, which is the remedy 'in equity'. Seligson AJ quoted with approval the following from the latest edition of *Halsbury's Laws of England*:⁸

'The principle underlying relief at law is that the plaintiff has suffered loss by the defendant's breach of contract or wrongful conduct, and damages are awarded for the purpose of making good this loss. The principle underlying relief in equity is that the defendant has improperly received or withheld property, or profits from property (such property or profits belonging to the plaintiff) and he is required to restore the property or to account for the profits. Thus at law the extent of the remedy is measured by the loss to the plaintiff, which is covered by the damages awarded; in equity the extent of the remedy is measured by the gain to the defendant, which is ascertained by directing an account against him. These two measures may have quite different results. . . . So a breach of trust does not give a remedy in damages, but a remedy by making the trustee restore the property with which he is chargeable, and account for profits which he has made, or which he is to be taken to have made. An agent is accountable in equity to his principal for secret profits which he has made.'

Seligson AJ went on to say that the remedy of an account of profits in English law is not compensatory in nature but is designed to make the wrongdoer disgorge the profits he has made in breach of the plaintiff's rights. According to Laddie, Prescott & Vitoria,⁹ it is within the court's discretion whether or not to order an account of profits, and if such an award is made the plaintiff is entitled to payment of the net profits made by the infringer.¹⁰

The remedy of an account of profits, which is commonly referred to as 'accounts', must be distinguished from two further English common-law remedies, namely, 'detention' ('detinue') and 'conversion'. Laddie, Prescott & Vitoria state that conversion and detinue were actions in which a person having a possessory title to personal property complained of the disturbance of that right of possession.¹¹ The authors state further that in an action for detinue it was necessary for a plaintiff to show that the defendant was wrongly in possession of the goods which were the subject of the action, because he was accused of wrongfully 'detaining' them; the relief sought by an action of detinue was an order for the return of the goods and damages for the period of wrongful detention.¹²

Laddie, Prescott & Vitoria describe the remedy of conversion as follows:

'Conversion occurs where any person intentionally does any act which deprives another of the use and possession of the latter's personal property and which is inconsistent with the latter's title to that property.'¹³

The remedies available to a plaintiff in an action for conversion were a claim to the value of the article converted at the date of

⁸ 4 ed XVI para 1297.

⁹ Hugh Laddie, P Prescott & M Vitoria *The Modern Law of Copyright* (1980).

¹⁰ Op cit note 9 para 12.28.

¹¹ Op cit note 9 para 12.30.

¹² Op cit note 9 para 12.31.

¹³ Op cit note 9 para 12.32.

conversion. With regard to the abovementioned value of the articles, Copinger & Skone James¹⁴ state:

'Where infringing copies are in fact sold by the defendant, the value is usually assessed by reference to the sale price, but allowing for the defendant all expenses which he proved to have been properly and necessarily incurred by him after the conversion in effecting the sale insofar as these expenses would not have been incurred but for the sale; such expenses might be the cost of binding and the cost of collection and delivery, and the expense of advertising and selling.'¹⁵

ACCOUNT OF PROFITS IN BRITISH COPYRIGHT LAW

The remedy of an account of profits or accounts was recognized in British copyright law in the Copyright Act of 1911.¹⁶ Section 6(1) of that Act read as follows:

'Where copyright in any work has been infringed, the owner of the copyright shall, except as otherwise provided by this Act, be entitled to all such remedies by way of injunction or interdict, damages, accounts, and otherwise, as are or may be conferred by law for the infringement of a right.'

The remedies of detention and conversion were similarly recognized in the British Copyright Act of 1911.¹⁷ Laddie, Prescott & Vitoria trace the origins of these remedies in British copyright law back to the Copyright Acts of 1709, 1814 and 1842.

In the British Copyright Act of 1956, which repealed the 1911 Act, recognition is once again granted to the remedy of accounts in s 17 and to the remedies of detention and conversion in s 18. Section 17(2) of the 1956 Copyright Act provides that conventional damages cannot be recovered from an infringer where he was not aware and had no reasonable grounds for suspecting that copyright subsisted in the work which is the subject-matter of the action, but that in these circumstances the plaintiff is entitled to an account of profits. An account of profits and damages cannot be obtained cumulatively, and must be claimed and included in the alternative.¹⁸ The remedies of conversion and detention, are, however, additional and not alternative to the ordinary remedy for damages.¹⁹ Laddie, Prescott & Vitoria state,²⁰ however, that if an account is sought and obtained, it is not possible to seek remedies for conversion as well.

