

Sample Question 1

You are approached by Jen, the CEO of DeSig, a large international design and publishing company. The company designs, creates and produces brochures and other promotional material for clients. All the production work are done in-house. His employees include writers, artists and multi-media designers. Jen would like to enhance his employees' knowledge about copyright law and he would like to ensure that the company retains ownership of all copyright works created by employees.

- (a) Draft a short memorandum wherein you explain the general nature and rules for the subsistence of copyright protection and the duration of copyright to the employees of DeSig. (The memorandum should not be longer than 2 typed or four hand-written pages.) (30)
- (b) Jen asks you to advise him on the issues he should address in DeSig's copyright policy to ensure that the company retains ownership of all copyright works created by employees. (Your answer should not be longer than three typed pages or six hand-written pages long.) (40)
- (c) Jen has noticed that Pete, a competitor, has published a brochure that is very similar to DeSig's promotional brochure. Explain to Jen how copyright infringement has been established in past court cases. (Your answer should not be longer than three typed pages or six hand-written pages) (30)

TOTAL [100]

Answers to Sample Question 1

(a) Draft a short memorandum wherein you explain the general nature and rules for the subsistence of copyright protection and the duration of copyright to the employees of DeSig. (The memorandum should not be longer than 2 typed or four hand-written pages.)

(30)

1. What is copyright?

Copyright is the exclusive right of the creator of a literary or artistic work to do or authorize the doing of or to prevent the unauthorized doing of certain acts that are listed in copyright legislation.

2. What is protected?

Law of copyright protects a "work". Only a work that falls within the classes of works listed in the relevant copyright legislation can possibly qualify for protection. If something does not fall within any of those categories, it cannot enjoy copyright protection even if it meets the inherent and formal requirements for protection.

Section 2 of the South African Copyright Act provides that "the following works, if they are original, shall be eligible for copyright"; it then lists the following categories of works: literary works, musical works, artistic works, cinematograph films, sound recordings, broadcasts, programme-carrying signals, published editions and computer programs.

In DeSig's case, the categories of works that are most likely to be relevant are "literary works", "artistic works" (e.g. photographs, graphic designs and drawings) and "published editions".

3. When will the work enjoy protection?

The mere fact that a work can be classified in one of these categories does not mean that it will necessarily enjoy copyright protection - there are certain basic requirements that must be satisfied before copyright will subsist in a particular work.

We can divide these requirements into two groups, namely the inherent and the formal requirements.

3.1 The inherent requirements

There are three inherent requirements for the subsistence of copyright in a work – propriety, originality, and material embodiment.

Propriety requires that, for copyright to subsist in a work, the work should not be of a kind that is contrary to public morality.

Originality does not mean that the work must be the vehicle for new or inventive thought, nor does it mean that such thoughts as the work may contain must be expressed in a form which is novel or without precedent. As long as the author expended original skill and labour, the work is original, irrespective of whether one or more identical works already exist. Originality in a copyright work relates not only to the form in which the thoughts are expressed, but also to the thoughts themselves. In other words, it is necessary that both the form and the thoughts originate from the author and not be copied from another work. It is not necessary that every aspect of the work must emanate from the author himself. However, the work must be more than a slavish imitation of some earlier work.

For a compilation of non-copyright material to be original, the labour and skill expended must be such that the compilation is not simply a copy of existing subject-matter, but rather a work that contains features and qualities absent in the material from which it was initially composed.

Section 2(3) of the South African Copyright Act provides that a work "shall not be ineligible for copyright by reason only that the making of the work, or the doing of any act in relation to the work, involved an infringement of copyright in some other work".

Material embodiment: A work should exist in some or other material form before it qualifies for copyright protection. The requirement of material embodiment may be seen as a result of the notion that copyright protects only the expression of ideas. The material embodiment of the work should have a certain measure of permanence.

3.2 Formal requirements

There are two formal requirements for the subsistence of copyright in a work. Unlike the position relating to the inherent requirements, these two formal requirements are not cumulative but alternative. The author should either be a qualified person or the works should first be made or published in a member state of the World Trade Organization.

4. What are the rights of the author/ copyright owner?

The author enjoys certain exclusive rights which only he or she can do, or authorise others to do. These rights include the right to make a reproduction, adaptation, to publish the work, to publicly perform the work or to communicate the work to the public.

