

Study unit 6

How is copyright infringed?

Overview

In this study unit you will be introduced to the different forms of copyright infringement — direct and indirect infringement, and contributory infringement.

Learning outcomes

- After completion of this study unit, you should be able to —
- ☐ distinguish between direct and indirect infringement of copyright
 - ☐ understand the concept 'contributory infringement'
 - ☐ understand the relationship between direct copyright infringement and the exceptions to and limitations on copyright
 - ☐ understand the notion of technical measures to prevent infringement

Setting the scene

The facts of this episode are based on a decision of the High Court of South Africa — *Fax Directories (Pty) Ltd v SA Fax Listings CC* 1990 (2) SA 164 (D).

The idea of publishing a directory of users of telefax equipment was the applicant's brainchild. The first edition of its directory, *The Pink Pages*, appeared in 1986, followed by annual updated editions. The gathering of the information and the compiling of the directory were done by employees of the applicant. Each edition contained a notice prohibiting the reproduction of the whole or part of the directory without the applicant's permission. In the first edition it was said that the applicant was its compiler and publisher; in subsequent editions it was indicated only that the applicant was the publisher. In order to detect and prevent infringement of its copyright, the applicant inserted a number of fictitious entries in its directories.

In 1987 the respondent published a directory entitled *SA Telex*

Register and SA Fax Listings. In its telefax section all but one of the fictitious entries in *The Pink Pages* were found. The respondent claimed that it obtained the information from another directory, which had, with the applicant's consent, copied information from the applicant's directory.

The applicant successfully sought an interdict, inter alia, restraining the respondent from infringing the applicant's copyright in its directory and from distributing or selling the respondent's rival directory.

Discussion

Introduction

Copyright infringement may be direct (primary) or indirect (secondary):

direct infringement

- ☐ Copyright infringement is *direct* where the infringer performs any of the acts which only the author can authorize (refer to the discussion of the author's exclusive rights of authorization in Study Unit 5), without the author's consent.

indirect infringement

- ☐ Copyright infringement is *indirect* where the infringer, although not actually performing any of the acts which only the author can authorize, still knowingly does something to further the commission of any of these acts.

To illustrate this distinction:

- ☐ Where a person makes a copy of a work without the author's consent, she commits an act of direct infringement. But if, instead of making a copy of the work herself, she knowingly and without the consent of the copyright owner imports — other than for her private or domestic use — an infringing copy already in existence, she may commit an act of indirect infringement (see, for example, section 23(2)(a) of the South Africa Copyright Act).

- Similarly, it is an act of direct infringement to perform the work in public without the author's consent. But it may be an act of indirect infringement to permit a place of public entertainment to be used for the performance of the work in public, knowing that such performance lacks the author's consent (see, for example, section 23(3) of the South African Copyright Act).

Direct infringement

no knowledge

To commit direct (primary) infringement of copyright it is usually not necessary that the infringer should know that she is infringing the copyright in the work in question. It is a basic principle of copyright law that if two people arrive at the same solution independently of each other, each will enjoy copyright in her own work.

actual copying

Accordingly, to establish infringement through the reproduction of a work, it should be proved that the work has actually been copied. Also, whether there has been copyright infringement in the form of unauthorized reproduction is a question of fact, which must be answered in two stages, one objective and the other subjective:

objective similarity

- The existence of an objective similarity between a substantial part of the copyright work and the infringing work is established through an objective test.

causal connection

- Once that has been established, a causal connection between the original work and the alleged infringing work must be established by the use of a subjective test. In short, it should be proved that the copyright work is the source from which the alleged infringing work is derived (see, for example, *Bosal Afrika (Pty) Ltd v Grapnel (Pty) Ltd & another* 1985 (4) SA 882 (C); *Juta & Co Ltd & others v De Koker & others* 1994 (3) SA 499 (T)).

The question of 'objective similarity' between the original work and the alleged infringing work may be judged in view of the

state of the art — this may entail a close resemblance being attributed to the fact that both articles incorporate common prior art. This situation differs from that of the 'chinese copy' where the infringing work is an exact replica of the copyright work. In *Bosal Afrika (Pty) Ltd v Grapnel (Pty) Ltd* (supra) the court added that between these two poles the objective similarity is a question of degree (at 408).