ACCOUNT OF PROFITS IN SOUTH AFRICAN COMMON LAW

In the *Montres Rolex* case²¹ Seligson AJ went into the question whether the remedy of an account of profits exists under the common law. After a careful analysis of the origins of the remedy in English law and of various South African cases and textbooks dealing with

¹⁴ Copinger & Skone James on Copyright 12 ed (1980) by E P Skone James et al.

¹⁵ Op cit note 14 at para 650.

¹⁶ 1 & 2 Geo 5 c 46.

¹⁷ Section 7.

¹⁸ Laddie, Prescott & Vitoria op cit note 9 at para 11.28.

¹⁹ Laddie, Prescott & Vitoria op cit note 9 at para 12.41.

²⁰ Op cit note 9 at para 12.41n1.

²¹ Supra note 3.

the remedies available in cases for the infringement of intellectual-property rights, he came to the conclusion that the English-law remedy of an account of profits is not available to a plaintiff in trademark infringement proceedings in South Africa.²² I am in respectful agreement with this conclusion, which is true not only of trade-mark law but South African law generally.

The Appellate Division held in the case of *Morobane v Bateman*²³ that the English-law doctrine of conversion is not recognized in our common law.

It is thus clear that if the remedies of an account of profits, detention and conversion are to be available to a plaintiff in copyright infringement proceedings in South Africa, it can only be as a result of their having been incorporated into our law by way of statutory provisions.

THE PATENTS, DESIGNS, TRADE MARKS AND COPYRIGHT ACT 1916²⁴

Prior to 1916 the law of copyright was regulated in South Africa by so-called provincial Copyright Acts which were in operation in each of the four provinces at the creation of the Union of South Africa on 31 May 1910. These provincial Copyright Acts were repealed by the 1916 Act. Section 143 of the 1916 Act declared the Copyright Act of 1911 of the Imperial Parliament (the so-called British Copyright Act) to be in force in the Union of South Africa, subject to certain modifications and additions provided for in chapter 4 of the 1916 Act. The text of the British Copyright Act was annexed to the 1916 Act in the Third Schedule to that Act. As stated above, the 1911 British Copyright Act recognized and made provision for the remedies of an account of profits, detention and conversion.

It must be emphasized that the 1916 Act did not merely take over the wording of sections of the 1911 British Copyright Act, which sections made reference to the remedies of an account of profits, conversion and detention, but it actually declared the British Act containing these sections and embodying these principles to be in force in South Africa. It is submitted that there is an important distinction between the making of passing references to foreign remedies in our legislation, on the one hand, and, on the other hand, actually declaring British legislation dealing with certain remedies to be in force in South Africa.

In the case of *Braby v Donaldson*²⁵ the Appellate Division of the Supreme Court was required to determine the question whether the remedy of conversion was available to a copyright owner under the 1916 Act. In regard to the remedy of detention, Wessels JA said:

²² At 68H-I.

²³ 1918 AD 460 at 465.

²⁴ Act 9 of 1916.

²⁵ 1926 AD 337.

'As there has been a serious infringement, it is quite clear that, in accordance with s 7 of the English Copyright Act of 1911, which has been incorporated into our Union Act No 9 of 1916 by s 143, the respondent was entitled to demand that all the copies of the offending work still in possession of the appellant should be handed over to him.'²⁶

His lordship went on to say:

'By the English action for detinue, the injured party can, as if he were the owner, claim all copies of the offending work which are in the possession of the wrongdoer, and by the action of conversion he can claim the gross amount of money which the wrongdoer has received for such copies as he has converted to his own use and sold. He can claim the gross amount of the sales without any deduction "because the damages for conversion depend, not on the cost of production, but on the value of the thing which has been converted" (per Peterson J in *Birn Brothers Ltd v Keene & Co Ltd* [1918] 2 Ch 281 at 286).'²⁷

The court held that the English-law remedies of conversion and detention were part of our copyright law.

