

147/94

Case Number 495/92

IN THE SUPREME COURT OF SOUTH AFRICA
(APPELLATE DIVISION)

In the matter between:

JOHN APPLETON

First Appellant

BEDFORD MECHANICAL AND
PUMP SPARES CC

Second Appellant

and

HARNISCHFEGER CORPORATION

First Respondent

HARNISCHFEGER [SA] [PROPRIETARY]
LIMITED

Second Respondent

CORAM: CORBETT CJ, VAN HEERDEN, NESTADT,
HARMS JJA et NICHOLAS AJA.

DATES OF HEARING: 3 and 4 March 1994

DATE OF JUDGMENT: 30 SEPTEMBER 1994

J U D G M E N T

/CORBETT CJ

CORBETT CJ:

The first respondent, Harnischfeger Corporation ("Harnischfeger"), a company incorporated in accordance with the laws of Delaware, United States of America, and having its principal place of business in Milwaukee, Wisconsin, USA, carries on business as a manufacturer and supplier of heavy machinery, including electric mining shovels. An electric mining shovel is a large machine used for digging and moving earth in open-cast mining operations. One such machine, the P & H 2300 Electric Mining Shovel, has been manufactured by Harnischfeger since the late 1960's and has proved a very successful product in many parts of the world, including South Africa. This machine and other similar products are sold to mining companies. A major part of Harnischfeger's business is the manufacture and sale to customers of spare parts for these machines.

The second respondent, Harnischfeger (SA) Proprietary

Limited ("Harnisa"), is a company incorporated under the laws of South Africa and having its principal place of business in Alrode, Transvaal. It is a wholly-owned subsidiary of Harnischfeger International SA, a company incorporated under the laws of Panama and an associate company of Harnischfeger. From the late 1970's and until about 1988 Harnisa's business related solely to the manufacture and distribution of spare parts for the various Harnischfeger machines, including the 2300 Electric Mining Shovel. In about 1988 Harnisa began manufacturing and selling complete machines as well.

The first appellant, Mr John Appleton ("Appleton"), entered the employ of Harnisa in March 1976 as a sales manager. He remained with the company until May 1989, by which time he had risen to the position of the parts and service director and his only superior in the company was the managing director. Various disagreements between Appleton and the managing director, Mr R L

Drollinger, resulted in Appleton then resigning. On 25 May 1989 he signed a letter of resignation, in which he agreed, *inter alia*, not to take any company property with him; that all documents or other records containing company information belonged to the company and had to be returned to the company before he left; and that he was not permitted to retain copies thereof or extracts therefrom. The letter also recorded that Appleton was not entitled to divulge any of the company's confidential information or trade secrets to any other person or company or to use any of them directly or indirectly. This letter is hereafter referred to as "Annexure E".

After leaving Harnisa and in October 1989 Appleton took up employment with second appellant, Bedford Mechanical and Pump Spares CC ("Bedford"), a close corporation incorporated under the laws of South Africa and having its principal place of business in Germiston, Transvaal. There is some dispute as to the nature of the business carried on by Bedford. According to the respondents,

Bedford manufactures and sells engineering parts; according to the appellants, Bedford does not manufacture, but merely buys and sells such parts. As matters have turned out nothing turns on this dispute.

In October 1991 the respondents instituted proceedings by notice of motion in the Witwatersrand Local Division in terms of which they claimed, *inter alia*, orders interdicting the appellants from infringing the first respondent's copyright in certain engineering drawings; interdicting the appellants from committing acts of unlawful competition against the respondents and from breaching the terms of the agreement contained in Annexure E by using drawings emanating from the respondents or information contained therein for the manufacture of parts and/or by disclosing to any person such drawings or information contained therein.

In the founding affidavit Mr J C Grisdale, the financial director of Harnisa, explained that Harnischfeger had a library of many thousands of engineering drawings relating to parts for the

various machines manufactured by it. These drawings had been created over the years by employees of Harnischfeger. To enable Harnisa to manufacture spare parts in South Africa, Harnischfeger had provided Harnisa with a substantial number of such drawings, which were used in many instances to manufacture parts required by a customer.

Mr Grisdale further alleged that respondents had discovered that Appleton had copies of various drawings of Harnischfeger in his possession and that he and Bedford were using these drawings to copy parts for Harnischfeger electric mining shovels and were selling the parts so made to customers of Harnisa at reduced prices: hence the claims of infringement of copyright and unlawful competition.

As regards the alleged infringement of copyright, the respondents limited their claim to three particular drawings relating to parts of the 2300 Electric Mining Shovel, viz (i) the intermediate

hoist gear as reflected in drawing no 1N1110; (ii) the drive tumbler as reflected in drawing no 4J139; and (iii) the lever-propel steering as reflected in drawing no 6N525. During the hearing in the Court **a quo** the respondents abandoned any reliance on drawing no 6N525, thus limiting their claim to the other two drawings.

In the Court **a quo** the matter was heard by Flemming DJP. Having heard argument, he made an order in the following terms:

- "1. Respondents are interdicted from causing or permitting the reproduction of drawings 1N1110 and 4J139 which were identified in the papers.
2. Respondents are interdicted from reproducing any drawing for any part of a Harnischfeger machine otherwise than by reverse engineering in respect of such a part (for as long as reverse engineering is lawful according to statute) unless the drawing has been obtained from somebody who discloses his source of acquisition of the drawing, and the disclosure in itself or together with accompanying facts which explain the

circumstances of such acquisition, bring fair satisfaction to respondents that such drawing is in itself probably not a reproduction of a drawing of which copyright vests in first or second applicant.