The central issue in *Galago Publishers (Pty) Ltd & another v Erasmus* 1989 (1) SA 276 (A) was whether the publication of a new luxury edition of a book on the operations of the Selous Scouts in the bush war in the former Rhodesia constituted copyright infringement. Corbett JA stated that the key question to be considered was that of objective similarity. On the facts before him he noted that, generally, the alleged infringing work differed from the copyright work in a number of respects: the alleged infringing work was of a larger format and print, and it was a glossy-type book with many photographs interspersed with short text, and fitted the description of a so-called coffee-table book. The judge also referred to marked differences in the style and general manner of presentation. But a closer examination of the works revealed that these differences were largely cosmetic and that the twelve chapters of the alleged infringing work were effectively merely an abridged version of the copyright work with extensive language copying. Objective similarity had accordingly been established.

substantial part

Moreover, at least a substantial part of the work should have been copied. This rule is based on the common-law maxim that the law does not concern itself with trivia (*de minimis non curat lex*).

quality, not quantity

One should bear in mind that the term 'substantial part' refers not so much to the quantity (such as the number of pages) that is copied but rather to the quality of what has been copied (see, for example, *Ladbroke (Football) Ltd v William Hill (Football) Ltd* [1964] 1 All ER 465 (HL) at 459; *Fax Directories (Pty) Ltd v SA Fax Listings* CC 1990 (2) 164 (D)). Thus, for example, the conclusion reached by a researcher may comprise only a few pages of a book, but in terms of quality it may constitute a substantial part of the book. In *Juta & Co Ltd v De Koker* (supra), McCreath J stated that there was '... no reason why chapters of a book, or pages, sentences, phrases or even a

single word in it cannot in an appropriate case be regarded as separate and discrete literary works enjoying copyright' (at 504).

access

To establish a causal connection between the original work and the alleged infringing work, it must be proved that the creator of the alleged infringing work had access to the original work. This implies that when infringement has taken place, the original work and at least one copy of the work will exist. Such a causal connection may be established through evidence (see *Schultz v Butt* 1986 (3) 667 (A) at 676), or it may be evident from the works. In a case concerning the copyright infringement of a compilation of names, addresses and telefax numbers (*Fax Directories (Pty) Ltd v SA Fax Listings CC* (supra)) the evidence of infringement was based entirely on the presence of fictitious entries and typographical errors common to both works concerned. The court noted that the presence of the fictitious entries and identical typographical errors 'made the copying stand out like a sore thumb' (at 456). In *Galago Publishers (Pty) Ltd v Erasmus* (supra) the court ruled that the infringing work could not have been written without conscientious reference to the copyright one (at 294). The court had no doubt that the abridged work was written with the original work at the infringer's elbow (at 285–286).

direct/indirect copying

Copying (not infringement) may also be direct or indirect. When one copies a copy of a work this is called indirect copying — a copy of an intervening copy is thus deemed to be an infringement of the copyright in the original work. In *Klep Valves (Pty) Ltd v Saunders Valve Co Ltd* 1987 (2) SA 1 (A) the appellant had copied its valves from valves manufactured according to the respondent's engineering drawings. The court held that in principle this type of indirect copying amounts to infringement of the copyright in the drawings, since the appellant had reproduced a substantial part of the respondent's drawings.

conscious/subconscious copying

Copying may also be either conscious or subconscious. Subconscious copying takes place where, for example, a person reads, sees or hears a work, forgets about it but then later reproduces it in the genuine belief that it is his own. Such copying, though subconscious, will constitute an infringement of the copyright in the original work.

*Limitations and exceptions:
defences to claims of direct infringement*

In Study Unit 5 we discussed the various exceptions to and limitations on the rights of an author in respect of her work. Although these exceptions and limitations, on a theoretical level, seek to limit the ambit of these rights, on a practical level they act as defences to claims on the basis of the direct infringement of copyright. This often appears from legislative language such as 'the copyright in a literary work shall not be infringed by ...'.



