

The great copyright controversy

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For at least the past decade a controversy has raged in business, industrial and legal circles concerning the protection which industrial articles such as machinery and spare parts derive from the Copyright Act. With the passing of the Copyright Amendment Act 13 of 1988 (GG 11202/23-03-1988), the government has spoken what it no doubt intends to be the final word. Has it, however, brought an end to the controversy? The curious way in which the government went about adopting the amendment Act has not been conducive to achieving this end.

The origins of the controversy

The seeds from which the controversy blossomed were laid in 1916 with the adoption of the Patents, Designs, Trade Marks and Copyright Act 9 of 1916. That Act, which as far as copyright was concerned adopted British copyright law as our law, protected drawings and other so-called "artistic works" irrespective of their having any artistic quality or merit. Amongst the types of works protected as "artistic works" were mechanical and other technical drawings. The copyright in these works was infringed by the unauthorized making of three-dimensional reproductions of the works irrespective of whether the reproductions were derived from the drawings or other works themselves or from an intervening three-dimensional derivative version of such works. The copyright in the engineering drawing of a pump could, for instance, be infringed by copying the pump derived from the drawing or by copying the drawing itself. The process of reproducing a copyrighted work by copying a derivative article and not the work itself is known as "indirect copying". These issues were recently clarified by the appellate division of the supreme court in *Klep Valves (Pty) Ltd v Saunders Valve Co Ltd* 1987 2 SA 1 (A).

The British legislature, in passing the British Copyright Act of 1911, realized that this type of protection for artistic works could cause an overlap in the protection which certain works would enjoy under both copyright and designs legislation. Accordingly, it was provided that no copyright would subsist in designs capable of being registered under the designs legislation save where such designs, though being capable of being registered as such,

were not used or intended to be used as models or patterns to be multiplied by an industrial process. A design which was purely functional and did not have aesthetic or capricious features was precluded from registration under designs legislation but an artistic work which corresponded with a design of this nature was not deprived of copyright (*Klep Valves* supra).

In short, under the 1916 Act, a drawing of a piece of machinery or some other industrial product which had a purely functional design (hereafter referred to as a "functional design drawing") was protected as an artistic work and that copyright was infringed by the making of an unauthorized three-dimensional reproduction, whether by direct or indirect copying. There are no known South African cases decided under the 1916 Act where designers of functional technical articles enforced their copyright in their functional design drawings to restrain copying of their products. Possibly copyright owners were at that time unaware of the remedies available to them in this situation.

The term of the protection enjoyed by functional design drawings against the making of unauthorized three-dimensional reproductions was the life-



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time of the maker of the drawing or designer and a period of fifty years from the end of the calendar year in which he died.

First manifestations of the controversy

The Act of 1916 was repealed by the Copyright Act 63 of 1965 which came into force on 11 September 1965. This Act was very closely based on the British Copyright Act of 1956, which had repealed the British Copyright Act of 1911. Unlike its predecessor, however, this Act did not embody the British Copyright Act of 1956 but simply borrowed liberally from the wording of the British Act of 1956. Like its predecessor, the South African Act of 1965 protected drawings and other artistic works irrespective of their artistic quality and such works were infringed by the making of unauthorized three-dimensional reproductions whether by direct or indirect copying. The term of protection enjoyed by such artistic works under the 1965 Act was the same as that granted in the 1911 Act. The draftsmen of the British Act of 1956 and the South African Act of 1965, like their predecessors, were also aware of the possibility of certain works enjoying protection both under designs legislation and copyright legislation. They sought, however, to deal with this problem in a manner differing

from that of their predecessors. The later draftsmen did not provide that no copyright subsisted in artistic works which were capable of registration as designs, but rather imposed limitations on the right of the owner of the copyright in a relevant artistic work to sue for infringement of copyright in certain circumstances. These circumstances were set out in s 11 of the South African Act of 1965.¹ This section provided that where a design corresponding to an artistic work was registered under designs legislation or was used in practice as such for the manufacture of goods traded in, that part of the copyright which would have overlapped with the rights arising from a registered design (actual or hypothetical) was forfeited. In a long series of British cases culminating with, and summed up in, the case of *British Leyland Motor Corporation and others v Armstrong Patents Co and others* 1986 FSR 221 the British court held that this "forfeiture" of protection did not apply where a corresponding design would not have been inherently registrable under the designs legislation because the design was purely functional, in other words in the case of a functional design drawing. The South African court has agreed with this view.² The upshot of this was that functional design drawings did not forfeit any protection and the designer could restrain the making of unauthorized three-dimensional reproductions of his work, whether by direct or indirect copying, for the full term of the copyright. During the currency of the South African Act of