3. Respondents are ordered to pay 70% of the costs of applicants."

("Respondents" are the present appellants and "applicants" are the present respondents.) The case has been reported: see **Harnischfeger Corporation and Another v Appleton and Another** 1993 (4) SA 479 (W).

It is clear from the judgment of Flemming DJP that he granted no relief in respect of the causes of action based on unlawful competition and the agreement (Annexure E). The reason for this was that there were critical disputes of fact which could not be resolved on affidavit. The learned Judge refused a request for the hearing of oral evidence and held further that the "balance of fairness" was against the grant of an interim interdict pending action.

On appeal (leave having been granted by the Judge **a quo**) the first point taken on behalf of the appellants was that there was no basis for the grant of para 2 of the order of the Court **a quo** and that in this respect, at least, the appeal should be allowed.

It seems clear that para 2 of the order is designed to restrain copyright infringement. The language of the order itself demonstrates this; and in view of the Court's findings in regard to the allegations of unlawful competition the order could not be based upon this cause of action. Yet respondents limited their claim of copyright infringement to (eventually) the two drawings referred to above, viz. no 1N1110 and no 4J139, and para 1 of the order grants relief in respect thereof. Para 2 of the order, which seeks to impose a restraint on the reproduction of "any drawing for any part of a Harnischfeger machine", thus goes far beyond what was claimed by the respondents and on the papers has no foundation in fact or law. Respondents' counsel disavowed it. Accordingly, in so far as the

appeal seeks the elimination of para 2 from the order of the Court *quo* it must succeed.

Appellants' counsel further submitted, on various grounds, that the respondents had failed to make out a case for infringement of copyright in respect of drawings nos 1N1110 and 4J139. In order to appreciate the first of these grounds it is necessary to review historically our national copyright legislation, with particular reference to works produced or published in foreign countries.

After Union the first legislation dealing with copyright was contained in Chapter IV of the Patents, Designs, Trade Marks and Copyright Act, 9 of 1916. The effect of Chapter IV was to introduce, with certain minor changes and adaptations, the whole of the British Copyright Act of 1911 ("the British Act"), which was set out in the third schedule to Act 9 of 1916. This was done by sec 143 which declared the British Act to be in force in the Union as

from the commencement of Chapter IV of Act 9 of 1916, "subject to the modifications and additions provided by" Chapter IV. The British Act was divided into two main parts, Part I dealing with "Imperial Copyright" and Part II with "International Copyright". Sec 1 (in Part I) provided that copyright should subsist "throughout the parts of His Majesty's dominions" to which the Act extended in every original literary, dramatic, musical and artistic work if -

- (a) in the case of a published work, the work was first published within such dominions, and
- (b) in the case of an unpublished work, the author was at the date of the making of the work a British subject or resident within such dominions.

Sec 1 further stipulated that copyright should subsist in no other works except so far as the protection conferred by the Act was extended by an Order in Council thereunder relating to a self-governing dominion (to which the Act did not otherwise extend) and

to a foreign country. This must be read with sec 25(1) of the British Act which made it clear that the Act did not apply to a self-governing dominion (of which the Union of South Africa was one: sec 35(1) of the British Act) unless declared by the legislature of the dominion to be in force therein, with or without -

"such modifications and additions.... as may be enacted
by such legislature."

The introduction of the British Act by Chapter IV of Act 9 of 1916 was done in pursuance of sec 25 of the British Act: see sec 143 of Act 9 of 1916.

As regards international copyright, sec 29(1), contained in part II of the British Act, provided that His Majesty might by Order in Council direct that the Act should apply -

- (a) to works first published in a foreign country to which the Order related in like manner as if they were first published within the parts of His Majesty's dominions to

which the Act extended;

- (b) to literary, dramatic, musical and artistic works the authors whereof were at the time of the making of the work subjects or citizens of the aforementioned foreign country in like manner as if the authors were British subjects;
- (c) in respect of residence in such a foreign country in like manner as if such residence were residence in the parts of His Majesty's dominions to which the Act extended.

These provisions in sec 29(1) were made subject to a number of provisos, including the following:

- (i) that before making such an Order in Council His Majesty had to be satisfied that the foreign country (being one other than a country with which there was a convention relating to copyright) had made or had undertaken to make provisions for the reciprocal protection of works entitled to copyright under part I of the British Act;
- (ii) that the Order in Council might provide that the term of copyright so accorded within His Majesty's dominions should not exceed that conferred by the law of the foreign country; and

- (iii) that the Order in Council might provide that the enjoyment of the rights conferred by the Act should be subject to the accomplishment of such conditions and formalities (if any) as might be prescribed by the Order.

Section 30(2) (in Part II) of the British Act further provided that the Governor-in-Council of a self-governing dominion to which the Act extended might, with respect to that dominion, make like orders under this part of the Act. And in sec 144 (g) of Act 9 of 1916 it was enacted that the powers, which under the British Act the Governor-in-Council of a self-governing dominion might by order exercise, should in the Union be exercised by proclamation of the Governor-General in the Gazette.

