

Copyright Amendment Act, 1992

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The Copyright Act, 1978 has been amended by the Copyright Amendment Act 125 of 1992.* The amendment Act, which commenced on 10 July (GN 193 in GG 14129/10-7-1992), brings about significant changes to the South African law of copyright which will be discussed below. This article discusses some of the more important provisions of the amendment Act and the effect which they will have on South African copyright law.

Computer programs

The major change and innovation brought about by the amendment Act is the recognition of computer programs as a separate and distinct category of work eligible for copyright. The amendment Act makes provisions for computer programs to be dealt with as a *sui generis* species of copyright work and regulates all aspects of the copyright in this type of work. In the past our courts, in keeping with the approach adopted in many foreign countries, have regarded computer programs as a *species* of the *genus* "literary work". The leading case in this regard is *Northern Office Micro Computers (Pty) Limited and others v Rosenstein* 1981 (4) SA 123 (C). The treatment of a computer program as a literary work was, however, not entirely satisfactory because the provisions of copyright law relating to literary works have been framed over the years with written texts in mind and the peculiarities of computer programs are such that clothing them in the garb of literary works has been an uncomfortable fit.

In adopting the approach of protecting computer programs as a *sui generis* category of work, the legislature has not followed the example of a number of foreign countries such as Britain which have given specific recognition to computer software as a species of

work but have nevertheless continued to categorize this type of work as falling within the *genus* of "literary work". It is felt that the approach adopted by the legislature is the correct one and in adopting this approach earlier examples of the development of cinematograph films and sound recordings as *sui generis* categories of work have been followed. Cinematograph films were originally protected as a species of dramatic work whereas sound recordings were previously protected as a species of musical work but these types of work evolved over the years into their present forms, which were first given recognition in the Copyright Act of 1965.

A *computer program* is defined in the amendment Act to mean



* See also 1991 DR 833 - Editor.

"a set of instructions that is fixed or stored in any manner and which, when used directly or indirectly in a computer, directs his operation to bring about a result".

At the same time the amendment Act provides that the definition of "cinematograph film" is amended so as to delete computer programs (as defined) from them while a similar amendment is made to the definition of "literary work". The effect of the foregoing is that computer programs, as defined, will no longer enjoy protection as literary works or cinematograph films, but until such time as work in progress in the development of a computer program has reached the stage where it falls within the definition of "computer program" such work can continue to be protected as a literary work. For instance, flow charts and other writings produced with a view to perfecting a computer program are in that form capable of being protected as literary works.

The "author" of a computer program is the person who exercises control over the making of the program. This definition is comparable to the definition of the "author" of a cinematograph film or of a sound recording who is the person by whom the arrangements for the making of the work were made. A computer program qualifies for copyright in South Africa if the author is a qualified person or if it was first published or made in South Africa or in a proclaimed country, that is, a country whose works are afforded protection in South Africa in terms of the international arrangements comprised in the Copyright Act. In practice these countries are the signatories of the Berne Convention. As in the case of the majority of other categories of works, the initial owner of the copyright in a computer program is the author unless one of the general exceptions to this rule applies, that is, the work is made during the course of employment, or under the direction or control of the State, or there has been an assignment of copyright, in which case the employer, the State, or the assignee, as the case may be, will be the initial copyright owner.

By making the author of a computer program the person who exercises control over the making of the program, which in the case of mass-produced computer software would be the company or other juristic person which has developed and has published the software, and not the individuals involved in the making of a program, the evidential burden of proving subsistence of copyright in South Africa and title to that copyright has been greatly eased. This will considerably enhance the enforceability and thus effectiveness of copyright in computer software in South Africa.

The Copyright Act, as amended by the amendment of 1992, applies to computer programs made before the coming into force of the amendment as well as to programs made thereafter. As effectively a change in the authorship and thus in principle the first ownership of an existing computer program may thus have been

brought about in certain instances, the amendment Act has a savings provision which is to the effect that in the case of a computer program made prior to the effective date of the amendment the person who first made or created the program (that is, the erstwhile literary work) is deemed to be the author. This provision protects the rights of the authors of existing computer programs which until now have been literary works. The savings provision is, however, qualified by a presumption that if an existing computer program is original and has been published by a qualified person, that person is presumed to be the owner of the copyright subsisting in the computer program, unless the contrary is shown. The effect of these provisions in practice is that the evidential burden of proving the subsistence of copyright in and title to such copyright in a computer program is placed on a par with a post-amendment computer program. In other words, the plaintiff can go about proving his case as though the author of the pre-amendment computer program was the developer and publisher of the program.

