

## Entertainment Law Review

1991

### The implications for the entertainment industry of proposed amendments to the South African Copyright Act

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**Subject:** Intellectual property. **Other related subjects:** Media and entertainment

**Keywords:** Copyright; Entertainment; South Africa

**Legislation:** Copyright Act 1978 (South Africa)

**\*Ent. L.R. 197** Important changes which affect South African copyright law as it applies to the entertainment industry have been proposed by the South African Government. These changes are in the main beneficial to rights holders and will assist the effective and efficient enforcement of copyright in South Africa. With the changing political situation in South Africa owners of foreign entertainment works may find the South African market an attractive proposition.

#### Introduction

The South African Government has given public notice of a Bill to amend the South African Copyright Act 1978, as amended, in several respects, some of which are material. In giving public notice of the Bill, the government has sought comments on it from interested parties. The declared intention of the Government is that the Bill should come before Parliament during the course of 1992. It is possible, however, that the final form of the Bill which is presented to Parliament may show changes to that published for comment, as some of the comments which it elicits may precipitate changes to it. Nevertheless, it is probably safe to assume that the Bill gives a good indication of the changes to the law of copyright which are under contemplation by the Government.

The Bill addresses wide ranging areas of the law of copyright and its main thrust is directed at the law relating to computer programs which are cast in a *sui generis* category of work eligible for copyright, separate and distinct from literary works, of which they have hitherto been considered to be a species, and from the other categories of works presently recognised by copyright law. This aspect of the Bill only has passing relevance to the entertainment industry and will not be dealt with in this article, which approaches the content, effect and implications of the Bill viewed from the perspective of the entertainment industry.

This comment will describe the more important proposed changes in the law of copyright which will impact upon the entertainment industry.

#### Broadcast and Programme-carrying Signals

Under the Act at present, in general, only broadcast and programme-carrying signals emitted by the South African Broadcasting Corporation, a para-statal 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 organisations but to date the Minister has not utilised these powers. The 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. A qualified person, for purposes of South African law, is a natural person or corporation which is a South African subject or a subject of a Berne Convention country and the proclaimed countries to which reference is made above are the member countries of the Berne Convention. The effect of the amendment is that foreign broadcasts and programme-carrying signals (originating from Berne Convention countries) automatically enjoy protection in South Africa notwithstanding the fact that South Africa is not a member of any of the Conventions which cover broadcasts or programme-carrying signals.

The provisions of the Act which require a work to exist in a material form before it can enjoy copyright are amended so as to cater for broadcasts and programme-carrying signals in respect of which such

a provision is inappropriate. It is provided in the 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.

The Bill introduces a definition of a 'programme-carrying signal' (which type of work has been eligible for copyright since 1978) being a signal embodying a programme which is emitted and passes through a satellite. The 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.

### Publication

The nature of 'publication' as an infringing act in relation, *inter alia*, to literary and musical works is more clearly defined. The Bill states that infringement by publication takes place only when the work in question was previously unpublished. In this respect the Bill is thus endorsing the view expressed by the British court in *Infabrics Ltd and Others v Jaytex Ltd*.<sup>1</sup> The copyright in an unpublished literary or musical work is thus infringed by its unauthorised publication and it is not an infringement in a published work of this nature simply to issue copies to the public, which copies were legitimately produced. The Bill also clarifies that 'publication' for purposes of constituting an infringement of copyright means simply issuing copies of the work to the public.

### Cinematograph Films

The definition of 'cinematograph film' is amended in the Bill so as to exclude from its ambit computer programs, as defined. As mentioned above, the Bill makes provision for computer programs to be protected as a *sui generis* category of work and, this being the case, the Government obviously intends that all computer programs eligible for protection should reside within the new category. Presently a computer program which can create a moving picture can qualify as a **\*Ent. L.R. 198** 'cinematograph film'. A television game such as *Pacman* which presently can constitute a 'cinematograph film' is henceforth to enjoy protection as a 'computer program'.

