

COPYRIGHT *v* GREY GOODS IN SOUTH AFRICA, AUSTRALIA AND SINGAPORE

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INTRODUCTION

Parallel imports or so-called grey goods are goods which are freely available on the market in one country and which are imported into another country in conflict with the trading position of someone who has the exclusive right to import and trade in those goods in the country of importation. Trading in grey goods in a country can cause severe problems and prejudice to the local exclusive dealer in the goods. It generally comes about when there is a significant differential in the price for which the goods can be purchased in the exporting country and the price for which the goods can be purchased from the trader holding exclusive trading rights in the country of importation. By reason of this price differential, the grey goods can be traded in at a lower price in the country of importation than that at which the regular goods can be purchased from the trader holding exclusive distribution rights. Grey goods are seen to be a scourge by exclusive distributors, and a variety of approaches, including reliance on trade-mark law and the law of unlawful competition, have been utilized to attempt to curtail trading in grey goods, in most instances with scant success.¹

Copyright is the one branch of intellectual property law which can be, and has been, used by distributors in the importing country in order to restrain competitive dealings in grey goods.² In particular, copyright has been used for this purpose in certain Anglo-Commonwealth countries to good effect in recent times. In this discussion the way in which South African, Australian and Singapore copyright laws have dealt with copyright holders having to contend in the marketplace with grey goods will be examined and discussed.

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¹ For instance, see the South African cases *Protective Mining & Industrial Equipment Systems (Pty) Ltd (formerly Hampo Systems (Pty) Ltd) v Audiolens (Cape) (Pty) Ltd* 1987 (2) SA 961 (A), *Television Radio Centre (Pty) Ltd v Sony Kabushika Kaisha t/a Sony Corporation & another* 1987 (2) SA 994 (A), and *Taylor & Horne (Pty) Ltd v Dentall (Pty) Ltd* 1991 (1) SA 412 (A).

² See in this regard Owen H Dean 'Parallel Importation—Infringement of Copyright' (1983) 100 SALJ 258.

These countries have been selected because, despite the large measure of commonality in their copyright laws on this issue, divergent approaches have manifested themselves that have led to different results being achieved in litigation aimed at restraining trading in grey goods.

BASIC PRINCIPLES OF COPYRIGHT RELATING TO PARALLEL IMPORTATION

Anglo-Commonwealth copyright laws distinguish between so-called primary or direct acts of copyright infringement and so-called secondary or indirect acts of copyright infringement. In general, primary acts of copyright infringement occur when restricted acts under copyright law are performed in relation to a copyrighted work without the authority of the copyright owner. Secondary acts of copyright infringement, on the other hand, occur when various acts are performed in relation to the products of copyright infringement without the authority of the copyright owner. The products of copyright infringement which are the subjects of secondary acts of copyright infringement are commonly referred to as 'infringing copies', usually being reproductions, adaptations or other derivatives of a copyrighted work.

SECONDARY ACTS OF COPYRIGHT INFRINGEMENT IN ANGLO-COMMONWEALTH COUNTRIES

The copyright laws of the Anglo-Commonwealth countries are descended from the British Copyright Act of 1911, often referred to as the 'Imperial Copyright Act'. Section 2(2) of this Act set out the secondary acts of copyright infringement relating to dealings in infringing copies. The section read as follows:

'(2) Copyright in a work shall also be deemed to be infringed by any person who—

- (a) sells or lets for hire, or by way of trade exposes or offers for sale or hire; or
- (b) distributes either for the purpose of trade or to such an extent as to affect prejudicially the owner of the copyright; or
- (c) by way of trade exhibits in public; or
- (d) imports for sale or hire into any part of His Majesty's dominions to which this Act extends,

any work which to his knowledge infringes copyright or would infringe copyright if it had been made within the part of His Majesty's dominions in or into which the sale or hiring, exposure, offering for sale or hire, distribution, exhibition, or importation took place.'

It is clear from this provision that the elements of secondary copyright infringement relating to infringing copies are as follows:

- (a) An act such as the importation for purposes of trade or the selling of an item must take place ('basic act of secondary infringement').
- (b) The item in question must be an infringing copy of a copyrighted work, that is, a copy the making of which must have

infringed copyright or the making of which in the case of an imported article would have constituted an infringement of copyright in the country in which the act is performed if it had been made in that country.