On 9 June 1924 the Governor-General of the Union of South Africa, acting in terms of this legislation, issued a proclamation (no 118 of 1924) entitled "Copyright Agreement with United States of America". The preamble to this proclamation made reference to the powers granted under sec 144(g) of Act 9 of 1916, to Part II of

the British Act and to the powers granted under sec 30(2) of that Act. It further recorded the intention of the Government of the United States of America to make reciprocal arrangements affording South African citizens the benefits of the United States Copyright Act of 1909; and also that it was desirable to provide protection within the Union for the unpublished works of citizens of the United States of America and for their works published simultaneously in the United States of America and in the Union. The substantive portion of the proclamation enacted that the British Act, subject to the modification and additions provided by Chapter IV of Act 9 of 1916, should apply (I quote only the relevant parts) -

"(a) to literary, dramatic, musical and artistic works the authors whereof were, at the time of the making of the works, citizens of the United States of America, in like manner as if the authors had been subjects of the Union of South Africa;

(b) in respect of residence in the United States of America,

in like manner as if such residence had been residence
in the Union of South Africa;

provided that -

- (i) the term of copyright within the Union of South Africa
shall not exceed that conferred by the law of the United
States of America;
- (ii) the enjoyment of the rights conferred by this
Proclamation shall be subject to the accomplishment of
the conditions and formalities prescribed by the law of
the United States of America;....."

Proclamation 118 of 1924 continued to govern the
recognition in South Africa of copyright in what for the sake of
brevity I shall call "American works" until its repeal by Proclamation
231 of 1973, which was promulgated on 5 October 1973. In the
meanwhile Act 9 of 1916 had been repealed and replaced by the
Copyright Act 63 of 1965, which came into force on 11 September

1965. It followed closely the terms of the British Copyright Act of 1956 which had repealed and replaced the British Act of 1911.

In defining the ambit of copyright protection, Act 63 of 1965 dealt separately with literary, dramatic and musical works on the one hand (sec 3) and artistic works on the other hand (sec 4). As the copyright claimed in the present case is that pertaining to artistic works I shall refer only to sec 4. This provided that copyright should subsist in every original artistic work which was unpublished and of which the author was a "qualified person" when the work was made. "Qualified person" was defined to mean, in the case of an individual, a person who was a South African citizen or was domiciled or resident in the Republic; and, in the case of a body corporate, a body incorporated under the laws of the Republic. In the case of a published artistic work copyright subsisted, or continued to subsist, therein if (i) the first publication of the work took place in the Republic, or (ii) the author of the work was a qualified person at

the time when the work was first published, or (iii) the author died before that time but was a qualified person immediately before his death.

Sec 32(1) empowered the State President to provide by proclamation that the Act should apply to, **inter alia**, artistic works of foreign origin in similar manner to that previously provided by sec 29(1) of the British Act, incorporated by Act 9 of 1916. And in pursuance of these powers Proclamation No R73 of 1966 was promulgated on 18 March 1966. This extended the relevant provisions of Act 63 of 1965 to, **inter alia**, artistic works emanating from certain foreign countries, namely those who were then members of the Berne Copyright Union. The United States of America was not included among these countries. But in 1973, acting in terms of the same section, the State President did extend the provisions of Act 63 of 1965 to works emanating from the United States of America (see Proclamation no R231 of 1973, promulgated on 5 October 1973).

The proclamation did so by applying the provisions of Proclamation R73 of 1966 to the United States of America subject to certain provisos, one of which was to the effect that the term of copyright within South Africa should not exceed that conferred by the law of the United States of America. As I have indicated, the proclamation also repealed Proclamation 118 of 1924.

The next piece of Parliamentary legislation was the Copyright Act 98 of 1978, which repealed and replaced Act 63 of 1965. Act 98 of 1978 deviated more from British precedents than its predecessors. It came into force on 1 January 1979. Sec 37 of the Act made provision in terms virtually identical to its predecessor (viz sec 32 of Act 63 of 1965) for the extension of the application of the Act to foreign works. One difference was that the extension could be done by a notice in the Gazette by the responsible Minister instead of by presidential proclamation. Shortly before Act 98 of 1978 came into operation such a notice was published (no R2565 of 22

December 1978) extending the provisions of the Act to countries of the Berne Copyright Union (which still did not include the United States of America) and repealing Proclamation 73 of 1966. This was followed on 13 March 1981 by a further such notice (no R566 of 1981) which applied the provisions of notice R2565 of 1978 to the United States of America in the same way as it applied to the countries referred to in notice R2565, but again subject to the proviso that the term of copyright which subsisted in South Africa in a work should not exceed the term of copyright enjoyed by that type of work under the laws of the United States of America. Notice R566 of 1981 also repealed Proclamation 231 of 1973.

Notice R2565 of 1978 was itself repealed and replaced by notice 704 of 1987 which also applied Act 98 of 1978 to countries of the Berne Copyright Union, but introduced some minor amendments and added some new countries to the Union list.

Notice 704 of 1987 was thereafter repealed and replaced by notice

136 of 1989, which again effected a minor amendment. The lists of members of the Berne Copyright Union as reflected in notices 704 of 1987 and 136 of 1989 still did not include the United States of America.

In February 1990 and again acting in terms of sec 37(1) of Act 98 of 1978 the Minister issued notice 125 of 1990 which simply provided, without qualification or proviso, that the provisions of that Act, as amended, should apply in the case of certain countries specified in the notice. These included the United States of America. And in June 1991 and by notice 484 of 1991, dated 7 June 1991, the Minister withdrew notice R566 of 1981.

