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Dear Ms. Fubbs

ADVISORY COMMENTS ON THE COPYRIGHT AMENDMENT BILL

I have been asked, amongst other experts, to provide an advisory opinion with regard to the Copyright Amendment Bill 2018, and in particular to consider the appropriateness of the terminology used in the Bill; whether the wording used in the Bill reflects the policy objectives of the Bill; whether any of the clauses raises Constitutional concerns and whether the clauses that address international treaties correctly reflect the content of these treaties. It was highlighted that the intention is not for the experts to consider the merits or demerits of the Bill or the policies informing the Bill. I wish to indicate that I have, as much as possible, tried to adhere to these requirements. However, there would have been certain cases where it was not completely feasible to comment on the Bill's Constitutional, legal or treaty alignment, without reflecting on some policy issues. Lastly, it was recommended in the communication from the Committee that comments needed to be made within the text of the Bill. However, I found that it was not feasible to do so as this would have resulted in the document becoming too large. In order to be of more assistance to the Committee, where I make a recommendation for the amendment of certain provisions I propose relevant wording in this regard.

As a final observation I wish to indicate that I do not comment on every part of the Bill. My expertise is mainly in the area of the creative industries (the music, film and to a lesser extent, literary publishing industries). In the call I received in which I was advised of my appointment as a member of the panel of experts I was asked to focus on issues relating to the music and film industries. I have tried to do this in my opinion, except where I deemed it necessary to comment on other pertinent aspects, such as the comprehensive comments made in respect of the definition of "accessible format copy" in paragraph 2.1 of my comments. This is because the principles dealt with in my comment relating to this had an impact on other areas that I have commented on.

1. General Comments

It is important that in enacting copyright legislation, the objective should be to enact clearly-articulated legislation that conforms to high international standards of quality and is comparable to other highly-impactful legislations in other parts of the world. This will ensure that South Africa displays comparative advantage in the highly-contested terrain of international trade, including intra-African trade, and that it is able to reap real economic

benefits from trading in copyright-based products and productions. In the current environment of low economic growth the copyright industries, well-supported by effective legislation, can provide the necessary impetus for economic growth.

Prior to dealing *ad seriatim* with particular provisions of the Bill (where appropriate) and to comment thereon, I deem it necessary to make certain general comments with regard to technical drafting considerations, especially since the Bill is now at its final stage prior to enactment into law. I deal with this in a two-fold manner as follows:

1.1 Instances of Poor Phraseology

I would like to bring the Committee's attention to certain instances of poor phraseology in the Preamble to the Bill, which diminish the impactfulness of the Bill and should not be in the final version of legislation of this nature. Such poor phraseology falls short of what Bennion has referred to as "the prime axiom of legislation", namely the fact that legislation "should be worded in the most effective way possible", to ensure legal effectiveness and certainty.¹ I list these instances below:

(a) The phrase "to allow for the reproduction of copyright work" (line 2 of the Preamble) is inadequate because the Copyright Act does not only make provision for one "copyright work", but provides for several "copyright works". It should thus read "to allow for the reproduction of copyright works". This however, does not make the phrase adequate or appropriate.

Expressing the phrase in this manner is bizarre and problematic because the phrase suggests that this is the first time that the Copyright Act will make provision for the reproduction of copyright works. However the act of reproduction is an integral aspect of copyright legislation and it has always formed part of our copyright legislation, as it should, and this is demonstrated by the fact that the expression "reproduction" is itself, elaborately defined. What is intended here is thus different and it should be expressly stated. One thinks that the intention in this context was to say: "to provide for further limitations and exceptions regarding the reproduction of copyright works". The Committee needs to determine what the true intention in this regard is.

(b) The phrase "to provide for the protection of copyright in artistic work" (lines 2 - 3 of the Preamble) should read: "to provide for the protection of copyright in artistic works".²

However, as indicated in the discussion under paragraph (a) hereof, it is a misnomer to suggest that the current amendment to the Act is for the purpose of providing for the protection of copyright in artist works, since this is already provided for in section 7 of the Act. Perhaps what was intended was to say: "to provide for the payment of royalties in respect of artistic works".

(c) Perhaps the phrase "to provide for the procedure for settlement of royalties disputes" (lines 4 - 5 of the Preamble) would read better in this way: "to provide for the procedure for

¹ Bennion *FAR Bennion on Statute Law* 3 ed (Longman, London: 1990) 38.

² This is the expression currently used in section 7 of the Copyright Act, and it is the correct expression, even if to illustrate that there are different artistic works as also currently defined in the definition of "artistic work" in the Copyright Act.

settlement of royalty disputes" (i.e. changing the word "royalties" from the plural into "royalty" in the singular).

(d) The phrase "to allow fair use of copyright work" (line 5 of the Preamble) should read "to allow fair use of copyright works", in line with my observations above.

(e) The phrase "to provide for the protection of ownership in respect of orphan works" (lines 6 – 7) does not seem consistent with the provisions of Clause 24 of the Bill. It is clear from the provisions of Clause 24 that the licensing of orphan works is at the core of those provisions. Accordingly, it would seem that one of the following phrases would more accurately express the objective here:

"to provide for the licensing of orphan works"; or

"to provide for the licensing and protection of orphan works".

1.2 Numbering based on the Intellectual Property Amendment Act 28 of 2013

In Clause 37(1) of the Bill it is stated that the phrases "indigenous cultural expressions" or "indigenous community" referred to in the Bill at several places shall only come into effect upon the date that the Intellectual Property Amendment Act 28 of 2013 (the "2013 Act") shall come into operation. It is important that the drafters have inserted this provision because the 2013 Act, though assented to by the President, has not yet come into force.³ This has been taken into account in my advisory comments (that is, I make the comments as if the two phrases are not to be considered for current purposes, except where it is necessary to still make reference to them).

Having indicated the above, it needs to be noted that the reference to the two phrases is not the only impact that the 2013 Act has on the formulation of the current Bill. There are several instances in the Bill where the *numbering* of the sections in the Bill is based on the numbering used in the 2013 Act. I make reference to these instances in my advisory comments. Basing the numbering of the sections in the Bill on the numbering used in the 2013 Act is problematic in that, as indicated, the 2013 Act has not yet come into force and therefore the amendments proposed in the Bill must be understood within the context of the current Act (the Copyright Act 98 of 1978). So as not to create confusion, it is submitted that an additional provision needs to be included in Clause 37 of the Bill to make it explicit that the change in numbering in the Bill which is necessitated by the numbering in the 2013 Act shall not apply until the 2013 has come into force. Alternatively the numbering should strictly adhere to the numbering currently used in the Copyright Act.

2. Comments relating to Specific Clauses in the Bill

2.1 Clause 1(a): Definition of "accessible format copy"

In Paragraph 1.2 of the Memorandum on the Objects of the Copyright Amendment Bill (the Memorandum) it is stated that "[t]he proposed provisions in the Bill are strategically aligned with the treaties that South Africa reviewed, amongst others ... the Marrakesh Treaty to Facilitate Access to Published Works for Persons Who are Blind, Visually Impaired, or

³ Section 15 of the Act provides that the Act shall come into operation on a date fixed by the President by proclamation in the Gazette. This has not yet been done.

Otherwise Print Disabled", while Paragraph 1.3 states that the amendment "means that South Africa will be able to accede to international treaties and conventions which require domestic legislation to be consistent with international imperatives."⁴

The Marrakesh Treaty, negotiated over a lengthy period of time, is the first WIPO treaty to deal exclusively with copyright exceptions and limitations. In this regard it is a grand representation of consensus between rights-holders and users from vulnerable backgrounds with regard to the right balance that must be achieved between the interests of rights-holders and those of vulnerable users. In this regard the objective of the treaty – what the Memorandum to the Bill terms "international imperatives", is clear: it is aimed at addressing a very specific need, namely *the need of blind, visually-impaired or otherwise print-disabled persons to access published literary works*. In this regard Reinbothe and Von Lewinski, authorities in the field of international copyright law, have observed that "the definition of 'accessible format copy' in Article 2(b) Marrakesh Treaty is crucial for the delimitation of the scope of application of the Marrakesh Treaty, since the exceptions and limitations covered by Articles 4 to 6 only relate to works in accessible format copies."⁵

Considering that the objective in introducing a definition of "accessible format copy" is to align South Africa with the "international imperatives" of the Marrakesh Treaty, it must be observed that the proposed definition of "accessible format copy" in the Bill deviates diametrically from the wording and objective of the definition used in the Marrakesh Treaty.⁶ Thus while the Treaty is only concerned with granting access to *persons who are blind, visually impaired and print-disabled* to accessible format copies relating to *works of literature*, in order to address

⁴ Emphasis added.