Prior to 1965, South African copyright law, in keeping with the British Copyright Act of 1911, protected cinematograph films which had an original character as a species of dramatic work. Such form of protection was separate and distinct from the scenario or script of the film which was also a literary or dramatic work in its own right. The current Copyright Act, as clarified by the Bill, provides that pre-1965 films are retrospectively vested with copyright as 'cinematograph films' but that they retain their protected status as 'dramatic works' as provided for in the pre-1965 legislation as well. The Bill provides, however, that the 'dramatic work' assumes a somewhat dormant nature and that the 'cinematograph film' copyright takes precedence over the dramatic work in situations of conflict. This means, however, that two forms of copyright co-exist in respect of a single work and such forms of copyright can have different durations and different owners. The owner of the copyright in the film as a form of dramatic work is in principle the individual producer of the film or his successor in title, while the owner of the film as a cinematograph film is in principle the production company or its successor in title. The duration of the copyright in the 'dramatic work' is a period ending 50 years after the death of the author, while the term of copyright in the 'cinematograph film' is a period terminating 50 years after a film is first lawfully made available to the public or 50 years after the making of the film, whichever is the longer. While the Bill makes provision for the copyright in the 'cinematograph film' to take precedence over the copyright in the dramatic work, it provides that the cinematograph film copyright owner must compensate the dramatic work copyright owner in certain circumstances, and for the dramatic work copyright owner or persons deriving title from him to be deemed to hold a licence from the cinematograph film copyright owner. The possibility exists that the 'cinematograph film' copyright can expire but the 'dramatic work' copyright can continue to exist and thus afford a means for controlling the exploitation of the film until such time as the term of that form of copyright expires.

The Copyright Act provides that the copyright in a cinematograph film is infringed, *inter alia* by reproducing any substantial part of the film. There is currently doubt whether making a copy of a single frame or image of a cinematograph film constitutes reproducing a substantial part of that film. The Bill resolves this doubt by providing unequivocally that the copyright in a cinematograph film is infringed by the unauthorised reproduction of a part of a film by making a still photograph from it. A similar provision applies to making a still photograph from a broadcast.

## Parallel Importation

Under the law as it stands at present, a copyright holder can preclude importation of, and trading in, so-called parallel imports of his 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 (in other words, the reproduction of the copyrighted work) constituted an infringement of the copyright in the copyrighted work, amounting to unauthorised 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.

The Bill brings about an important change to the foregoing. In terms of the Bill, whether or not an imported article, for example, a video tape or a record, constitutes an 'infringing copy' for purposes of South African law will be determined by having regard to the rights in the relevant work held (or not held) by the *importer* of the article and not by the foreign maker of the article as is presently the case. Under the Bill, in the case of say records being imported by a parallel importer, a copyright holder must show that such parallel importer does not hold reproduction rights under the copyrighted work for South Africa rather than that the licensee who actually made the record overseas held no such South African rights. In terms of this provision it will be a far simpler matter to prevent trading in parallel imports or grey goods. The provisions of the Bill have much in common with what Browne Wilkinson J in *CBS United Kingdom Ltd v Charmdale Record Distributors Ltd*<sup>2</sup> referred to as a 'formidable argument of convenience'. This argument had previously been rejected by the South African court as being untenable on the law as embodied in the current Act (correctly so).

## Exemptions from Infringement

The Copyright Act makes provision for various exemptions from infringement of copyright, for instance reproducing works for purposes of legal proceedings. An important exemption is that dealing with reproducing works in certain circumstances for study, research and domestic use. The Bill reintroduces into this form of exemption the concept of 'fair-dealing' with works for purposes of research, private study or domestic use of the person so dealing with that work, or for the purposes of criticism or review of the work in question or another work, or for purposes of reporting current events. 'Fair dealing' is a flexible concept and it allows the court to exercise a discretion in excusing conduct of the nature mentioned which would otherwise be an infringement of copyright. What in any given situation constitutes 'fair dealing' will have to be determined by consideration of the surrounding circumstances of the activity. In normal circumstances fair dealing would include making a single copy of a work for private use. However, in dealing with sound recordings and cinematograph films the Bill specifically omits as an exemption from copyright infringement fair dealing for the purposes of research or private study or domestic use of that person. In other words, the Government is seeking to clarify that home taping of records and films is not exempted from being an infringement of the copyright in a sound recording or cinematograph film, as the case may be, and is thus unlawful. The Bill does, however, permit fair dealing for the aforementioned purposes in the case of musical works and literary works. Significantly, the Bill makes no provision for the imposition of blank tape levies or any other form of compensation for home copying.