Reading 6.1

Study *Galago Publishers (Pty) Ltd & another v Erasmus* 1989 (1) SA 276 (A) carefully. Ask yourself the following questions when you read this decision:

- ☐ What is meant by the statement that 'there is no copyright in ideas or thoughts or facts, but only in the form of their expression'?
- ☐ If one accepts that there is no copyright in bare facts —
 - ☐ Is there a valid distinction in the context of copyright infringement between works of fiction (such as historical works) and works of non-fiction?
 - ☐ What is the position relating to 'referential language'?
- ☐ How does a court determine whether a 'substantial part' of a work has been copied?
- ☐ On what factual basis did the court reach its conclusion? What was that conclusion?

Reading 6.2



Study *Bosal Afrika (Pty) Ltd v Grapnel (Pty) Ltd & another* 1985 (4) SA 882 (C). Ask yourself the following questions when you read this decision:

- ☐ Which works were the subject of the dispute before the court?
- ☐ How does a court determine objective similarity where both works in question incorporate prior art? How does this differ from the 'Chinese copy' situation?
- ☐ What did the court conclude in respect of each work in question?

Activity 6.1



Anne is the author of a leading textbook on copyright. The book, written in English, contains a commentary on the provisions of the Copyright Act and, in an annexure, the full text of the Act. She has recently discovered that Busi is translating the book into Xhosa. She has also been told that Cathy, the owner of a local newspaper, *The People's Express*, has condensed Anne's book and is distributing photocopies of the condensed version to all journalists on her staff. In addition, she has found that lecturers at the University of the Gold Reef are making photocopies of the pages of her book on which the Copyright Act has been printed, and are selling them to students to use in the course on Copyright Law. Some students have chosen to make their own copies of these pages on a photocopying machine in the university library.

Anne approaches you for advice on the following questions:

- 6.1.1 Has any infringement of her copyright occurred?
- 6.1.2 Would any of the potential defendants have any defence against her claim on the basis of copyright infringement?

After you have answered Anne's questions, read the discussion of this activity in Tutorial Letter 202. This will give you feedback.



Activity 6.2

Ubuntu (Pty) Ltd, a company incorporated in South Africa, manufactures and distributes woven carpets. One of its carpets depicts three women in traditional dress. This design has been woven into the carpet. The design originated in and is a reproduction of a painting by Bheki, who was employed by Ubuntu (Pty) Ltd design carpets. Bheki is a Nigerian citizen. Employees of Ubuntu (Pty) Ltd adapted the painting to be used as a design for woven carpets. They did so under Bheki's direct control and supervision. Ubuntu (Pty) Ltd distributed the carpets incorporating this design in South Africa. The company then discovers a woven carpet made by Xiu. This carpet, too, depicts a design of three women in traditional dress. This design is similar but not identical to Ubuntu's design. Ubuntu (Pty) Ltd believes that the design depicted on Xiu's carpet was copied from its own carpet. The company approaches you for legal advice as to whether it will succeed against Xiu in an action for copyright infringement.

After you have advised the company, read the discussion of this activity in Tutorial Letter 202. This will give you feedback.

Discussion

Indirect infringement

commercial exploitation

Indirect (or secondary) infringement refers to a situation where a person is involved in the commercial exploitation of copies of a work, if she knows that they were infringements when they were made. The following commercial activities are often covered by the concept 'indirect infringement':

- ☐ importing an article for a purpose other than private and domestic use
- ☐ selling, letting, or offering by way of trade, or exposing for sale or hire an article

- distributing for the purpose of trade, or for any other purpose, to such an extent that the author is prejudiced

national infringements

In the case of imported copies, this usually includes 'notional infringements' — copies that would have infringed had they been made in the country to which they have been imported, or would have constituted a breach of a license agreement relating to that work (see, for example, section 23(2) of the South African Copyright Act). In *Frank & Hirsch (Pty) Ltd v A Roopanand Brothers (Pty) Ltd* 1993 (4) SA 279 (A), for example, the court held that if the person who made the offending article could not without infringing copyright have made it in South Africa, a person who, with the required knowledge and without the author's consent, either imports the article into this country, or sells or distributes it here, commits an act of indirect infringement.

parallel imports

With imported copies one deals with the vexed question of parallel imports (the importing and trading in what is known as 'grey goods'). In a nutshell, 'grey goods' are copies made in a country where their maker is entitled to make them (in other words, they are not infringing copies there), but which are then imported into a country where their maker is not entitled to make them (see further *Frank & Hirsch (Pty) Ltd v A Roopanand Brothers (Pty) Ltd* (supra)).

exhaustion

The question of parallel imports highlights the equally contentious issue of exhaustion of rights in the context of the author's exclusive right of distribution. For example, Article 6(1) of the WCT states:

'Authors of literary and artistic works shall enjoy the exclusive right of authorizing the making available to the public of the original and copies of their works through sale or other transfer of ownership.'