⁵ Reinbothe J and Von Lewinski S *The WIPO Treaties on Copyright – A Commentary on the WCT, WPPT and the BTAP* 2 ed (Oxford University Press, 2015: Oxford) 631. Emphasis added.

⁶ Clause 1(a) of the Bill defines "accessible format copy" as "a copy of a work in an alternative manner or form which gives a person with a disability access to the work and which permits such person to have access as feasibly and comfortably as a person without disability". However, the following definition is used in Article 2(b) of the Marrakesh Treaty: "accessible format copy" means a copy of a *work* in an alternative manner or form which gives a *beneficiary person* access to the work, including to permit the person to have access as feasibly and comfortably as a person without visual impairment or other print disability. The accessible format copy is used exclusively by beneficiary persons and it must respect the integrity of the original work, taking due consideration of the changes needed to make the work accessible in the alternative format and of the accessibility needs of the beneficiary persons'. Emphasis added. "Works" is defined in Article 2(a) as referring to "literary and artistic works within the meaning of Article 2(1) of the Berne Convention ... *in the form of text, notation and / or related illustrations*, whether published or otherwise made publicly available in any media." This refers to "books, pamphlets and other writings; lectures, addresses, sermons and other works of the same nature; dramatic or dramatico-musical works," as well as "illustrations, maps, plans, sketches." Helfer LR et al *The World Blind Union Guide to the Marrakesh Treaty – Facilitating Access to Books for Print-Disabled Individuals*, available at <http://www.worldblindunion.org/English/our-work/our-priorities/Pages/WBU-Guide-to-the-Marrakesh-Treaty.aspx> (date of use: 17 September 2018), at 71. See also Reinbothe and Von Lewinski *The WIPO Treaties on Copyright* supra note 5, at 631. What is intended is therefore *works in the literary sense*. In Article 3 of the Treaty a "beneficiary person" is defined as someone who "(a) is blind; (b) has a visual impairment or a perceptual or reading disability which cannot be improved to give visual function substantially equivalent to that of a person who has no such impairment or disability and so is unable to read printed works to substantially the same degree as a person without an impairment or disability; or (c) is otherwise unable, through physical disability, to hold or manipulate a book or to focus or move the eyes to the extent that would be normally acceptable for reading; regardless of any other disabilities." Emphasis added. The Treaty is thus not concerned with disabilities other than those concerned with persons who are blind, visually impaired or print-disabled.

the "book famine",⁷ the Bill seeks to grant access to *all persons with a disability*⁸ to accessible format copies relating to *all works protectable by copyright*. In this regard it needs to be noted that while the Marrakesh Treaty is ostensibly used as a point of departure for the provisions relating to the granting of access to copyright works to persons with a disability, its relevance to South African copyright legislation will only be with regard to the granting of access to persons who are blind, visually impaired and print-disabled. The Treaty cannot be relied upon regarding the provision of access to persons with a disability other than blindness, visual impairment or print-disability. Some more nuanced observations in this regard are made below:

(a) It needs to be observed that international copyright treaties generally operate on the basis of certain principles, in particular the principles of *national treatment*, *minimum rights* and *prohibition of formalities* ("no formalities").⁹ In this regard article 5(1) of the Berne Convention provides the following:

Authors shall enjoy, in respect of works for which they are protected under this Convention, in countries of the Union other than the country of origin, the right which their respective laws do now or may hereafter grant to their nationals, *as well as the rights specially granted by this Convention*. [Emphasis added]

The first part of article 5(1) embodies the principle of national treatment, while the highlighted part relates to the principle of minimum rights. The principle of "no formalities" is not relevant for the current analysis.¹⁰ Seeing that the principles of national treatment and minimum rights have a bearing on the comment that I make in respect of other parts of the Bill, I elaborate on these principles here. The essence of these principles is that they operate solely in favour of a national of a foreign Berne Convention member country (the so-called "country of origin") when the works of such a national are used in another Berne Convention-member country (that is, "the country of exploitation").¹¹ In this regard it needs to be noted that protection for the nationals of a particular Berne Convention member country is provided for in terms of the laws of such a country, but foreign nationals are "treated as", or "assimilated to" the nationals

⁷ See in this regard http://www.wipo.int/edocs/pubdocs/en/wipo_pub_marrakesh_overview.pdf (date of use: 17 September 2018).

⁸ "Person with a disability" is defined in clause 1(h) of the Bill as "a person who has a physical, intellectual, neurological, or sensory impairment and requires and requires an accessible format copy in order to access and use a work." This is opposed to the definition of a "beneficiary person" in article 3 of the Marrakesh Treaty, which only applies to the blind, visually impaired or print-disabled persons, "regardless of any other disabilities".

⁹ See for example in this regard article 5(1) of the Berne Convention for the Protection of Literary and Artistic Works (Paris Act 1971) ("the Berne Convention"), in respect of the principles of national treatment and minimum rights; and article 5(2) of the said treaty in respect of the principle of "no formalities".

¹⁰ The principle of "no formalities" is provided for in article 5(2) of the Berne Convention and provides that the enjoyment and exercise of the rights contained in the Convention shall not be subject to any formality (e.g. the requirement that a work has to be registered).

¹¹ As Ricketson S "Protection of Limitations and Exceptions in the International Copyright Framework" https://www.law.columbia.edu/sites/default/files/microsites/kernochan/ricketson_protection_of_exceptions_in_the_international_framework-1_final_version_jg_rev.docx 8 (date of use: 17 September 2018), has stated, the Berne Convention "has always been concerned with ... the protection of authors in countries other than their own."

of such country with regard to the exploitation of their works.¹² This is subject to the condition that, while a Berne Convention member country may treat its citizens in any manner with regard to copyright protection (including, theoretically, not providing protection to them or drastically limiting such protection), foreign nationals must always be accorded the minimum protection provided for under the Berne Convention (i.e. they may not be accorded any less protection than that provided for in the Berne Convention).¹³

(b) The principle of national treatment highlighted above applies equally in respect of the system of limitations of and exceptions to copyright protection. In the first instance this means that foreign rights-holders cannot be deprived of the minimum rights guaranteed to them under article 5(1) of the Berne Convention, through the introduction of limitations and exceptions under national law, except in so far as such limitations and exceptions are permissible under Berne Convention. Secondly this means however that, where limitations and exceptions are permitted under the Berne Convention, the principle of national treatment applies equally in favour of foreign users of copyright works.¹⁴ The effect of this is that (1), if South Africa introduces limitations and exceptions within South African copyright legislation, that go beyond the limitations and exceptions permitted in the relevant international treaties, such limitations and exceptions shall only bind South African nationals and shall not apply in respect of the works of the foreign nationals used in South Africa;¹⁵ and (2), foreign users shall nevertheless be eligible to make use of the limitations and exceptions provided for in the South African legislation, in respect of South African works, in line with the principle of national treatment that provides that copyright protection in respect of foreign nationals is based on the law of the country of exploitation.

(c) It is true that the limitations and exceptions provided for under the Marrakesh Treaty now form part of the corpus of limitations and exceptions permitted or permissible under international copyright treaty law. However, where the limitations and exceptions provided for exceed the limitations and exceptions permissible or contemplated in the Marrakesh Treaty, the observations made above will apply. In this regard it needs to be noted that article 1 of the Marrakesh Treaty provides that nothing in the treaty nullifies the obligations that the member states of the treaty (the "contracting parties") "have to each other under other treaties", nor

¹² Articles 5(2) and (3). In *Gallo Africa Ltd and Others v Sting Music (Pty) Ltd and Others* [2010] ZASCA 96 Harms DP confirmed, at para 18, that the Berne Convention "does not form part of our law but merely places international obligations on governments that have acceded to it."