The term of protection of a computer program is a period of fifty years from the end of the year in which the work is made available to the public with the consent of the copyright owner, or failing such an event within fifty years from the making of the work, fifty years from the end of the year in which the work is made.

The scope of the copyright in a computer program, or the acts which are reserved exclusively to the copyright owner, are

- 1 reproducing the work in any manner or form;
- 2 publishing the work if it was hitherto unpublished;
- 3 making an adaptation of the work;
- 4 reproducing or publishing an adaptation of the work; and
- 5 letting, or offering or exposing for hire by way of trade, directly or indirectly, a copy of the computer program.

The introduction of a rental right for computer programs is a significant innovation and affords a form of protection to a computer program which it did not enjoy while this type of work was a species of literary work.

An "adaptation" for the purposes of a computer program means, *inter alia*, a version of the program in a programming language, code or notation different from that of the program, or a fixation of the program in or on a medium different from the medium of fixation of the original program. The copyright in a computer program, like the other categories of copyrightable work(s), is infringed by unauthorized importation, trading in or distributing infringing copies in the knowledge that the goods in question are infringing copies, that is, copies the making of which infringed copyright. The copyright in a computer program is, however, also infringed by acquiring an infringing copy in the knowl-

edge that the item in question is an infringing copy of the program.

The copyright in a computer program is not infringed when a person who lawfully possesses a copy of the program makes copies of it to an extent reasonably necessary for backup purposes, where the backup copies are intended exclusively for personal private purposes and such backup copies are destroyed when possession of copies of the program in question ceases to be lawful. In other words, where a licensee in respect of a computer program makes backup copies, those copies must be destroyed when the licence is terminated.

The amendment Act deals with the question of computer-generated works by providing that the author of a literary, dramatic, musical or artistic work, or a computer program which is computer generated is the person by whom the arrangements necessary for the creation of the work were undertaken.

The foregoing are specific provisions relating to computer programs which have been introduced into the Copyright Act by the amendment Act but in addition, in general, all the provisions of the Act applicable to literary works are made applicable to computer programs.

Compulsory licences

The Copyright Act presently provides for the "copyright tribunal" to grant compulsory licences in certain instances to persons seeking them and who have not been able to obtain licences from copyright holders in the normal way. The copyright tribunal is presently empowered to grant only certain types of licences in respect of certain types of works. The amendment Act makes provision for the copyright tribunal to grant any type of licence in respect of all categories of work, including computer programs. This is achieved by deleting the definition of "licence" in the Act. The amendment Act also clarifies the fact that the copyright tribunal has jurisdiction to override the refusal to grant a licence by all types of licensors, including licensing bodies and other persons. The Act at present provides for decisions of the copyright tribunal to be reviewed only by the supreme court, whereas the amendment Act makes provision for there to be a right of appeal against a decision of the copyright tribunal. The provisions relating to compulsory licences amount to a far-reaching change in the law and in a sense a fundamental inroad is made in the right of the copyright owner to control the use of his work. Any licence granted by the copyright tribunal must, however, be subject to the payment of appropriate royalties and the copyright holder has the right to oppose the granting of a compulsory licence in respect of his work.

Payment of reasonable royalties as a form of damages

A controversial and much debated area of the law of copyright for the past decade has been the question as to whether a copyright holder whose copyright has been infringed is entitled to relief by way of an "account of profits" as an alternative to compensation for the actual damages which he has suffered. The remedy of an account of profits derives from British law and entails the infringer rendering an account of the profits which he has made through his dealings in the infringing goods and then paying the profits so disclosed to the copyright holder. In *Video Parktown North (Pty) Limited v Paramount Pictures Corporation* 1986 (2) SA 734 (A) the court held that this remedy forms no part of current South African copyright law but this decision has been widely criticized and its correctness has been challenged (see O H Dean "Account of profits in SA copyright law" 1986 SALJ 103). The amendment Act effectively eliminates the remedy of an account of profits from the Copyright Act and introduces specific reference to a reasonable royalty as a form of compensation to a copyright owner for the misuse of his work as an alternative to conventional damages which would usually take the form of loss of profits through diminished exploitation of the work by the copyright holder.