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1965 copyright owners began to be aware of the possibilities which copyright law provided for restraining so-called "reverse engineering" of their products. By "reverse engineering" is commonly meant taking a competitor's product and, by means of measuring up and copying it, arriving at drawings and other basic works in order to manufacture a competing article. The earliest known case of a copyright owner restraining the three-dimensional reproduction of his technical drawings is the *Pan African Engineers (Pty) Ltd v Hydro Tube (Pty) Ltd and another* 1972 1 SA 470 (W) case which dates from the early 1970s. The case which really sparked off the great copyright controversy, however, was probably the case of *Trewhella Brothers (UK) Ltd v Deton Engineering (Pty) Ltd* (A) (case 202/79 unreported) which commenced in the middle of the 1970s and reached the appellate division on a side issue in 1979. This case was based on engineering drawings made in 1922. The derivative products had been reverse engineered by the defendant.

The *Trewhella Brothers* case highlighted and focused the public spotlight on the fact that copyright could be used for a period of up to one hundred years or even more to prevent reverse engineering of technical products. A bandwagon developed and claims of copyright infringement through reverse engineering escalated. At this stage the call went out for this form of copyright protection to be abolished or at least for some limitations to be placed upon the rights of designers to restrain reverse engineering of their products. It was felt that the "forfeiture" provided for in s 11 of the Act of 1965 was inadequate as it placed the emphasis in the wrong sphere. It took away copyright protection where the corresponding design was aesthetic while it allowed unqualified protection where the design was purely functional; if anything the converse should have applied, so it was felt.

Compounding the controversy

The Act of 1965 was repealed by the Copyright Act 98 of 1978 which came into force on 1 January 1979. This Act gave the same protection to technical drawings and other artistic works against the making of three-dimensional reproductions, whether by direct or indirect copying, and for the same term, as its predecessor. Unlike both its predecessors, however, it placed no limitations whatsoever on the operation of copyright in the field covered by designs legislation. There was no equivalent to s 11 of the 1965 Act in this Act as it was originally passed. This caused an outcry and the government and parliament, at the time of the latter's consideration of the Bill which gave rise to the 1978 Act, were inundated with representations from various bodies. Largely as a result of this the Bill was referred to a select committee which considered the issue but felt that it should best be dealt with by the Standing Advisory Committee on Copyright which was being created in that piece of legislation. The Bill was passed into law without

any changes in regard to this issue but a recommendation was made that the standing advisory committee should give immediate attention to and resolve the issue.

Addressing the cause of the controversy

The standing advisory committee spent until 1982 investigating the issue. These investigations included holding public hearings over several days at which interested parties were afforded the opportunity of expressing their viewpoints on the issue to the committee. The issue was also widely debated in the media and other fora. Two divergent schools of thought were clearly discernible. On the one hand there was a lobby which may, for convenience, be called the "designers" and at the other end of the spectrum was a lobby which may be called the "copyists". The designers' lobby, on the one hand, argued that a tremendous amount of research, investment and expertise went into designing functional articles; these articles could frequently not be protected by patents and were not registrable as designs; nevertheless they warranted protection and a lack of protection would remove the incentive for expending effort, money and expertise on developing new designs; such designs were at least as worthy of protection as works of architecture, paintings and the like; protecting functional designs by copyright did not inhibit competition and manufacturing freedom because copyright infringement required that a prior work must be copied and no infringement took place if a substantially similar or even identical work was made by means of independent effort and without copying. The copyists, on the other hand, argued that copyright owners were abusing a monopolistic position and were charging excessive prices for their articles and spare parts; copyright was an appropriate form of protection for works of fine art but not for industrial products; in particular the term of protection was inordinately long. Although competing products could theoretically be designed afresh, this was impractical and costly; the public interest was best served by having products for which there was a demand freely available at the lowest possible prices. Action against reverse engineering was mainly being taken by foreigners who were holding the South African market to ransom and were exercising rights which in most instances were not granted in their own countries.