¹³ See in this regard Ricketson supra note 11 at 2 – 3.

¹⁴ In this regard it has been asserted that national treatment applies to "user rights" (i.e. to the regime for limitations and exceptions) as it applies to authors' rights. See Gervais D (ed) *International Intellectual Property – A Handbook of Contemporary Research* (Edward Elgar Publishing, Cheltenham: 2015) 161. In the converse it has been stated that limitations and exceptions limit and create exceptions with regard to the application of the principle of national treatment in favour of rights-holders. See Brauneis R "National Treatment in Copyright and Related Rights: How Much Work Does it Do?" (2013). *GW Law Faculty Publications & Other Works*. Paper 810. http://scholarship.law.gwu.edu/faculty_publications/810 2 - 3 and generally. (Date of use: 18 September 2018). More specifically article 3(1) of the WTO Agreement on Trade-related Aspects of Intellectual Property Rights ("TRIPs Agreement") provides that the principle of national treatment provided for under that treaty is "subject to the exceptions already provided in ... the Berne Convention (1971) ... [and] the Rome Convention ...

¹⁵ In this regard Ricketson supra note 11 states, at 7, that while Berne member countries may, under the Berne Convention, make provision for greater protection in their domestic laws, they 'clearly cannot authorize the imposition of "lesser protection" through the application of any wider limitations, or exceptions adopted domestically'.

does it prejudice any rights that a member state "has under any other treaties." More specifically article 11 of the Marrakesh Treaty provides the following:

In adopting measures necessary to ensure the application of this Treaty, a Contracting Party may exercise the rights and *shall* comply with the obligations that that Contracting Party has under the Berne Convention, the Agreement on Trade-Related Aspects of Intellectual Property Rights and the WIPO Copyright Treaty, including their interpretative agreements ...".¹⁶

Article 11 then goes further to make reference to specific provisions under the mentioned treaties that deal with the "three-step test", providing that when adopting measures to ensure the application of the Marrakesh Treaty, the country concerned must apply the three-step test.¹⁷

(d) Indeed article 12 of the Marrakesh Agreement makes it possible for a Marrakesh contracting party to introduce other limitations and exceptions in its national law for the benefit of the beneficiary persons (i.e. the blind, visually impaired or print-disabled), and even contemplates that "other limitations and exceptions for persons with disabilities" may already be in existence in a contracting party's national law.¹⁸ However, the treaty provides that such additional limitations and exceptions must be "in conformity with that Contracting Party's international rights and obligations".¹⁹ Professor Sam Ricketson, a recognized authority in international intellectual property law, has studied the impact of the national treatment principle on limitations and exceptions in the international copyright framework with a focus on the Marrakesh Agreement. In this regard he observes that, apart from the need to adhere to the three-step test as contemplated in article 11 of the Marrakesh Agreement:

[A]ny other limitations or exceptions directed at foreign-sourced works will obviously need to comply with the restrictions imposed under Berne, including the Appendix on Developing Countries,²⁰ the WCT and the TRIPs Agreement respectively ...²¹

Issues to Consider

(e) If South Africa ultimately joins the Marrakesh Treaty, she will be bound by the provisions of the Treaty as those are mandatory.²² In other words South Africa will be bound to incorporate within South African law provisions that relate to the granting of access to accessible format copies to beneficiaries of the Marrakesh Treaty, namely, persons who are blind, visually impaired or otherwise print-disabled. The current proposals in the Copyright Amendment Bill however, far exceed the provisions of the Marrakesh Treaty in that (1) they

¹⁶ Emphasis added.

¹⁷ These provisions are: article 9(2) of the Berne Convention; article 13 of the TRIPs Agreement, and articles 10(1) and (2) of the WIPO Copyright Treaty. The three-step test provided for in the mentioned articles essentially stipulates, in each case, that limitations and exceptions must be confined to (i) special cases; (ii) that do not conflict with a normal exploitation of the work and (iii) do not unreasonably prejudice the legitimate interests of the author.

¹⁸ Article 12(2), Marrakesh Agreement.

¹⁹ Article 12(1), Marrakesh Agreement.

²⁰ This Appendix deals with matters relating to giving more latitude to developing countries regarding the rights of translation and reproduction of works belonging to the nationals of other Berne Convention members, for purposes of education and scientific research, and matters relating to compulsory licences and ensuring the payment of fair remuneration to rights holders in this regard under certain circumstances.

²¹ Ricketson *supra* note 11, at 10.

²² See in this regard Ricketson *id* at 11.

are aimed at benefitting not only persons who are blind, visually impaired and / or otherwise print-disabled, but all persons with a disability; and (2) their scope include all works protected under copyright (i.e. the works contemplated in section 2(1) of the Copyright Act). However, as indicated above, the Marrakesh Treaty limits the works covered by its provisions to works of a literary nature.²³

(f) It is acknowledged that in the instructions given to the technical panel of experts it is mentioned that "it is acceptable for the Bill to have a broader scope than a treaty, but not a narrower one". However, it is also important to highlight what the impact of this approach is. As indicated above, the provisions of the Bill that go beyond the provisions of the Marrakesh Treaty will only affect South African rights-holders and not foreign rights-holders. This means that the limitations and exceptions only affect South African works. However, foreign users will also be entitled to benefit from the limitations and exceptions created in respect of South African works. Professor Ricketson makes the following observation in this regard:

[Where country A] ... implements a system of exceptions under its domestic law that allows generously for free use without restriction of [protected works, some by local authors while the rest are by foreign authors] ... in whole or in part, and extends these, in turn, to a category of readers whose disability is intellectual rather than physical ... *[i]t is likely that these exceptions would go beyond what would be permitted under the various criteria in articles 9(2), 10 and 10bis of Berne, article 10 of the WCT, and article 13 of TRIPS, meaning there will be a breach of these provisions if the exceptions are applied in this unqualified form to works claiming protection under those agreements.* Equally obviously, there will be no breach so far as domestic claimants under the law of country A are concerned, as country A remains free to treat the works of its own nationals as it wishes, and, in this instance would be able to pursue a domestic policy of exceptions that favours the interests of users over domestic right holders, even if this means that foreign claimants will be treated more generously in that they should not be subjected to this more sweeping range of exceptions. ... Country A remains free to adopt whatever exceptions it thinks fit with respect to blind or visually impaired persons where locally authored works are concerned, but in applying these exceptions to foreign right holders will need to do so within the limits allowable under the *Berne Convention*, the *WCT* and the *TRIPS Agreement*.²⁴

(g) In light of the foregoing the lingering question is: why would Parliament want to disadvantage South African rights-holders, by creating Marrakesh-plus provisions that create limitations and exceptions only in respect of the works of South African rights-holders and cannot be applied to the works of foreign rights-holders; and yet will benefit both South African and foreign users? Further to this, and more importantly, did the drafters of the Bill as well as the Committee, in introducing such provisions, apply the three-step test as required by article 11 of the Marrakesh Agreement; can evidence be provided in this regard? The SEIAS report tabled on 30 May 2017 does not show any evidence that an assessment was done in relation to this matter or that such an assessment included the three-step test required by article 11. To reiterate, the three-step test requires that limitations and exceptions must be introduced

²³ See note 6 above. This includes works in audio form (e.g. audiobooks, audio recordings of journals and other spoken text). However, audio-visual works, sound recordings, musical works (except in the form of musical scores), and other works are excluded from the definition of "works" in the Marrakesh Agreement. See in this regard Reinbothe and Von Lewinski *The WIPO Treaties on Copyright* supra note 4, at 631.

²⁴ Ricketson note 11, 12 – 14.

(1) only in special cases; (2) that do not conflict with the normal exploitation of the work, and (3) do not unreasonably prejudice the legitimate interests of the author.