5. When will these rights be infringed?

In law of copyright infringement occurs when a person other than the copyright owner performs any of the copyright owner's exclusive rights without his or her permission. We also have an additional type of infringement in law of copyright, namely indirect infringement.

6. Duration of protection

Different categories of works enjoy different terms of protection. Generally, under South African Law, the copyright in literary, musical and artistic works (excluding photographs) endures for the lifetime of the author and a further period of fifty years commencing from the end of the year in which the author died.

Copyright in cinematograph films, photographs, and computer programs subsists for fifty years from the end of the year in which work is made available to the public with the consent of the copyright owner or is first published, whichever term is the longer. If neither of these events have happened within fifty years of the making of the work, copyright subsists for fifty years from the end of the year in which the work was made.

Copyright in a sound recording endures for a period of fifty years from the end of the year in which the recording was first published.

- (b) Jen asks you to advise him on the issues he should address in DeSig's copyright policy to ensure that the company retains ownership of all copyright works created by employees. (Your answer should not be longer than three typed pages or six hand-written pages.) (40)**

This question specifically dealt with the issue of how DeSig can retain copyright in works created by its employees.

Author of the copyright works

First of all it is important to establish who the author of a specific work will be. Judged by the type of business conducted by DeSig, it seems as if basically all types of works could potentially be covered by DeSig, with perhaps the exceptions of broadcasts and programme-carrying signals.

The popular and conventional meaning of the word "author" is the maker or creator of a work. However, it is important that you should note that this meaning applies only to literary, musical and artistic works. With all other works someone other than the true creator of the work in question may qualify as its author. In section 1(1) of the South African Copyright Act the term "author" is defined as connoting, in relation to:

- (a) a **literary**, musical or **artistic** work, the person who first makes or creates the work;
- (b) a **photograph**, the person who is responsible for the composition of the photograph;
- (c) a sound recording, the person by whom the arrangements for the making of the sound recording were made;
- (d) a cinematograph film, the person by whom the arrangements for the making of the film were made;
- (e) a broadcast, the first broadcaster;
- (f) a programme-carrying signal, the first person emitting the signal to a satellite;
- (g) a **published edition**, the publisher of the edition;
- (h) a literary, dramatic, musical or artistic work or computer program which is computer-generated, the person by whom the arrangements necessary for the creation of the work were undertaken; and
- (i) a computer program, the person who exercised control over the making of the computer program

Please note again that, of the types of works and their authors listed above, the categories of works that are most likely to be relevant for DeSig are "literary" and "artistic works" (e.g. graphic designs and drawings) and "published editions". Although photographs generally fall under "artistic works", they are an exception to the rule as far as authorship is concerned. Generally speaking, the author of an "artistic work" (e.g. a graphic design or a drawings) is the person who first makes or creates the work, whereas the author of a photograph is the person who is responsible for the composition of the photograph.

Where the activity of the person who reduces the work to material form is purely mechanical, he is not the author but rather the agent or amanuensis of the author. We can use a shorthand typist as an example. A shorthand typist merely takes down what is dictated to him and reproduces it in written form (*Accesso v Allforms* (supra) at 670, in passing, and Cornish *Intellectual Property* 399). We should of course distinguish between the position of a shorthand typist and that of the so-called ghost writer. While the first merely acts as an amanuensis, a ghost writer is an author who gives expression to the teller's ideas (*Donoghue v Allied Newspapers Ltd* [1938] 1 Ch 106). This issue arises also, for example, in the case of artistic works. Thus, in *Kenrick & Co v Lawrence & Co* (1890) 25 QBD 99, a

certain J had conceived the idea for a drawing, but J, being unable himself to draw, employed an artist to execute the drawing under his direction and according to his specifications. The court held that the author of the drawing was the artist, not J. The deciding factor, when one has to determine authorship in these situations, seems to be the skill and labour exercised by the person reducing the work to material form.

Ownership of the works

The general rule is that the author (or co-authors in the case of works of joint authorship) is the first owner of the copyright in a work (sect 21(1)(a) of the South African Copyright Act). There are, however, a number of important exceptions to this rule.