The payment by an infringer of a reasonable royalty to the copyright holder for the unauthorized use made of his work as a form of compensation arising from copyright infringement is not new in our law. Damages in this form have been awarded by the courts in the past in several cases of which *Laubscher v Vos and others* (W) (case 278/1974 unreported) and *Performing Rights Society v Berman and another* 1966 (2) SA 355 (R) are examples. However, the amendment Act provides that compensation by way of a reasonable royalty has something of a notional character to it. More specifically the amendment provides that the reasonable royalty is one which would have been payable under the circumstances by a licensee or sub-licensee and that the court, in determining the amount, must take into account the extent and nature of the infringement of copyright and the amount which could be payable in respect of the exercise of copyright by some other person. In other words, the reasonable royalty is not necessarily the actual amount that the infringer would have been required by the copyright owner to pay in respect of the exercise of the right in question but rather an amount which a notional licensee could have been required to pay. This provision opens up the possibility of the copyright holder claiming a reasonable royalty in circumstances where in actual fact the infringer would not have been able to obtain a licence, for instance where a work has been precluded from being distributed in South Africa.

A plaintiff who intends to claim a reasonable royalty as compensation for prejudice suffered through infringement of his copyright is required to give written notice to all other persons who are entitled to enforce the copyright in question, that is, the copyright owner, an exclusive licensee or an exclusive sub-licensee, as the case may be, depending on who the plaintiff is. The provision to this effect in the amendment Act is consistent with the principle that the reasonable royalty is notional in character and does not necessarily represent actual loss sustained by the plaintiff, for in claiming a "reasonable royalty" (and not necessarily loss actually suffered by him) a plaintiff may make inroads upon the right of another possible plaintiff (for example, an exclusive licensee) to claim his own damages or to participate in the proceeds of the notional reasonable royalty. This conflict would not come about if each possible claimant could claim only the actual loss that he has suffered and notice to the other parties would be necessary.

In providing for relief by way of a reasonable royalty the legislature is following the example of the Patents Act into which a similar remedy was introduced a few years ago.

Broadcasts and programme-carrying signals

Under the Act at present, in general, only broadcasts made, and programme-carrying signals emitted by the SABC immediately qualify for protection. The Act empowers the Minister of Economic Affairs and Technology to extend protection to the broadcasts and programme-carrying signals of other organizations but to date the minister has not utilized these powers. The amendment Act provides for broadcasts made and programme-carrying signals emitted, by any qualified person, or first made or emitted from South Africa or a proclaimed country, to enjoy protection and for the maker of the broadcast or the emitter of the signal to be the initial owner of such copyright. This is achieved by amending the definition of "author" in respect of broadcasts and programme-carrying signals and by amending s 37 of the Act.

The provisions of the Act, which require a work to exist in a material form before it can enjoy copyright (ss 2(2) and 44), are amended so as to cater for broadcasts and programme-carrying signals in respect of which such a provision is inappropriate. It is provided in the amendment Act that a broadcast is deemed to have been made at the time when it was first broadcast and a programme-carrying signal is deemed to have been made at the time when it was first transmitted by a satellite.

The amendment Act introduces a definition of a "programme-carrying signal" being a signal embodying a program which is emitted and passes through a satellite. The amendment Act thus clarifies that a signal transmitted to, and relayed by, a satellite becomes a programme-carrying signal only once it has passed through the satellite; on the so-called "upleg" of the transmission to the satellite it qualifies as a broadcast.

Works of craftsmanship

In 1983 the definition of "artistic work" in the Act was broadened so as to include, in addition to works of artistic craftsmanship, works of craftsmanship of a technical nature. This latter type of work is basically a prototype of an industrial article. In *Bress Designs (Pty) Ltd v G Y Lounge Suite Manufacturers (Pty) Ltd* 1991 (2) SA 455 (T) it was held that the prototype of a lounge suite was neither a work of artistic craftsmanship nor a work of craftsmanship of a technical nature.

