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# REPRODUCTION OF THREE-DIMENSIONAL UTILITARIAN OBJECTS—COPYRIGHT INFRINGEMENT AND UNLAWFUL COMPETITION

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## 1 Introduction

The Copyright Act 98 of 1978, as amended, grants protection to so-called “artistic works”. Copyright law in Britain (from which the South African law of copyright is largely derived) and copyright law in South Africa have virtually from the outset protected this form of work. Over the years, however, and particularly in more recent times, the types of works which constitute “artistic works” have been expanded. In the process copyright law has undergone a transformation from a branch of the law protecting essentially the fine arts to a source of protection for most forms of the products of the human intellect, including in particular products in the technological field. As a practical issue, and to judge from the type of copyright infringement cases which have come before our courts in recent times, the operation of copyright law in the technological field has greatly overshadowed its operation in the more traditional field of the fine arts. It is in the technological field that copyright law has generated the most publicity and controversy.

The infiltration of copyright law into the field of technology has been paralleled to some extent by the development of, and recognition granted to, the common law delict of unlawful competition. This delict, which is Aquilian in its nature, has begun to play a more and more prominent role in the protection of technology and technological innovations. Indeed, in the light of the most recent developments in regard to copyright in the technological field, the effect of which has been to diminish if not largely curtail altogether the role of copyright, it is possible that unlawful competition will become one of the most dominant forces in protecting intellectual property in this field in the future.

In this article, recent developments in copyright law and in the law of unlawful competition in so far as they relate to the protection of technological works, and more particularly three-dimensional utilitarian objects, and the inter-relationship of these separate developments, will be described and analysed.

## 2 Copyright as applied to technological works

The Patents, Designs, Trade Marks and Copyright Act 9 of 1916 marks the beginning of the development of modern South African copyright law. This act, in so far as it dealt with copyright, embodied the British Copyright Act of 1911 as a schedule to it and, subject to relatively minor alterations, provided that the British act would apply in South Africa. The act defined "artistic work" as follows:

"includes works of painting, drawing, sculpture and artistic craftsmanship, and architectural works of art and engravings and photographs."<sup>1</sup>

It was held in *Klep Valves (Pty) Ltd v Saunders Valve Co Ltd*<sup>2</sup> that technical drawings, being drawings of components of machinery, constituted artistic works under the 1916 act and that artistic intent on the part of the maker of the drawing was not a requisite for the work to be eligible for copyright. This broad principle was, however, subject to the limitation that section 22(1) of the third schedule, read together with section 144(c) of the 1916 act, provided that the act would not apply, and thus grant protection to drawings of which the corresponding designs (that is the design of an article portrayed in the drawing) were capable of being registered as designs under that act, save where such designs, though being capable of being registered as such, were not used nor intended to be used as models or patterns to be multiplied by an industrial process. Under the 1916 act, a design was deemed to be used as a model or pattern to be multiplied by an industrial process when it was reproduced or was intended to be reproduced on more than 50 articles (unless all the articles on which the design was reproduced or intended to be reproduced together formed only a single set of articles) or when it was applied to printed paper hangings, carpets, floor cloths or oil cloths manufactured or sold in lengths or pieces, textile piece goods, textile goods manufactured or sold in lengths or pieces, or lace not made by hand.<sup>3</sup>

If a technical drawing was of a type capable of being protected under the 1916 act, it enjoyed protection against unauthorized reproduction, whether in two-dimensional or three-dimensional

<sup>1</sup> Act 9 of 1916 third schedule s 35(1).

<sup>2</sup> 1987 2 SA 1 (A).

<sup>3</sup> Act 63 of 1965 sixth schedule s 8(3), which reiterated the relevant provision under the 1916 act.

form, and whether the work itself or an intervening two-dimensional or three-dimensional reproduction of it was copied.<sup>4</sup>

In the Copyright Act 63 of 1965 which repealed that part of the 1916 act dealing with copyright, the term “artistic work” was defined to mean

- “(a) paintings, sculptures, drawings, engravings and photographs irrespective of the artistic quality thereof;
- (b) works of architecture, being either buildings or models for buildings;  
or
- (c) works of artistic craftsmanship, not falling within paras (a) or (b).”<sup>5</sup>

The term “drawing” was defined to include “any diagram, map, chart or plan”.

As compared to the 1916 act, the 1965 act expanded the definition of “artistic work” so as to incorporate works of architecture and so-called “works of artistic craftsmanship”. Works such as cutlery, needlework and stained glass constitute works of artistic craftsmanship.<sup>6</sup> In the case of *George Hensher Ltd v Restawhile Upholstery (Lancs) Ltd*<sup>7</sup> the British courts held, in interpreting the corresponding provision of the British act, that a commercial item of furniture did not constitute a work of artistic craftsmanship because, unlike category (a) of the definition of “artistic work”, which was not required to have any artistic quality, a work of artistic craftsmanship was required to have this characteristic. Accordingly, technical works like parts of machinery in their prototype form (as distinct from being the subject of drawings) could not generally fall within the scope of the category “works of artistic craftsmanship”.

Our courts held that technical drawings were protected as artistic works under the Copyright Act 63 of 1965.<sup>8</sup> Although the copyright in an artistic work under the 1965 act in principle protected a technical work against unauthorized reproduction in a two-dimensional or three-dimensional form, and irrespective of whether the original work or an intervening two-dimensional or three-dimensional reproduction was copied, the copyright owner’s infringement action was in certain circumstances curtailed. Whereas the 1916 act precluded technical drawings corresponding to designs capable of being registered as such from copyright protection, the 1965 act adopted a different approach to such works. As in the 1916

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<sup>4</sup> See *Klep Valves (Pty) Ltd v Saunders Valve Co Ltd supra*.