In his work *Copyright Law*,²⁸ Professor Copeling makes the comment in connection with *Braby v Donaldson* that the principle of conversion as accepted by Wessels JA did not quite coincide with the views expressed by British authorities as far as the method of computation of the damages is concerned. The British authorities hold the view that the value of infringing copies is usually assessed by reference to the sale price, but allowing the defendant all expenses which he proved to have been properly and necessarily incurred by him after the conversion in effecting the sale in so far as these expenses would not have been incurred but for the sale. Professor Copeling appears to be somewhat critical of the decision of the Appellate Division in *Braby v Donaldson* in regard to the question of the remedy of conversion, and comments, '[f]or it seems obvious that the mere reference in a statute to a remedy which happens to be English in origin cannot be construed as incorporating that remedy *holus bolus* into our law where previously none existed'.²⁹ However, as pointed out above, in my view Professor Copeling in giving voice to this comment fails to appreciate the difference between making reference to a foreign remedy in a South African statute and actually declaring a foreign statute incorporating a remedy to be in force in South Africa.

No mention is made in *Braby v Donaldson* of the remedy of an account of profits (although the plaintiff did seek and was granted 'an account of all sales of the offending work').³⁰ However, the rationale behind the decision in *Braby v Donaldson* in so far as it relates to conversion is that this doctrine was introduced into our copyright law as regulated by the 1916 Act, because it was contained in the 1911 British Copyright Act and that statute was declared to be in force in South Africa. This rationale applies equally to the remedy of an

²⁶ At 343.

²⁷ At 343-4.

²⁸ A J C Copeling *Copyright Law in South Africa* (1969) 154.

²⁹ Op cit note 28 at 153-4.

³⁰ Supra note 25.

account of profits. In the same way in which the 1916 Act (through declaring the 1911 British Copyright Act to be in force in South Africa) introduced the remedy of conversion into our law of copyright where no such remedy previously existed under the common law, so also, it is submitted, did that Act introduce the English-law remedy of an account of profits into our copyright law, as this remedy was provided for in s 6 of the 1911 British Copyright Act.

In short, it is submitted that *Braby v Donaldson* is authority not only for the principle that the 1916 Act introduced the English-law remedies of conversion and detention into South African copyright law but also for the principle that this Act introduced the English-law remedy of an account of profits into our law, as indeed it introduced all other principles of British copyright law embodied in the 1911 British Copyright Act into our law.

THE COPYRIGHT ACT 1965³¹

The Copyright Act 1965 repealed ss 141 to 160 of the 1916 Act (that is, chapter 4 of that Act, which dealt with copyright). In so doing, the Copyright Act 1965 also repealed the 1911 British Copyright Act in so far as its operation in South Africa was concerned.

The Copyright Act 1965 was based very closely on the 1956 British Copyright Act (which repealed the 1911 British Act in that country). Large portions of the 1956 British Copyright Act were repeated verbatim in the Copyright Act 1965. However, unlike the 1916 Act, which actually declared the 1911 British Act to be in force in South Africa, the 1965 Act for the major part simply adopted the language of the 1956 British Copyright Act, and was an independent piece of legislation.

Section 18(1) of the Copyright Act 1965 read as follows:

'Subject to the provisions of this Act, infringements of copyright shall be actionable at the suit of the owner of the copyright, and in any action for such an infringement all such relief by way of damages, interdict, accounts or otherwise shall be available to the plaintiff as is available in any corresponding proceedings in respect of infringements of other proprietary rights.'

This section was identical to s 17(1) of the 1956 British Copyright Act and was substantially the same as s 6(1) of the 1911 British Copyright Act. Accordingly, on the premiss that s 6 of the 1911 British Copyright Act (read together with s 143 of the 1916 South African Act) introduced the English-law remedy of an account of profits into our law, it is submitted that s 18(1) of the Copyright Act 1965 perpetuated this position. A further indication of the nature of the remedy of 'accounts' referred to in s 18(1) of the Copyright Act 1965 was given in s 18(2) of that Act, which provision was

³¹ Act 63 of 1965.

substantially identical to s 17(2) of the 1956 British Copyright Act and read as follows:

'Where in an action for infringement of copyright it is proved or admitted that an infringement was committed but that at the time of the infringement the defendant was not aware and had no reasonable grounds for suspecting that copyright subsisted in the work or other subject-matter to which the action relates, the plaintiff shall not be entitled under this section to any damages against the defendant in respect of the infringement but shall be entitled to an account of profits in respect of the infringement whether any other relief is granted under this section or not.'

It is clear from s 18(2) that an account of profits was available to a plaintiff in circumstances where an award of damages was not competent. It is consequently submitted that the remedy of an account of profits is separate and distinct from a claim of damages and has nothing to do with the computation of damages suffered by a plaintiff.

