

South Africa Amends Copyright Act

by Owen H Dean

A DRAFT BILL to amend the South African Copyright Act, 1978, as amended, has been published in the Government Gazette. The Bill, if passed, will bring about substantial amendments to the Copyright Act and introduce some important innovations. At the time of writing the Bill has been published for general comment by interested persons prior to it being submitted to Parliament. In this article we will discuss some of the more important provisions of the draft Bill and the effect which they will have on South African copyright law.

Computer programs

The major innovation in the Bill is the recognition of computer programs as a separate and distinct category of work eligible for copyright. The draft Bill 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 & Others v Rosenstein*, 1981 (4) SA 123 (C). The treatment of a computer program as a literary work is, 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 the explanatory memorandum which accompanied the publication of the draft Bill it is stated that dealing with a computer program as a completely separate

category of work has been inspired by the model law providing for the protection of computer programs published by the World Intellectual Property Organization (WIPO) some years ago. In adopting this approach the Government 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 Government 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 section 1(f) of the draft Bill to mean "a set of instructions that is fixed or stored in any manner and that can be used directly or indirectly in a computer in order to bring about a certain result". At the same time the draft Bill 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, can 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 literary works. For instance, flow charts and other writ-

ings 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 first makes or creates the work, but where the work is made or created by more than one person in the course of their employment by another under a contract of service the employer is the author (section 1(h)). A computer program qualifies for copyright in South Africa if it was made by a qualified person or first published or made in South Africa or in a proclaimed country (section 4), *ie* 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, *ie* 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 owner.

The term of protection of a computer program is a period of 50 years from the end of the year in which the work is lawfully made available to the public with the consent of the copyright owner, or failing such an event within 50 years from the making of the work, 50 years from the end of the year in which the work is made (section 3(c)).

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

- (i) reproducing the work in any manner or form;
- (ii) making adaptations of the work; and
- (iii) reproducing or publishing an adaptation of the work (section 10).

An "adaptation" for purposes of computer programs means, *inter alia*, a version of the program in a programming language, code or notation different from the original program, or a fixation of the work in or on a medium different from the medium of fixation of the original work (section 1(d)). The copyright in a com-

puter 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, *ie* copies the making of which infringe copyright. The copyright in a computer program is, however, also infringed by using an infringing copy in the knowledge that the item in question is an infringing copy (section 20(b)). The copyright in a computer program is not infringed by the making of a single back-up copy where the person making the copy lawfully possesses a legitimate copy of that program. The back-up copy, however, may only be possessed and used for as long as it remains lawful for the holder to possess and use the legitimate copy of the program. In other words, when the user licence is terminated the back-up copies must be destroyed (section 17(b)).

Certain other facets of the protection granted to computer programs are dealt with below.

Compulsory licences

The Copyright Act presently provides for the "Copyright Tribunal" to grant compulsory licences to persons seeking them and who have not been able to obtain licences from copyright holders in the normal way, in certain instances. The Copyright Tribunal is presently empowered only to grant certain

types of licences in respect of certain types of works. In general the Tribunal's present powers relate to the performing rights. The draft Bill makes provisions for the Copyright Tribunal to be at large 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 section 1 of the Act by means of section 1(1) of the draft Bill. The Bill also clarifies 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 (section 27). The Act at present provides for decisions of the Copyright Tribunal only to be reviewed by the Supreme Court, whereas the draft Bill makes provision for there to be a right of appeal against a decision of the Copyright Tribunal. These 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 or her work. Any licence granted by the Copyright

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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 or her work.

Parallel imports

Under the law as it stands at present a copyright holder can preclude importation of, and trading in, so-called parallel imports of his or her works in certain circumstances. Before dealing in parallel imports can be restrained, the copyright holder must show that the goods in question (sometimes referred to as "grey goods") are "infringing copies" of the copyrighted work and that the person dealing in the grey goods knew that they were infringing copies for purposes of South African law. Goods are infringing copies for purposes of South Africa in the event that their manufacture (ie the reproduction of the copyrighted work) constituted an infringement of the copyright in the copyrighted work, through amounting to unauthorized reproduction, or in the case of imported goods, would have constituted such an infringement if they had hypothetically been manufactured in South Africa by the person who actually made them abroad.

A good example of a case where trading in grey goods without the authority of the copyright holder was found to constitute copyright infringement is *Video Parktown North (Pty) Ltd v Paramount Pictures Corporation*, 1986 (2) SA 623 (T). In that case the infringer traded in copies of the films "GREASE" and "STAR TREK" made by Paramount's British licensee who had been authorized to make copies of the film on video tape in Britain and in Europe, but not in South Africa, after it had been informed that the tapes in question had not been made by a licensee for South Africa and were therefore infringing copies. In this situation the crucial issue is the geographical scope of the rights held by the maker of the copies.

The draft Bill brings about a change to this situation and focuses the attention instead on the rights held by the importer of the grey goods. Under the law as amended by the draft Bill dealing in parallel imports

constitutes copyright infringement if the importer of the goods does not hold the right to reproduce the work in question in South Africa. The rights of the person who made the copy are no longer relevant.