- (c) The basic act of secondary infringement must have taken place without the consent of the copyright owner (although this requirement is not specifically stated, it is clearly implied).
- (d) The act in relation to the infringing copy must have been performed with the knowledge that it is an infringing copy.

The Imperial Copyright Act has been repealed and superseded by subsequent Copyright Acts with local flavours in practically all the Anglo-Commonwealth countries and in particular in South Africa, Australia and Singapore. In South Africa the current Copyright Act dates from 1978, while in Australia and Singapore it dates from 1968 and 1987 respectively. In broad terms, however, the secondary acts of copyright infringement have remained essentially unchanged in these three countries, although changes of emphasis have taken place. These changes of emphasis, however, have had a significant impact upon the manner in which the law relating to secondary copyright infringement, and in particular dealing in grey goods, has been interpreted in the countries under discussion.

Trading in grey goods conflicts with the rights of copyright owners in circumstances where such trading constitutes secondary acts of copyright infringement. For purposes of grey goods, element (b) of the secondary acts of copyright infringement concerns only goods made elsewhere than in the country in which the copyright is being enforced, and thus goods which are only in a technical sense 'infringing copies' in the country of importation. The differences in emphasis in secondary infringement of copyright in the copyright statutes of South Africa, Australia and Singapore relate to the identity of the hypothetical manufacturer of the 'infringing' item concerned in the act of infringement and/or the person whose permission for reproduction of the work is required.

The Copyright Acts of the three countries deal with the hypothetical making of the article as follows:

- (a) South Africa—'*the making of that article . . . would have constituted such an infringement if the article had been made in the Republic [of South Africa]*'.³
- (b) Australia—'*. . . the making of the article . . . in the case of an imported article, would, if the article had been made in Australia by the importer, have constituted such an infringement*'.⁴

³ Section 23(2) of the South African Copyright Act 98 of 1978.

⁴ See, for instance, s 37 of the Australian Copyright Act 1968.

- (c) Singapore—'. . . in the case of an article imported without the licence of the owner of the copyright, the making of which was carried out without the consent of the owner of the copyright'.⁵

ANALYSIS OF THE ELEMENTS OF SECONDARY COPYRIGHT INFRINGEMENT IN REGARD TO IMPORTED ARTICLES

(a) *Basic acts of secondary infringement*

The basic acts of secondary infringement are straightforward, and in general there has been no controversy before the courts as to the interpretation of the relevant provisions of the particular Copyright Act. The basic acts of secondary infringement are importing an article for a purpose other than private or domestic use; selling, letting, or by way of trade offering or exposing for sale or hire any article; and distributing any article for the purposes of trade or for any other purpose to such an extent that the owner of the copyright is prejudicially affected.⁶ No comment is warranted on these acts for present purposes.

(b) *Infringing copies in the case of imported goods*

This question is probably the most difficult and controversial aspect of infringement of copyright by means of dealing in grey goods. What constitutes infringing copies in the countries under discussion differs from country to country mainly because of the different emphasis placed on the circumstances of the making of the articles in the respective statutes, as discussed above. As we have seen, for the present purposes an article is an infringing copy in the country of importation if the circumstances of the making of that article would technically have constituted copyright infringement in that country. The various statutes require the court to hypothesize the making of an article. This gives rise to the difficulty of who the court is required to postulate is the maker of the article and whose permission for such making is required in order to determine whether technically making the article by that person would have constituted copyright infringement. It is necessary to examine the law of each of the three countries separately in this connection, as the courts of these countries have adopted divergent approaches.

(i) *South Africa*

The South African courts in interpreting the South African legislation on the question of the hypothetical making of the alleged infringing copy have adopted the approach that it is necessary to postulate that the

⁵ Definition of 'infringing copy' in s 7(1) of the Singapore Copyright Act.

⁶ See, for instance, s 23(2) of the South African Copyright Act 1978.

actual maker of the article in the foreign country manufactured that article in South Africa. That being the case, it must be ascertained whether the actual maker enjoyed the authority of the South African copyright owner to hypothetically make the article in South Africa. In other words, one works with a single fiction—that the actual maker of the article reproduced the copyrighted work in South Africa rather than in the country of actual manufacture.