The use of the phrase 'or otherwise shall be available to the plaintiff as is available in any corresponding proceedings in respect of infringements of other proprietary rights' in s 18(1) of the Copyright Act 1965 is a little confusing, as there is no common-law remedy of accounts in South African law in respect of other forms of infringement of proprietary rights. The presence of this phrase in the section is attributable to the wording of the corresponding s 17(1) of the 1956 British Copyright Act. It is submitted that this phrase must be interpreted in the South African Act as qualifying the word 'otherwise' and not the other words that precede it (that is, damages, interdict, accounts), and thus as creating a further omnibus category of remedies additional to the remedies referred to specifically in the preceding wording.

Section 19 of the Copyright Act 1965, which repeated the wording of s 18(1) of the 1956 British Copyright Act verbatim, provided that 'the owner of any copyright shall be entitled to all such rights and remedies, in respect of the conversion or detention by any person of any infringing copy or of any plate used or intended to be used for making infringing copies, as he would be entitled to if he were the owner of every such copy or plate and had been the owner thereof since the time when it was made'. Accordingly, the introduction of the remedies of conversion and detention into South African law by the 1911 British Copyright Act read together with s 143 of the 1916 Act was also perpetuated in the Copyright Act 1965.

The comments of Professor Copeling in his book *Copyright Law*³² on s 18(1) of the Copyright Act 1965 are interesting, but, with all due respect, they sowed the first seeds of the confusion which was later to arise regarding the remedy of an account of profits in South African copyright law. He says the following:³³

'Now, there is some doubt whether the reference in section 18(1) to "relief by way of accounts" must be taken as incorporating into our law the English law

³² Op cit note 28.

³³ At 158.

remedy of an account of profits. At first blush it does not seem so. Our common law, it is submitted, knows of no remedy directly corresponding to that of an account of profits in English law. . . . This is not to say that claims for an account of profits are unknown in our law. On the contrary such claims are frequently made, but they imply no more than an enquiry into the profits which the defendant has made as a consequence of his breach of the plaintiff's right, which right may be either contractual or proprietary. They do not imply that the court will inevitably award such profits to the plaintiff.'

He then goes on to say:³⁴

'In short then, a claim for an account is, in our law, in the nature of a procedural remedy, designed merely to assist a plaintiff in proving his damages in cases where the extent of these damages is something peculiarly within the knowledge of the defendant. It is not a remedy entitling the plaintiff as of right to such profits as the defendant may be shown to have made.'

With all due respect, this view of the remedy of an account of profits referred to in s 18 of the Copyright Act 1965 does not take account of the historical development referred to above, and also cannot be reconciled with the provisions of subsec (2) of s 18, referred to above. It will be recalled that in that subsection it was provided that in a case of 'innocent' infringement a plaintiff could not claim damages from a defendant, but he could claim an account of profits. The provision clearly contemplates that a plaintiff can claim an account of profits from a defendant in a case of 'innocent' infringement. However, if an account of profits is simply a procedural remedy for assistance in the computation of damages, then what conceivable purpose would be served by claiming an account of profits in the case of an 'innocent' infringement where the damages disclosed by such accounting process could not be claimed from the defendant in any event? The author's view of the remedy makes s 18(2) an absurdity.

Further indications as to the meaning to be ascribed to the references to an account of profits in the Copyright Act 1965 were contained in subsecs (6) and (7) of s 20 of the Act. The first-mentioned of these subsections made provision for the court to apportion the proceeds of an account of profits between a copyright owner and an exclusive licensee, and the last-mentioned subsection provided that if an award of damages had already been made to an owner of copyright or an exclusive licensee in respect of an infringement, no account of profits could be awarded to the other party, and vice versa where an award of profits had already been made in respect of an infringement in other proceedings. It is submitted that these subsections are also entirely consistent with the view that the account of profits referred to in s 18(1) of the Copyright Act 1965 is the English-law remedy of an account of profits.

Copeling acknowledges the arguable nature of his previously expressed view that an account of profits under s 18(1) of the Copyright Act 1965 is a purely procedural remedy, and he comes to

³⁴ At 159.

the conclusion, after considering s 20(6) and (7), that it is probably, after all, envisaged in s 18(1) that an account of profits is the English-law remedy.³⁵

In the case of *Video Parktown North (Pty) Ltd v Paramount Pictures Corporation* (the full-bench appeal)³⁶ Slomowitz AJ concluded that an account of profits in terms of s 18(1) of the Copyright Act 1965 was the English-law remedy and not merely the procedural remedy envisaged by Copeling. But, with all due respect, his lordship confused the English-law remedy of an account of profits with the English-law remedies of conversion and detention. This decision will be discussed in greater detail below.