(According to an agreed statement, the expressions 'copies' and 'original and copies' refer 'exclusively to fixed copies that can be put into circulation as tangible objects.) The issue of exhaustion is then — to what extent can an author control the future distribution (in the form of sales, for example) of her work? Put differently, at what point is the author's rights of distribution exhausted? In many countries exhaustion occurs at the moment of the first authorized sale of the work (that is why

first sale

this principle is sometimes called the 'first sale' principle or doctrine). Given the significant economic impact of an exclusive right to control the distribution of works (it impinges on the principle of the free movement of goods, currently so important in international economic policy), internationally this is a sensitive issue. This lack of international agreement is reflected in Article 6(2) of the WCT which states:

'Nothing in this Treaty shall affect the freedom of Contracting Parties to determine the conditions, if any, under which the exhaustion of the right in paragraph (1) applies after the first sale or other transfer of ownership of the original or a copy of the work with the authorization of the author.'

private and domestic use

The expression 'private and domestic use' usually refers to use which is confined to the user herself or, at least, does not extend beyond her domestic circle.

public performance

Another common form of indirect infringement to which we have already alluded is where a person permits a place of public entertainment to be used for a performance in public of a literary or musical work, where the performance constitutes an infringement of the copyright in the work (see, for example, section 23(3) of the South African Copyright Act). Where a work is performed before people who normally comprise what may be called the domestic circle, the performance will not be in public. But where the audience comprises a cross-section of the public and is not limited to a particular domestic circle, the performance will be deemed to take place in public (see *Jennings v Stephens* [1936] Ch 469 at 481).

guilty knowledge

It is important to note that guilty knowledge on the part of the infringer is a prerequisite for establishing indirect infringement. In *Gramophone Co Ltd v Music Machine (Pty) Ltd & others* 1973 (3) SA 188 (W), for example, the court stated that 'knowledge' amounted to notice of facts such as would suggest to a reasonable person that a breach of copyright law was being committed.

An new form of indirect infringement is created by Article 11 of the WCT:

'Contracting Parties shall provide adequate legal protection

anti-circumvention

and effective legal remedies against the circumvention of effective technological measures that are used by authors in connection with the exercise of their rights under this Treaty or the Berne Convention and that restrict acts, in respect of their works, which are not authorized by the authors concerned or permitted by law.'

To place this provision in its context, Dean S Marks and Bruce H Turnbull ('Technical protection measures: the intersection of technological, law and commercial licenses', paper delivered at a Workshop on Implementation Issues of the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT)', organized by WIPO in Geneva on 6–7 December 1999) state:

digital copying

'Advances in both analog and digital technology offer content owners new opportunities for distributing their works and offer consumers new means for receiving and enjoying these works. Such advances, however, also pose a serious challenge: how can works be protected in a world where: (i) duplication is easy and expensive, (ii) every copy made (whether from the original or another copy) is perfect, and (iii) the distribution to users around the world can be accomplished virtually cost-free and immediately over the Internet? This challenge is particularly acute in today's world where an individual consumer no longer simply receives works, but can also send and re-distribute such works to others. Further complicating the challenge of protecting works is the fact that copyrighted works now flow in an environment that encompasses consumer electronic devices, computers, satellites and global networks such as the Internet.'

Article 11, then, requires protection against the circumvention of technical devices which either

- ☐ restrict access to copyright material and copying of such material, or
- ☐ prevent further copies from being made, once copyright material has been downloaded into a user's computer.

restrict access

prevent further copying

While there is no doubting the need for some form of technological protection of this nature in the Internet context, this form of protection raises a core issue — 'how to leave room for those who are protected by a legal exception from infringement actually to secure access to material to which they are entitled' (WR Cornish *Intellectual Property: Patents, Copyright, Trade Marks and Allied Rights* 4th ed (1999) § 13-

balance exceptions

87). Professor Cornish (idem § 13-85) illustrates the problem thus:

'... the content provider may impose contractual or technical barriers in the way of obtaining copyright material. As a result both the initial downloading and subsequent deployment call for consideration.