That was the state of the law when the respondents initiated legal proceedings and when judgment was given in the Court *a quo*. As appears from this legislative history, the recognition of what I have termed "American works" for copyright protection under South African law has been governed by four pieces of subordinate

legislation:

- (1) Proclamation 118 of 1924, which contained the provisos

(i) that the term of copyright within South Africa in respect of an American work should not exceed that conferred by the law of the United States of America and (ii) that the enjoyment of such copyright protection should be "subject to the accomplishment of the conditions and formalities prescribed by the law of the United States of America".
- (2) Proclamation R231 of 1973, which repealed Proclamation 118 of 1924 and applied the provisions of Proclamation R73 of 1966 (relating to members of the Berne Copyright Union) to the United States of America subject to a proviso similar in terms to proviso (i) to Proclamation 118 of 1924, but not subject to any proviso corresponding to proviso (ii) of the 1924 Proclamation.

- (3) Notice R566 of 1981, which repealed Proclamation R231 of 1973 and applied the provisions of notice R2565 of 1978 to the United States of America, but again subject to the proviso relating to the term of the copyright appearing in Proclamation 118 of 1924 and Proclamation R231 of 1973.
- (4) Notice 125 of 1990, which omitted to repeal or withdraw notice R566 of 1981 (subsequently done by notice 484 of 1991) and applied the provisions of Act 98 of 1978 in the case of, amongst other countries, the United States of America without any qualifications or provisos.

I must now revert to the facts. According to respondents, drawing no 1N1110, relating to the intermediate hoist gear for the model 2300 Electric Mining Shovel, was created in 1967 by a Mr Zimmerman, a product designer in the employ of Harnischfeger, acting on instructions given to him by Mr L A Price,

then the chief engineer for electric mining shovels at Harnischfeger. Zimmerman created this drawing in the course of his employment with Harnischfeger under a contract of service and at the time he was a citizen of the United States of America and was domiciled in Milwaukee, Wisconsin, USA. At this stage none of these statements of fact is in dispute. A further averment in the founding affidavit that drawing no 1N1110 is an original artistic work is, however, challenged on the score of originality. I shall deal later with this point.

The position in regard to drawing no 4J139 is not quite so straightforward. This relates to a driving tumbler which engages the crawlers for the propulsion of the model 2300 Electric Mining Shovel. In 1969 Price instructed a Miss C Dennison, who was at the time employed by Harnischfeger to draft engineering drawings, to create a drawing for such a driving tumbler. She created a drawing, no 4J84, under Price's supervision and in the course of her

employment under a contract of service with Harnischfeger. She was at the time a citizen of the United States of America and was domiciled in Milwaukee, Wisconsin, U S A. During 1977 Mr J W Hansen, then a draftsman in the employ of Harnischfeger, was instructed to reproduce and effect certain minor modifications to drawing no 4J84. For this purpose he was given a marked, blue-print copy of the original drawing no 4J84. He redrafted the original drawing incorporating the amendments in accordance with his instructions. The resultant drawing was numbered 4J139. Although respondents originally (and more particularly in their notice of motion) claimed copyright in drawing no 4J139, they now concede that the original artistic work to which copyright attaches is drawing no 4J84 and they apply for an amendment to the notice of motion substituting the latter for the former. The application for amendment was opposed by appellants, but their counsel were unable to advance any ground of prejudice which could not, if necessary, be cured by

an appropriate order as to costs. In my view, the amendment should be allowed and an appropriate order to that end will be made. Again the facts stated above in regard to these two drawings are not now in dispute; the only issue being that of originality.

Further, it is now common cause that towards the end of 1990 Appleton had in his possession copies of drawings nos 1N1110 and 4J139; that he reproduced these drawings by telefaxing drawing no 1N1110 to a Mr R Pierce of the firm Mitre Engineering, which, according to respondents, was in the process of manufacturing an intermediate hoist gear from that drawing; and by telefaxing drawing no 4J139 to a Mr J Bruce of the firm Eclipse Foundry. At this stage appellants do not dispute the telefaxing of the drawings and that this in itself constitutes evidence of infringement of the copyright (should such be found to exist) in drawing nos 1N1110 and 4J84 (drawing no 4J139 itself being a reproduction of drawing no 4J84). It is, in essence, these infringements upon which the respondents rely.

I come now to appellants' first ground of attack upon respondents' case of infringement of copyright in the drawings in question. It is submitted on appellants' behalf that having regard to the dates upon which these drawings were made (1967 and 1969) and the fact that they were made in the United States of America, the subsistence in South Africa of copyright in such drawings has to be determined in the light of the provisions of Proclamation 118 of 1924; that in terms of this proclamation (more particularly provisos (i) and (ii) to section 1) the term of the copyright within South Africa cannot exceed that conferred by the law of the United States of America and the enjoyment of such copyright is subject to compliance with the formalities prescribed by the law of the United States of America; that in order to ascertain whether there is compliance with these two provisos it is necessary to establish the relevant provisions of the law of the United States of America; that the onus was on the respondents to do so; and that, inasmuch as they

had omitted to do so, the infringement claim should fail.

The foundation of this argument is the proposition that the recognition in South Africa of Harnischfeger's copyright in the drawings in question is governed by Proclamation 118 of 1924, which it will be recalled was repealed by Proclamation R231 of 1973. The correctness of this proposition must now be investigated.