(h) More specifically in relation to the above, was an assessment done of what the effect of extending access to accessible format copies to all persons with disabilities rather than only those that are print disabled; as well as doing so in respect of all works other than works of literature, shall be to rights-holders? Will this not conflict with the normal exploitation of such works, and will it not unreasonably prejudice their legitimate interests? For example, what would the impact of giving free access to accessible format copies of *computer programs* and *broadcasts* (rather than literary works, as required by the Marrakesh Treaty), to print-disabled persons be, and what does this entail? Lastly, seeing that the Marrakesh Treaty permits the subjection of limitations and exceptions to the payment of remuneration in favour of rights-holders,²⁵ why have the drafters and the Committee not considered introducing such remuneration, especially in view of the fact that a decision was taken to introduce limitations and exceptions that far exceed those required by the Marrakesh Treaty and to a broader base of beneficiaries than those contemplated in the Treaty?

Concluding Remarks

(i) In light of the foregoing observations, the following recommendation is made with regard to the definition of "accessible format copy" in the Bill:

(1) The definition must be replaced with a definition that is consistent with the definition of the expression in the Marrakesh Treaty. The following definition is proposed:

'accessible format copy' means a copy of a literary work in an alternative manner or form which gives a beneficiary person access to the said work, including to permit the person to have access as feasibly and comfortably as a person without visual impairment or other print disability : provided that the accessible format copy is used exclusively by visually impaired persons and preserves the integrity of the original work, taking due consideration of the changes needed to make the work accessible in the alternative format, and the accessibility needs of the beneficiary persons.

(2) In the same manner a new definition of "beneficiary person" must be introduced (to replace the definition of "person with a disability"), and should be defined as follows in line with the definition in the Marrakesh Treaty:

'beneficiary person' means a person who, regardless of any other disabilities, (a) is blind; (b) has a virtual impairment or a perceptual or reading disability which cannot be improved to give visual function substantially equivalent to that of a person who has no such impairment or disability and so is unable to read printed works to substantially the same degree as a person without an impairment or disability; or (c) is otherwise unable, through physical disability, to hold or manipulate a book or to focus or move the eyes to the extent that would be normally acceptable for reading.

(j) Alternatively, the definition could be amended to limit its scope (1) to literary works only and (2) to "persons who are blind, visually impaired or otherwise print disabled, *as well as persons with learning disabilities that affect their ability to read or handle a literary work unless it is in the form of an accessible format copy.*" This, though broader than the Marrakesh definition,

²⁵ Article 4(5) of the Marrakesh Agreement provides "[i]t shall be a matter for national law to determine whether limitations or exceptions ... are subject to remuneration."

would be closer to the objective of the treaty. In paragraph 2.5 of the Memorandum to the Bill it is stated that "[t]he Bill provides for the availability of accessible format copies of a work to accommodate persons with disabilities. *This provision extends beyond matters pertaining to the blind but to other disabilities such as learning disabilities, dyslexia etc.*" The concern here is therefore with regard to extending access to "persons with learning disabilities" and the proposed definition would thus satisfy this requirement.²⁶

(k) If, for any reason, it is felt that the definition proposed in respect of "accessible format copy" must be retained, then the Committee should, in addition to ensuring that a three-step test assessment is conducted with regard to the impact that using such a broad definition would have on the normal exploitation of the works concerned and the legitimate interests of the rights-holders, consider introducing a form of remuneration to rights-holders for this intrusion into their rights, as contemplated in article 4(5) of the Marrakesh Agreement.

2.2 Clause 1(b): Definition of "audiovisual work"

The definite article ("the") should be inserted between the word "means" and the word "embodiment" in the definition of "audiovisual work" to ensure proper articulation.

The definition should thus read as follows:

'audiovisual work' means *the* embodiment of moving images, whether or not accompanied by sounds or by the representation thereof, from which either can be perceived, reproduced or communicated through a device, and includes a cinematographic film.

2.3 Definition of "collecting society"

The definition of "collecting society" in the current Act was introduced by section 1(a) of Act 9 of 2002 and dealt specifically with collecting societies administering "needle-time" rights. This is specifically mentioned in the explanatory note relating to the definition (in the square brackets). Since the intention is however that the regulation of collecting societies needs to extend to all collecting societies, it is recommended that the explanatory note be expanded at the end thereof by the addition of the phrase "and its scope was extended by the Copyright Amendment Act, 2019".²⁷

2.4 Clause 1(c): Definition of "commercial"

The introduction of the definition of "commercial" within the Bill, as well as the introduction of the concepts of "commercial purpose", "commercial exploitation", "commercial nature" etc. within the text of the Bill, especially where this is used beyond cases dealing with limitations and exceptions, is a novel approach in our copyright law and is a matter for serious concern. This is because this suggests that, even beyond the case of recognized limitations and exceptions, the criterion to be used to determine if a particular act amounts to an infringement of a copyright work is whether the use was commercial or non-commercial.

²⁶ Emphasis added. Although mentioned separately, dyslexia is itself a reading disorder that is characterised as a learning disability. See <https://medical-dictionary.thefreedictionary.com/dyslexia> where dyslexia is defined as "a learning disorder characterized by problems in processing words into meaningful information ... most strongly reflected in difficulty in learning to read." (Date of use: 21 September 2018).

²⁷ If the Bill is passed into law in 2019.

Such an approach encroaches into the exclusive nature of the rights of authors in respect of their copyright works, which entails the exclusive right "to do or to authorize the doing" of any act associated with the use of the particular work. In this regard it matters not if the use is of a commercial nature or not (except in the case of limitations and exceptions): the rights-holder has the exclusive right to do the acts relating to the exploitation of the work, or to authorize such exploitation.

A notable example in this regard is Clause 11 of the Bill, which introduces amendments in relation to section 9A of the Copyright Act. The proposed section 9A(1)(aA), which introduces provisions relating to the obligation of users to submit reports of their usages of sound recordings for purposes of "needle-time", suggests that such an obligation will only apply if the usage is "for commercial purposes". This is a very worrying situation because it implies that if the usage is not for commercial purposes, then such usage is permitted and no payment of royalties or music usage report is required under such circumstances. This means that any entity that can argue that its use of needle-time rights is not for commercial purposes will be exempt from paying royalties and submitting music usage reports. This, it is submitted, would include the South African Broadcasting Corporation (SABC) – a major user of needle-time rights –, because it would be very easy for the SABC to argue that, at least in respect of its public service offerings, it is not "obtaining [a] direct economic advantage or financial gain"²⁸ when using needle-time rights. This will have a dire negative effect on the livelihoods of authors.

Recommendation

It is recommended that the use of the phrase "for commercial purposes" must only be applied in respect of specifically-provided limitations and exceptions and must not be used in any other respect. More particularly, the reference to the phrase in the proposed section 9A(1)(aA), as introduced by Clause 11 of the Bill, must be completely removed to avoid the situation highlighted above. The following amendment of the definition of "commercial" is thus proposed:

'commercial', in relation to any limitations or exceptions enjoyed by any person under this Act, means the obtaining of direct economic advantage or financial gain in connection with a business or trade.

2.5 Clause 1(g): Definition of "person with a disability"

It is recommended that the definition of "person with a disability" be replaced with the definition of "beneficiary person" as proposed in paragraph 2.1(i) above or as otherwise recommended in paragraph 2.1.

2.6 Clause 3 – Amendment to section 5(2)

The manner in which the proposed amendment to section 5(2) of the Act is phrased might create uncertainty as to whether the reference to "as may be prescribed" at the end of the section is a reference to "every work" at the first sentence, or if it is a reference to "international or local organization". To prevent such uncertainty, it is proposed that the word "such" at the third sentence, be retained, as it directly relates to the word "organization". Thus the

²⁸ The definition of "commercial" in the Bill.

amendment would read: "... or *such* international or local organization as may be prescribed", in this way removing any ambiguity in this regard.

2.7 Clause 5 – New section 6A(2)

Clause 5 introduces a new section 6A titled "Share in royalties regarding literary or musical works". I make the following observations in this regard:

(a) Section 6A(2) provides that, notwithstanding any assignment of or authorization in respect of copyright in a literary or musical work, "the author shall have the right to share in the royalty received for the execution of any of the acts contemplated in section 6."