<sup>5</sup> S 1(1).

<sup>6</sup> See Laddie Prescott & Victoria *The Modern Law of Copyright* par 3 24. The authors deal with the equivalent provision of the British Copyright Act of 1956 on which the South African Copyright Act 63 of 1965 is very closely based.

<sup>7</sup> 1975 RPC 31.

<sup>8</sup> See e.g. *Pan African Engineers (Pty) Ltd v Hydro Tube (Pty) Ltd* 1972 1 SA 470 (W); *Ehrenberg Engineering (Pty) Ltd v Topka t/a Topring Manufacturing & Engineering* TPD 1980-05-21 case no I 8652/77; *Scaw Metals Ltd v Apex Foundry (Pty) Ltd* 1982 2 SA 377 (D); *Klep Valves (Pty) Ltd v Saunders Valve Co Ltd* 1987 2 SA 1 (A).

act, the intent of the 1965 act was to prevent there being an overlap in protection for an artistic work/design under both designs legislation and the Copyright Act. The 1965 act precluded the copyright owner in respect of such a work from suing for copyright infringement where the act complained of would have fallen within the scope of the rights arising from a registered design corresponding to the work, or where no such design had been registered but had been applied industrially and articles to which such design had been applied had been sold, let for hire or offered for sale or hire, would have fallen within the scope of a registered design if the same had been obtained.<sup>9</sup> In effect, therefore, where a technical drawing had served as the basis for a design for an article and such design had been commercially utilized, the copyright in the drawing became partially unenforceable. These provisions of the 1965 act were derived from the British Copyright Act of 1956, on which the former act was closely based. In a long series of cases culminating with, and summed up in *British Leyland Motor Corporation v Armstrong Patents Co (Pty) Ltd*,<sup>10</sup> the British courts held that the “forfeiture” of protection which occurred as aforementioned did not apply where a corresponding design would not inherently have been registrable under designs legislation. This point was never specifically decided by the South African courts although the indications are that they would have followed the approach of the British courts.<sup>11</sup> The practical result of the foregoing was that if the design of an article was dictated solely by the function which it had to perform, and was thus unregistrable under the designs legislation, the copyright in the corresponding artistic work was not forfeited and could be fully enforced. If, on the other hand, the design of the article was aesthetic and thus registrable, the ability of the copyright owner to enforce his copyright in order to prevent three-dimensional reproduction of his corresponding artistic work was forfeited.

In the Copyright Act 98 of 1978, as amended by the Copyright Amendment Act 66 of 1983, the definition of “artistic work” reads as follows:

“irrespective of the artistic quality thereof—

- (a) paintings, sculptures, drawings, engravings and photographs;
- (b) works of architecture, being either buildings or models of buildings; or
- (c) works of artistic craftsmanship, or works of craftsmanship of a technical nature, not falling within either paragraph (a) or (b).”

The original version of the definition, prior to the amendment in 1983, did not include the category “works of craftsmanship of a technical nature”. Although this definition is substantially the same as the corresponding definition in the 1965 act, there is one significant difference, apart from the introduction of the category

<sup>9</sup> S 11.

<sup>10</sup> 1986 FSR 221.

<sup>11</sup> See eg *Scaw Metals Ltd v Apex Foundry (Pty) Ltd* 1982 2 SA 377 (D) 385D.

“works of craftsmanship of a technical nature”, namely that the phrase “irrespective of the artistic quality thereof” applies in the 1978 definition to all the categories of artistic work and not only to category (a) as was the case in the 1965 act. This means, *inter alia*, that the category “works of artistic craftsmanship”, which was in the *George Hensher* case held to necessarily have artistic merit, ought no longer to have to meet this requirement. Accordingly, technical works and three-dimensional objects which constitute them or are derived from them enjoy protection under the 1978 act in the form of drawings,<sup>12</sup> works of artistic craftsmanship and works of craftsmanship of a technical nature. Any technical drawing of any type of article, including utilitarian articles, will constitute a “drawing”. It is submitted that most, if not all, prototypes of utilitarian articles will constitute either a work of artistic craftsmanship or a work of craftsmanship of a technical nature. In regard to the latter category, our courts have already held that the glass fibre hull of a boat or a mould for making same,<sup>13</sup> the prototype of a motor car silencer,<sup>14</sup> a wooden model of a kitchen appliance,<sup>15</sup> and a valve<sup>16</sup> are included therein. Consequently, in principle the 1978 act grants comprehensive protection to works in the technological field.

As in the case of its predecessors under the 1978 act, the copyright in an artistic work is infringed, *inter alia*, by the unauthorized reproduction of it or any substantial part of it whether in two- or three-dimensional form and irrespective of whether the original work or a two-dimensional or three-dimensional reproduction of it is copied. Reproduction of an artistic work by means of copying an intervening reproduction is commonly referred to as “indirect copying”. The process of indirectly copying a technical work by making a three-dimensional reproduction of it from an intervening three-dimensional derivative article of it is commonly referred to as “reverse engineering”. Notwithstanding the aforementioned broad protection given in principle to technological works in the Copyright Act, the right of the owner of the copyright in such a work to restrain reverse engineering of his work has been severely curtailed by section 15(3A) of the act as amended by the Copyright Amendment Act 13 of 1988, to the extent that it barely exists any longer.