Defusing the controversy

The outcome of these deliberations and debates was that the Act of 1978 was amended by the Copyright Amendment Act 66 of 1983, which came into force on 17 October 1983. The amendment sought to achieve a compromise or balance between the interests of the designers and the copyists. In placing limitations upon the protection enjoyed by technical artistic works against three-

dimensional reproduction, it adopted an approach different from those of both the Act of 1916 and the Act of 1965. It provided that where a copyright owner had produced and sold three-dimensional derivative articles anywhere in the world and such derivative articles primarily had a utilitarian purpose and were made by an industrial process, then no infringement would occur by unauthorized reverse engineering after the lapse of ten years from the first distribution of the copyright owner's own derivative product anywhere in the world, or the advent of 1993, whichever was the later. This amendment marked a substantial concession to the copyists' lobby as it meant that technical products could be copied by reverse engineering free of any restraint under the law of copyright ten years after they first appeared on the market anywhere in the world. Effectively, the term of protection enjoyed by articles with functional designs under the law of copyright was reduced from up to one hundred years or more, to ten years. It is perhaps unfortunate that the legislature saw fit to postpone the practical implementation of this limitation on the copyright owner's right until 1993, some ten years hence at the time of the amendment. This factor may have contributed to what was yet to come.

The position as regulated by the 1983 amendment received wide acceptance, but not necessarily acclaim. It did not immediately have any dampening effect on the tempo of claims of copyright infringement through reverse engineering being made. A view developed that possibly compulsory licences should become available in certain circumstances during the ten-year period. The threat of international sanctions developed. This possibility had not been overlooked by the legislature at the time of the 1983 amendment and that amendment also made provision for the Minister of Economic Affairs to be granted powers to abrogate copyright and grant compulsory licences in connection with reproduction of technical products in appropriate circumstances.

The issue of copyright protection against reverse engineering of technical articles became the subject of international discussions. In the main, only "British law" countries traditionally granted this form of copyright protection. Some countries such as Australia and Canada, decided to do away with this form of copyright protection. The British government, in the meantime, proposed amending British law to regulate the issue in a very similar manner to the way in which it was regulated by our Act after the 1983 amendment. The United States and other countries investigated the possibility of introducing this form of copyright protection. In some countries advanced laws of unfair competition achieve the same end and copyright protection is perhaps unnecessary.

Rekindling the controversy

Like a bolt out of the blue in September 1987, without any prior consultation with commerce, industry, the legal profession or other interested

parties, the Minister of Economic Affairs and Technology summarily amended the regulations issued under the Act by which the protection of the South African Act is conferred upon works of foreign origin. In terms of the fresh regulations comprised in GN 704/25-09-1987, foreign technical articles primarily having a utilitarian purpose and made by an industrial process were to be protected under copyright only to the extent that such protection was granted under the copyright laws of their countries of origin to South African works. This effectively meant that works of that class originating from virtually all countries in the world besides Britain ceased overnight to enjoy protection against reverse engineering in South Africa. While this measure appeared to be contrary to the basic principles of the Berne Convention on Copyright, of which South Africa is a member, it can be argued that a 2.5 of the convention countenances such an approach. By taking this step the government had overnight pre-empted the sanctions problem and solved the problem, if there was one, of overseas copyright owners holding South African markets to ransom. More, however, was yet to come. In February 1988, also without notice to, or consultation with, industry, commerce, the legal profession or other interested parties, a Bill which gave rise to the Copyright Amendment Act, 1988 was introduced in parliament. This amendment had the effect of depriving South African owners of copyright in technical works of the right to restrain reverse engineering of their products where they primarily have a utilitarian purpose and are made by an industrial process. This category of products obviously includes machinery and other equipment having purely functional designs.

Howls of anguish arose from industry, commerce, business, legal and professional engineering circles in regard to this amendment, once an awareness of it developed. This did not happen until the Bill was already before the Standing Parliamentary Committee on Trade and Industry. A flood of requests for an opportunity to study the Bill and its implications and to make representations to this committee were simply brushed aside and the Bill passed through the standing committee and all three houses of parliament in well-nigh record time within a couple of weeks of parliament's commencing its activities in the 1988 session. It would not be unfair to describe the manner in which the amendment was piloted through parliament and made into legislation as surreptitious.

The final solution?