The provider may set out contractual conditions to which a person seeking access must agree (by "click-on") before gaining access to the material. Unless there are arrangements for electronic negotiation, the terms offered will ordinarily be in standard form: take or leave. What if they seek to take away from the user a freedom which falls within one of the fair dealing related exceptions in national law? Suppose that they insist upon a fee before the scholar makes a permanent copy of even the smallest part of a work; or a fee for any quotation in an examination paper; or specific permission before using any part for criticism or review or for reporting current events?'



Reading 6.3

Study *Frank & Hirsch (Pty) Ltd v Roopanand Brothers (Pty) Ltd* 1993 (4) SA 279 (A). Ask yourself the following questions when you read this decision:

- ☐ What type of work was involved in this case?
- ☐ What did the plaintiff have to prove in order to succeed with its action?
- ☐ On what basis did the court find the required knowledge on the part of the defendant?

Discussion

Contributory infringement

United States

In countries such as the United States of America, liability for copyright infringement has been extended by the notion of 'contributory infringement'. In *Sony Corp v Universal Studios Inc* 464 US 417 (1984) at 435, the Supreme Court stated that the

'absence of such express language in the copyright statute does not preclude the imposition of liability for copyright infringement on certain parties who have not themselves engaged in the infringing activity. For . . . the concept of contributory infringement is merely a species of the broader problem of identifying the circumstances in which it is just to hold one individual accountable for the actions of another.'

South Africa

Although the principle of 'contributory infringement' has not been established in any reported decision on South African copyright law, there are indications that the courts may also be prepared to accept such principle (see, for example, *Bosal Africa (Pty) Ltd v Grapnel (Pty) Ltd* (supra) at 893, where such a claim was dismissed for lack of proof of knowledge of infringement). Were one to assume that copyright infringement is merely a form of delictual liability (liability in tort), then the liability of someone who assists, aids, or abets the commission of copyright infringement can be based on the broad principles of the Aquilian action. As was stated in *McKenzie v Van der Merwe* 1917 AD 41 at 51, '[u]nder the lex Aquilia not only the persons who actually took part in the commission of a delict were held liable for the damage caused, but also those who assisted them in any way . . .'. (The lex Aquilia is the broad basis for liability for economic loss in South African law.)

Internet

In the context of global information networks such as the Internet, liability for contributory infringement is an important to authors who seek to protect their works against unauthorized exploitation.

Online service providers

Of special interest is the position of online service providers (OSPs), who perform a variety of functions. When the liability of a particular OSP is to be determined, one should remember that the common law and copyright law impose liability for acts or omissions in a specific instance. So an OSP's liability will

depend on the role it plays in a particular transaction. Where, on the one hand, an OSP makes unauthorized reproductions of a protected work (for example, for technical reasons such as caching) it may be liable for direct infringement of copyright. But where, on the other hand, it merely transmits or facilitates access to copyright infringing material, it may be liable for 'contributory infringement' at common law.

DMCA

With the liability of OSPs established in principle in this way, attention has now shifted to means to limit their liability. The most comprehensive instrument yet to attempt this is the Digital Millennium Copyright Act ('DMCA') in the United States of America. It was signed into law on 28 October 1998. The DMCA incorporates the Online Copyright Infringement Liability Limitation Act as Title II. This statute limits the availability of remedies which an author may seek for copyright infringement against an OSP, if the OSP satisfies certain threshold requirements and performs certain stated functions or acts:

- ☐ transmitting, routing, and providing connections to infringing material (the 'mere conduit' limitation)
- ☐ system caching
- ☐ storing infringing material at the direction of a user (the 'hosting' limitation)
- ☐ linking or referring users to infringing material (the 'linking' limitation)

Conclusion

You should now appreciate that there are at least two distinct forms of copyright infringement — direct (primary) and indirect (secondary). Although in any given factual situation both these types of infringement may be present, it is important to separate them, as different conditions for liability (especially relating to knowledge of infringement) apply. In some countries with a broad base for liability for causing economic loss it is possible that a person may be liable on the basis of contributory infringement. You should also now understand the relationship between direct copyright infringement and the exceptions and limitations on copyright. Finally, you should understand the significance of the new protection of technological measures.