The starting point in this investigation is the current Copyright Act 98 of 1978. The normal ambit of the Act in regard to works eligible for copyright is defined with reference to two basic criteria: (i) the nationality, domicile or residence of the author of the work at the time of the making of the work (sec 3(1) of the Act); and (ii) the country of origin of the work, in the case of an artistic work where it was first published (sec 4(1)). Category (ii) applies where category (i) does not. In terms of sec 3(1) the nationality, domicile or residence must, in the case of an individual, be South African; while in the case of a juristic person the criterion is incorporation

under the laws of South Africa (such persons being called "qualified persons"). And in terms of sec 4(1) the country of origin must be South Africa.

As I have indicated, sec 37(1) empowers the Minister by notice in the Gazette to decree that the provisions of the Act shall in the case of any specified country apply (a) in relation to, *inter alia*, artistic works first published in that country as they apply in relation to artistic works first published in South Africa; (b) in relation to persons who at a material time are citizens or subjects of that country as it applies in relation to persons who at such time are South African citizens; (c) in relation to persons who at a material time are domiciled or resident in that country as it applies in relation to persons who at such time are domiciled or resident in South Africa; and (d) in relation to bodies incorporated under the laws of that country as it applies in relation to bodies incorporated under the laws of South Africa. In other words, the criteria defining the ambit of

copyright recognition, such as South African nationality, domicile and residence in the case of the author and a South African origin for the work itself, may by a notice under sec 37(1) be extended to the case where corresponding criteria relate to a foreign country. The foreign country is treated in effect as being a territorial extension of South Africa. Sec 37(2) states that such a notice may provide, *inter alia*, that any provisions referred to therein shall apply subject to such "exceptions or modifications" as may be specified therein.

Notices R2565 of 1978, 704 of 1978 and 136 of 1989 followed the formula set forth in sec 37(1) in applying the Act to the Berne Convention Countries. Notice R566 of 1981 applied the provisions of notice R2565 to the United States of America and thereby incorporated this formula. But notice 125 of 1990 simply decreed that the provisions of Act 98 of 1978 should apply in the case of, among other countries, the United States of America.

The argument advanced by appellant's counsel hinged

mainly on a particular interpretation of sec 43(a) of Act 98 of 1978, as amended by sec 14(a) of Act 52 of 1984, but prior to its amendment by sec 33(a) of Act 125 of 1992. The relevant portion of sec 43(a) then provided as follows:

"This Act shall apply in relation to works made before the commencement of this Act as it applies in relation to works made thereafter: Provided that -

(a) . . . nothing in this Act contained shall -

- (i) affect the ownership, duration or validity of any copyright which subsists under the Copyright Act, 1965 ; or
- (ii) be construed as creating any copyright which did not subsist prior to 11 September 1965; "

The opening words of sec 43(a) make it abundantly clear that its

provisions apply to works made both before and after the commencement of the Act (1 January 1979). It follows that notice 125 of 1990 makes the Act applicable to American works made both before and after 1 January 1979. *Prima facie*, at least, the Act would in all respects apply to drawings nos 1N1110 and 4J84.

Appellants argue, however, that the recognition of these drawings is governed by Proclamation 118 of 1924 - on the ground that that was the legislation recognising American works current when these drawings were made - and that notice 125 of 1990 does not apply.

Jurisprudentially I find this a curious contention. It would seem to rescue from the grave and give present legal effect to a piece of legislation which was totally and unconditionally repealed in 1973.

It is true that in sec 46 of Act 98 of 1978 there is a provision which would preserve and give extended legal life to a proclamation having effect under the Copyright Act of 1965 (and amendments thereof) after the repeal of the 1965 Act. This section, however, states that

such proclamation "shall continue in force . . . and may be repealed, amended or altered" as if made under the 1978 Act. That means that the then existing proclamations derived their force from the 1978 Act and are to be deemed to be proclamations under it. And the 1965 Act (in sec 48(2)) contained a similar provision in regard to a proclamation made in terms of the 1916 Act. Sections 46 of the 1978 Act and 48(2) of the 1965 Act serve to emphasize the need for preservatory measures in such circumstances and contemplate the repeal of such a preserved proclamation. I cannot think that it was intended that a proclamation so repealed should thereafter have any legal effect.

It is a part of, or a logical corollary to, appellants' argument that the recognition of American works made between 5 October 1973 (the date of promulgation of Proclamation no R231 of 1973) and 13 March 1981 (the date of promulgation of notice no R566 of 1981) would today be governed by the repealed

Proclamation no R231 of 1973; and that the recognition of such works made between 13 March 1981 and 23 February 1990 (when notice no 125 of 1990 was promulgated), or perhaps 7 June 1991 (when notice no R566 of 1981 was formally withdrawn) would today be governed by notice no R566 of 1981. It seems very unlikely that such a patchwork of recognition was intended.