Payment of notional royalties in lieu of damages

A controversial and much debated area of the law of copyright for the past decade has been the question of 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 or she 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 or she has made through his or her dealings

in the infringing goods and then paying the profits so disclosed to the copyright holder. In the *Video Parktown North* case the court held that this remedy forms no part of current South African copyright law but this decision has been widely criticised and its correctness has been challenged (see, "Account of Profits in SA Copyright Law" (1986) 102 SALJ 103 by O H Dean). The draft bill effectively eliminates the remedy of an account of profits from

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the Copyright Act and introduces in its stead the remedy of payment by the infringer of notional royalties (section 21(a)). As in the case of an account of profits, relief by way of notional royalties is an alternative to a claim for damages.

The Bill provides in section 21(b) that in awarding relief by way of notional royalties the royalty payable must be determined by the court after taking into account the extent to which the defendant has infringed the rights in question, the measure of royalties or licence fees generally payable for the exercise of the rights in question and all other factors which will facilitate the court making provision for reasonable remuneration to be paid to the copyright holder. Procedurally the court may order that an enquiry be held to ascertain the amounts payable by way of notional royalties and it may prescribe appropriate procedures for holding such an enquiry. Neither damages nor notional royalties are

payable where the court holds that the defendant had no reasonable grounds for suspecting that copyright subsisted in the work which is the subject of the infringement action (section 21(c)). Where notional royalties are claimed in infringement proceedings notice must be given to the copyright owner or any exclusive licensee who is not a party to the proceedings (section 22). In providing for relief by way of notional royalties the Government 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 South African Broadcasting Corporation (SABC), a parastatal corporation, 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 draft Bill 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 (section 1(c)) and by amending section 37 of the Act by means of section 29(b) of the draft Bill.

The provisions of the Act which require a work to exist in a material form before it can enjoy copyright (section 2(2) and section 44) are amended by section 2(c) and section 34, respectively, of the draft Bill so as to cater for broadcasts and programme-carrying signals in respect of which such a provision is inappropriate. It is provided in the Bill 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 (section 34).

The draft Bill introduces a definition of a "pro-

gramme-carrying signal" being a signal embodying a programme which is emitted and passes through a satellite. The draft Bill thus clarifies that a signal transmitted to, and relayed by, a satellite only becomes a programme-carrying signal 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 pro-

prototype of a lounge suite was neither a work of artistic craftsmanship nor a work of craftsmanship of a technical nature.

The draft Bill makes provision in section 1(b) for the relevant part of the definition of "artistic work" to be amended so as to read "works of craftsmanship not falling within either paragraphs (a) or (b)" instead of "works of artistic craftsmanship, or works of craftsmanship of a techni-

cal 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 draft Bill reformulates certain of the exemptions from copyright infringement contained in sections 12 and the following of the Copyright Act. The major innovation in this respect is that the concept of so-called "fair

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dealing", which was embodied in the Copyright Act of 1965 but omitted from the present Copyright Act, has been reintroduced into section 12 of the Act (section 11). 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 sufficient acknowledgement is given in certain circumstances. 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 (sections 14 and 15). Home copying of video tapes and records is thus not permitted.

On the other hand the concession does apply to broadcasts (section 16) which means that so-called "time shifting" of television programmes is permitted. As in the case of cinematograph films and records, the concession does also not apply to computer programs (section 17(b)).

Presumptions and proof in court proceedings

The presumptions contained in section 26 of the Act are reformulated in certain instances and are made applicable to both criminal and civil proceedings (section 23). Under the present Act only some of these presumptions are applicable to criminal proceedings (section 23).

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 (section 23(h)).

Section 23(i) of the draft Bill makes it possible that evidence of subsistence of copyright, and title to copyright, in a work may 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. The section provides 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 interrogatories and replies thereto are likewise admissible as evidence in the proceedings. This provision will in many instances simplify the logistics of placing evidence of the points in issue 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.

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 draft Bill in certain respects.

Firstly, the ceiling presently placed on the total fine or the total period of imprisonment (*ie* R50 000 or 10 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

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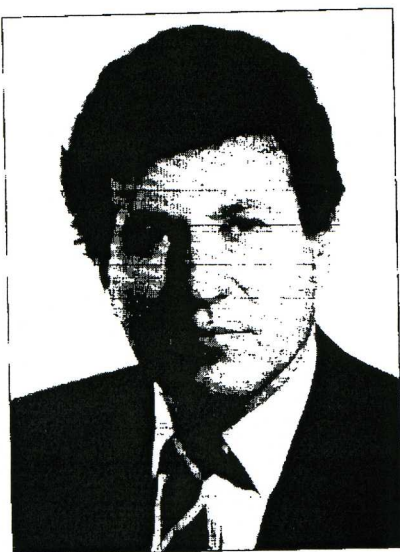
offender under the copyright in a cinematograph film from conducting business in cinematograph films contained in section 27(8) of the Act is abolished by section 24(c) of the draft Bill. This power had been granted to the court in the Copyright Amendment Act of 1984.

Moral rights

The right of claiming authorship in a work and objecting to mutilations or distortions thereof in certain circumstances provided for in section 20 of the Act and termed the "residuary right" is renamed the "moral right" by section 18 of the draft Bill. The new appellation is the term which is used internationally for the right in question. In addition, the relevant section of the draft Bill (section 18) 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.

Conclusion

Although the Copyright Act of 1978 has been amended on six occasions since its coming into force on 1 January 1979, the draft Bill marks the first occasion on which there has been an attempt to review the Act as a whole. In general the proposed amendments are welcome and, if adopted, will place the Copyright Act in a position to serve the holders and users of copyright adequately for the foreseeable future.



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*by Gunnar Karnell
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