

IN THE SUPREME COURT OF SOUTH AFRICA
(APPELLATE DIVISION)

In the matter between:

GOLDEN CHINA TV GAME CENTRE
AND OTHERS

APPELLANTS

and

NINTENDO CO LTD

RESPONDENT

CORAM: CORBETT CJ, E M GROSSKOPF, HARMS, SCHUTZ
and PLEWMAN JJA

HEARD: 9 SEPTEMBER 1996

DELIVERED: 25 SEPTEMBER 1996

J U D G M E N T

HARMS JA/

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Do video games enjoy copyright protection as "cinematograph films"? This question was answered in the affirmative in the court below by Hartzenberg J (see *Nintendo Co Ltd v Golden China TV Game Centre & Others* 1995 (1) SA 229 (T)). In consequence he issued an interdict (at p 250F-251A) with costs against the appellants. The successful applicant and present respondent, Nintendo Co Ltd ("Nintendo"), is the alleged owner of the copyright in about forty video games listed in his judgment (at p 231 C-E). With Hartzenberg J's leave the appellants appeal against the order issued.

Nintendo is a Japanese company and claims to be the largest company in the world that creates, manufactures and distributes video games. The appellants are local entities and fall into two classes: four are importers and wholesale distributors of video games; the others are retailers who sell, let or expose them for hire by way of trade.

Infringing video games were imported from Taiwan from undisclosed sources and unknown manufacturers. It is common cause that these video games are copies of the video games in which Nintendo claims copyright. The finding of the court *a quo* (at p 247F-249B) that the appellants had the necessary "guilty" knowledge - referred to in s 23(2) of the Copyright Act 98 of 1978 (the "Act") - in importing and dealing with these games is not in dispute. It follows that, provided copyright subsists in these video games, the dealings of the appellants with these video games were acts of infringement.

VIDEO GAMES AND THEIR DEVELOPMENT:

A video game is, as its name implies, a game played on a video screen. An apparatus containing integrated circuits (usually two microchips) is connected to it. When the machine is in operation, a visual display appears on the screen. The display has the general appearance of an animated cartoon strip, save that the game player is able,

up to a point, to control the game sequence with a control mechanism. In other words, the game sequence is not finitely fixed. Carr & Arnold *Computer Software: Legal Protection in the United Kingdom*, 2nd ed, p 124, give this useful description (underlining added):

"A computer game normally consists of an 'attract' mode and 'play' mode. In the attract mode, visual images appear in a preordained sequence, which explain the operation of the game to the player. In the play mode, the sequence of images on the VDU is determined, within limits dictated by the program, by the intervention of the player."

According to *Stern Electronics Inc v Kaufman* [1982] 669 F.2d 852 at 853 video games "can roughly be described as computers programmed to create on a television screen cartoons in which some of the action is controlled by the player". And "[i]n the play mode, some of the playing symbols or images on the screen are responsive to operation of the player control panel, and others move in a

predetermined sequence and interact with the player-controlled images in a preset manner" (*Midway Mfg Co v Dirkschneider* [1981] 543 F.Supp 466 at 473). (I use these quotations as a convenient way of summarizing the evidence and the demonstration of a video game presented to us during argument.)

The creation of a video game goes through several stages. After the determination of the basic concept and its evaluation, the game is designed and developed. This requires the drawing of the visual aspects of the game, namely, game characters, backgrounds and other game items.

The screen text and sound effects are prepared. So, too, the game's play sequence — it defines, in an unencoded form, the content and story of each game and its play sequence by indicating how the various component works are to be integrated in a sequential progression to constitute a game.

Once this stage is reached, the video game is programmed. That involves the writing of a computer program

for the video game. The program controls the visual display and allows the player to manipulate the characters. Integrated circuits are then manufactured. In the one (named by Nintendo a "CH-ROM"), all the visual elements of the game are stored in an encoded form. They are the background, the characters, the text and the other items in all their different poses, positions and configurations. The other (the so-called "P-ROM") contains the audio elements of the game and also a program that operates the functioning and display of the game, i.e. it dictates the game's play sequence. By the very nature of a ROM, the data stored in it is fixed and cannot be altered. Data stored in the CH-ROM is, by the use of electronic equipment, converted into video signals that define a coloured and moving graphic display on the screen. The program in the P-ROM operates on this data and retrieves the stored visual data elements in the CH-ROM and causes them to be displayed on the screen sequentially.

THE LEGISLATIVE HISTORY OF COPYRIGHT PROTECTION FOR
CINEMATOGRAPH FILMS:

Although invented in 1896, cinematograph films did not, *eo nomine*, enjoy copyright protection under the Patents, Designs, Trade Marks and Copyright Act 9 of 1916. Films were included under the classical heading of a "dramatic work". It is important to note that even at that early stage in the technical history of films, the Legislature was at some pains to provide for the protection of technological innovations. A "cinematograph" was defined to include "any work produced by any process analogous to cinematography". A similarly wide definition was given to a photograph (Schedule III s 35(1)). Cf also Laddie Prescott & Vitoria, *The Modern Law of Copyright and Designs*, 2nd ed, vol 1, p 367.