Section 21(1)(b) contains the first exception. Where a literary or artistic work is made by an author in the course of his employment by the proprietor of a newspaper, magazine or similar periodical under a contract of service or apprenticeship, and the work in question is actually made for the purpose of publication in a newspaper, magazine or similar periodical, the proprietor concerned (the employer) shall be the owner of the copyright in the work in so far as the copyright relates to the publication of the work in any newspaper, magazine or similar periodical or to the reproduction of the work for the purpose of being so published, but in all other respects the author shall be the owner of the copyright subsisting in the work. Since DeSig, although also a publishing company, produces brochures and promotional items, it will not be covered under this section since it is not the publisher of a newspaper, magazine or similar *periodical*.

The second exception is contained in section 21(1)(c). Where a person commissions the taking of a photograph, the painting or drawing of a portrait, or the making of a gravure or a cinematograph film or a sound recording and pays for it in money or money's worth, and the work is made in pursuance of that commission, that person (the person who commissions the work) shall be the owner of the copyright in the work. In order for this exception to apply, it must be a commission (and not, for example, an employment relationship). Since the question specifically deals with DeSig's employees, and not with independent contractors, this exception will also not be applicable to the present facts.

However, in terms of section 21(1)(d) DeSig, as employer, is the owner of all copyright works created by employees within the course and scope of their employment. Where a work is made in the course of the author's employment by another person under a contract of service or apprenticeship, in a situation not covered by paragraphs (b) or (c) of this subsection, the employer shall be the owner of the copyright in the work. This exception applies to all categories of works, except those which fall within the ambit of paragraph (b) or (c). However, it does not apply to a contract of work, such as the usual contract between an architect in private practice and a client who wants a home designed (*Marais v Bezuidenhout* 1999 (3) SA 988 (W)).

It has already been established that paragraphs (b) and (c) do not apply, therefore, in terms of paragraph (d), it seems as if DeSig would be the copyright owner of the works made by its employees.

These exceptions to the general rule can be excluded by agreement between the parties (sec 21(1)(e)). Section 21(1)(e) does not contain any direction as to what form such an agreement should take. Therefore we may assume that such an agreement will be equally effective if written, oral or implied from the conduct of the parties or the peculiar circumstances of the case.

It is important to note that the employee will retain the moral rights in his or her works, except if expressly transferred to the employer. There are two moral rights, namely the paternity right and the integrity right.

Copyright Policy Issues

Jen would thus have to include the following in his copyright policy:

- ✚ A general description of the works that are eligible for copyright protection.
- ✚ The requirements works must meet to enjoy copyright protection.
- ✚ To address this in the policy Jen could require:
 - that employees archive all works created in a specific file (material form requirement),

- that employees must create the works using their own skill and labour (originality)
- that employees should not make use of a third party's proprietary material in creating promotional word for clients (originality)
- that employees should not copy, whether directly or indirectly, the work of a third party'
- that all preparatory material be stored (to prove that the works are original) and
- that the works be dated at creation (important for Jen to determine the duration of copyright).



Employment contracts must make provision for copyright ownership.

- Jen should also state in the policy that copyright ownership of all works created within the course and scope of employment by employees with DeSig vest with the company. The policy should explain the meaning of the term "scope" and e.g. explain that the concept of "within the course of employment" is not limited to office hours. If DeSig for instance employs a graphic designer to help with the artwork needed for the brochures, and she works as a freelance wedding photographer over weekends, then she herself will be the author and owner of the copyright in such photographs, as they will have been created outside the course and scope of her employment. On the other hand, if she works over a weekend to finish a brochure for one of DeSig's clients, then DeSig should be the owner of the copyright in such works in terms of sec 21(1)(d). An employer should further always be able to prove the exact employment periods of the authors of all it's works ("course of employment") and what each employee's job description was at a specific time ("scope"). By clearly setting out the positions in such instances in a policy document, possible ownership disputes can be avoided.

Jen should also address the following in the policy:



Employees must report any infringement of rights.



Employees must obtain permission for the use of works of third parties.

- Employees must give due acknowledgement if use is made of the work of a third party.



All copyright works must display the date of creation and a copyright notice.



The policy could also require that where outside contractors are used for the creation of works such contractors should sign a written letter of appointment wherein the copyright ownership is assigned to DeSig. Any deviation from this practice will have copyright implications and should be cleared with Jen beforehand.



Jen must also address management issues in the copyright policy. For example, she can provide that:

- The CEO must negotiate and sign all agreements to create works for third parties.
- All intellectual property queries should be directed to Jen.