While the moral basis of this provision is understandable, its legal rationality is dubious. This is because the essence of copyright is that it is a "right of property", albeit in the form of *intellectual property*, and "[t]he proprietary interest in that object of knowledge *is the ownership of it*, and is called "copyright".²⁹ Equating copyright to real rights in corporeal property Slomowitz AJ observes:

[Copyright] might just as well be called "ownership", but we have chosen to call it by another name, reserving "ownership" as the appellation for the proprietary interest in corporeal things, *by way of semantic, but not, as I see it, legal, distinction*. ... Ownership in a thing is ... the right, at common law at least, subject no doubt to frauds, abuse of the rights of others and possibly abuse of the proprietary interest itself, *to do what one pleases with the thing to which it relates, to use it, consume it or exploit it*.³⁰

This is the manner in which copyright is conceived internationally.³¹ It is a right of ownership. At the core of the right of ownership is unencumbered title. Thus where, using the example of corporeal property ("real estate"), the owner of the property says to another: "I transfer full ownership of this property to you. However, whenever you use the property, or authorize another person to use the property, you need to give me a monthly payment of so much", then clearly this is not an instance of true ownership and instead would be best described as a lease agreement. In the same way it has been observed that where the essence of an agreement in respect of copyright is the payment of royalties to the author, then such an agreement is more likely to be an exclusive licence rather than an assignment of copyright.³²

(b) The main point with regard to the foregoing is the fact that, because at the core of the proposed section 6A(2) is the *mandatory* requirement for the assignee to pay royalties to the

²⁹ Slomowitz AJ, in *Video Parktown North (Pty) Ltd v Paramount Pictures Corporation; Video Parktown North (Pty) Ltd v Shelburne Associates and Others; Video Parktown North (Pty) Ltd v Century Associates and Others* [1986] 1 All SA 1 (T) at 7. Emphasis added.

³⁰ *Video Parktown North* case *ibid*.

³¹ See for example in this regard Sookman B, Mason S and Craig C *Copyright – Cases and Commentary on the Canadian and International Law* 2 ed (Carswell, 2013: Ontario) 3 and 6, who observe: 'In order to gain a fuller understanding of the term "intellectual property," it may be useful to approach it in terms of the notion of "property" in general. The most important feature of property is that *the owner of the property may use it as he wishes*; nobody else can lawfully use his property without his authorization. ... The owner of copyright in a protected work may use the work as he wishes, and may prevent others from using it without authorization. Thus, the rights granted under national laws to the owner of copyright in a protected work are normally "exclusive rights" to authorize others to use the work, subject to the legally recognized rights and interests of others.' Emphasis added. See also in this regard *WIPO Intellectual Property Handbook* 2 ed (WIPO, 2004: Geneva) 43, where this position is reiterated.

³² See the English decision of *Wrenn v Landamore* [2007] EWHC 1833 (ch), at para 37.

assignor author, then the payment of royalties is a precondition for the assignment – implying that the assignment would not be valid without an agreement to pay royalties. Doing this amounts to imposing conditions on the regime of assignment of copyright that are not recognized in international treaty law (whether the Berne Convention or the TRIPs Agreement). The provision would thus be at odds with the principle of *minimum rights* provided for under the Berne Convention,³³ which designates the rights of ownership of copyright to be of an *exclusive* nature. In essence what section 6A(2) does is it curtails the right of the assignee to enjoy full title of the rights transferred to him or her, by imposing conditions on the exercise of the rights, thus in essence reducing the ostensible assignment to a mere licence, albeit exclusive licence. In this regard it needs to be observed, as discussed above under paragraph 2.1 that, in terms of the principles of *national treatment* and *minimum rights*, the imposition of such provisions shall only bind assignees who are South African nationals and not those who are foreign nationals.³⁴ Foreign nationals shall thus continue to enjoy the better protection provided for in the Berne Convention and the TRIPs Agreement. The question to ask here is, why is the Legislator intent on punishing South African nationals, at the expense of foreign nationals?

(c) The foregoing does not, in my view, imply that legislation could not, as a general principle, make provision for the payment of royalties to authors or stipulate that assignees should pay royalties to authors pursuant to an assignment of rights. Such a provision would indeed not be out of the way as it is indeed customary and in fact commendable and laudable for assignees to pay royalties to authors. However, because copyright is a right of ownership, such provisions should not impose conditions that make it difficult for the author to *do as he or she pleases or wishes* with the work, and furthermore for the assignee, being the new owner of the copyright, to likewise do as he or she pleases or wishes with the work. It needs in this regard to be acknowledged that, instead of a royalty, there are other ways in which the author of a literary or musical work could be compensated for the use of the work.³⁵ For example, the author might prefer to receive an up-front payment for the work (often called buy-out deals) rather than an uncertain future royalty. Such deals are in fact prevalent in the *production-music* (also termed library or mood music) environment, i.e. music for use in films, videos, advertising etc as well as in certain direct film music deals. Often in that environment a composer is paid an upfront fee rather than sharing in the “synchronization” royalty.³⁶ This phenomenon is illustrated by the words ascribed to the US film trailer composer, Mark Petrie:

US trailer composer Mark Petrie sums it up: “Some of the big libraries in the US buy out the licensing income, paying a good upfront fee (like \$1000 or more per track). That type of deal was a godsend early in my career, when I needed the cash in the short term. These days I’m more willing to take the risk and seek deals where I share the sync fees, in lieu of a significant upfront payment.”³⁷

³³ See the discussion under paragraph 2.1 above for a discussion of the principle of minimum rights.

³⁴ In this regard it needs to be noted that article 2(6) of the Berne Convention provides that the protection afforded by the Convention “operate for the benefit of the author and his successors in title.”

³⁵ This may include compensation “in kind”, such as the grant of certain goods or facilities that the author may need, in exchange for assigning the right.

³⁶ Despite this arrangement the composer would remain entitled to the royalties paid by collecting societies like SAMRO and CAPASSO.

³⁷ <https://www.soundonsound.com/music-business/all-about-library-music-part-2#para4> (date of use: 28 September 2018).

(d) Furthermore, the composer may also wish to selectively give his work for free, for example in exchange for an opportunity to get exposure and other promotional opportunities. Many artists increasingly use this method in the wake of the digital revolution, especially at the beginning of their careers. This may entail posting their music on social media platforms (e.g. YouTube, Spotify etc.); permitting the use of the music in promotional videos or as part of films at film festivals or as part of music competitions, etc. The proposed section 6A(2) is not only concerned with the assignment of copyright but also extends to other forms of "authorization by the author of a literary or musical work of the right to do any of the acts contemplated in section 6",³⁸ thus including the practice of giving music for free for one or other reasons.³⁹ If royalties are to be paid every time this is done⁴⁰ then this could result in the users no longer being willing to provide such promotional opportunities to new composers.

(e) In light of the above it would be important to amend the proposed section 6A(2) to ensure that both the author, as the original owner of copyright, and the assignee, as the new owner of copyright, are able to exercise their exclusive rights without any limitation. This means, in the first instance, that the composer is not obliged to assign his or her rights, and could grant authorization by way of a licence (whether exclusive or non-exclusive). This also means however, that the author should be able to assign his or her copyright *if he or she so wishes*. As indicated, an assignment is a transfer of ownership rights and once a decision is taken by the author to transfer ownership in this regard, conditions cannot be imposed upon this right of ownership *ex lege*. The law would in this regard be contradicting itself because on the one hand, it creates a right that by its nature, is a right of ownership with full title, while on the other hand it imposes conditions that are inimical to the exercise of such right.⁴¹ Furthermore, doing

³⁸ The proposed section 6A(2)(b).

³⁹ It could for example be that the author is happy with his or her music being used for free in church or at a charity.

⁴⁰ Also, although "royalty" is defined as gross profit from the exploitation of the work, it may not always be easy, where the exploitation of the music is only one part of the operations of the entity concerned (e.g. where a composer grants permission for his music to be used for free at a restaurant, as a promotional strategy) to determine what part of the entity's profit can be ascribed to the use of the music.