In *Kalamazoo Division (Pty) Ltd v Gay & others*³⁷ the following order was granted to an applicant copyright owner:

'B. (i) That an account be rendered duly supported by vouchers reflecting the gross amount of moneys which the respondents received for such infringing copies (being annexures B1, B2, B3, H1 and H2) as respondents have converted to their own use;

(ii) debatement thereof; and

(iii) payment of the amount found to be due to the applicant.'

Although this remedy is not specifically referred to as an account of profits, it is submitted that its essential nature is that of the English-law remedy of an account of profits.

THE COPYRIGHT ACT 1978³⁸

The Copyright Act 1978 repealed the Copyright Act 1965 and replaced it. The 1978 Act continued the trend of the legislature of moving away from the strict provisions of British copyright law. Unlike its predecessor, the Copyright Act 1978 is substantially different from the current British Copyright Act—the 1956 Copyright Act—and in significant respects charts an independent course into the field of copyright.

The most significant change brought about by the Copyright Act 1978 in regard to the subject under discussion was the removal of the remedies of conversion and detention. No reference is made whatsoever to these remedies in the Copyright Act 1978, and there is no counterpart to s 19 of the Copyright Act 1965 in the 1978 Act, save that the principle of the remedy of detention has been incorporated in s 24(1) of the 1978 Act, the equivalent to s 18(1) of the 1965 Act. Section 24(1) of the 1978 Act reads as follows:

'Subject to the provisions of this Act, infringements of copyright shall be actionable at the suit of the owner of the copyright, and in any action for such an infringement all such relief by way of damages, interdict, accounts, delivery of infringing copies or plates used or intended to be used for infringing copies or otherwise shall be available to the plaintiff as is available in any corresponding proceedings in respect of infringements of other proprietary rights.'

³⁵ At 159–60.

³⁶ *Supra* note 2.

³⁷ 1978 (2) SA 184 (C) at 192.

³⁸ Act 98 of 1978.

A comparison of the foregoing subsection with s 18(1) of the 1965 Act reveals that its wording is identical to the earlier provision save for the introduction of the words 'delivery of infringing copies or plates used or intended to be used for infringing copies'. This is the equivalent of the remedy of detention provided for in s 19(1) of the 1965 Act.³⁹

The Copyright Act 1978 contains no equivalent to s 20(6) and (7) of the Copyright Act 1965, but for the rest the provisions of the Copyright Act 1965 regarding an account of profits are reiterated in it, more particularly in subsecs (1) and (2) of s 24. The last-mentioned subsection repeats the wording of s 18(2) of the Copyright Act 1965 verbatim. Consequently, the 1978 Act also provides for an award of an account of profits against an 'innocent' infringer, whereas damages cannot be claimed from him.

It is submitted that, on the assumption that the 1911 British Copyright Act, read together with s 143 of the 1916 South African Act, introduced the English-law remedy of an account of profits into our law of copyright, and that this situation was perpetuated in the Copyright Act 1965 (as held by Slomowitz AJ in the *Paramount* case⁴⁰), s 24 of the Copyright Act 1978 perpetuates the English-law remedy under our current law of copyright. After all, s 24 of the 1978 Act is identical in all material respects in regard to an account of profits to s 18 of the 1965 Act. It is further submitted that the fact that all references to the remedies of conversion and detention have been omitted from the 1978 Act, which means that these remedies have been discarded from our copyright law, has no bearing on the separate and distinct remedy of an account of profits.

One of the objectives of the 1978 Act was to simplify our copyright law.⁴¹ It is open to doubt whether this objective has been achieved. However, a considerable amount of the detail (perhaps excessive) of the 1965 Act has been dispensed with, and the 1978 Act is much simpler in its format. This approach has led to the 1978 Act's containing no equivalents to s 20(6) and (7) of the 1965 Act. It was probably considered by the legislature that these provisions were of a common-sense nature and were taken care of by common-law principles in any event. It is submitted that the omission of this type of detail does not affect the essential nature of the remedy of an account of profits provided for in the 1978 Act, which remedy had already been part of our law for more than fifty years. Moreover, the provisions actually providing for the remedy in the 1978 Act, that is,

³⁹ It is interesting to note that s 19(1) of the Copyright Act 1965 provided that the copyright owner was deemed to be the owner of infringing copies and plates, and entitled him to require delivery-up of such articles on that basis. Section 24(1) of the Copyright Act 1978, while providing for delivery-up of such articles, does not actually deem the copyright owner to be the owner of such articles.