Moreover, as Dr Dean, it would seem correctly, points out (see Dean, Handbook of South African Copyright Law 3-41, para 4.14 and also his doctoral thesis entitled The Application of the Copyright Act, 1978, to Works Made prior to 1979, pp 426-7) the interpretation contended for by the appellants would result in South Africa breaching its obligations under art 4(1) of the Berne Convention which requires South Africa, as a signatory, to protect the works of authors of foreign countries in the same way as we protect the works of South African authors. (The reference to art 4(1) is to the Brussels text of 1948. In the case of the Paris text of 1971 the

corresponding provision is to be found in art 5(1).) Dr Dean cites the example of an Egyptian literary work made in 1930. Copyright protection in South Africa to Egyptian works was first extended by notice no 2565 of 1978. A literary work made by a South African author in 1930 would, so Dr Dean argues, enjoy copyright in South Africa; and likewise South Africa was required, as from the coming into effect of notice no 2565 of 1978, to protect a literary work by an Egyptian author in 1930. Non-recognition on the ground that an Egyptian work was not recognized in 1930 when it was made would thus run counter to our obligations under the Convention. (See also the comments by Dr Dean on the judgment *a quo* in the present case at 3-42/3, paras 4.16 and 17.)

Similar anomalies could arise with reference to countries that have joined the Berne Convention since the promulgation of the 1978 Act and which were not covered by a proclamation similar to the 1924 Proclamation. One such country is Peru. The first

recognition of Peru for copyright purposes is to be found in Notice 125 of 1990. Although the notice took effect on date of publication, it extends, by virtue of the substantive part of sec 43, copyright protection to works that not only predate the notice, but also to works that predate the 1978 Act. That means that the subsistence of copyright of say a work made by a qualified Peruvian in 1971, is to be adjudged with reference to the 1978 Act, whereas, on the argument of the appellants, works of Chilean origin are assessed in the light of the 1965 Act, simply because Chile had joined the Convention before 1979.

I return to the provisos. In interpreting them it must be reiterated that they qualify a general provision making the Act applicable to works made both before and after the commencement of the Act and appear to be aimed at works which came into existence prior to the commencement of the Act. Moreover, sec 43 is general in its application: it is not directed specifically at local or

at foreign works. The general provision is also in accordance with the general scheme of the 1965 Act. In terms of sec 48(1) and (2), the 1916 Act was repealed subject to the transitional provisions contained in the Sixth Schedule. Para 1 of the Schedule makes it quite clear that subsistence of copyright in old works had to be determined with reference to the 1965 Act. But, insofar as the 1965 Act introduced additional requirements, those were declared not to apply to old works. As far as duration was concerned, para 2 preserved the 1916 term only in respect of old photographs since that was shorter than the 1965 term. The same underlying idea is to be found in the balance of the provisions of the Schedule.

The effect of proviso (i) to sec 43(a) is no different. All it states is that nothing in the 1978 Act can affect the ownership, duration or validity of copyright which subsists under the 1965 Act. For it to apply, there must have been, at the date of commencement of the 1978 Act subsisting copyright under the 1965 Act. If

copyright did not subsist under the 1965 Act, proviso (i) has no application at all. On the other hand, and assuming that copyright did subsist under the 1965 Act, the question arises whether something in the 1978 Act affects the duration or validity of that copyright. (It was not suggested that ownership was affected.) The argument, as I understand it, was that since the duration and validity provisions of the 1924 and 1973 Proclamations on the one hand and the 1990 Notice on the other differed, duration and validity were affected. But, that was not as a result of anything contained in the Act but rather a consequence of the repeal of the earlier Proclamations and a differently worded ministerial notice.

The meaning of sec 43(a) and its provisos have been considered in the following reported cases: Scaw Metals Ltd v Apex Foundry (Pty) Ltd and Another 1982 (2) SA 377 (D); Tolima (Pty) Ltd v Cugacius Motor Accessories (Pty) Ltd 1983 (3) SA 504 (W); Saunders Valve C o Ltd v Klep Valves (Pty) Ltd 1985 (1) SA 646

(T); Schultz v Butt 1986 (3) SA 667 (A); and Klep Valves (Pty) Ltd v Saunders Valve Co Ltd 1987 (2) SA 1 (A).

In the Tolima case Goldstone J stated, with reference to drawings made in 1977 and 1978 (at 506 in fin - 507 A):

"The drawings of the plaintiff which form the basis of this action were made prior to 1 January 1979. The 1965 Act would thus apply to questions relating to the 'ownership, duration or validity' in the copyright which it is common cause, subsists in the drawings. Those questions, however, are not relevant to the issue in this case. The present dispute relates only to the question of infringement and that must, therefore be determined by the provisions of the 1978 Act."

No reasons for the statement, which was clearly *obiter*, were given.

However, a similar statement appears in Saunders Valve Co Ltd v Klep Valves (Pty) Ltd (*supra*) where, applying sec 43(a), it was held that the subsistence of copyright in drawings made in the United Kingdom between the years 1938 and 1958 had to be determined in

accordance with Act 9 of 1916, whereas the remedies available to the owner of the copyright was governed by the 1978 Act. On appeal (Klep Valves (Pty) Ltd v Saunders Valve Co Ltd, *supra*) E M Grosskopf JA, having quoted sec 43(a), said (at 18 I - 19 A):

"11 September was the date of commencement of the 1965 Act. The effect of s 43 of the 1978 Act accordingly is to render earlier legislation applicable to the question whether copyright subsists in works made prior to the commencement of the 1978 Act, whereas the 1978 Act governs the remedies for infringement of copyright and the procedures thereto. It was common cause in argument before us (otherwise than in the written heads of argument) that the 1916 Act governs the subsistence of copyright in the respondent's engineering drawings, which, as I have indicated, were made before the Act was in force. I assume, without deciding, that the parties' attitude in this regard is correct, particularly since I do not consider that the outcome of the case would be any different if, as had been urged by the appellant in its heads of argument, the transitional provisions of s 48 of the 1965 Act were to be applied."