When the 1978 act was first passed, unlike its predecessors, it gave unqualified protection to technical drawings and other artistic works against the making of three-dimensional reproductions, whether by

<sup>12</sup> Since 1983 the definition of “drawing” has read: “includes any drawing of a technical nature or any diagram, map, chart or plan”. This definition confirms the earlier case law.

<sup>13</sup> See *Butt v Schultz* 1984 3 SA 568 (E); *Schultz v Butt* 1986 3 SA 667 (A).

<sup>14</sup> See *Bosal Afrika (Pty) Ltd v Grapnel (Pty) Ltd* 1985 4 SA 882 (C).

<sup>15</sup> See *Kambrook Distributing v Haz Products* WLD 1987-02-02 case no 21810/84.

<sup>16</sup> See *Insamcor (Pty) Ltd v Maschienenfabriek Sidler Stalder AG t/a Sistag* 1987 4 SA 660 (W).

direct or indirect copying, irrespective of whether a design corresponding to the artistic work was registrable under designs legislation or had been used in practice. Accordingly, initially copyright was fully enforceable notwithstanding the fact that a corresponding design was inherently registrable under the designs legislation, or indeed was actually registered. It was possible for copyright infringement and infringement of a registered design to be claimed cumulatively in the same action. When section 15(3A) was inserted in the act in 1983 it provided that in certain circumstances the right of a copyright owner in a technological work to restrain reverse engineering of his work was forfeited after the lapse of ten years from the time when his own three-dimensional derivative article was first placed on the market anywhere in the world. In terms of the 1988 amendment to section 15(3A), the forfeiture of the right to prevent reverse engineering takes place immediately upon the fulfilment of the relevant conditions and not only after the lapse of ten years.

Section 15(3A) as it now reads, provides that where a copyright owner has directly or indirectly produced and sold three-dimensional derivative articles of his work anywhere in the world and such derivative articles primarily have a utilitarian purpose and are made by an industrial process, no infringement occurs thereafter by the making of unauthorized reproductions by means of indirect copying. More specifically, the right to restrain reverse engineering is forfeited in the following circumstances:

- (a) the artistic work must have been reproduced in a three-dimensional form with the authority of the copyright owner;
- (b) such three-dimensional reproductions must have been made by an industrial process;
- (c) such three-dimensional reproductions must have been articles primarily having a utilitarian purpose;
- (d) such three-dimensional reproductions must have been distributed anywhere in the world.

Once these conditions have been met, trade competitors are entitled to make indirect copies of the authorized three-dimensional derivative products, or reverse engineer them, without exposing themselves to the risk of a claim of copyright infringement. The competitor can, however, only copy the derivative product and not the original work or a two-dimensional version of it in making his competing product. In the technological field, the foregoing means in practice that as soon as the copyright owner in a technological work has mass produced derivative objects (which in the vast majority of cases would relate to a product which primarily has a utilitarian purpose), he can no longer rely upon copyright to restrain others from copying his product although he can still restrain the making of copies from his original work or a two-dimensional reproduction of it.

To sum up, under current law where a three-dimensional product primarily has a utilitarian purpose and is made by an industrial process, the right of the copyright owner in the basic work to control the making of three-dimensional copies of it falls away once the article has been industrially mass-produced and distributed to the public anywhere in the world. Until three-dimensional utilitarian industrially produced derivatives of an artistic work have been issued to the public with the authority of the copyright owner, the work enjoys full copyright, including the right to restrain making three-dimensional reproductions of the work, whether by direct or indirect copying. Even after authorized three-dimensional utilitarian industrially produced derivatives of the work have been issued to the public, the copyright owner can still restrain the making of three-dimensional articles by direct copying. What is excised from the copyright, or “forfeited”, is the right to restrain the making of three-dimensional reproductions or adaptations by indirect copying from an authorized reproduction, that is reverse engineering. For the rest, the copyright remains intact.

As stated above, before the forfeiture of protection takes place, the authorized reproductions, that is the derivative articles, must primarily have a utilitarian purpose and must have been made by an industrial process. The latter concept has a reasonably clear meaning but the meaning of the former concept is more problematical. Would, for instance, an expensive spoon or other item of cutlery made of silver and having an ornate aesthetic shape primarily have a utilitarian purpose? The concept of an article primarily having a utilitarian purpose warrants closer examination.

It is submitted that, upon a historical analysis, the *ratio* of the provision is to prevent copyright from operating in relation to industrial articles and thus from trespassing on the terrain of registered designs and perhaps even patents and the intention is not unduly to deprive authors of protection. On this premise it is submitted that the question should be approached as follows: the term “utilitarian” should be contrasted with “artistic” or “aesthetic” and should be viewed against an industrial background. In practical terms the derivative article must be a useful thing in an industrial context. On this basis an article such as a toy would not primarily have a utilitarian purpose. Items of machinery on the other hand would obviously have such a purpose. In cases of doubt, the motivation of the average purchaser in purchasing the article should be considered. Would he buy the particular article to use it to achieve a useful practical result or would he buy it for some other purpose such as ornamentation or deriving pleasure?<sup>17</sup> The suggested approach accords basically with the approach adopted in

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<sup>17</sup> An example which illustrates the dilemma would be the case of a modern replica of an early gun which has ornamental value and could be hung on a wall.



comparable circumstances in the law of designs.<sup>18</sup> If the latter motivation is dominant, then the article primarily has an artistic purpose and not primarily a utilitarian purpose. In this case the forfeiture of protection will not occur. In the former case the article primarily has a utilitarian purpose even if it might have an artistic character and have strong aesthetic appeal and the forfeiture of protection will occur. It should be noted that it is the purpose or function of the article and not the article itself which must be primarily utilitarian for the forfeiture to occur. Unlike in the law of designs, the criterion is not whether the design of the article is dictated solely by the function which it must perform, but rather whether the purpose which the article must fulfil is primarily of a utilitarian nature.