A good example of a South African case dealing with this issue is *Paramount Pictures Corporation v Video Parktown North (Pty) Ltd*.⁷ In this case Paramount Pictures Corporation was the copyright owner in respect of the cinematograph films *Grease* and *Star Trek—The Motion Picture*. It granted an exclusive licence to CIC Video in the United Kingdom to reproduce the films on video tape and to distribute such video tapes in the market in a territory which was confined to the United Kingdom and to Europe. The territory did not include South Africa. A separate licence was granted via an intervening exclusive sublicensee to CIC Video in South Africa, which licence covered a territory which was limited to southern Africa. Video Parktown North purchased video-tape copies of the two films in the United Kingdom, imported them into South Africa and hired them out to members of the public in South Africa. Paramount sued Video Parktown North for copyright infringement on the basis that the grey video tapes were infringing copies for purposes of South Africa, because if CIC in the United Kingdom had hypothetically manufactured them in South Africa it would have infringed Paramount's copyright in doing so, since it held no rights to reproduce the films in South Africa—its reproduction rights being confined to the United Kingdom and Europe. For purposes of South African law, however, if the grey tapes had been made by Paramount itself, being the worldwide copyright owner, their hypothetical making in South Africa would not have constituted copyright infringement, because Paramount held the right to reproduce the films on video tape in South Africa. In other words, for South Africa the crucial issue is what is the geographical scope of the rights (if any) held by the foreign maker of the reproductions of the copyrighted work, and in particular: does the actual maker's reproduction rights extend to South Africa? If the answer to this question is in the negative, then those copies are infringing copies for purposes of South Africa, while if the answer is in the affirmative, they are not infringing copies and, while they and grey goods when imported into South Africa, dealing in them cannot constitute copyright infringement.

(ii) *Australia*

The Australian Copyright Act determines whether imported copies are infringing copies of a copyrighted work by postulating a

⁷ 1983 (2) SA 251 (T), and on appeal *Video Parktown North (Pty) Ltd v Paramount Pictures Corporation* 1986 (2) SA 623 (T).

situation where the imported articles are hypothetically manufactured by the actual importer in Australia. In other words, one works with a double fiction—that the grey goods are made in Australia and that they are made by the importer and not by the actual maker. If the actual importer in Australia does not hold a licence to reproduce the copyrighted works in Australia then the imported copies are infringing copies. This point can be illustrated by the facts of *Interstate Parcel Express Co Pty Ltd (carrying on business as Angus & Robertson Bookshops) v Time-Life International (Nederlands) BV & another*.⁸ Time Inc was the owner of the copyright in the United States of America and Australia (and certain other countries) of a series of books entitled *Foods of the World*. Time Inc appointed Time-Life as the exclusive licensee under the copyright in these works throughout the world, including the United States of America and Canada. Time Inc printed and sold copies of the books in the United States of America. Time-Life was distributing copies of such books in Australia. Angus & Robertson ran a chain of bookshops in Australia. Upon experiencing difficulty in obtaining copies of *Foods of the World* from Time-Life, Angus & Robertson purchased copies in America (printed by Time Inc, the copyright owner), imported these copies into Australia and sold them in its chain of bookshops. Time-Life, as the exclusive licensee under the copyright in the books for Australia, sued Angus & Robertson for copyright infringement, which claim was upheld by the court. On the issue of the infringing nature of the copies of the books imported and sold by Angus & Robertson the case was straightforward—Angus & Robertson as the importer enjoyed no rights under the copyright in the books to reproduce them in Australia, and the books were therefore infringing copies for purposes of Australia notwithstanding the fact that they were printed by the worldwide copyright owner.

If this case had been brought in South Africa, the books imported by Angus & Robertson would not have been infringing copies, because if they had hypothetically been made in South Africa by Time Inc such making would not have constituted copyright infringement in South Africa since Time Inc, as the copyright owner throughout the world, held reproduction rights for South Africa. Conversely, if the *Paramount* case had been brought in Australia, the grey copies of the films in issue would have constituted infringing copies for purposes of Australia, because the importer, Video Parktown North, held no reproduction rights for South Africa.