This dictum in the Klep Valves case is somewhat widely worded, but it must be read in its context. The issue was whether the 1916 Act gave protection to engineering drawings as artistic works and it was in that respect necessary in the light of proviso (ii) to consider the subsistence of copyright under the repealed Act. (For the sake of clarity I should mention that this proviso is of no application to the present case.) The true scope of sec 43 of the 1978 Act was also not argued and the dictum was based on an acceptance by counsel on both sides that the subsistence of copyright had to be determined with reference to one or other of the repealed Acts. It did not form part of the ratio of the court, and, on reconsideration, I have come to the conclusion that it is too wide insofar as it stated that the subsistence of copyright is determined with reference to the legislation in force when the work was made. The same applies to the unreported decision of this Court in Topka v Ehrenberg Engineering (Pty) Ltd (8 March 1983) referred to by the Court *a quo* (at 487 I-J of the

reported judgment) and its finding at 487 F to 488 G.

To sum up, the general, or substantive, provision in the opening words of sec 43 means that the 1978 Act applies to all works, whenever made. As far as proviso (i) is concerned, the position is as follows: If copyright subsisted under the 1965 Act, it must mean that it was, at least at the date of the promulgation of the 1978 Act, valid copyright. In this situation the proviso can only mean that the new Act preserves rights. The validity or invalidity of copyright under the 1965 Act is thus not an enquiry which one need pursue. As regards ownership of copyright, there was initially a material difference between the two Acts. (See in this regard 5 LAWSA (first reissue) para 3, p 5.) It was accordingly necessary to preserve rights of ownership. But the question of ownership does not arise in the present case and in any event as a result of an amendment in 1980 this difference no longer exists (see sec 9 of Act 56 of 1980). There are some differences between the two Acts

relating to term or duration of copyright, but these do not apply to artistic works and consequently in the present case the question of the application of the proviso does not arise.

It follows that the subsistence of copyright in the works in question in the present case must be determined by reference to the 1978 Act and Notice 125 of 1990. Applying this notice, it was not incumbent upon Harnischfeger to prove any aspect of the law of the United States of America. Appellants' first attack upon the case for infringement must accordingly fail.

The second attack was based upon the contention that the drawings in question were not shown to be original works. In my view, there is no substance in this contention. As was held in the Klep Valves case, *supra*, at 22 H - 23 B, originality in this context does not require that the work should embody a new or inventive thought or should express a thought in a new or inventive form. Originality refers to original skill or labour in execution: it demands

that the work should emanate from the author himself and not be copied. This does not mean that a work will be regarded as original only where it is made without reference to existing subject-matter. An author may make use of existing material and yet achieve originality in respect of the work which he produces. In that event the produced work must be more than a slavish copy: it must in some measure be due to the application of the author's own skill or labour. Precisely how much skill or labour he need contribute will depend upon the facts of each particular case.

Appellants' contention as to lack of originality was based mainly on the fact that in the legend appearing on each of the drawings in question there is a small block in which are printed the words "Similar to" and in which another drawing number has been inserted: in the case of drawing no 4J84 the insertion is "4J71", and in the case of drawing no 1N1110 it is "1J87".

The question of originality is dealt with by respondents

in the affidavits of Price and Zimmerman. As regards 4J84, Price stated that Miss Dennison created this drawing under his supervision and instructions and in accordance with parameters and other relevant information supplied by him. In his replying affidavit Price dealt with the "similar to" point. He attached drawing no 4J71 and advanced reasons for averring that drawing number 4J84 was not a copy of drawing no 4J71. It is not necessary to go into details but I am satisfied that the denial of copying is well-founded. As regards 1N1110, similar evidence was given on affidavit by Price and the author of the drawing, Zimmerman. Again drawing no 1J87 was produced and convincing grounds given for contending that there are material differences between the two drawings and that 1N1110 is not a copy of 1J87. Nothing in Appleton's supplementary answering affidavit persuades me to the contrary.

The final point argued on appeal by appellants related to an undertaking contained in Appleton's answering affidavit and given

on behalf of both appellants. It is to the effect that appellants will not use any of respondents' drawings or the information contained therein to procure the manufacture of or to make parts for Harnischfeger machines. Appleton states however:

"This does not mean that the second respondent will discontinue procuring the manufacture of and selling parts for Harnischfeger machines. It will continue procuring the lawful manufacture of parts on behalf of customers such as ISCOR (who supply their own drawings which, as will appear below, are drawn by employees of ISCOR from samples of Harnischfeger parts) and by copying the applicants' parts themselves without recourse to the applicants' drawings and the information contained therein."

As I have held, and as is conceded in this Court, Harnischfeger established that appellants, despite their denials, infringed its copyright in the two drawings in question. The undertaking given in Appleton's answering affidavit is not an unequivocal one. It is coupled with the statement that Bedford will

continue to procure the manufacture of and sell parts for Harnischfeger machines, using drawings emanating from other sources. Attached to Grisdale's founding affidavit is a transcript of certain telephone conversations between Appleton and certain customers of Bedford. These were made by a Mr O J Fourie, a private detective engaged by respondents to investigate possible copyright infringement and unlawful competition on the part of the appellants. The correctness of the transcript and the fact that these conversations took place is not denied by the appellants. Passages in certain of these recorded conversations suggest, **prima facie** at any rate, that drawings were to be made for Bedford surreptitiously and in a manner to suggest that they were Bedford's original drawings. It is also possible to infer that the drawings to be used to make these faked drawings related to Harnischfeger machinery and originally emanated from one or other of the respondents. Another inference to be drawn, **prima facie**, from the transcripts is that

Appelton felt vengeful towards the respondents and aimed "to get them back".