For technological works and other artistic works to enjoy copyright in South Africa and to derive the protection described above under the law of copyright, they must meet certain conditions. These conditions are prescribed by the Copyright Act 98 of 1978, no matter whether the work came into existence subsequently to the commencement of the act on 1 January 1979 or earlier. One of the unusual features of South African copyright statutes is that all three of the South African Copyright Acts in the modern era have been retrospective in effect and they have regulated the existence, content and enforcement of copyright in pre-existing as well as in future works. In the 1978 act this is brought about by section 43 which provides, *inter alia*, that:

- “(a) subject to the provisions of paragraphs (c) and (d), nothing in this Act contained shall—
  - (i) affect the ownership, duration or validity of any copyright which subsists under the Copyright Act, 1965 (Act No 63 of 1965); or
  - (ii) be construed as creating any copyright which did not subsist prior to 11 September 1965.”

The effect of the foregoing section is that in general terms the subsistence, ownership and duration of copyright in pre-1979 works are determined by the copyright law which was in force at the time when the work was made. There are exceptions to this rule, the most important one for the purposes of this discussion being that works falling into a category of works protected for the first time under the 1978 act (for example a work of craftsmanship of a technical nature) made after 11 September 1965 (the date of commencement of the 1965 act), could be granted protection retrospectively by the 1978 act, but not a work of that kind made prior to 11 September 1965, in other words during the currency of the 1916 act. Thus, the prototype of for instance a motor car silencer made in 1966 could be invested with copyright retrospectively by the 1978 act even though up to 1 January 1979 that work enjoyed no copyright at all; on the other hand such an article made in 1964 cannot retrospectively be invested

<sup>18</sup> See LAWSA VIII *Designs* par 83 p 125.

with copyright. Although protection for works of craftsmanship of a technical nature was not introduced into the 1978 act until 1983, when it was introduced by the Copyright Amendment Act of that year, such works made between 1979 and 1983 were also retrospectively invested with copyright as from 1983.<sup>19</sup>

As has been explained above, a technical drawing depicting an article having a design capable of being registered as such under that part of the 1916 act dealing with registered designs, was generally speaking ineligible for copyright under the 1916 act.<sup>20</sup>

Although itself retrospective, the 1965 act did not alter this situation.<sup>21</sup> In terms of section 43 of the 1978 act, copyright cannot be invested retrospectively in a drawing of the relevant type which was disqualified for protection under the 1916 act. Such a work therefore does not enjoy any copyright at the present time and is thus not even protected against three-dimensional reproduction to the limited extent allowed by section 15(3A) of the 1978 act. By contrast, section 11 of the 1965 act (which rendered copyright in certain drawings unenforceable in respect of reverse engineering) did not actually disqualify any artistic works from enjoying copyright; it merely provided what in essence was a statutory defence to a claim of copyright infringement in certain circumstances. A technical artistic work which had been rendered partially unenforceable under the 1965 act by virtue of section 11 of that act, regained its complete enforceability—that part of the infringement remedy which had been forfeited under the 1965 act was resuscitated by the 1978 act.<sup>22</sup>

To sum up, in determining whether an artistic work in the technological field is capable of being protected against unauthorized reverse engineering or at all, in the case of a work made prior to 11 September 1965, one must at the outset, and before assessing whether the copyright owner's three-dimensional derivative articles primarily have a utilitarian purpose, first decide whether the design of the article depicted in the technical drawing was capable of being registered under the 1916 act and was used or intended to be used as a model or pattern to be multiplied by an industrial process. Only if the design in question was not registrable or was not so used or intended to be used, must the enquiry be pursued any further. In the case of a work made after 11 September 1965, the nature of the design of the article depicted in the drawing in question is irrelevant.

In conclusion on the question of utilizing copyright to prevent the reproduction of three-dimensional utilitarian objects, it is clear that since the passing of the Copyright Amendment Act 13 of 1988,

<sup>19</sup> In regard to the foregoing see *Schultz v Butt* 1986 3 SA 667 (A).

<sup>20</sup> Act 9 of 1916 third schedule s 22.

<sup>21</sup> Act 63 of 1965 sixth schedule s 8(2).

<sup>22</sup> For a full discussion of the transitional provisions of the Copyright Act 98 of 1978, see *Dean Handbook of South African Copyright Law* 3–1 *et seq.*

innovators of technology must perforce look elsewhere for protection for the fruits of their endeavours. Copyright has for all practical purposes ceased to be a force to be reckoned with. The limited scope of protection which the law of copyright continues to offer is of very little worth or value to them in dealing with copying or reverse engineering of their products.

### 3 Unlawful competition

The law of delict provides a general remedy for wrongs to interests of substance, the infringement of which gives rise to patrimonial loss. The remedy which is available in these circumstances is derived from the *Lex Aquilia* of the Roman Law and is "Aquilian". In an Aquilian action a plaintiff must show that the defendant's wrongful and culpable conduct caused him patrimonial loss. Modern South African law recognizes an action for unlawful or unfair competition as a form of Aquilian remedy.

