

IPSP066 - Internet Aspects of Copyright and Trade Marks

Assignment 3: 827826

Nyameko Lisa

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I know that plagiarism is wrong.

I confirm that this assignment is my own work.

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NOTE

Please note that footnotes will be denoted as ¹ and will appear at the bottom of the page.

References will be denoted by [1] and will appear at the end of the document.

¹This is a footnote.

1 Give a list of fifteen (15) questions that you will ask Sibusiso in order to advise him in this matter.

First Sibusiso will be advised on the aspects of his domain name as they pertain to trade mark law. Then Sibusiso will be advised in terms of the content of his web site as it pertains to the law of copyright. Finally, a course of action for Sibusiso to pursue will be presented based on a summative evaluation of his circumstances.

1.1 What is the ‘nature’ of the Sound Recordings Sibusiso wishes to sell on his website?

As per the definitions of [section 2(1)][1] and given that the Republic is a Paris Convention Member State, [article 15(1)][2], [article 1(2)][3], it follows that ‘*UNITED.gTLD*’ and ‘*UNITED.ccTLD*’ will be understood to be **marks**, in that they are names or signs capable of being represented graphically. Moreover ‘*UNITED.COM*’ constitutes a **well-known registered service** or **trade mark** in the United States of America in relation to distinguishing their trade or use from other goods or services connected in the course of trade regarding ‘*airline and courier services.*’, as per the provisions of [Class 39 - Transport; packaging and storage of goods, travel arrangements][4]. As per those very same provisions, Sibusiso would be advised to pursue trade mark registration of the ‘united’ mark under:

- Class 35: advertising; business management/administration - “*in particular the bringing together, for the benefit of others, a variety of goods enabling customers to conveniently view and purchase those goods; such services may be provided by... means of electronic media, for example, through web sites...*”, and
- Class 41: education; providing of training; entertainment; sporting and cultural activities.

1.2 Has Sibusiso already approached an ICANN-Accredited reseller to query the availability of UNITED.COM?

In order to reserve such a domain name in a general Top-Level Domain or **gTLD**, the **registrant** Sibusiso must register it with an ICANN-accredited registrar² [5]. The registrar will then check if the UNITED.gTLD domain name is available, and then either create or lookup a WHOIS (domain name registration record) with the registrant’s information [6]. The registrant would be advised against the pursuit of gTLD of the ‘united’ domain name, as he is not likely to be successful. In particular, while the ‘united’ trade mark may be territorial by its very nature, the specific ‘united.com’ domain name cannot be owned by multiple companies, irrespective of the uniqueness of their products and/or markets.

1.3 Has Sibusiso considered ccTLD registration or an alternative domain name?

The registrant would be advised to instead pursue registration of the country code Top-Level Domain or **ccTLD** domain ‘united.co.za’, through one of the ccTLD operators [section 59][7], particularly if the students he intends to sell sound recordings to are based within the Republic. This will be assigned on a first-come first-serve basis. Alternatively, he could pursue registration of a more descriptive domain name, such as ‘studentsoundz.co.za’, for example.

1.4 Does Sibusiso understand that he could be liable for trade mark infringement?

As per the provisions of [sections 10(6) and 35][1] (*for litigation within the Republic*), [Article 16 subsections (1), (2) and (3)][2], [Article 6^{bis}(1)][3], [Article 16][8] and [subsection 1125(c)][9] (*for actions within the*

²Or alternatively through a registrar’s resellers.

United States of America), the proprietors of the second level domain ‘united’, as is the case with the airline company, may argue that it is indeed a **well-known** mark and that registration of Sibusiso’s domain name in either a gTLD or ccTLD, constitutes trade mark infringement, through the **dilution** of a well-known mark.

1.5 Has Sibusiso already began trading under the ‘united’ and has he in any way exploited the ‘good will’ or ‘brand’ of the UNITED.COM airline company?