The amendment Act makes provision for the relevant part of the definition of "artistic work" to be amended so as to read "works of craftsmanship not falling within either paras (a) or (b)" instead of "works of artistic craftsmanship, or works of craftsmanship of a technical nature, not ...". It is submitted that this reformulation of the definition overcomes the difficulty perceived in the *Bress Designs* case and makes it clear that all types of works of craftsmanship are eligible for protection assuming that there is a category of such type of work which falls outside the descriptions "work of artistic craftsmanship" and "work of artistic craftsmanship of a technical nature". The prototype of an article of furniture would qualify as an artistic work in terms of the new definition.

General exemptions from copyright infringement

The amendment Act reformulates certain of the exemptions from copyright infringement contained in s 12 *et seq* of the Copyright Act. The major innovation in this respect is that the concept of so-called "fair dealing", which was embodied in the Copyright Act, 1965 but omitted from the present Copyright Act, has been reintroduced in s 12 of the Act. In terms of the new exemption no fair dealing with certain works for the purposes of research or private study or for the domestic use of the person so dealing with the work, or for the purposes of criticism or review of that work or of another work, or for the purposes of reporting current events in the written media or in broadcasts or in a cinematograph film, constitutes an infringement of the copyright in the work, provided that in certain circum-

stances an acknowledgement of the source from which the fair dealing is taken and the name of the author of that work, if it appears on the work, is given. The concession regarding fair dealing for purposes of research or private study or domestic use, which may include making copies, does not apply to cinematograph films and sound recordings and computer programs. On the other hand the concession does apply to broadcasts which means that so-called "time shifting" of television programmes is permitted. As mentioned above, however, back-up copies of computer programs can be made in certain circumstances.

Presumptions and proof in court proceedings

The presumptions contained in s 26 of the Act are reformulated in certain instances and are made applicable to both criminal and civil proceedings. Under the present Act only some of these presumptions are applicable to criminal proceedings.

A new presumption which provides that if it is proved in an infringement action that an alleged infringing act was performed without the authority of the exclusive licensee under the copyright in the work, it is presumed that the Act in question was also performed without the authority of the copyright owner unless the contrary is shown, has been introduced.

The amendment Act provides for evidence of the subsistence of copyright, and title to copyright, in a work to be adduced by way of affidavit in action proceedings before the civil courts and in criminal prosecutions. Such evidence is generally at present required to be adduced by oral testimony. It is provided that the affidavit evidence is *prima facie* proof of the facts set out therein and the court is given a discretion to cause the deponent to the affidavit to be subpoenaed to give oral evidence in the proceedings in question or to cause written interrogatories to be submitted to the deponent for reply; such replies are likewise admissible as evidence in the proceedings. This provision will in many instances simplify the logistics of placing evidence of the points in question before the court in action proceedings and in criminal prosecutions and ought greatly to facilitate the enforcement of copyright. The fact that this type of evidence, which is usually of a largely formal nature, may be adduced by way of affidavit is likely to enable many copyright proceedings to be brought which otherwise would not have been pursued by reason of the costs and practical difficulties involved in adducing the evidence by way of oral testimony. This is particularly true of works of foreign origin.

In relation to sound recordings the authorship and year and place of first publication of a work can be

proved by showing that the salient details appeared on a label or any other printed matter affixed to a record embodying the sound recording or where the printed matter was in or on anything containing that record. The proof of the relevant facts adduced in this manner is *prima facie* and can, therefore, be rebutted. The name of the author of the sound recording can be denoted on the aforementioned material by use of the symbol C in conjunction with the name while the year and place of first publication can be denoted on such printed matter by means of the symbol P in conjunction with such year and place.

Moral rights

The right of claiming authorship in a work (the so-called "right of paternity") and of objecting to mutilations or distortions thereof (the so-called "right of integrity") in certain circumstances provided for in s 20 of the Act and termed the "residuary right" is renamed the "moral right" by the amendment Act. The new appellation is the term which is used internationally for the right in question. In addition, the amendment Act provides that any infringement of the author's moral right is deemed to be, and is rectified or enforced as though it is, an infringement of copyright.

Still photographs made from television broadcasts or cinematograph films

The amendment Act clarifies the fact that both in the case of a television broadcast and a cinematograph film the making of a still photograph from either of these works can constitute an infringement of the copyright in such a work if made without the authority of the copyright holder. The provisions in question largely clarify the existing law but serve the important purpose of creating certainty.