Before conduct can constitute unlawful competition, it must satisfy the general requirements for Aquilian liability. These are:

- (a) a wrongful act or omission;
- (b) fault, which may consist either of negligence or intention;
- (c) causation which must not be too remote; and
- (d) patrimonial loss.<sup>23</sup>

Competition as a damage producing activity only gives rise to liability if it is wrongful or unlawful. In general, an activity is wrongful or unlawful towards a particular individual if it infringes a legal right which he possesses. If an individual has a legal or subjective right, others have a duty to respect that right. It is only in recent years that unlawful competition has begun to be recognized as an established branch of the law of delict. This process in the past has been hampered by the lack of an appropriate yardstick or criterion by which the "wrongfulness" of conduct in a competitive situation could be determined.

The earliest forms of unlawful competition recognized by our courts were cases where the conduct of the defendant was objectively wrongful or unlawful, for instance where it contravened a statutory prohibition.<sup>24</sup> In *Dun & Bradstreet (Pty) Ltd v SA Merchants Combined Credit Bureau (Cape) (Pty) Ltd*<sup>25</sup> Corbett J suggested that fairness and honesty were criteria which should be applied in the assessment of the wrongfulness of competition. It was conceded, however, by the judge that "fairness" and "honesty" were vague and elastic terms and did not provide a scientific or infallible guide in all cases to the limits of lawful competition. This use of fairness and honesty as criteria in assessing the wrongfulness

<sup>23</sup> See Boberg *The Law of Delict* I 18 24.

<sup>24</sup> See e.g. *Patz v Greene & Co* 1907 TS 427.

<sup>25</sup> 1968 1 SA 209 (C).

and unlawfulness of competition, was endorsed in the later case *Stellenbosch Wine Trust Ltd v Oude Meester Group Ltd*<sup>26</sup> and subsequently in *Stellenbosch Wine Trust Ltd v Oude Meester Group Ltd*.<sup>27</sup>

The foundation laid in the *Dun & Bradstreet* case and subsequent cases was consolidated and the cornerstone of the test for wrongfulness or unlawfulness in an unfair competition situation was set in the case of *Atlas Organic Fertilizers (Pty) Ltd v Pikkewyn Ghwano (Pty) Ltd*.<sup>28</sup> Van Dijkhorst J in that case said that unfairness in itself and honesty were not capable of being the criterion for unlawfulness (although they were factors which could have a bearing on the question) and that

“[w]hat is needed is a legal standard firm enough to afford guidance to the Court, yet flexible enough to permit the influence of an inherent sense of fair play.

I have come to the conclusion that the norm to be applied is the objective one of public policy. This is the general sense of justice of the community, the *boni mores*, manifested in public opinion.

In determining and applying this norm in a particular case, the interests of the competing parties have to be weighed, bearing in mind also the interests of society, the public weal. As this norm cannot exist *in vacuo*, the morals of the market place, the business ethics of that section of the community where the norm is to be applied, are of major importance in its determination.

Public policy as criterion for unlawfulness in delict is well-known in our law; it has the stamp of approval of our highest Court.”<sup>29</sup>

In *Lorimar Productions Inc v Sterling Clothing Manufacturers (Pty) Ltd*<sup>30</sup> Van Dijkhorst J applied the *boni mores* test which he himself had formulated in the *Atlas Organic* case. He said the following:<sup>31</sup>

“the norm to be applied is the objective one of public policy. This is the general sense of justice of the community, the *boni mores*, manifested in public opinion. In determining and applying this norm in a particular case the interests of the competing parties have to be weighed, bearing in mind also the interests of society. The business ethics of that section of the community where the norm is to be applied are of major importance in its determination. One should further bear in mind that the *boni mores* are not universally the same. The general sense of justice may differ from community to community. Cf *Marais v Richard en 'n Ander* 1981 (1) SA 1157 (A) at 1168D. Reported cases from other countries should therefore be treated with circumspection.

In applying the norm of public policy in the present case, the following factors seem to me to be relevant: the protection already afforded by statutes and by established remedies, like passing off, under the common

<sup>26</sup> 1972 3 SA 152 (C).

<sup>27</sup> 1977 2 SA 221 (C).

<sup>28</sup> 1981 2 SA 173 (T).

<sup>29</sup> *Atlas Organic Fertilizers (Pty) Ltd v Pikkewyn Ghwano (Pty) Ltd* 1981 2 SA 173 (T) 188H.

<sup>30</sup> 1981 3 SA 1129 (T).

<sup>31</sup> 1152H–1153C.

law; the morals of the market place: thereby I mean the ethics of the business community concerned; an inherent sense of fairplay and honesty; the importance of a free market and strong competition in our economic system; the question whether the parties concerned are competitors; conventions with other countries, like the Convention of Paris.”

The seal was placed on the *boni mores* as the test for the wrongfulness or unlawfulness of competition in *Schultz v Butt*.<sup>32</sup> In that case Nicholas AJA said that in determining the unlawfulness of competition and

“[i]n judging of fairness and honesty, regard is had to *boni mores* and to the general sense of justice of the community. Van der Merwe and Olivier *Die Onregmatige Daad in die Suid-Afrikaanse Reg* 5th ed at 58 note 95 rightly emphasize that

“die regsgevoel van die gemeenskap” opgevat moet word as die regsgevoel van die gemeenskap se regsbeleidmakers, soos Wetgewer en Regter’.