⁴⁰ *Supra* note 2.

⁴¹ See A J C Copeling *Copyright and the Act of 1978* (1978) viii.

s 24(1) and (2), are substantially identical to the equivalent provisions of the two predecessors of the 1978 Act.

INTERPRETATION OF THE COPYRIGHT ACT 1978

Shortly after the promulgation of the 1978 Act, Professor Copeling produced a new work on the South African law of copyright, *Copyright and the Act of 1978*.⁴² This work is basically a commentary on the 1978 Act, but it is essentially a new edition of Copeling's *Copyright Law*,⁴³ and it reproduces large portions of the earlier work. In the section of the new work dealing with the remedy of an account of profits, the author reproduces the commentary quoted above,⁴⁴ in which he expressed the view that the remedy of an account of profits under South African law was a purely procedural remedy which served as an adjunct to a claim of damages. However, he omits the latter portion of his commentary in the earlier work where he gave his alternative view as to the remedy of an account of profits—that it is the English-law remedy—and stated that on balance that view had to prevail over the procedural-remedy view; the explanation given is that '[i]n this regard it should be pointed out that the position may well have been different under the Copyright Act of 1965, where the presence of certain provisions—now deleted in the Act of 1978—suggested a contrary interpretation'.⁴⁵ The author is here unmistakably referring to s 20(6) and (7) of the 1965 Act.

I am in respectful disagreement with the author on this conclusion. As stated above, subsecs (6) and (7) of s 20 of the 1965 Act did not make provision for or create the remedy of an account of profits in the 1965 Act—the subsections simply dealt with a question of detail consequential to the existence of the English-law remedy. The remedy itself was provided for in subsecs (1) and (2) of s 18 of that Act, and subsecs (1) and (2) of s 24 of the 1978 Act are worded identically to these subsections in all material respects. In my submission the nature of the remedy cannot be changed in one Act as compared with another Act, where the wording of the sections providing for the remedy remain identical. Moreover, as was pointed out previously, s 24(2), which makes provision for an account of profits to be available to a plaintiff in a case of 'innocent' infringement, whereas a plaintiff cannot claim damages in that situation, is made a nonsense of by the interpretation of an account of profits as being a purely procedural remedy adjunct to a claim of damages. According to the standard rules of interpretation of statutes, in terms of which a meaning must be ascribed to every word, paragraph or section in an Act, s 24(2) cannot simply be ignored, and s 24(1) must be read in conjunction with it. On this

⁴² Op cit note 41.

⁴³ Op cit note 28.

⁴⁴ See note 34.

⁴⁵ Op cit note 41 at 62.

basis it is submitted that the only conclusion which can be reached is that the remedy of accounts provided for in s 24(1) is the English-law remedy and no other. If the remedy is to be the procedural remedy envisaged by Copeling, why would a plaintiff who is precluded from claiming damages from an 'innocent' infringer want to require that infringer to render an account of profits? Must the legislature be considered to have provided a plaintiff with a way of satisfying a morbid curiosity to ascertain what amount of damages he might have been able to obtain from a defendant if he had have been able to prove 'guilty knowledge' on the part of that defendant? With the greatest of respect, it is submitted not.

The nature of an account of profits under the 1978 Act was first considered in the case of *Paramount Pictures Corporation v Video Parktown North (Pty) Ltd.*⁴⁶ In that case McCreath J quoted the abovementioned views of Copeling in *Copyright and the Act of 1978*, and held in conformity with those views that the remedy is a purely procedural one adjunct to a claim of damages; accordingly, as the proceedings in question had been brought by way of application, he held that this remedy was not appropriate to motion proceedings and refused to grant it.⁴⁷ This decision was taken on appeal to the full bench of the Transvaal Provincial Division, and the applicant in the court a quo cross-appealed against the refusal of that court to grant an order for an account of profits. Slomowitz AJ, who delivered the unanimous decision of the full bench, disagreed with the views of McCreath J and of Copeling as cited by McCreath J (from *Copyright and the Act of 1978*), and held that the remedy of an account of profits under the 1965 Act was the English-law remedy. In reaching this conclusion he was, of course (perhaps unwittingly), agreeing with Copeling's views as expressed in his earlier work *Copyright Law*. Slomowitz AJ stated that if our law of copyright recognized the remedy of an account of profits, whether as a substantive or a procedural remedy, there was 'no reason in principle why, in a proper case where no dispute of fact exists, it should not be capable of being granted in a motion proceeding'.⁴⁸