On the other hand, and following the line taken in the United Kingdom in its 1956 Copyright Act, the Copyright Act 63 of 1965 provided separately for the subsistence of

copyright in cinematograph films (s 14). A cinematograph film was defined (s 1(1)(vii)) to mean:

"any sequence of visual images recorded on material of any description (whether translucent or not) so as to be capable, by the use of that material—

- (a) of being shown as a moving picture: or
- (b) of being recorded on other material (whether translucent or not) by the use of which it can be so shown."

The term 'copy', in relation to a cinematograph film, meant any print, negative, tape or other article on which the film or part of it is recorded (s 1(1)(ix)).

Again one finds the use of very general terms such as "any sequence", "recorded on material of any description", "on other material" and "or other article". (For the sake of completeness I should add that the definition was extended by s 14(9) which provided that a cinematograph film shall be taken to include the sounds embodied in any soundtrack associated with the film.)

The dictionary or ordinary meaning of a cinematograph film is quite different. The Shorter Oxford English Dictionary, for example defines "cinematograph" as a "device by which a series of instantaneous photographs of moving objects is projected on a screen so as to produce the effect of a single motion scene".

The British counterpart of the 1965 definition was the subject of the decision in *Spelling Goldberg Productions Inc v BPC Publishing Ltd* [1981] RPC 283 – a judgment quoted with approval by the court *a quo* (at 236E-H). Judge Mervyn Davies QC (at p 287 l 30-31 in the Chancery Division) said with reference to that Act, that a cinematograph film has three characteristics: "It has a sequence of images, it is recorded on material, and it is capable of being shown as a moving picture." The Court of Appeal (per Buckley LJ) quoted this analysis without demur (at p 294 l 20-23) but went on to overrule the judgment on other grounds. In issue was whether reproducing a single

frame from a cinematograph film was an infringement of the copyright in the cinematograph film, a question totally unrelated to the question before us. Nevertheless, it seems that the dictum gave a fair summary of the definition under the 1965 Act. Laddie Prescott & Vitoria (op cit at p 383) make the point that "(t)he wording [of the 1956 Act] makes it clear that the concept 'cinematograph film' is not tied to any particular technology ...".

The 1965 Act was replaced by the 1978 Act. This Act, influenced somewhat by the Continental approach to copyright, broke to some extent with the English legal tradition on copyright. There is reason to assume that, at the time of enactment, video games were, if already invented, not yet commercially important and probably not a matter the Legislature considered. The Act was amended from time to time, but of consequence to the present case is the Copyright Amendment Act 125 of 1992. This Act (the "amending Act") came into operation on 10 July 1992. Proceedings in the

present case were launched three days earlier, on 7 July, when the court file was opened by the Registrar of the court below. Service of the application took place after 10 July. In the court below, and before us, counsel accepted that the case had to be decided on the statute as it was before the amendment. This was on the assumption that once the Registrar had "issued" an application, the case was pending and, as a rule, amending legislation does not affect pending litigation (*Bell v Voorsitter van die Rasklassifikasieraad en Andere* 1968 (2) SA 678 (A) 684E-F; *Thom en 'n Ander v Moulder* 1974 (4) SA 894 (A) 902D-E). I am not, without argument, prepared to hold that the mere fact that in motion proceedings the Registrar has taken the steps set out but before service on the respondent, proceedings are, for purposes of the rule of interpretation under consideration, pending. Counsel further submitted that since the works in question were created before the commencement of the amending Act, the amending Act had no

relevance to the case. Whether that submission (subject to the proviso contained in s 43(1)(c) of the Act) is, in the light of *Appleton and Another v Harnischfeger Corporation and Another* 1995 (2) SA 247 (A) 261F-262B, correct, also seems arguable.

In view of these uncertainties, it is advisable to dispose of the matter with reference to the law both before and after the 1992 amendment. For the sake of convenience I shall quote the sections concerned as they appear in the amending Act - words in square brackets indicate omissions from the 1978 Act and words underlined represent insertions by the amending Act.

S 2(1) of the Act lists the categories of works that are eligible for copyright. One such category is "cinematograph films [to which are assimilated works expressed by a process analogous to cinematography]". The term itself is defined in s 1:

"'cinematograph film' means the [first] fixation by any

means whatsoever on film or any other material of a sequence of images capable, when used in conjunction with any mechanical, electronic or other device, of being seen as a moving picture and of reproduction and includes the sounds embodied in a sound-track associated with the film, but shall not include a computer program."