The law of copyright on the question of reverse engineering of technical products as provided for in the Copyright Act, as amended by the 1988 Copyright Amendment Act and in the new international regulations contained in GN 704/1987 is as follows:

- 1 Authorized three-dimensional derivative articles of the artistic work have not been distributed anywhere in the world: the copyright is unaffected and is fully enforceable irrespective of the country of origin.
- 2 Authorized three-dimensional derivative arti-

cles of the artistic work have been distributed somewhere in the world, but the articles do not primarily have a utilitarian purpose or are not made by an industrial process. The copyright is unaffected and is fully enforceable irrespective of the country of origin.

3 Authorized three-dimensional derivative articles of the artistic work, being articles which primarily have a utilitarian purpose and are made by an industrial process, have been distributed somewhere in the world and the work is of South African origin: others may freely copy or reverse engineer the derivative article but may not copy the artistic work itself or a two-dimensional copy of it.

4 Authorized three-dimensional derivative articles of the artistic work, being articles which primarily have a utilitarian purpose, are made by an industrial process, have been distributed somewhere in the world and the work originates from a country which gives no copyright protection to functional design drawings against three-dimensional reproduction: the foreign work will not enjoy this form of protection in South Africa. Even the drawing itself and not only the derivative article can be copied. Germany would be an example of such a country.

5 Authorized three-dimensional derivative articles of the artistic work, being articles which primarily have a utilitarian purpose, are made by an industrial process, have been distributed somewhere in the world and the work originates from a foreign country which grants some measure of protection to functional design drawings and that protection includes the ability to restrain the making of reproductions direct from the original work or a two-dimensional copy of it: the work will enjoy corresponding protection in South Africa. The work will, however, not be protected against reverse engineering where a derivative article is the subject of the copying.³

The position as set out above is far from being simple and in particular there is considerable uncertainty about what constitutes an article primarily having a utilitarian purpose. For instance, is an item of ornate cutlery made of silver an article which primarily has a utilitarian purpose? The interpretation of this concept may well be a fertile field for controversy and litigation in the future. What is certain, however, is that mechanical or engineering products do primarily have a utilitarian purpose and thus have lost their protection.

Controversy within the controversy

The government has justified the amendment to the Act mainly on the grounds of defeating sanctions and breaking the stranglehold of foreign copyright owners. There is no basis for contending that the amendment was necessary on these accounts because the rights of foreign copyright owners had already been extinguished in September 1987, some five months prior to the introduction of the Bill in parliament, save with regard to

works of British origin. The effect of the new regulations on British works was that works of British origin would continue to enjoy the same protection in South Africa as they enjoy in the United Kingdom, but such protection excludes the right to restrain the making of spare parts (see *British Leyland* case supra). Consequently there was a reduced risk of vulnerability to sanctions in the case of British works.

The real loser as a result of the 1988 amendment has been the South African industrial designer. This amendment was substantially concerned with depriving him and virtually him alone of the protection against having his work reverse engineered. No public attention was given to this issue. A substantial and far-reaching amendment was made to the Act without the primary implications having been canvassed or perhaps even being appreciated. Regrettably the *audi alterem partem* principle was not adhered to. The case for the South African industrial designer and those who benefit from his work was not given an opportunity of being heard. The objective on the part of the legislature in 1983 to reach an equitable balance between the interests of the designers and copyists has now fallen away and the legislature has come down firmly on the side of the copyists at the expense of the designers. This was done without any public airing of the issues as happened prior to the 1983 amendment. An already controversial and divisive issue has been dealt with in a most contro-

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versial manner. It is difficult to imagine that an end to the controversy will have been achieved in this way. There is a considerable amount of unhappiness and disenchantment with the situation on the part of local South African designers, industrialists and businessmen engaged in the process of innovation.

The controversy revisited

To sum up, in regard to the protection of technical articles with functional designs against reverse engineering under copyright law, the pendulum has now swung through its entire arc and from these articles enjoying very generous protection up to 1983, the other extreme has now been reached where there is no meaningful protection at all. One does not know whether the government's decision is the correct one here and now;

one would have more confidence if the decision had been taken after a proper investigation and public debate and all different points of view had been given an opportunity of being heard. Alas, this was not done and there are strong indications that the government itself does not fully understand all the implications of the amendment. This is a most unsatisfactory way to have sought to resolve the great copyright controversy.

Footnotes

- ¹ The corresponding provisions are contained in s 10 of the British Copyright Act of 1956.
- ² See *Scaw Metals Ltd v Apex Foundry (Pty) Ltd and another* 1982 2 SA 377 (D).
- ³ See O H Dean *Handbook of South African copyright law* part 1 28 40 for the reasoning which gives rise to these conclusions. □

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