Thus far I am, with due deference, in complete agreement with the views of Slomowitz AJ. However, his lordship, after discussing the difference between patrimonial damages suffered by a plaintiff and profits accruing to a defendant as a result of his unlawful conduct, took the matter further, as follows:

'As I see it, what the enactment contemplated was an accounting for and payment over of all receipts. It follows that I also do not agree that in order to obtain this relief, the plaintiff would have had to prove that the measure of the defendant's profit was in fact the measure of his, the plaintiff's, loss. It seems to me that the learned author has confused and run together the distinct concepts of an accounting, known to the law of England, for the wrongful conversion of

⁴⁶ 1983 (2) SA 251 (T).

⁴⁷ At 263.

⁴⁸ See at 27 of the typewritten judgment.

another's asset on the one hand, with the right of that other to sue for damages on the other. If, by the term "profits", where it appeared in the legislation, was to be understood the total moneys received by the wrongdoer by reason of his unlawful conversion, as I conceive it to have been the case, then, following *Braby v Donaldson*, that is precisely what would have been granted, quite apart from any damages actually proved to have been sustained.⁴⁹

It is respectfully submitted that Slomowitz AJ himself confused the separate and distinct remedies of an account of profits, on the one hand, and conversion, on the other hand, under English law. He seemed to envisage that the accounting process embodied in the remedy of an account of profits is an integral part of the remedy of conversion. It is true that the remedy of conversion must of necessity involve an accounting process, but that accounting process and the remedy of which it is a part are separate matters entirely from the substantive remedy of an account of profits. In fact, as stated by Laddie, Prescott & Vitoria,⁵⁰ under English law an account of profits and conversion cannot be claimed cumulatively, but are alternate remedies.

His lordship then went on to state that the doctrine of conversion is not part of our common law and that, since there is no equivalent in the 1978 Act to s 19 of the 1965 Act (which provided for the remedy of conversion), conversion and the component of 'accounts' (as he saw it) are no longer part of our copyright law. Following an analysis of the common law relating to the concept of accounting of profits, he concluded that our law knows no such remedy, not even of the procedural nature envisaged by Copeling. In this regard he stated that any assistance which a plaintiff requires in order to establish the amount of his loss must be obtained by the application of the Supreme Court rules dealing with discovery in civil proceedings.⁵¹ In consequence, he refused the cross-appeal.

With the greatest respect, it is submitted that Slomowitz AJ has confused the position regarding the remedy of an account of profits still further. Upon his interpretation of the 1978 Act, both the reference to 'accounts' in s 24(1) and s 24(2) in its entirety must be regarded as pro non scripto. In my submission this is not correct, and cannot be done. In reaching his conclusion, in my respectful view Slomowitz AJ failed to take account of the historical development of the remedy of an account of profits in our law and to take cognizance of s 24(2) of the 1978 Act. He appears to have been guided by the mistaken belief that the remedy of an account of profits is part and parcel of the remedy of conversion, and that the removal of the remedy of conversion from our copyright law by the 1978 Act was accompanied by the removal of the English-law remedy of account of profits.

In the *Video Parktown North* case⁵² the full bench upheld the decision of McCreath J on the infringement aspect and thus refused

⁴⁹ At 31-2 of the typewritten judgment.

⁵¹ At 37 of the typewritten judgment.

⁵⁰ See text to note 20.

⁵² Supra note 2.

the appeal. The appellant, Video Parktown North (Pty) Ltd, appealed to the Appellate Division, and the respondent, Paramount Pictures Corporation, once again cross-appealed on the refusal to grant the order of an account of profits. The appellant, however, later abandoned the appeal, and in the circumstances the respondent did not pursue the cross-appeal.