While fairness and honesty are relevant criteria in deciding whether competition is unfair, they are not the only criteria. As pointed out in the *Lorimar Productions* case *ubi cit*, questions of public policy may be important in a particular case, eg the importance of a free market and of competition in our economic system.”<sup>33</sup>

In other words, the appellate division set the criterion as the *boni mores* and general sense of justice of the community as interpreted by the policy makers of the community such as the legislature and judges.

Where one person reverse engineers or copies another person’s three-dimensional product in the technological field with a view to selling his product in competition with the earlier product, his conduct will generally cause the first person patrimonial loss and such conduct on his part will have been either negligent or intentional. The only element about which there is doubt as to whether a delict has been committed giving rise to the availability of an Aquilian remedy, is the issue of the wrongfulness of the copying of the product and selling same. In each instance of making a competing product by the process of reverse engineering and selling same, one must have regard to all the facts and they must be tested against the criterion of the *boni mores* as expounded by the appellate division in the *Butt* case. This is, however, easier said than done.

It is instructive to examine the facts and issues of the *Butt* case, not only because it gives important insight into the application of the appellate division’s test for wrongfulness but also because, being a case which was brought on the basis of both copyright infringement and unlawful competition, it neatly encapsulates and illustrates the problems relating to the copying of three-dimensional technological objects for the future.

Butt, the applicant, designed and made the hull of a catamaran ski-boat. He did this by making a concrete “plug” which embodied

<sup>32</sup> 1986 3 SA 667 (A).

<sup>33</sup> 679B-E.

the shape of the hull in the inverted position. He made fibreglass moulds from the plug, which moulds were thereafter used for making hulls for his catamaran boats. The design of the hull of Butt's boat was made and perfected over a number of years and a great deal of time, trouble and money was expended in achieving a satisfactory result. Butt was required to make numerous experiments and to draw heavily on his experience as a seaman in perfecting the design of his catamaran hull. Butt's boats were very successful and were highly regarded and he developed a good market for them. Butt's boat was called the "Butt-Cat".

Schultz requested Butt to sell him a disused mould for the Butt-Cat hull. Schultz claimed that he wanted to make one boat for his private use but Butt was sceptical about this because he knew Schultz had in the past manufactured and sold boats. He accordingly declined to sell the mould in question to Schultz. Thereafter a certain Beary acquired a complete Butt-Cat hull from Butt who sold it to him as a reject because the finish was considered to be unsatisfactory. Schultz acquired this hull from Beary and used it as a "plug" from which he made a mould. This mould was used to manufacture catamaran ski-boats in competition with Butt. The hulls of the boats sold by Schultz were substantially identical to the hull of the Butt-Cat although there were slight differences. Schultz' hulls were, however, clearly copies of the Butt-Cat hull. Schultz registered the design of the hull of his boats as a design under the Designs Act.<sup>34</sup>

Schultz did not deny that he had copied the hull of a Butt-Cat but he claimed that he had made modifications to Butt's hull which had caused him to spend 600 man hours and to employ considerable labour and material.

Butt instituted court proceedings against Schultz based on copyright infringement (through indirectly copying and making a reproduction of a substantial part of his catamaran hull, being a work of craftsmanship of a technical nature) and unlawful competition. The court of first instance upheld both these claims.<sup>35</sup> It granted an interdict restraining Schultz:

"(a) from using

- (i) any catamaran hull, with or without adaptations or modifications, manufactured by applicant; or
- (ii) any mould, with or without modifications, made from a catamaran hull manufactured by applicant

for the purpose of manufacturing catamaran hulls in the course of first respondent's trade or business.

"(b) from selling or otherwise disposing of in the course of trade any catamaran boat or hull presently in his possession manufactured from any hull or mould referred to in para (a) above."<sup>36</sup>

Attention is drawn to the fact that Schultz was not restrained from

<sup>34</sup> 57 of 1967.

<sup>35</sup> *Butt v Schultz* 1984 3 SA 568 (E).

<sup>36</sup> 583B-D.

copying or reproducing Butt's catamaran hull but simply from making or dealing with the mould which he had manufactured in the manner described above and catamaran hulls derived from such mould.

In dealing with the unlawful competition claim in the court of first instance,<sup>37</sup> Mullins J drew a distinction between simply copying Butt's hull on the one hand and making a reproduction of it by actually using one of Butt's hulls to make a mould, on the other hand. He appeared not to take umbrage at the former but he did at the latter. In this regard he said the following:

"The sale of an object such as a boat inevitably releases the design thereof, and *in casu* the hull, to the purchaser. This does not entitle the purchaser or anyone else, in my view, to make a mould therefrom and to copy that hull for commercial purposes. A rival manufacturer is entitled to examine hulls designed by his competitor, and to incorporate *in his own design* what he regards as the most desirable features thereof. He may not, however, in my view, copy such hull, the product of another's inventiveness and experience, in a manner which does not require him to apply his mind to such design or to exercise his own inventiveness and experience, even if he only uses it as a starting point and makes modifications thereto."<sup>38</sup>

There is no question of granting applicant a monopoly in regard to the design of his hull. Anyone is entitled to design a hull with similar features. What applicant is entitled to be protected against is the use by first respondent of applicant's hull *as a starting point*. First respondent must start from the beginning, not on the second or third rung of the ladder. Applicant is not entitled to be protected against another person evolving his own design similar to that of applicant, or even against the copying of his design, but he is entitled to be protected against the use of one of his hulls to form a mould, with or without modification. See Callman on *Unfair Competition* para 4.60."<sup>39</sup>

In the appellate division, Nicholas AJA adopted a similar approach. He said the following:

"Anyone may ordinarily make anything produced by another which is in the public domain: One may freely and exactly copy it without his leave and without payment of compensation."<sup>40</sup>

But the question to be decided in this case is not whether one may lawfully copy the product of another but whether A, in making a substantially indential copy, with the use of B's mould, of an article made by B, and selling it in competition with B, is engaging in unfair competition."<sup>41</sup>

After examining various foreign authorities dealing with cases where unlawful competition was held to have occurred in cases of parasitic exploitation of the investment and ideas of another,

<sup>37</sup> *Butt v Schultz* 1984 3 SA 568 (E).