(iii) *Singapore*

The provisions of the Singapore law are substantially similar to those of the South African law and different from those of the

⁸ (1977) 138 CLR 534.

Australian law. Singapore law, like South African law, requires the court to postulate the making of the alleged infringing copy by the actual maker of such copy and not by the importer, as in the case of Australian law. However, despite starting from the same departure point, the Singapore court adopted a different approach to that of the South African court in the case of *Television Broadcasts Ltd & Others v Golden Line Video & Marketing Pte Ltd*.⁹ In that case the Singapore court decided that it was necessary to postulate the making of the alleged articles by the actual manufacturer and to determine whether the actual manufacture by him at the place of manufacture constituted copyright infringement. The Singapore court thus employed no fictions. As we have seen, the South African court, on the other hand, postulated that the actual manufacturer hypothetically made the articles in South Africa. The difference between the Singapore and the South African approaches comes down to whose consent for the actual manufacture must be obtained. The South African approach requires that the South African copyright owner consents to the hypothetical making by the actual manufacturer, whereas the Singapore approach as adopted in the *Television Broadcasts* case requires that the copyright owner at the place of manufacture consents to the making at such place by the actual manufacturer.

The facts of the *Television Broadcasts* case are briefly as follows: Television Broadcasts held the copyright in certain films and had indirectly granted an exclusive licence to a firm called Crown Video for the reproduction of the films on video tapes and for the hiring out of such video tapes through itself or its sublicensees in the home video market. Golden Line purchased videos made by Crown Video in Singapore and was hiring them out in the home video market. Not being one of Crown Video's subdistributors, it did not enjoy the approval of Crown Video for such trading activities. Television Broadcasts sued Golden Line for copyright infringement through unauthorized hiring out of copies of its films. The claim of copyright infringement was rejected because Singapore copyright law does not recognize a rental right (in respect of legitimate copies). The case was, however, defended on the misconception that the tapes being hired out by Golden Line were imported tapes, having been made outside Singapore by Crown Video under licence from Television Broadcasts; at the place of manufacture the making of reproductions was authorized by the copyright holder. The court expressed the view in dealing with this erroneous defence that before the supposedly imported tapes could constitute infringing copies their actual manufacture at the foreign place of manufacture must have taken place without the consent of holder of the copyright in respect of that place. In other words, the court opined that the tapes would have to be pirate tapes at the place of manufacture before their importation into

⁹ [1989] 1 MLJ 201.

Singapore and dealings in them in that country could constitute copyright infringement. This approach to trading in grey goods was generally accepted as being correct and as being consistent with Singapore's policy of free trade. It was not thought to be appropriate that copyright law should place undue restrictions on trading in grey goods in Singapore.¹⁰

It emerges from the above that on the strength of the Singapore court's interpretation both the *Paramount* and *Time-Life* cases would have been decided differently in Singapore. In both of these cases the actual manufacturer at the place of manufacture held reproduction rights in the copyrighted works. They were therefore not pirate copies at the place of manufacture. This Singapore approach is very liberal and only countenances restricting trade in imported goods on the ground of copyright infringement when such goods are pirate articles. The South African approach allows for a qualified restriction on the trade in grey goods where the grey goods are made by someone in a foreign country who does not hold South African reproduction rights in respect of the relevant work. The Australian approach is very restrictive of trading in grey goods and effectively precludes dealing in grey goods which embody copyright works unless the copyright owner consents to such trading.

Notwithstanding the approach of the Singapore court in the *Television Broadcasts* case, there has been a recent decision (December 1993) of the High Court of Singapore in the case of *Public Prosecutor v Ngoh Chin Heng & Teo Ai Nee*¹¹ in which the Chief Justice held that the copyright owner whose consent to manufacture must be lacking for an imported copy to be an infringing copy is the copyright owner in Singapore and not the copyright owner at the place of actual manufacture of the article in question. This judgment departed from the approach in the *Television Broadcasts* case and brings the Singapore approach essentially into line with the South African approach.