In *Montres Rolex SA v Kleynhans*,⁵³ heard by the Cape Provincial Division, a trade-mark infringement case wherein an order of an account of profits was sought, the court also reached the conclusion that the remedy of an account of profits does not exist in our common law or in our trade-mark law. In this regard it should be mentioned that the Trade Marks Act 1963,⁵⁴ unlike successive Copyright Acts, makes no mention of a remedy of accounts or an account of profits. In discussing the whole question of the remedy of account of profits, Seligson AJ examined the position regarding this remedy under copyright law.

Seligson AJ quoted Copeling's views as relied upon by McCreath J in *Paramount Pictures Corporation v Video Parktown North (Pty) Ltd*.⁵⁵ He stated⁵⁶ that Copeling's view was approved and adopted by McCreath J in the *Paramount* case, which decision he said was upheld on appeal to the Transvaal full bench. This is, of course, true of the judgment as a whole and the main appeal, but it is not true of the cross-appeal on the question of an account of profits. In fact, as shown above, the full bench of the Transvaal Provincial Division disagreed entirely with McCreath J on the question of an account of profits, although it reached the same result as he did. In the final outcome, Seligson AJ adopted and accepted the views of Copeling and McCreath J on the position regarding an account of profits in copyright law. In my respectful submission, this view of Seligson AJ is not only incorrect for the reasons expressed in this article, but is also incorrect in view of the fact that the full bench of the Transvaal Provincial Division in the appeal in the *Paramount* case disagreed with and reversed the decision in this regard of McCreath J (relying on Copeling).

CONCLUSION

To sum up, I submit that the position in our law of copyright is that, unlike other branches of the law, the English-law remedy of an account of profits is a remedy which is available to a copyright owner and should be recognized by our courts. As stated by Slomowitz AJ in the *Paramount* full-bench appeal, this remedy ought to be available

⁵³ Supra note 3.

⁵⁴ Act 62 of 1963.

⁵⁵ Supra note 1.

⁵⁶ Supra note 3 at 64. Seligson AJ in fact takes the extract in question from Professor Copeling's contribution to W A Joubert (ed) *The Law of South Africa V* (1978) sv 'Copyright' para 373, but this work by Professor Copeling is in effect identical to his second book *Copyright and the Act of 1978* (1978).

to an applicant in motion proceedings, as was done in the *Kalamazoo* case.⁵⁷

The confusion which presently exists in our law of copyright in regard to the remedy of an account of profits is undesirable and unsatisfactory. It is to be hoped that the matter will be set straight in the future either by the Appellate Division or by the legislature. In my opinion, despite misgivings which one might have about incorporating a remedy of foreign law into our own law where no roots exist in our common law for such a remedy, the English-law remedy of an account of profits is both desirable and necessary in copyright law and, for that matter, in other species of intellectual-property law, namely, patents, designs, trade marks and unlawful competition. In intellectual-property cases generally it is extremely difficult to prove conclusively patrimonial damages in a quantifiable amount as a result of infringement of intellectual property. The cases where damages have actually been recovered in intellectual-property matters are few and far between. For instance, there is no single reported case in trade-mark law of damages ever having been recovered for trade-mark infringement. The general inability of an owner of intellectual property whose rights have been infringed to meet the normal requirements of our law of delict for proving patrimonial damage has upset the equilibrium of the scales of justice in intellectual-property matters. The scales of justice can be better brought into equilibrium by an owner of intellectual property having at his disposal the English-law remedy of an account of profits. This would enable him more easily to obtain compensation for the infringement of his intellectual-property rights and, conversely, would make infringement of intellectual-property rights have more serious consequences for a wrongdoer than the imposition of an interdict and a liability for the plaintiff's costs, which, in general terms, is the worst penalty that an infringer is likely to face at present.

OWEN H DEAN★

MEA CULPA

'My Lords, I should be content to say no more than that I agree, for the reasons given in the speech of my noble and learned friend Lord Roskill, that this appeal should be allowed, if I did not feel a certain personal responsibility, as the judge who delivered the first judgment in the Divisional Court in *R v Clerkenwell Stipendiary Magistrate, ex p Mays* [1975] 1 All ER 65, [1975] 1 WLR 52, which as your Lordships now unanimously decide, set the law on the mistaken course which it has followed for ten years.

'A white sheet is always a becoming garment, and I gladly don it': per Lord Bridge of Harwich in *Wilson v Colchester Justices* [1985] 2 All ER 97 (HL) at 103.

⁵⁷ Supra note 37.

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