Dilution protection is not subject to the same limitations of ‘traditional’ trade mark infringement,³ in that it extends to use of the offending mark to *any* goods and services. The proprietors of the UNITED.com Airlines trade mark and domain name, need demonstrate that:

- Their mark is well known within the Republic, i.e. it would be sufficient for them to show that their trade mark has acquired a reputation amongst a substantial number of members of the public, *McDonald’s Corporation v Joburgers Drive-Inn Restaurant (Pty) Ltd; McDonald’s Corporation v Dax Prop CC; McDonald’s Corporation v Joburgers Drive-Inn Restaurant (Pty) Ltd and Dax Prop CC* [10],
- Sibusiso has used the mark in the course of trade, where the courts of the Republic view this in the ‘traditional’ trade mark infringement³ sense, *Cowbell AG v ICS Holdings Ltd* [11], lastly
- Use of the infringing mark is likely to take unfair advantage of, or be detrimental to the distinctive character of the UNITED Airlines trade mark, amounting to unfair competition [articles 2(1) and 3(2)(a)(i)][12].

1.6 Does Sibusiso know that there are two additional procedures that could be instituted to resolve the domain name dispute?

ICANN provides a **Uniform Domain Name Dispute Resolution Policy** which outlines provisions [section 4(a)(i)][6], within which mandatory administrative proceedings may be instituted, on the basis that as a **third party complainant** UNITED Airlines asserts that Sibusiso’s domain is identical or confusingly similar to their trade or service mark over which they have rights to.

As per the provisions of [Chapter 2, Paragraphs 110 - 111][13], Sibusiso may institute Submission to Jurisdiction and to **Alternative Dispute Resolution** Procedures. The ADR procedures to follow are described and outlined in Chapter 3: Resolving Conflicts in a Multijurisdictional World with a Global Medium: A Uniform Dispute-Resolution Policy.

1.7 Does Sibusiso know that copyright subsists uniquely in both the samples as well as the original sound recordings he wishes to host for sale on his web site?

As a Convention Member the provisions of [section 5][14], [section 104(c,d)][15], [Article 9(1)][2], [Article 1(2)][16], [Article 5(2)][17] and [Article 1(4)][18] which dictate that the statutes of the Republic shall govern international copyright protection as it pertains to the Internet. Furthermore as per the provisions of [sections 1 and 2(1)(b,e)][14], [sections 101 and 102(a)(2,7)][15] and [Article 2(1)][17] the sound recordings shall be considered as **protected artistic works** or **sound recordings**, where the samples of those works constitute **adaptations** or **derivative works**.

³Restricted to goods and services which are the same or similar to those for which the mark is registered.

1.8 Has Sibusiso identified and indicated his intent to sell the sound recordings/samples to the respective owners, i.e. to the person(s) (i) who first made or created the works, (ii) by whom the arrangements for the production of the sound recording were made, or (iii) the first broadcasters of the works?

As per the provisions of [sections 1, 3, 4(1)(a)][14], [section 101][15], [Article 14][2], [Articles 2 and 3][19], [Article 3 and 9(1)][17], the **authors**, will in this instance be considered as the intellectual property rights holders of the sound recordings and corresponding samples, and they are understood to be the performers, producers, licensees and broadcasting organisations of the sound recordings.

1.9 Without explicit permission, does Sibusiso understand that he may be in violation of a number of the intellectual property rights that vest with the holders discussed above?

- Exclusive right of reproduction [section 9(a)][14], [section 106(1)][15], [Article 9(1) and (2)][17], [Article 7 and 11][19] and [Article 2(a-e)][20],
- Exclusive right of offering by way of trade, directly or indirectly, a reproduction of the sound recording [section 9(b)][14], [section 106(3)][15],
- Exclusive right of publication, distribution or broadcast to the public, or causing the sound recording to be transmitted in a diffusion service [section 9(c-d)][14], [Article 11^{bis}(1)(i)-(ii)][17], [Article 6(1)][18], [Article 8(1) and 12(1)][19] and [Article 4][20],
- Exclusive right of communication to the public of a performance [section 9(e)][14], [section 106(6)][15], [Article 11(1)(i)-(ii)][17], [Article 8][18], [Article 13-15][19] and [Article 3][20], and
- Exclusive right⁴ of adaptation, arrangement and other alteration [section 6(f-g)][14], [Article 12][17] and [Article 16][19].