As with many definitions in the Act and its antecedents, very wide terms have been employed. The only reason for this can be an intention to cover future technical innovations by using general words. Legislative inertia ought not to impede human ingenuity and the reasonable protection thereof. Typical is the case of computer programs. The wide wording of the Act made it possible to grant them protection as literary works (*Northern Office Micro Computers (Pty) Ltd & Others v Rosenstein* 1981 (4) SA 123 (C); *Payen Components SA Ltd v Bovic CC & Others* 1995 (4) SA 441 (A)). It was only in the amending Act that the Legislature dealt with the subject. This general scheme of the Act suggests to me that the definitions in the Act should be interpreted "flexibly, so that it would

cover new technologies as they appeared, rather than to interpret those provisions narrowly and so force [the Legislature] periodically to update the act" (*WGN Continental Broadcasting Co et al v United Video Inc* 693 F.2d 622 at 627). The basic approach of counsel for the appellants to the case was different. He joined issue with the approach of Hartzenberg J (at 238F-G) that the logical way to deal with the matter is to consider the definition of "cinematograph film" and to see whether a video game falls within the definition or not, and that it is wrong to look for similarities and differences between video games and conventional films. In my judgment, the court's approach cannot be faulted. The Legislature elected, quite prudently, to define terms that have somewhat different ordinary meanings. That means that the definitions have precedence and it would be wrong, at least in the context of this Act, to whittle down wide language to fit one's preconceived ideas of what the terms mean or should mean. The Act is intended

not to stifle, but rather to promote human ingenuity and industry. With this in mind, I proceed to deal with the elements of the statutory definition in dispute in order to determine whether video games fall within its boundaries.

"FIRST FIXATION":

As a rule, a work has to be fixed or reduced to some or other material form before it can be eligible for copyright (s 2(2)). Before its amendment in 1992, this subsection imposed the requirement on literary, musical and artistic works only, but it is now applicable to all works (except, obviously, a broadcast or programme-carrying signal). As far as cinematograph films are concerned, the fixation requirement has been part of the definition since 1978. It replaced the requirement of "recording" in the 1965 Act. Since the amending Act, the requirement is therefore to be found, not only in the definition, but also in s 2(2).

In the USA in *Dirkschneider* (at p 479) an

argument that video games are not fixated but are "merely ephemeral projections" on a screen was rejected out of hand. See also *Williams Electronics Inc v Arctic International Inc* 215 USPQ 405 at 408. As far as the present appeal is concerned, it is no longer in dispute that the video games in issue have been fixed. The concession was fairly made. Had it been otherwise, they could not have been copied and copying is admitted. What constituted the *first* fixation was, on the other hand, hotly debated. The court below (at p 240C-241A) held that the first fixation takes place when the game is fixed in the ROMs. Counsel for the appellants argued that the first fixation of the game was the computer program used to constitute the circuitry in the ROMs. The ROMs were, on this argument, simply a product of the first fixation. It transpired during argument that, although interesting, the debate did not affect the outcome of this case. The determination of the "*first*" fixation may have affected the term of copyright if one assumes that the

first fixation is the same as the "making of" a film (s 3(2)(b)). See also s 44(1). I know of no other function the requirement performed, especially as far as the subsistence of copyright is concerned. It is no wonder that the word was deleted by the amending Act. Since the term of copyright is not in issue and since counsel could not indicate where the argument led, I find it unnecessary to say much more on the point save that it seems to me that the computer program was but a step in the fixation of the film.

"A SEQUENCE OF IMAGES":

The obvious difference between a "conventional" cinematograph film and a video game lies in the fact that, with the former, the sequence of images is fixed whereas in the case of the latter the sequence of images is, to an extent, variable and under the control of the player. Emphasising this difference, counsel for the appellant submitted that the definition should be read to refer to a

fixed sequence of images only. In support of the argument, he relied heavily on the words "capable ... of reproduction" in the definition. The argument was this: the definition required that the sequence of images must be capable of reproduction; if the sequence can be changed, it is not capable of reproduction; thus, the section envisages an invariable sequence of images. I do not agree with this grammatical exegesis. "Reproduction", in the context of copyright, refers to the copying of the work (i.e. the cinematograph film) in question (cf *Laubscher v Vos & Others*, Judgments on Copyright 3 (WLD) at 6) and not to ephemeral versions, renditions or applications of a work. This is clear if regard is had to the definitions of "copy" and "reproduction" (s 1) and, especially, s 8(1) of the Act. What seems to me, therefore, to have to be capable of reproduction is the film itself and not the sequence of images. This intention appears rather more clearly from the signed Afrikaans text of the Act.