(c) *Absence of consent for dealing in infringing copies*

It is necessary that the importation, sale or other dealing in infringing copies should take place without the authority or permission of the copyright holder in the country of importation. Where the infringing copies are made in the foreign country by someone who does not hold a licence from the copyright owner in the country of importation (for example, the *Paramount* and *Public Prosecutor* cases), establishing lack of consent in the country of importation for dealing in the grey goods is relatively straightforward. However, under the Australian approach complications can arise. In the *Time-Life* case,

¹⁰ In this regard, see George Wei 'Parallel Imports and the Law of Copyright in Singapore' [1992] 4 EIPR 139.

¹¹ Magistrate's Appeal No 126/93/01-2 in the High Court of the Republic of Singapore—unreported.

for instance, the maker of the grey goods in the foreign country was the copyright owner itself, and this gave rise to the argument that in selling the grey goods in the United States of America without placing any restriction on their resale, the copyright owner granted an implied licence for the resale of the books anywhere in the world and for their importation into Australia; alternatively, an unrestricted sale of the grey goods as a question of law carried with it the right to import the goods into Australia and to resell them. Both these arguments were predicated upon certain patent cases¹² in which the courts had subscribed to an exhaustion-of-rights theory that once patented goods had been sold without restriction their onward trading could not be limited or interfered with by the patentee. The Australian court in the *Time-Life* case rejected these arguments and drew a distinction between the unrestricted sale of goods embodying a patent and the unrestricted sale of goods embodying copyright. This distinction was said to flow from the nature of the separate intellectual property rights. The court held that, taking these differences into account, no licence to import and resell the grey goods in Australia could be inferred from their unrestricted sale by the copyright owner in the United States of America. This case was decided on its own particular facts, but since the Australian approach gives rise to the possibility of the grey goods in Australia being goods made by the copyright owner for Australia it is conceivable that there may be circumstances in which a sale abroad could give rise to the existence of an implied licence to import the goods into Australia and to resell them in that country.

(d) *Guilty knowledge of infringing nature of grey goods*

Before trading in grey goods in any of the three countries under discussion can give rise to copyright infringement it is necessary that the importer and/or trader in the goods in the country of importation know that he is dealing in articles which are technically 'infringing copies'. The 'infringer' must thus be shown to have 'guilty knowledge'. The onus of proving the existence of guilty knowledge on the part of the defendant lies squarely on the plaintiff. This point was highlighted in the *Time-Life* case in Australia, where there were two shipments of the offending books and knowledge on the part of the defendant was only proved in the case of the second shipment, with the result that infringement was found only in the case of that shipment.

The most widely accepted criterion for the existence of guilty knowledge is that which was postulated in the Australian case *Albert*

¹² *Betts v Willmott* (1871) LR 6 Ch App 239; *Société Anonyme des Manufactures de Glaces v Tilghman's Patent Sand Blast Company* (1883) 25 ChD 1 (CA); and *National Phonograph Company of Australia Limited v Menck* [1911] AC 336 (PC), 12 CLR 15.

v S Hoffnung & Co Ltd:¹³ the knowledge consists of 'notice of facts such as would suggest to a reasonable man that a breach of copyright law was being committed'. This test was applied by the South African court in the *Paramount* case. It is thus an objective one. The knowledge has to exist at the time of the commission of the allegedly infringing act, that is, the importation, sale, etc, as the case may be.

The generally accepted method of imparting guilty knowledge to an 'infringer' is to despatch a cease-and-desist letter to him, setting out details as to the subsistence of copyright in the copyrighted works and explaining on what basis and as a result of what circumstances the grey goods constitute infringing copies of the subject work for the purposes of the local domestic law. Once the 'infringer' has an opportunity of considering and verifying the facts and conclusions of law placed before him (a couple of weeks is usually considered to be adequate), he is deemed by the courts to have the requisite guilty knowledge.¹⁴ This is not necessarily the only manner in which the existence of guilty knowledge on the part of the 'infringer' can be established, but it is the most practical and the most foolproof. Other possibilities might be personal attendance on the defendant to inform him, advertisements in the trade or the press (provided such advertisements can be shown to have come to the attention of the defendant), sufficiently detailed copyright notices on goods, or generally, any circumstance which goes to show that the defendant in fact had knowledge.