Definition of musical work

Although musical works have enjoyed protection under South African copyright law since 1916 the term has not been defined in three successive Copyright Acts. The amendment Act introduces the following definition which is confirmatory of the current law:

"Musical work means a work consisting of music, exclusive of any words or action intended to be sung, spoken or performed with the music."

Infringement by publication

The restricted act under the copyright in literary, musical and artistic works of "publishing the work" has been altered by the amendment Act by the addition of the qualification "if it was hitherto unpublished". This amendment has served to clarify the fact that our law is in conformity with other commonwealth countries' copyright legislation as interpreted by the British court in *Infabric Ltd v Jaytex Shirt Co Ltd* (1981) FSR 261. This principle has also been incorporated in the restricted acts applicable to computer programs.

Savings and transitional provisions

The present Act contains a provision in s 41(3) which provides that nothing in the Act affects the operation of any rule of equity relating to breaches of trust or confidence. The provision in question was derived from British copyright law and is inappropriate as no such principles of law exist under the South African common law. The amendment Act has altered this provision and provides that the Act shall not derogate from any rule of law relating to confidential or privileged information, unlawful competition or personality rights, which provision is consistent with our common law.

In *Klep Valves (Pty) Limited v Saunders Valve Co Ltd* 1987 (2) SA 1 (A) the court grappled with the meaning of s 43(a)(ii) of the Copyright Act and concluded that in stating that the retrospective operation of the Act did not create any copyright which did not subsist prior to 11 September 1965 it provided that the scope of the infringement claim of the copyright owner of a pre-1965 work was determined by the legislation in force at the time of the making of the work. Furthermore, in *Barber-Greene Company and others v Crushquip (Pty) Ltd* (W) (case 14752/83 unreported) and other cases, the court struggled with the application of the international provisions of the Act to works made during the currency of repealed Copyright Acts. These problems have been addressed in the amendment Act which has amended s 43(a)(ii) of the Copyright Act to provide that the retrospective effect of the Act does not create copyright in any type of work in which copyright did not subsist prior to 11 September 1965. This change limits the meaning of the section to the retrospectivity not having the effect of creating copyright in a category of work which did not exist as a category under the 1916 Copyright Act, for instance sound recordings and broadcasts. Accordingly, there is now no obstacle to works from recent Berne Convention member countries, but made prior to 1965, being protected under the present Act and its regulations, and it is quite clear that s 43(a)(ii)

of the Copyright Act has nothing to do with the scope of the restricted Acts applicable to pre-1965 works; such scope is determined entirely by the present Act.

Penalties for copyright infringement

Section 27 of the Act, which deals with criminal prosecutions and the penalties which the court may impose upon persons convicted of criminal copyright infringement, is amended by the amendment Act in certain respects.

First, the ceiling presently placed on the total fine or the total period of imprisonment (that is, R50 000 or ten years imprisonment) has been abolished. The maximum penalties per infringing article provided for in the section are maintained but the restrictions placed on the court in regard to the maximum cumulative penalties are removed. The penalties relating to dealings in infringing copies have also been made applicable to the other forms of criminal offences such as being in possession of a plate used for making infringing copies and permitting a place of entertainment to be used for an infringing performance. At present these offences carry much lower penalties.

The power of the court to prohibit an habitual offender under the copyright in a cinematograph film from conducting business in cinematograph films contained in s 27(8) of the Act is abolished by the amendment Act. This power had been granted to the court in the Copyright Amendment Act, 1984.

Conclusion

Although the Copyright Act, 1978 has been amended on six occasions since its coming into force on 1 January 1979, the amendment Act marks the first occasion on which there has been an attempt to review the Act as a whole. In general the proposed amendments are welcomed and will place the Copyright Act in a position to serve the holders and users of copyright adequately for the foreseeable future. In particular it is pleasing to see that steps are being taken to eliminate most if not all of the inconsistencies and anachronisms which have been in the Act since its inception. In view of the complicated transitional provisions which must inevitably be part of any Copyright Act (and which are already excessively complicated) it is to be welcomed that the Act is being amended and updated and not being replaced by a new Act which would exacerbate the problems surrounding the existence of copyright in long-standing works dealt with in transitional provisions. In particular the specific recognition given to computer programs is a significant improvement to the existing legislation. □