The 1965 definition referred to "any sequence of visual images" whereas the definition under consideration mentions "a sequence of images". The use of the indefinite article "a" (Afr: "'n") instead of "any" (Afr: "enige") makes it clear, counsel submitted further, that a cinematograph film cannot be subdivided into a myriad of shorter films. I am prepared to accept for the sake of argument the proposition that subdividing a film does not produce a number of new films. That is, however, beside the point. The point is whether, within the present context, there is any discernible difference in meaning between "a" compared with "any" cinematograph film. The answer is no.

It is instructive to consider the approach consistently adopted to a similar phrase found in a statutory definition of "audiovisual works" in the United States of America. Their phrase is "a series of related images". In *Midway Mfg Co v Arctic International Inc* [1983] 704 F.2d 1009 at 1011-1012, [1983] 218 USPQ 791 at p 792-793, the

Court of Appeals, Seventh Circuit, said the following in relation to it:

"It is not immediately obvious that video games fall within this definition. The phrase 'series of related images' might be construed to refer only to a set of images displayed in a fixed sequence. Construed that way, video games do not qualify as audiovisual works. Each time a video game is played, a different sequence of images appears on the screen of the video game machine - assuming the game is not played exactly the same way each time. But the phrase might also be construed more broadly to refer to any set of images displayed as some kind of unit. That is how we construed it in WGN Continental Broadcasting Co. v. United Video, Inc., 693 F.2d 622, 216 USPQ 97 (7th Cir. 1982), where we held that a news program and a thematically related textual display ("teletext") transmitted on the same television signal but broadcast on different television channels constituted a single audiovisual work. We see no reason to construe it more narrowly here. ..."

"... Playing a video game is more like changing channels on a television than it is like writing a novel or painting a picture. The player of a video game does not have control over the sequence of images that appears on the video game screen. He cannot create any sequence he wants out of the images stored on the game's circuit boards. The most he can do is choose one of the limited number of sequences the game allows him to choose. He is unlike a writer or a painter because the video game in effect writes the sentences and paints the painting for him; he merely

chooses one of the sentences stored in its memory, one of the paintings stored in its collection."

Another matter that can be stressed, is that a substantial portion of the visual images are repetitive and remain constant each time the game is played (*Stern Electronics* at 856). My conclusion on this part of the argument is then that a video game's sequence of images does comply with the requirements of the definition.

"FIXATION BY ANY MEANS WHATSOEVER ON FILM OR OTHER MATERIAL OF A SEQUENCE OF IMAGES":

If I understood counsel for the appellant correctly, he submitted that since the images themselves were not put on the ROMs, but only the microelectronic circuit that represents them, the images have not been fixed on the ROMs. If this argument is taken to its logical conclusion, it will mean that video films are not covered by the definition. One can then, by way of analogy, argue that, for purposes of the definition of a "record", sounds are not

"embodied" in compact discs but only digital notations.

Apart from these practical objections to the interpretation submitted, I am of the view that the argument does not take sufficient account of the rest of the definition. Images can be fixed on "any other material" and that is clearly not limited to film-like material. In addition, the definition contemplates the use, not only of a mechanical device, but also of an "electronic or other device" to make the sequences of images visible as a moving picture. That suggests to me that the stored images need not be stored in their original form, i e as images. This is confirmed by the change to the wording used in the 1965 Act (which required a fixation of *visual* images) to the present definition that omits the word "visual".

"BUT SHALL NOT INCLUDE A COMPUTER PROGRAM":

This limitation was introduced by the amending Act.

It does not affect this case. It was common cause that the

video games are not computer programs although computer programs were used during their creation and although they may have been fixated by way of such programs.

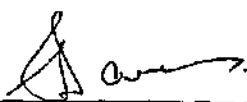
CONCLUSION:

That concludes the analysis of the disputed elements of the definition of a "cinematograph film". The remaining element of the definition, namely that with the use of "any mechanical, electronic or other device" the film must be "capable ... of being seen as a moving picture" is clearly present in video games. For the reasons given video games do in my judgment fall within the terms of the definition. Counsel for the appellant accepted that if that is the conclusion, the appeal had to fail. He, quite correctly, did not dispute that Nintendo had established that it was the author, as defined in s 1, of these video games insofar as they are cinematograph films; that Nintendo was a qualified

person (see p 243B-E of the judgment below), and that the video games (as cinematograph films) were original.

Nintendo, on its part, did not attack the finding of the court a quo (at p 244E; 245F-G) that, on the papers, its copyright in the video game Popeye had been assigned to its US company. My conclusion that the appeal stands to be dismissed makes Nintendo's alternative causes of action based on copyright in the component (or underlying) works, unfair competition and trade mark infringement, moot. That is so because of the width of the terms of the interdict granted.

The appeal is dismissed with costs, including those of two counsel.



L T C HARMS
JUDGE OF APPEAL

CORBETT CJ	)	
E M GROSSKOPF JA	)	AGREE
SCHUTZ JA	)	
PLEWMAN JA	)	