UTILIZATION OF COPYRIGHT IN GET-UP FOR RESTRICTING TRADING IN GREY GOODS

Most of the copyright case law relating to the curtailment of trading in grey goods has concerned articles of which the copyright in a work was an integral part, for instance books, video tapes and the like. In these cases the article which constituted the item of grey goods was itself the infringing copy of the copyright work. There have, however, in recent times been two significant cases, one Australian and the other South African, in which the copyright infringing matter was not truly embodied in the article itself but rather in the trade dress or get-up of the article. In other words, these cases concerned situations where the articles themselves were not infringing copies of any copyrighted works, but extraneous material which accompanied the articles in the marketplace were found to be infringing copies of copyrighted works.

The first of these cases was *R A & A Bailey & Co Ltd v Boccaccio Pty Ltd*.¹⁵ In this case Bailey manufactured liqueur in Ireland under the name 'Bailey's Original Irish Cream'. This product was imported

¹³ (1921) 22 SR (NSW) 75 at 81.

¹⁴ See *Frank & Hirsch (Pty) Ltd v A Roopanand Brothers (Pty) Ltd* 1993 (4) SA 279 (A).

¹⁵ (1986) 6 IPR 279.

into and sold in Australia through an authorized distributor. The label applied to the Bailey's product comprised artistic matter which was the subject of copyright. The product was exported to numerous countries throughout the world, including the Netherlands. The goods as sold in the Netherlands bore on their labels the name and address of the Dutch importer. The defendant imported into Australia bottles of the Bailey's product which were obtained from a source in the Netherlands. The court was called upon to decide whether the defendant's importation and distribution of the Bailey's product in Australia constituted infringement of the artistic work embodied in the label of the product.

It was common cause that in accordance with the Australian test for 'infringing copies' the labels borne by the imported products were infringing copies of the artistic works, and the only point at issue was whether the defendant held an implied licence to deal in the goods in Australia notwithstanding the court's decision in the *Time-Life* case. The defendant argued that the case was distinguishable from the *Time-Life* case because the purpose of the artistic works in question was to serve as a trade mark; where an artistic work was created for the purpose of being a trade mark there was a waiver of any copyright protection inconsistent with what was permissible under trade-mark law, and in the result the copyright owner must be deemed to have licensed or consented to any dealings in copies of his artistic work which were permitted by trade-mark legislation. The court rejected these contentions, holding that the principle adopted in the *Time-Life* case must prevail and that therefore trading in the Bailey's grey goods constituted infringement of the copyright in the artwork comprised in the labels applied to the products.

The second case is the South African case *Frank & Hirsch (Pty) Ltd v A Roopanand Brothers (Pty) Ltd*.¹⁶ The facts of this case were as follows: Frank & Hirsch were the duly appointed exclusive distributors of TDK blank cassettes in South Africa. Roopanand was importing TDK blank cassettes made by TDK Corporation in Japan, which tapes were acquired from a third party in Singapore. These tapes had been sold by TDK Corporation in Japan without any restriction, geographical or otherwise, being placed on their resale. Frank & Hirsch sought to restrain Roopanand's trading in these grey goods. It first brought a trade-mark case in which it was contended that Roopanand was infringing the registered TDK trade mark because its use of the trade mark TDK in relation to grey goods in South Africa was not authorized by the trade-mark proprietor.¹⁷ This argument was rejected on the basis that it is inherent in a trade-mark infringement cause of action that there is deception as to the origin of the goods, and since the goods in question were 'genuine' there was

¹⁶ 1993 (4) SA 279 (A).

¹⁷ See *Frank & Hirsch (Pty) Ltd v Roopanand Brothers* 1987 (3) SA 165 (D).

no trade-mark infringement. This principle had been established by the Appellate Division of the Supreme Court in two other grey-goods cases which had been brought concurrently, involving Sony¹⁸ and Pentax¹⁹ goods.