(c) Jen has noticed that Pete, a competitor, has published a brochure that is very similar to DeSig's promotional brochure. Explain to Jen how copyright infringement has been established in past court cases. (Your answer should not be longer than three typed pages or six hand-written pages.)
(30)

There are two types of copyright infringement, namely direct infringement and indirect infringement. Infringement is direct where the infringer commits any of the acts specifically designated in copyright legislation as acts, the doing of which, or the authorization of which, in relation to the particular category of work is the sole prerogative of the copyright owner (sect 23(1) of the South African Act). An infringement of copyright is indirect where the infringer, although not actually committing any of the acts so designated, still knowingly does something to further the commission of any of these acts (sect 23(2) and (3)).

1 Direct infringement

Copyright is basically the exclusive right of the copyright owner to perform any of those acts listed in relation to each category of works. Where a person does or causes someone else to do any of these acts without the copyright owner's authorisation, such a person is directly infringing on the copyright owner's copyright.

It is therefore important to know the exclusive rights of the copyright owner before you will be able to determine whether copyright was actually infringed. When we look at these exclusive rights, three definitions in section 1(1) of the Act are important.

The first one is the definition of "reproduction". In relation to a literary or musical work or a broadcast the term "reproduction" includes a reproduction in the form of a record or a cinematograph film; in relation to an artistic work this term includes a version produced by converting the work into a three-dimensional form or, if it is in three-dimensional form, by converting it into a two-dimensional form; and in relation to any work it includes a reproduction made from a reproduction of that work.

Secondly, the term "copy" is defined as a reproduction of a work, and, in the case of a literary, musical or artistic work, a cinematograph film or a computer program, also an adaptation of it. The definition also declares that an object shall not be taken to be a copy of a work of architecture unless the object is a building or a model of a building.

Thirdly, it is provided that when the term "adaptation" is used in relation to:

- (a) a literary work, [the term] includes-
 - (i) in the case of a non-dramatic work, a version of the work in which it is converted into a dramatic work;
 - (ii) in the case of a dramatic work, a version of the work in which it is converted into a non-dramatic work;
 - (iii) a translation of the work; or
 - (iv) a version of the work in which the story or action is conveyed wholly or mainly by means of pictures in a form suitable for reproduction in a book or in a newspaper, magazine or similar periodical;
- (b) a musical work [the term] includes any arrangement or transcription of the work, if such arrangement or transcription has an original creative character;
- (c) an artistic work, [the term] includes a transformation of the work in such a manner that the original or substantial features thereof remain recognizable;
- (d) a computer program [the term] includes --
 - a version of the program in a programming language, code or notation different from that of the program; or
 - (i) a fixation of the program in or on a medium different from the medium of fixation of the program.

It is not necessary that the infringer should **know** that he is infringing copyright for a direct infringement of copyright. Knowledge is therefore not a requirement for direct infringement (it is, however, a requirement for indirect infringement).

Where two people arrive at the same solution **independently** of each other, each will enjoy copyright in his own work.

If we want to establish infringement through the reproduction or adaptation of a work, we should prove that the copyright work had actually been **copied**. Whether there has been copyright infringement in the form of reproduction or adaptation is a question of fact. This question must be answered in two stages, one objective and the other subjective (*Galago Publishers v Erasmus* (supra) at 280; *Jacana Education (Pty) Ltd v Frandsen Publishers (Pty) Ltd* 1998 (2) SA 965 (SCA) at 972; *Dexion Europe Ltd v Universal Storage Systems (Pty) Ltd* 2003 (1) SA 31 (SCA) at 36). We use the objective test to determine whether there is an objective similarity between the copyright work and the alleged infringing work, and the subjective test to determine whether there is a causal connection between the two works (see *Bosal Afrika (Pty) Ltd v Grapnel (Pty) Ltd & another* 1985 (4) SA 882 (C) at 408B-C; *Juta & Co Ltd & others v De Koker & others* 1994 (3) SA 499 (T)).