<sup>38</sup> 579D-F.

<sup>39</sup> 580D-F.

<sup>40</sup> *Schultz v Butt* 1986 3 SA 667 (A) 681A-B.

<sup>41</sup> 681D.

copying a boat by using a competitor's boat as a mould, and slavish imitation, Nicholas AJA answered the question which he had posed as follows:<sup>42</sup>

"There can be no doubt that the community would condemn as unfair and unjust Schultz' conduct in using one of Butt's hulls (which were evolved over a long period, with considerable expenditure of time, labour and money) to form a mould with which to make boats in competition with Butt. He went further. Having trespassed on Butt's field, he added impudence to dishonesty by obtaining a design registration in his own name for the Butt-Cat hull, with the object no doubt of forbidding the field to other competitors.

In South Africa the Legislature has not limited the protection of the law in cases of copying to those who enjoy rights of intellectual property under statutes. The fact that in a particular case there is no protection by way of patent, copyright or registered design, does not license a trader to carry on his business in unfair competition with his rivals. In my view there is not in the present case any sufficient countervailing public interest to displace one's initial response to Schultz' methods of competition."

Both the court of first instance and the appellate division thus did not appear to consider it wrongful for Schultz to copy the design of Butt's catamaran hull as such. What they considered wrongful was the manner in which he went about the process of the copying and his conduct generally associated with such copying. One is left with the clear impression that if Schultz had taken one of Butt's catamaran hulls and had measured it in fine detail and thereafter constructed his own concrete "plug" so as to conform with the measurements which he had taken and thereafter made a mould for his hull and subsequent hulls in the normal manner utilized by boat builders, the courts probably would not have held his conduct to be wrongful. This conclusion is borne out by the interdict which was granted by the court of first instance and which, subject to a minor variation (the substitution of the reference to "any catamaran hull" in paragraph (i) by the words "any Butt-Cat hull"), was endorsed by the appellate division.<sup>43</sup>

In regard to the copyright infringement cause of action, both the court of first instance and the appellate division held that the plug, mould and hull of Butt's catamaran were works of craftsmanship of a technical nature and the subject of copyright owned by Butt and that Schultz had infringed such copyright by unauthorized reproduction of such works. In the light of this finding it is surprising that both courts granted such narrow interdicts because the normal form of interdict for copyright infringement restrains the making of reproductions of the copyrighted work. The narrow scope of the interdict is explained by the respective courts' reasoning in regard to the unlawful competition claim but it was perhaps not appreciated or argued that Butt would have been entitled to an interdict of wider

<sup>42</sup> 683H-684A.

<sup>43</sup> *Schultz v Butt* 1986 3 SA 667 (A) 687J-688C.



scope under the copyright infringement claim. The copyright infringement claim was something of an afterthought in the litigation and possibly the form of the interdict sought was formulated at a time when unlawful competition was the sole cause of action contemplated.

On the strength of the above, unauthorized reproduction of three-dimensional utilitarian objects can in certain circumstances constitute unlawful competition. However, at the present stage of the development of the law the circumstances have a very narrow ambit.

#### 4 Conclusion

It is submitted that our law of unlawful competition as crystallized and confirmed in *Schultz v Butt*<sup>44</sup> has given recognition to a remedy of unlawful competition of very limited scope in the field of the copying of three-dimensional utilitarian objects. It is submitted that the case falls far short of giving a general remedy of unlawful competition for restraining reverse engineering of technological products. The view held in some circles that the amendment of the Copyright Act in 1988 so as to remove the right of copyright owners in respect of artistic works of a technical nature to prevent reverse engineering of their goods is unimportant because of remedies available under the law of unlawful competition, or even was prompted by the availability of adequate alternative remedies, is ill-founded. It can by no means be said that *Schultz v Butt*<sup>45</sup> is authority for the proposition that reverse engineering of utilitarian objects can be restrained by means of a claim of unlawful competition. Indeed, it is submitted that the very amendment of the Copyright Act has reduced the scope for arguing that reverse engineering of technological objects generally constitutes unlawful competition, because the courts in dealing with the question of the determination of the *boni mores* have been at pains to say that regard must be had to the provisions of legislation dealing with comparable matters. In the *Lorimar* case,<sup>46</sup> Van Dijkhorst J mentioned as one of the factors to be taken into account in applying the norm of public policy, the protection already afforded by statutes and by established remedies and in the *Schultz* case,<sup>47</sup> Nicholas AJA emphasized that the sense of justice of the community must be that as interpreted by the legislature. What conclusion must one draw about the legislature's general sense of justice on the question of reverse engineering of utilitarian objects when it deliberately

<sup>44</sup> 1986 3 SA 667 (A).

<sup>45</sup> *Supra*.