Frank & Hirsch was undaunted by this reversal and obtained from TDK Corporation an assignment of the South African copyright in the artistic and literary works embodied in the get-up and packaging materials in which TDK cassettes were clothed in the marketplace. The works in which Frank & Hirsch obtained the South African copyright did not include the trade mark TDK and device. It had thus created a situation where for purposes of South African copyright law the get-up and packaging materials of TDK cassettes became infringing copies of the original artwork even though the reproductions comprised in the packaging material were made by TDK Corporation (if the packaging material had hypothetically been made in South Africa by TDK Corporation it would have infringed Frank & Hirsch's copyright). It then sent a cease-and-desist letter to Roopanand, setting out in considerable detail how it had acquired the copyright for South Africa in the works embodied in the TDK packaging materials, and informed Roopanand that the TDK grey goods being dealt in by Roopanand comprised infringing copies of works in which the copyright for South Africa was owned by it, Frank & Hirsch. When Roopanand continued to trade in grey TDK tapes despite Frank & Hirsch's warning, Frank & Hirsch instituted copyright infringement proceedings against Roopanand.

The court of first instance²⁰ held against Frank & Hirsch on peculiar grounds—that once the works comprised in the labelling had been incorporated into the product as sold, they merged into the product and ceased to have an independent existence, which resulted in the packaged tapes no longer being copies of the original works. This decision was reversed by the Appellate Division on appeal. In the appeal Roopanand's main defence to the claim of copyright infringement was that the subject works did not constitute literary and/or artistic works and that in any event an implied licence allowing resale of the goods throughout the world had been granted by TDK Corporation when it originally placed the packaged tapes in the stream of commerce without restriction as to onward dealings. The Appellate Division rejected both these arguments. It found that the works embodied in the trade dress of the tapes were in fact artistic works and eligible for copyright; it dismissed the implied-licence argument on the basis that TDK Corporation, no longer being the owner of the copyright in the subject works for South Africa, was not

¹⁸ See *Television Radio Centre (Pty) Ltd v Sony Kabushika Kaisha t/a Sony Corporation & another* 1987 (2) SA 994 (A).

¹⁹ See *Protective Mining & Industrial Equipment Systems (Pty) Ltd (formerly Hampo Systems (Pty) Ltd) v Audiolen (Cape) (Pty) Ltd* 1987 (2) SA 961 (A).

²⁰ *Frank & Hirsch (Pty) Ltd v A Roopanand Brothers (Pty) Ltd* 1991 (3) SA 240 (D).

in a position to grant any implied or other licence under the South African copyright in such works.

CONCLUSION

The decision in the *Frank & Hirsch* case in particular has far-reaching implications for any industry which supplies its products along with packaging material embodying a trade dress. Moreover, the same principle applies equally to instruction leaflets and other materials embodying copyrighted works which are supplied along with products. Frank & Hirsch and TDK Corporation co-operated with each other to create a situation in which grey goods, or more particularly the trade dress of grey goods, could meet the requirements of South African copyright law for enabling an exclusive local distributor to combat trading in grey goods by relying on copyright infringement as a cause of action. The approach adopted by Frank & Hirsch and TDK Corporation could equally be adopted by any copyright owner and its exclusive distributor in a given territory, not only in South Africa but also in Australia, Singapore and indeed any country which has a copyright law with similar provisions concerning secondary or indirect infringements of copyright. The *Frank & Hirsch* solution would have had a similar result under Australian copyright law and under Singapore copyright law as interpreted in the *Public Prosecutor* case, but not under Singapore law as interpreted in the *Television Broadcasts* case. The *Frank & Hirsch* strategy may be somewhat cumbersome and indirect but it nevertheless perhaps points the way to a viable method of curtailing trading in grey goods. Caveat importer!

ADVICE TO A NEWLY APPOINTED JUDGE

'Draw your learning out of your books, not out of your brain.

'Mix well the freedom of your opinion with the reverence of the opinion of your fellows.

'Continue with the studying of your books, and do not spend time with the old stock.

'Fear no man's face, yet turn not stoutness into bravery.

...
'Affect not the opinion of pregnancy and expedition by an impatient and catching hearing of the counsellors at the bar.

'Let your speech be with gravity, as one of the sages of the law, and not talkative, nor with impertinent flying out to show learning.

...
'Contain the jurisdiction of your court within the ancient mere-stones, without removing the mark.'

—Francis Bacon, then Attorney-General, in his speech in 1617 on the appointment of Mr Justice Hutton as a judge of the Court of Common Pleas. (*Mere* means 'boundary'.)