We judge "objective similarity" between the original work and the alleged infringing work in view of prior subject matter. Sometimes we can attribute the close resemblance between two works simply to the fact that both works incorporate common prior subject matter. The existence of prior subject matter may accordingly make it more difficult to prove objective similarity (*Jacana Education v Fransden Publishers* (supra) at 972 (this case concerned copyright in a map). Where an infringing work is an exact replica of the copyrighted work, we refer to such work as a "Chinese copy". There are different degrees of similarity between common prior subject matter on the one hand, and a Chinese copy on the other. Objective similarity is a question of degree between these two poles (*Bosal Afrika (Pty) Ltd v Grapnel (Pty) Ltd* (supra) at 408F-G). In *Galago Publishers (Pty) Ltd* (supra) the court considered the question of objective similarity. The central issue in this case 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. A close examination of the two works revealed that the differences between them 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.

At least a substantial part of the work should have been copied. 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. 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 *Fax Directories (Pty) Ltd v SA Fax Listings CC* (supra) the court affirmed that the criterion to establish substantial similarity is quality, rather than quantity.

After we have established objective similarity, we must establish a causal connection between the original work and the alleged infringing work. In order to establish a causal connection, we use the subjective test. We must prove that the copyright work is the source from which the alleged infringing work is derived, and to do so we must prove that the creator of the alleged infringing work had access to the original work. This causal connection can either be direct or indirect (*Galago Publishers v Erasmus* (supra) at 293B-C - in this case the court refers to the indirect causal connection as unconscious copying; *Dexion Europe v Universal Storage Systems* (supra) at 36). The causal connection would therefore be direct where the infringer consciously reproduced the original work, and indirect where he subconsciously reproduced the work. 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 (see Cornish *Intellectual Property* at 415). Such copying, though subconscious, will constitute an infringement of the copyright in the original work.

The requirement of a causal connection implies that when infringement has taken place, the original work and at least one copy of the work had to exist. The 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 456A). 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 294D). The court had no doubt that the abridged work was written with the original work at the infringer's elbow (at 285--286).

Copying (here we are not referring to infringement!) may also be direct or indirect. When you make a copy of the original work we call it direct copying, and when you make a copy of a copy we call it indirect copying. The definition of the term "reproduction" expressly states that in relation to any work the term includes "a reproduction made from a reproduction of that work". A copy of an intervening copy (indirect copying) is therefore deemed to be an infringement of the copyright in the original work (see also *Scaw Metals Ltd v Apex Foundry (Pty) Ltd & another* 1982 (2) SA 377 (D)).

When applying these principles to the facts, it becomes clear that Jen needs to prove an objective similarity between Pete's published brochure and Jen's promotional material. She must also prove that at least a substantial part of her work was copied. Jen must also prove that there is a causal

connection between her works and those of Pete. Pete must thus have had to access Jen's promotional material prior to the creation of Pete's published brochure.

2 Indirect infringement

Indirect infringement takes place where a person does something to further the commission of direct infringement.

Section 23(2) provides that copyright shall be infringed by any person who, without the licence of the owner of copyright and at a time when copyright subsists in a work:

- (a) imports an article into the Republic for a purpose other than for his private and domestic use;
- (b) sells, lets, or by way of trade offers or exposes for sale or hire in the Republic any article;
- (c) distributes in the Republic any article for the purpose of trade, or for any other purpose, to such an extent that the owner of copyright in question is prejudicially affected; or
- (d) acquires an article relating to a computer program in the Republic,

if to his knowledge the making of that article constituted an infringement of that copyright or would have constituted such an infringement if the article had been made in the Republic.

Section 23(2) is not relevant for purposes of this question. Only paragraphs (b) and (c) could possibly be applicable.

As opposed to direct infringement, a prerequisite for establishing indirect infringement is **guilty knowledge** on the part of the infringer. In practice, guilty knowledge can be proved once a letter of demand has been addressed to the infringer. In the case of *Frank & Hirsch (Pty) Ltd v A Roopanand Brothers (Pty) Ltd* 1993 (4) SA 279, which dealt with the indirect infringement of copyright in the literary and/or artistic works comprised in the get-up and trade dress of blank TDK audio recording tapes, it was held (at 289C-D) that "...appellant, by means of its letters of 16 July 1987 and 6 October 1988, placed before respondent sufficient facts from which it could and should have appreciated that its commercial activities relating to the tapes in issue constituted infringement of appellant's copyright."

Jen must prove that Pete is either distributing or selling the alleged infringing published brochure for purposes of trade. She must establish guilty knowledge on the part of Pete that he is trading in infringing goods by sending him a letter of demand.