⁴¹ Rather than attempting to tamper with the system of assignment of rights, the Committee could also have considered revolutionising South African copyright law by aligning it to the monist system applicable in Germany and other parts of Continental Europe, where copyright is seen as being personal to the author and where the moral right of the author is intertwined with his economic rights, thus rendering it impossible for the author to transfer this right to another. In this regard the following has been observed: "African countries could follow the example of the monist system existing in Germany by not splitting the personal (moral) right from the economic right, and on this basis doing away with the system of transfer of ownership and replacing it with a purely licensing regime (whether through the use of exclusive or non-exclusive licences). Thus rather than assigning their copyright to publishers and record companies African artists would only license the usage of their works, preferably for shorter, renewable periods." Baloyi JJ *Demystifying the Role of Copyright as a Tool for Economic Development in Africa: Tackling the Harsh Effects of the Transferrability Principle in Copyright Law* 2014 PER (17:1) at 40. In this regard the words of Harms JA in *Biotech Laboratories (Pty) Ltd v Beecham Group Plc and Another* [2002] ZASCA 11, at para 12, commenting on the original form of the Copyright Act 98 of 1978, ring a bell: "The present Act, in its original form, *attempted to be kinder to authors*. The concept of 'copyright' was replaced with an author's right, the 'ownership' of which vested principally in the author. In this and other regards the object was to move in the direction of Continental law where the emphasis is on the rights (moral or other) of the author and not on the economic rights of employers and entrepreneurs. The good intentions did not last and hardly a year had passed when the Legislature (by amending s 21) reverted, as far as ownership was concerned, to the Anglo-American model where commercial rights tend to reign supreme. ..." Emphasis added. Parliament might consider pursuing this course of action again, but the Bill would then need to be reconsidered holistically to achieve this objective.

this would infringe the copyright owner's *freedom of contract*, which is now viewed within the prism of the Constitution.⁴²

(f) In this regard Parliament need not be concerned that if it permits the unconditional transference of copyright by an author through assignment, then the author would be taken advantage of. This is because as observed, the constitutional approach to contractual challenges "leaves space for the doctrine of *pacta sunt servanda*⁴³ to operate, *but at the same time allows courts to decline to enforce contractual terms that are in conflict with the constitutional values even though the parties may have consented to them.*"⁴⁴ This, it is submitted, is a better approach (and one that conforms to constitutional requirements) than one where the right of ownership and the freedom to contract (both constitutionally-protected rights) are tampered with. In this regard the Constitutional Court has held that an important constitutional value to consider in order to determine if contractual terms are to be upheld, is *the value of fairness in contracting*, which is determined by considering whether or not the particular contractual term is contrary to public policy.⁴⁵ In this regard the Court has held that the existence of *unequal bargaining* would be an important consideration in determining whether or not the contract was in line with public policy.⁴⁶ There is therefore adequate remedy for an author who would have assigned his or her copyright under circumstances of unequal bargaining. What might be needed, and what Parliament could do, is to empower a more-accessible forum, such as the Copyright Tribunal, to deal with such contractual disputes and in doing, to take into account the Constitutional value of fairness in contracting.

(g) In view of the foregoing, the following amendment to section 6A(2) is proposed:

"(2) Notwithstanding—

(a) the assignment of copyright in a literary or musical work; or

(b) the authorization by the author of a literary or musical work of the right to do any of the acts contemplated in section 6,

the author shall, *subject to any agreement to the contrary*, be entitled to receive a fair share of the royalty received for the execution of any of the acts contemplated in section 6."

⁴² See the case of *Barkuizen v Napier* (5) SA 323 (CC) where the Constitutional Court dealt with the constitutional approach to contractual disputes.

⁴³ The doctrine of *pacta sunt servanda* is the doctrine of the sanctity of contracts; namely the doctrine that contracts, if they were entered into with the consent of all parties thereto, should be honoured.

⁴⁴ *Barkuizen v Napier* (5) SA 323 (CC) at para 30.

⁴⁵ *Barkuizen v Napier id* at paras 56; 58 – 59.

⁴⁶ *Barkuizen v Napier id* at para 59. In the case *Ngcobo J*, relying on the case of *Mohlomi v Minister of Defence* 1997 1 SA 124 CC para 64, highlights the fact that the harshness of the provisions under consideration needs to be determined with due regard to "the realities that prevail in our country" - realities given to us by our history. Quoting from *Mohlomi* *Ngcobo J* highlights these realities to include the fact that we are "... a land where poverty and illiteracy abound and differences of culture and language are pronounced, where such conditions isolate the people whom they handicap from the mainstream of the law, where most persons who have been injured are either unaware of or poorly informed about their legal rights and what they should do in order to enforce those, and where access to professional advice and assistance that they need so sorely is often difficult for financial or geographical reasons". *Ngcobo* further observes, "Indeed many people in this country conclude contracts without any bargaining power and without understanding what they are agreeing to. That will often be a relevant consideration in determining fairness"

The phrase "subject to any contrary agreement" is inserted here to counter any arguments regarding the curtailment of the copyright owner's exclusive rights to deal with the copyright work as he or she pleases; as well as, in this regard, permitting cases where the parties might prefer to agree on an upfront fee rather than a royalty; or where the work might be used for free for promotional and other reasons. It safeguards the rights of ownership and freedom to contract (as the outcome is dependent upon the negotiations of the parties), but it does not eliminate the constitutional considerations of "fairness in contracting", as the courts, or any designated tribunal, can still determine if the contract is fair or not, in light of the requirements of public policy.

2.8 Clause 5 – New section 6A(3)

(a) The first observation I would like to make regarding this section relates to subsection 3(a) of this section. *If the subsection were to remain*, it would need to be revised as follows:

(1) In the third line after the word "or" and before the word "the", the phrase "between the author and" would need to be inserted, to read "or *between the author and* the person contemplated in subsection 2(b)". This, I believe, is necessary to complete the sentence.

(2) The phrase "or between their representative collecting societies" in the fourth and fifth lines requires further interrogation and / or qualification. In this regards it needs to be noted that generally, the author and the publisher would be members of the same collecting society. We cannot therefore in this regard make reference to "their representative collecting societies". Furthermore, it is usually the default rules of the collecting society (as in the case of SAMRO) that would apply if there is no agreement between the author and the publisher (and not the agreement between representative collecting societies). In view of this, it is submitted that this provision be amended by (i) putting a full stop after the phrase "subsection 2(b)" in the fourth line of subsection 3(a); and (ii) deleting the rest of the sentence in subsection 3(a) and replacing it with this sentence:

Where no agreement exists between the author and the copyright owner or the author and the person authorized to use the work as contemplated in subsection 2(b), the author's share of the royalty shall be determined by the rules of the collecting society to which the author or both the author and the copyright owner or person authorized to use the work as contemplated in subsection 2(b) belong.

(b) Notwithstanding what was said in paragraph (a) above and following the caution given in paragraph 2.7 above, I would like to propose the following wording to replace the wording used in section 6A(3), more particularly to draw attention away from the focus on payment of royalties as a condition for the assignment of copyright:

(3) (a) The assignment of copyright in a literary or musical work, or any authorization contemplated in subsection (2), shall be determined by a written agreement between the author and the assignee conforming to the requirements set out in subsection (5) below or such other requirements as may be prescribed from time to time.

(b) Any further assignment of the copyright in the work by the copyright owner or subsequent copyright owners, or any further authorizations of the right to use the work pursuant to subsection (2)(b) is subject to the agreement between the author and the copyright owner contemplated in paragraph (a), or the order contemplated in subsection (4).

(c) The rationale for the changes proposed is to eliminate the challenge (including a constitutional and Berne non-compliance challenge) that could be mounted against the original provisions on the ground of them curtailing the right of ownership and freedom of contract, by putting an emphasis on the agreement between the parties and not on the mandatory payment of royalties, while highlighting the importance of paying such royalties (through the reference to subsection (4) in subsection (3)(b)).

2.9 Clause 5 – New section 6A(4)

(a) It is proposed that subsection (4) be amended as follows:

The author's fair share of royalty contemplated in subsection (2) shall be as determined by the Minister from time to time by publication in the Gazette, after consultation with representatives of the affected industry: Provided that where, at any time, no such determination has been made, any affected party may refer the matter to the Tribunal for an order determining the author's fair share of the royalty. In making such an order the Tribunal may consider any acceptable practices in the industry concerned, and shall consider the constitutional values of fairness and equal bargaining in contracting.