**\*Ent. L.R. 199** The Bill also permits fair dealing with broadcasts, both radio and television, for purposes of research, private study or domestic use of the person in question. This means that it will not constitute an infringement of the copyright in a musical work, sound recording or cinematograph film to make a copy of a broadcast incorporating any such work for private purposes. In other words home copying off the radio or television, and thus so-called 'time-shifting', is permissible.

At present the South African Broadcasting Corporation is permitted to make ephemeral copies of sound recordings for purposes of making broadcasts. This exemption from infringement is removed by the Bill with the result that the Corporation will henceforth require a licence to make copies of sound recordings even if the same are required to enable the subject matter embodied in the record to be broadcast at a later stage. The same considerations apply to music videos and other cinematograph films.

## Moral Rights

The author's moral rights (in other words, the right to claim authorship of a work and to object to its being mutilated or distorted in certain circumstances) are currently protected in the Copyright Act although they are referred to as the author's 'residuary right'. The Bill renames these rights by giving them the internationally accepted appellation and it provides that any infringement of the author's moral rights is dealt with or enforced in exactly the same way as infringement of copyright. In other words a violation of the author's moral right will be deemed to be an infringement of the copyright in the work and the author will have exactly the same remedies as would be the case if an infringement of copyright had occurred.

### **Proof of Copyright and Infringements**

The general position in regard to proof of subsistence of copyright and of title to copyright in criminal and civil trials is that the relevant facts must be adduced by witnesses with direct knowledge of the facts appearing at the hearing to give oral evidence. The Bill varies this position by providing that the aforementioned elements can be proved by way of affidavit evidence at a trial and it is not necessary for witnesses to appear in person and give oral evidence of the relevant facts. This is a radical departure from the existing situation and will greatly facilitate bringing proceedings particularly in the case of foreign works where it is often impractical if not impossible for oral evidence to be adduced by foreign writers, composers, record producers, film makers, broadcasters and the like. The court may, however, if it considers it appropriate, cause the person who made the affidavit to appear in court and give oral evidence or may cause written interrogatories to be submitted to that person for reply, which interrogatories also form part of the evidence of the case. Despite this, the provision is a very useful one with regard to the practical enforcement of copyright.

The Bill provides for a presumption regarding the authorship and ownership of a sound recording. In terms of the relevant provision the following is presumed, unless the contrary is shown, in both criminal and civil copyright proceedings, in the event that it is stated on a label or other printed matter affixed to records or used in conjunction with records when they were sold (in this context 'records' means records, tapes, compact discs and the like): the name and identity of the author of the sound recording, which can be denoted by means of the symbol C in a circle, and the date and place of first publication which can be stated by means of the symbol P in a circle together with the relevant year and relevant country. This presumption can be of inestimable value in proving the subsistence of copyright in a sound recording and the ownership of that copyright, particularly in the case of foreign records. The effect of the presumption is that, provided the record label or cover states the name of the author/copyright owner and the date and country of first publication, indicated in the manner referred to above, no further evidence will be necessary in order to prove the writer or the maker of the record is authorised to claim and enforce copyright in South Africa. This, however, only applies where the copyright owner is the original maker of the record and does not apply to the situation where there have been assignments of copyright or licences granted under copyright. In these situations the assignments and licences will have to be proved in the normal way but the chains of title can start with the named author without any further ado. A litigant will be spared the trouble of proving, by means of appropriate evidence, who made the record, when and where it was made and when and where it was first published.

A further presumption for which the Bill makes provision is that any person who is shown to be trading in records and who is found in possession of a copy of a record, sold or let for hire or by way of trade, offered or exposed for sale or hire such copy. This presumption already applies to cinematograph films in the Act as it stands at present. The Bill also provides for a presumption to the effect that if it is shown in court proceedings that something was done without the authority of an exclusive licensee, it is presumed, unless the contrary is shown, that such act was also done without the authority of the copyright owner. This presumption applies to all types of works.