1.10 Does Sibusiso know how old the sound recordings and samples are, or can he demonstrate that his use amounts to fair dealing, and does he appreciate that it may be necessary for him to become a licensee of the various copyright holders?

As per the provisions of [section 3(2)(a,c,d,e,f)][14], [Article 7][17] and [Article 17][19] the duration for which copyright subsists in the sound recordings and their corresponding samples, is **fifty years** from the end of the year of first performance, broadcast or publication. Should none of these apply then the term of protection is the life of the author and fifty years from the year in which the author dies. Or should infringement action be heard in the United States, **95** years after first publication, **120** years after creation or **70** years after the presumed death of the author, whichever expires first as per [section 302(e)][15].

As per the provisions of [section 12][14], [section 107][15] and [Articles 10 and 10^{bis}][17], if he can demonstrate that his use amounts to *'fair dealing'*, e.g. as per [subsection (c)(ii)], do the sound recordings constitute the broadcasting for the purpose of reporting current events, for example?

Unless Sibusiso can show that his intended use satisfies either of the above conditions he will require the authors' permission by way of a license, [section 22][14], [section 115][15] and [Article 13(1)][17].

⁴Sampling constitutes an adaptation.

1.11 Has Sibusiso considered the implications of his potential intellectual property rights infringement on his intermediary service provider?

With respect to Sibusiso's intellectual property rights infringement, the intermediary service provider HostNet shall **not** be legally liable, for activities conducted during the course of its trade:

- Information transmission or acting as a **'mere conduit'** [Article 12][16],
- Temporary information storage **'caching'** [Article 13][16], and
- Hosting [Article 14][16].

Moreover there exist provisions against statutory requirements obliging HostNet to monitor Sibusiso's activities on their respective servers [Article 15][16].

1.12 Has Sibusiso arranged a Royalty payment agreement or can he demonstrate that he is a 'manufacturer' of the sound recordings which are hosted on American Servers?

Linking is a means of exploiting third-party content on the Internet, and thus enhancing a web-page with coloured or underlined descriptive words **Hyperlinked** to Uniform Resource Locator (URL), linking to the audio samples. The mere creation of the links does not in and of themselves constitute copyright infringement.

However, depending on the licensing/contractual conditions of the links to the samples, Sibusiso may find himself liable to the proprietors and content generators of the sites hosted on servers in the United States of America on which the samples appear, **in addition to** the original authors of the sound recordings for contributory infringement, should the sound recordings be hosted on those American servers illegally.

As per the provisions of [section 9A][14] and [section 111][15], in the absence of licensing and/or contractual agreements to the contrary, Sibusiso will be required to pay appropriate royalties to the owners of the relevant copyright.

Lastly should Sibusiso be capable of demonstrating that he satisfies the provisions of [section 14(1)(a-d)][14] and [section 115][15] then he meet the requirements of a "manufacturer", for which copyright in a musical work shall not be infringed by such a person.

1.13 Does Sibusiso appreciate that an infringement action against him may be instituted within the Republic, or within the United States, or even in both jurisdictions?

Infringement action can be instituted against within the Republic or within the United States of America. In particular however, given that the defendant Sibusiso is domiciled or resident of, and his business is registered within the Republic, the High Courts of the Republic have jurisdiction.

However should Sibusiso, acting as the defendant in some such matter, be a foreign peregrinus (neither domiciled nor resident) of all South African High and Magistrate Courts, then the plaintiff's area of residence, or where the conclusion and/or breach of contract occurred, i.e. the United States of America, will hold jurisdiction. Regardless however, the parties cannot themselves submit to or choose a specific magistrate's courts in their agreement.

1.14 Does Sibusiso understand that he may be liable for vicarious liability or contributory infringement?

If it can be shown that the users of Sibusiso website, themselves were actively engaged in the unauthorised reproduction and distribution of the copyrighted works, both Sibusiso and the users of his website, may find themselves liable for contributory and vicarious copyright infringement [section 23(2)(b,c,d)][14] and [sections 110, 501 and 1201][15], in matters to be potentially heard in jurisdictions across the globe.