(b) The rationale for the proposed amendment is as follows: It is best practice where contractual rates are concerned to ensure that broad consultations with the affected industries take place prior to arriving at an applicable rate. It is proposed here that such a rate shall be determined by the Minister after consultation with the applicable industry. In the absence of a strong union culture in the South African entertainment industries (as compared to the United States where minimum contractual rates are determined through union negotiations), a determination by the Minister on this basis would be the most viable alternative. It is only where such a determination is not in place that a referral to the Tribunal would then take place.

2.9 Clause 5 – New section 6A(5)

(a) Section 6A(5)(a)

The phrase "or the person contemplated in subsection (2)(b)" in this subsection must be changed to read "or the person authorized by the author to use the work as contemplated in subsection (2)(b)" because subsection (2)(b) contemplates a use and not a person as such.

(b) Section 6A(5)(c)

The phrase "or the person contemplated in subsection (2)(b)" must be changed to read "or the person authorized by the author to use the work as contemplated in subsection (2)(b)". For ease of reading it is proposed that the whole paragraph be amended as follows:

(c) the method and period within which the amount must be paid *to the author* by the copyright or the person authorized to use the work as contemplated in subsection (2)(b)".

2.10 Clause 5 – New Section 6A(6)

(a) The proposed section 6A(6)(a) provides that the section does not apply to

"a copyright owner who commissioned, or who is the author of, the literary or musical work in question".⁴⁷

(b) The reference to the expression "commissioned" in respect of literary or musical works here is an anomaly because neither the current Copyright Act nor the Bill includes literary and musical works within the commissioning provisions provided for in section 21(1)(c) of the Act. The provisions of section 21(1)(c) apply to a limited number of works (i.e. photographs, portraits, gravures, cinematograph films and sound recordings). In this regard therefore, though the expression "commissioning" is often used in respect of literary and musical works, the law does not recognize the regime of "commissioning" in respect of such works. This means therefore that in respect of literary and musical works a transfer of ownership can only be effected through an assignment and not through a commissioning of the work. For this reason the phrase "a copyright owner who commissioned", in the proposed section 6A(6)(a) is superfluous and is poised to create confusion and therefore should be removed. Therefore section 6A(6)(a) should be amended to read as follows:

6. This section does not apply to—

(a) a copyright owner who is the author of the literary or musical work in question;

2.11 Clause 5 – New Section 6A(7)

Subsection (7) of the proposed section 6A introduces provisions that make the requirement for a mandatory payment of royalties applicable to assignments of copyright made before the commencement of the Bill where the copyright work concerned falls within the application of the Bill and "is still exploited for profit".⁴⁸ This proposed retrospective application of the Bill in this regard is problematic because it will have the effect of nullifying existing contracts, if for example such contracts made provision for the payment of an upfront fee rather than a royalty, or in the other cases referred to in paragraph 2.7(c) and (d) above. It is submitted that such contracts, enacted before the coming into force of the Bill, are binding based on the constitutionally-recognised doctrine of the sanctity of contracts (*pacta sunt servanda*) and thus cannot be nullified retrospectively. It is submitted therefore that the changes proposed in subsection (7) are unconstitutional.

2.12 Clause 7 – New Section 7A

I make similar comments to those made in paragraphs 2.7 to 2.11 above in respect of the proposed section 6A, with the necessary change of details (*mutatis mutandis*).

2.13 Clause 7 – New Sections 7B – 7F

I make no comments in relation to these sections. See my General Comments in paragraph 1 above.

2.14 Clause 9 – New Section 8A

⁴⁷ Emphasis added.

⁴⁸ Paragraph (c) does indicate that the requirement for the payment of royalties shall, in such cases, apply in respect of royalties received after the Bill becomes law and comes into force.

I make similar comments to those made in paragraphs 2.7 to 2.11 above in respect of the proposed section 8A, with the necessary change of details. However I also make the following specific comments relating to the amendments proposed here:

(a) Notwithstanding my comments in paragraphs 2.7 to 2.11 above, one wonders why, in the case of the proposed section 8A only performers are deemed to be entitled to the proposed right to share in the royalty from the use of audiovisual works? It needs to be noted in this regard that a film (or an audiovisual work as now introduced in the Bill), is a complex, integrated work comprised of many elements and works involving scores of contributors other than performers. The contributors to the film *Tsotsi*, a "low-budget" film compared to many Hollywood films,⁴⁹ were in excess of one hundred and fifty individuals.⁵⁰ Apart from one or more *producers*, who commissions and / or makes arrangements for the making of the film,⁵¹ the contributors to a film include one or more directors; one or more scriptwriters; one or more music composers; several other "crew" members; performers (often termed the "cast"), contributors of artistic works, owners of trademarks etc. Under such circumstances, why should only performers be entitled to a share of the royalty, and not these other contributors to a film?

(b) Having posed the question above, it needs to be observed that, in the common law tradition, the owner of copyright in respect of a film is the person who commissions the making of the film or "the person by whom the arrangements for the making of the film were made" – invariably the producer.⁵² It is recognized in this regard that the film is a "work-made-for-hire" or "commissioned work",⁵³ and that the various contributors to the film assign the rights in their contributions to the film, to the producer of the film "to do as he or she pleases". In the common-law tradition, of which South Africa is a part, it is important for the producer to own the copyright in the film because the producer is the party that secures the financing for and carries out all other logistical requirements relating to the film.⁵⁴ Aft and Renault⁵⁵ explain the practice thus:

⁴⁹ The budget for *Tsotsi* was \$3 million, compared, for example to the budget of *Pirates of the Caribbean: On Stranger Tides*, which is estimated at \$378.5 million

⁵⁰ See <https://www.imdb.com/title/tt0468565/fullcredits> (date of use: 30 September 2018).

⁵¹ And is thus the copyright owner in terms of the section 21(1)(c) and paragraph (d) of the definition of "author" in section 1(1) of the current Copyright Act 98 of 1978.

⁵² This is to be contrasted with the position in Continental Europe where the film director and such other persons as may be recognized in national law (e.g. the screenwriter, the composer etc.) are designated as the author/s of the work, with the rights of the producers being dealt with as "acquired rights from the authors and related rightholders." See in this regard Salokannel M *Ownership of Rights in Audiovisual Productions – A Comparative Study* (Kluwer, The Hague: 1997) 116 – 131. The United Kingdom followed the common-law position until this was changed as a result of the need to adhere to EU law, resulting in the author of the film being now defined as the producer and the principal director of the film. See Garnett K, Davies G and Harbottle G *Copinger and Skone James on Copyright* 16th ed Vol 1 (Thomson Reuters, London: 2011) 252 – 253. In South Africa, as in the United States, the traditional common-law position is followed (in South Africa this is dealt with in section 21(1)(c), relating to the commissioning provisions, and paragraph (d) of the definition of "author" in section 1(1) of the Copyright Act).

⁵³ The concept of "work-made-for-hire" is used in the United States but it is analogous to the concept of a commissioned work and / or a work created in the course of one's employment.

⁵⁴ In exceptional cases this position can be varied by agreement, where for example an influential director may also be a co-owner of copyright in the film.

⁵⁵ Aft RH and Renault C-E *From Script to Screen – The Importance of Copyright in the Distribution of Films* Creative Industries – No. 6 (WIPO, Geneva: 2011) 45 – 46.

... [T]he initial owner of a film may be either the producer or a single purpose entity (SPE) ... controlled by the producer. ... Usually, the producer establishes an SPE, which is a corporation that will license from the original authors, i.e. writers, director, music owners and other creative elements, each of the individual rights that are part of the Chain of Title confirming ownership of the rights to the film. That SPE is the owner of the copyright to the film having the mandate to secure financing for the film, to hire the talent, to produce the project and to deliver the film to the distributor. The distributor must license the right to distribute the film from that company or, in the case of sub-distribution, from that company's agents.

The afore-mentioned practice conforms to the practice in South Africa, where, instead of an SPE, an ordinarily-incorporated production company can be used.