### **Compulsory Licences**

The Copyright Act presently provides for the 'Copyright Tribunal' (in practice a Provincial Division of the Supreme Court) 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 -- mainly in the field relating to the performing arts. The Bill makes provisions for the Copyright Tribunal to be at large to grant any type of licence in respect of any category of work. The criterion used by the court in determining whether a compulsory licence should be granted is whether the refusal of a licence by a copyright holder is unreasonable. 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. The Act at present provides for decisions of the Copyright Tribunal only to be reviewed by the Supreme Court whereas the 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 in-road is made in the right of the copyright owner to *\*Ent. L.R. 200* control the use of his work. Any licence granted by the Copyright Tribunal must, however, be subject to the payment of appropriate royalties and the copyright holder has the right to oppose the granting of a compulsory licence in respect of his work.

### **Copyright Owner's Remedies**

Upon the infringement of his copyright, a copyright owner is entitled under the present law to seek, *inter alia*, delivery up of so-called 'plates' used for making infringing copies. The Bill amends the definition of 'plate' so as to make it clear that the term includes a record, disc, or any version of a work of whatsoever nature used to make copies. The effect of this amendment is to enable copyright holders to claim delivery up of master copies of records, films or of music used for making infringing copies, and to make it a criminal offence to possess such goods, even though the master copy might itself be a legitimate copy of the work. In other words, if a record pirate has a legitimate copy of a record in his possession which he uses for making pirate copies, the copyright holder can obtain delivery up of even that legitimate copy. The foregoing is arguably the position under the present Act but the Bill places the issue beyond any doubt.

A so-called 'account of profits' is currently a remedy to which a copyright owner is entitled, at least in theory. There has been considerable controversy about the nature and availability of this remedy and the courts have declined to enforce it. The basis for refusing the remedy is that it is alien to the South African common law and has not properly been incorporated into domestic copyright law. The Bill scraps this remedy from the law and replaces it with a remedy in terms of which the copyright holder can claim a reasonable notional royalty arising out of the misuse of his work. This remedy is an alternative remedy to damages. In claiming damages a copyright holder would be able to claim the actual royalties which he has not been paid and therefore has lost. In a situation where a copyright holder would not lose royalty payments (for instance a foreign copyright owner who has granted an exclusive royalty-free licence to a South African licensee) he can nevertheless claim a notional royalty on the basis of what would be the going rate for a royalty in relation to the type of work in question if he had been in a position to charge a royalty. Neither relief by way of notional royalties, nor damages, can, however, be claimed where the infringer was not aware and had no reasonable grounds for suspecting that copyright subsisted in South Africa in the work to which the infringement action relates. The Bill provides that any copyright owner who claims relief by way of notional royalties must give notice of his action to any exclusive licensees under the copyright in question and *vice versa* where an exclusive licensee institutes proceedings claiming such relief This is to obviate an infringer being mulcted for payment of notional royalties by more than one party in respect of a single infringement.

### **Penalties for Infringement**

The Act presently provides for stiff penalties to be imposed upon criminal acts of copyright infringement. In the case of a first conviction a fine not exceeding R5,000 or imprisonment not exceeding three years, or both, can be imposed for each article to which the offence relates. In the case of a second conviction the foregoing is increased to R10,000 and five years, respectively. These penalties are, however, subject to a ceiling of R50,000 or ten years' imprisonment in respect of the articles comprised in a single transaction. The Bill removes this ceiling which means that the penalties which the court can impose for copyright infringement are unlimited, save as to the maximum penalty for each individual article.

A provision of the Act which empowers a criminal court to prohibit a 'habitual' film pirate from conducting business in the film distribution trade is deleted from the Act by the Bill and it will thus no longer be possible for the court to impose such an 'injunction'. The change is, however, more apparent than real since this penalty has never in fact been imposed by any court.

### **Conclusion**

Although the Copyright Act of 1978 has been amended on six occasions since its coming into force on 1 January 1979, this 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. Now that South Africa is emerging from political and to some extent cultural isolation its copyright law as amended by this Bill ought to place it in a position to adhere to international conventions such as the Universal Copyright Convention, the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Corporations, the Geneva Convention for the Protection of Producers of Phonograms Against Unauthorised Duplication of Their Phonograms and the Brussels Convention relating to the Distribution of Program-carrying Signals Transmitted by Satellite, membership of which was previously foreclosed to it. Foreign makers of works in the entertainment field can be assured that more than adequate protection is available for their works in South Africa and can serve as a platform for commercially exploiting such works in the country.

Ent. L.R. 1991, 2(6), 197-200

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1. [1984] RPC 329.
2. 1980(2) All ER 807 (ChD).

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