In all the circumstances, I consider that the respondents were entitled not to be satisfied with the undertaking and to press for an order of court imposing an interdict in the terms set forth in para 1 of the order of the Court a quo. This ground of appeal must accordingly be rejected.

In their heads of argument respondents' counsel advanced contentions as to why the Court a quo should have granted interim relief in respect of the cause of action based on unlawful competition. Before us counsel conceded that in the absence of a cross-appeal (and there was none) it was not open to the respondents to make these contentions. This, therefore, fell away.

I come now to the question of costs. Flemming DJP ordered the respondents (present appellants) to pay 70% of the costs of the applicants (present respondents). As I have held, para 2 of

the order of the Court **a quo** cannot stand. Moreover, the respondents failed altogether on the issue of unlawful competition which figured largely in the papers. Harnischfeger, the owner of the copyright, nevertheless achieved a substantial measure of success in obtaining relief in terms of para 1 of the order of Court. Harnisa, on the other hand, failed to obtain any relief, though it may benefit indirectly from the relief granted under para 1. Both respondents made common cause and were represented by the same attorneys and counsel. It would be very difficult to separate the costs incurred by them as individual litigants. In the light of all this, I consider that justice would be served by an order that the present appellants pay 70% of the costs of the respondents in the Court below. In other words, the order of the Court **a quo** should stand.

As regards the position on appeal, the appellants succeeded in eliminating para 2 of the order of the Court **a quo**. In argument this was not contested by the respondents and the main

battle was fought over para 1 of the order. This battle the appellants lost. This did not result in any direct success for Harnisa, but again a separation of costs is very difficult. Taking all these factors into account, I am of the view that appellants ought to pay two-thirds of respondents' costs of appeal.

The following order is made:

- (1) The application by respondents for the amendment of the notice of motion by the substitution of the number "4J84" for the number "4J139" is granted.
- (2) The appeal against paragraph 2 of the order of the Court **a quo** is allowed and the order is amended by the deletion of this paragraph. In addition, para 1 of the order is amended by the substitution of the number "4J84" for the number "4J139". Subject thereto and para 3 being renumbered 2, the order of the Court **a quo** stands.

- (3) The appellants are ordered to pay two-thirds of the costs of the respondents on appeal to this Court.

M M CORBETT.

NESTADT JA)

HARMS JA) CONCUR

NICHOLAS AJA)

147 A/96

Case Number 495/92

IN THE SUPREME COURT OF SOUTH AFRICA
(APPELLATE DIVISION)

In the matter between :

JOHN APPLETON

First Appellant

BEDFORD MECHANICAL AND PUMP
SPARES CC

Second Appellant

and

HARNISCHFEGER CORPORATION

First Respondent

HARNISCHFEGER [SA] [PROPRIETARY]
LIMITED

Second Respondent

CORAM :

CORBETT CJ, VAN HEERDEN, NESTADT,
HARMS JJA et NICHOLAS AJA

DATES OF HEARING : 3 and 4 March 1994

DATE OF JUDGMENT : 30-09-1994

J U D G M E N T

VAN HEERDEN JA :

I agree with the order set out in the judgment of the Chief Justice, and in the main also with his reasoning. Save as indicated below, I prefer, however, not to express a view on the meaning of s 43(a)(i) of the Copyright Act 98 of 1978.

In terms of the proviso contained in that paragraph nothing in the Act contained shall affect the ownership, duration or validity of copyright subsisting under the 1965 Copyright Act. At the commencement of the 1978 Act copyright in American works could have subsisted by virtue of the provisions of the 1965 Act as applied by Proclamation R231 of 1973. However, when that proclamation was repealed and replaced by notice R566 of 1981 there was no longer any question of copyright in such works continuing to subsist under the 1965 Act. Hence, whatever its true ambit may be, the proviso could, in relation to American works, no longer qualify the general provision of s 43(1). (Since, subject to a number of immaterial exceptions, the 1965 Act also pertained to

works made before and after its commencement, the 1924 Proclamation too became of no effect after its repeal and replacement by the 1973 Proclamation).

I am not unmindful of the fact that in terms of s 12(2)(c) of the Interpretation Act 33 of 1957 the repeal of a law - which includes subordinate legislation - does not affect **inter alia** any right acquired under the repealed law. This is so, however, only if a contrary intention does not appear, and it seems clear to me that the 1981 notice was intended to replace the 1973 Proclamation in all respects. Copyright subsisting under that proclamation was thus not notionally kept alive. In other words, the question whether copyright subsisted in American works had thenceforth to be determined solely with reference to the terms of the 1981 notice and the provisions of the 1978 Act applied by it. (The same obtained after the 1981 notice had been replaced and repealed by notices 125 of 1990 and 484 of 1991.)

In view of what has been said above, it is unnecessary to determine the

meaning of the word "affect" in s 12(2)(c) of the Interpretation Act.

H. J. van Heerden

HJO VAN HEERDEN JA