Within the context of American case law, in the matter heard before the United States Court of Appeals in the Ninth Circuit, between *A&M Records Inc. vs Napster Inc* [21], the onus was on the industry to demonstrate that Napster users themselves were actively engaged in the unauthorised reproduction and distribution of copyrighted works, for successful action of contributory and vicarious copyright against Napster, whose counterclaim against their users' direct infringement, and in turn themselves, was the 'fair use' defence. The Court of Appeal concurred with the district court's finding, in that:

"...more than eighty percent of the files available on Napster may have been copyright protected and owned or administered by plaintiffs, thereby violating the plaintiff's exclusive rights of reproduction and distribution under §106, U.S. Copyright Act.

The district court determined that Napster had harmed the music industry's market in two ways: it reduces audio CD sales among college students and it raises barriers to plaintiffs' entry into the market for the digital downloading of music. To which the Court of Appeal again concurred, adding the that lack of harm to an established market cannot deprive the copyright holder of the right to develop alternative markets for their works."

1.15 Does Sibusiso understand all the statutory laws that may apply before he proceeds with registration of his domain and commencement of his business trading?

Issues of contract or trade practice law or both may arise in addition to issues of trade mark and copyright law. Depending on the "click-wrap" or implied license, a number of subjective implications may arise pertaining to the whether Sibusiso was in fact eligible or not to hyperlink the multimedia material for commercial purposes on his own website. Moreover it is not entirely clear which jurisdiction these matters may be heard.

Sibusiso would be strongly advised to:

- pursue domain name and trade mark registration of a '**unique**' ccTLD such as *studentsounds.co.za* or *edurecordings.co.za*, for example,
- obtain licensing / contractual authorisations from the **authors** and copyright holders to host the sound recordings and their corresponding samples,
- obtain licensing / contractual authorisation from the American web hosts to use their samples on his own web site,
- establish licensing / contractual agreements with his web host to absolve him of any liability that may arise from his users' (the students) misuse of his platform.

References

- [1] Trade Marks Act No. 194, 1993.
- [2] Agreement on Trade-Related Aspects of Intellectual Property Rights, 1994.
- [3] Paris Convention for the Protection of Industrial Property, 1883.
- [4] NICE Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks, 1957.
- [5] Rules for Uniform Domain Name Dispute Resolution Policy, 2013.
- [6] Uniform Domain Name Dispute Resolution Policy, 1999.
- [7] Electronic Communications and Transactions Act No. 25, 2002.
- [8] Trademark Law Treaty, 1994.
- [9] Title 15 of the United States Code: Chapter 22 - Trade Marks, 1946.
- [10] *McDonald's Corporation v Joburgers Drive-Inn Restaurant (Pty) Ltd; McDonald's Corporation v Dax Prop CC; McDonald's Corporation v Joburgers Drive-Inn Restaurant (Pty) Ltd and Dax Prop CC*, 1997 (1) SA 1 (A).
- [11] *Cowbell AG v ICS Holdings Ltd*, 2001 (3) SA 941 (SCA).
- [12] Model Provisions on Protection Against Unfair Competition, 1996.
- [13] WIPO, The management of internet names and addresses: Intellectual property issues, 1999.
- [14] Copyright Act No. 98, 1978.
- [15] Title 17 of the United States Code: U.S. Copyright Act, 1976.
- [16] Directive 2000/31/EC of the European Parliament and of the Council, 2000.
- [17] Berne Convention for the Protection of Literary and Artistic Works, 1886.
- [18] WIPO Copyright Treaty, 1996.
- [19] WIPO Performances and Phonograms Treaty, 1996.
- [20] Directive 2001/29/EC of the European Parliament and of the Council, 2001.
- [21] *A&M Records Inc. vs Napster Inc*, United States Court of Appeals for the Ninth Circuit, 2001 239 F.3d 1004.