<sup>46</sup> *Lorimar Productions Inc v Sterling Clothing Manufacturers (Pty) Ltd* 1981 3 SA 1129 (T) 1155C.

<sup>47</sup> *Schultz v Butt supra* 679D.

reverses the previous trend of giving enhanced protection against reverse engineering to change to a situation where under the Copyright Act reverse engineering is given its blessing if not its encouragement?

There can be no doubt that if the cause of action under consideration in the *Schultz* case were to arise today, Schultz' conduct would not constitute copyright infringement in the light of the 1988 amendment to the Copyright Act. The crucial question is whether, in the light of the amendment to the Copyright Act and the legislature's changed attitude to the question of reverse engineering, Schultz' conduct would still constitute unlawful competition. In view of the very narrow basis of the finding of unlawful competition, it is submitted that it probably still would, but the case in favour of unlawful competition on those facts is probably no longer as strong as it was. The likelihood of our courts, however, deciding that reverse engineering on a wider basis than was found objectionable in the *Schultz* case constitutes unlawful competition, appear to be slim.

Under current law a utilitarian three-dimensional object which cannot derive protection from the laws of patents or designs is very vulnerable to being copied. The law of copyright, the traditional benefactor of such objects, can no longer give effective relief and the indications are that the law of unlawful competition, while admittedly continually evolving, will only give protection against very extreme forms of copying where one might say that the defendant's conduct adds insult to injury. Copying of three-dimensional technological objects *per se* would not appear to be wrongful. This is an unsatisfactory state of affairs. Developing and perfecting utilitarian three-dimensional objects which do not qualify for patent or design protection often involves the utilization of considerable expertise, effort and entrepreneurial spirit as well as the expenditure of large sums of money. It is inequitable that a competitor should be able to reap the benefits of all of this and simply copy an earlier product, thereby placing himself in a position where he can compete with that product with the minimum of trouble and expense and probably at a cheaper price because of his lower development expenses and cost structure. It is submitted that there is no good reason to differentiate between copying the design of another's boat by means of using same as a "plug" for making a mould and copying that design by some other means such as measuring it up meticulously. The unfairness and wrongfulness in the *Schultz* case in fact lies in the undue benefit which Schultz made of the expertise, effort and financial outlay of Butt and it is this principle which ought to apply in the area of the copying of three-dimensional technological objects. In other words, it is respectfully submitted that where Nicholas AJA said in the *Schultz*

case:<sup>48</sup> “[b]ut the question to be decided in this case is not whether one may lawfully copy the product of another”, he avoided the issue and this is the very point which ought to be decided by the court with sympathy and generosity to the originators of the designs of articles in the technological field. It is submitted that there is a need for the law of unlawful competition to fill the breach created by the 1988 amendment to the Copyright Act. It is to be hoped that our courts will take up this challenge in the future.

### OPSOMMING

Die wetteregtelike beskerming van outeursreg het oor die jare ontwikkel om nie net beskerming te verleen ten opsigte van kunswerke as produk van die menslike intellek nie, maar ook ten opsigte van sekere werke van ’n tegnologiese aard.

Terselfdertyd word die Aquiliese aksie van onregmatige mededinging ook meer en meer gebruik om die tegnologie en tegnologiese ontwikkeling te beskerm.

In hierdie artikel word gekyk na die ontwikkeling van die Wet op Outeursreg 98 van 1978 soos gewysig, asook die voorgangers daarvan, Wet 9 van 1916 en Wet 63 van 1965. Meer spesifiek word die implikasies van artikel 15(3A) van Wet 98 van 1978 soos in 1988 deur Wet 13 van 1988 gewysig, ondersoek. Dié artikel maak die kopiëring van driedimensionele nutsartikels deur retro-geniëring moontlik. As gevolg van die wysiging geniet nutsartikels feitlik geen beskerming deur middel van outeursreg nie en moet beskerming elders gesoek word.

Daar word dan gekyk na die Aquiliese aksie van onregmatige mededinging in die deliktereg om die nodige beskerming te verleen. Die toonaangewende saak van *Schultz v Butt* word indringend ontleed. Die skrywer kom tot die gevolgtrekking dat hoewel die remedie van onregmatige mededinging wel in die Suid-Afrikaanse reg erken word, die omvang daarvan in *Schultz v Butt* deur die appèlhof baie eng toegepas is op die gebied van kopiëring van driedimensionele nutsartikels. Hy meen verder dat die saak nie ’n algemene remedie van onregmatige mededinging daarstel om retro-geniëring van tegnologiese produkte te beperk nie. Die uitwerking van die wysiging van die Wet op Outeursreg in 1988 word dus nie getemper deur die remedies wat vir onregmatige mededinging beskikbaar is nie.

Hy is inteendeel van mening dat die wysiging van die wet juis die moontlikhede om ’n aksie vir onregmatige mededinging weens retro-geniëring in te stel, beperk het—juis omdat die hof gevind het dat die bepaling van die *boni mores* (dit wil sê die toets om te bepaal of mededinging verkeerd en onwettig is) geskied met inagneming van die bepaling van tersaaklike wetgewing.

Die skrywer doen aan die hand dat die hof in die toekoms eerder die onregmatigheid van ’n mededinger se optrede moet meet aan die onbehoorlike voordeel wat getrek word uit die kundigheid, inspanning en finansiële uitleg van die oorspronklike vervaardiger van die tegnologiese artikel aangesien die 1988 wysiging van die wet ’n leemte gelaat het.

<sup>48</sup> *Schultz v Butt* 1986 3 SA 667 (A) 681D.