(c) In relation to the above it needs to be noted that it is international industry practice that not all contributors to a film get paid a royalty (termed a "residual" in industry parlance). Practically it would be impossible to pay a royalty to all contributors in a film. Many films do not reach break-even point, and it would be close to impossible to do so if all contributors were to be paid a royalty. Apart from royalty obligations, fees must be paid to sales agents, distributors (both local and international) and movie theatres / cinemas. Accordingly, many contributors in a film are paid an upfront fee with no entitlement to royalties, and only certain contributors, such as the director/s, scriptwriter/s, composer/s and *some* performers are entitled to a royalty payment.

(d) In view of the foregoing it would be important to clearly define what is meant by the term "performer" in section 8A. Clause 1(g) defines the term "performer" as a performer as defined in section 1 of the Performers' Protection Act 11 of 1967. Section 1(1) of the Performers' Protection Act defines a performer as "an actor, singer, musician, dancer or other person who acts, sings, delivers, declaims, plays in or otherwise performs, literary or artistic works". It is common cause that the substantive provisions of the Performers Protection Act are largely concerned with live performances and performances embodied in sound recordings (termed "fixations"). The Performers' Protection Amendment Bill currently before Parliament attempts to extend protection to performers of "audiovisual fixations" by inserting a definition of this phrase as well as introducing some substantive provisions relating to this in the Bill. The definition of "audiovisual fixation" under the Performers' Protection Amendment Bill corresponds squarely to the definition of "audiovisual work" under the Copyright Amendment Bill so they mean the same thing.

(e) In light of the fact that, with the amendment to the Performers' Protection Act that Act will now protect both performers of performances embodied in sound recordings and performers of performances embodied in audiovisual works, it would be important to make it explicit in section 8A that the performer referred to in that section is a performer of a performance embodied in an audiovisual work. This will prevent a situation where performers of sound recordings that are embodied in the soundtrack of a film (but who do not as such "act" in the film) may also want to claim protection from section 8A. Secondly, it needs to be made explicit that the term "performer" refers to a "principal performer" and not a "background performer" (or what is termed an "extra").⁵⁶ Indeed it would be difficult for a film to turn a profit if extras were also paid royalties.

⁵⁶ Generally it is principal performers that receive royalties in the form of residual payments, and not extras. See in this regard for a confirmation of the international position in this regard

(f) In view of the foregoing I propose that the wording in section 8A(1) be substituted with the following wording:

"8A. (1) For the purposes of this section **"performer"** means a principal performer, as the term is used in the audiovisual industry, whose performance is embodied or fixated in an audiovisual work."

With this amendment the rest of the section must then be renumbered accordingly (e.g. the original subsection (1) must become subsection (2) and so on and so forth). I further propose that, to make it explicit that royalties in respect of audiovisual works are not only due to performers, the following wording should be inserted in the new subsection (2):

(2) Without derogating from the copyright owner's obligation to pay royalties to other persons entitled thereto, a performer shall, subject to the Performers' Protection Act, 1967 (Act No. 11 of 1967), have the right to share in the royalty received by the copyright owner for any of the acts contemplated in section 8.

2.15 Clause 9 – New Section 8A(2)(a) (current version)

As indicated above, I make similar comments to those made in paragraphs 2.7 to 2.11 above in respect of the proposed section 8A. However, I would also wish to note, in respect of the current section 8A(2)(a) in the Bill, that it needs to be noted that there are currently no collecting societies representing actors and film producers in South Africa, and the Commission may therefore have to assist these parties to form such collecting societies as contemplated in the proposed section 22B(6) of the Bill.

2.16 Clause 10 – Section 9 of the Principal Act

(a) I am proposing the insertion, after subsection (b) of section 9 of the principal Act, of a right of "performing the sound recording in public". Currently Section 9(e) of the Act makes provision for a less elaborate right of "communicating the sound recording to the public". This right has, for all intents and purposes, been understood to be equivalent to the right of "performing the work in public" in respect of literary and musical works in Section 6(c) of the Act. Together with the rights in Sections 9(c) and (d), this right forms part of the so-called "needle-time rights", or simply speaking "performance rights" in respect of sound recordings; just as the rights in Section 6(c) – (e) constitute performance rights in musical works. The clear intention of the proposed insertion of the new, comprehensive communication to the public and making available right, which mimics the wording of the WIPO Internet Treaties⁵⁷, is to ensure alignment of South African copyright law with the provisions of these treaties.

(b) As is well recognised, the communication to the public and making available rights provided for in the WIPO Internet Treaties apply in the digital environment. In view of this, introducing these new rights without providing an equivalent right that applies in the terrestrial environment would unfairly deprive owners of copyright in sound recordings and the performers whose performances are embodied in such sound recordings, of their ability to benefit fully from the needle-time regime. Introducing a right of "performing the sound recording in public" after

<https://www.sagafta.org/show-me-money-%E2%80%93-residuals-101> and for a confirmation of this practice in South Africa <https://www.sowetanlive.co.za/sundayworld/lifestyle/2018-09-20-florence-masebe-highlights-plight-and-suffering-of-sa-actors/> (date of use: 30 September 2018).

⁵⁷ The WIPO Copyright Treaty, 1996 and the WIPO Performances and Phonograms Treaty, 1996.

subsection (b) (i.e. as a new subsection (c)) under section 9 will align the provisions of section 9 with those of section 6(c) of the Act, which applies in respect of literary and musical works.

2.17 Clause 10(a) of the Bill

The first part of clause 10(a) of the Bill is not complete, because it provides that section 9 of the principal Act is amended "by the substitution for *paragraph* of the following paragraph",⁵⁸ without indicating the paragraph number in the first instance. It is recommended that the provision be amended as follows: "by the substitution for paragraph (e) of the following paragraph".

2.18 Clause 11 – Section 9A(1)(a)

(a) Clause 11 amends paragraph (a) of section 9A(1) of the Act in the following manner:

In the absence of an agreement to the contrary *or unless otherwise authorized by law*, no person may without payment of a royalty to the owner of the relevant copyright ..."

The phrase "or unless otherwise authorized by law" is of serious concern because it suggests that there may be cases where, by authorisation of the law, a person may, without payment of a royalty to the owner of copyright, perform any of the acts mentioned in that paragraph. It is inconceivable that the law would contemplate making such an authorisation or that it would be deemed necessary to insert such a provision. In this regard one needs to remind the Committee that the rights mentioned under paragraph (a), which relate to the rights in section 9 of the Act, are *exclusive rights* and the suggestion that the law could encroach into such rights as contemplated in the proposed amendment to paragraph (a) is concerning. Furthermore, I wish to draw the Committee's attention to the fact that one of the stated objects of the Bill in terms of paragraph 1.2 of the Memorandum of the Objects to the Bill, is the strategic alignment with certain international treaties that South Africa has reviewed, including the WIPO Performances and Phonograms Treaty (WPPT).

(b) It is submitted that the introduction of the phrase "or unless otherwise authorized by law" in paragraph (a) hereof is in conflict with article 15 of the WPPT, which introduces a positive right of remuneration in respect of communication to the public (as well as broadcasting) of a sound recording ("phonogram"). If South Africa accedes to the WPPT this provision would be in conflict with South Africa's obligations in terms of the principles of national treatment and minimum rights, and would thus not apply to foreign rights-holders.⁵⁹ It is accordingly recommended that the phrase "unless otherwise authorized by law" be removed from paragraph (a).

2.19 Clause 11 – Section 9A(1)(a)(iv)

(a) Subparagraph (iv) of section 9A(1)(a) includes the right of making the sound recording available to the public as contemplated in the proposed section 9(f). In this regard one wishes to highlight the fact that the rights of (1) broadcasting the work; (2) transmitting the work in a diffusion service and (3) communicating the work to the public constitute what is termed

⁵⁸ Emphasis added.

⁵⁹ If South Africa also joined the Rome Convention, 1961 (the International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations), the provision would also be in conflict with article 12 of that Convention.

"needle-time rights", and conform to the right provided for in article 15 of the WPPT and article 12 of the Rome Convention. In these conventions these rights are in the form of *remuneration rights* as opposed to exclusive rights. However, the right of "making available" arises from article 14 of the WPPT,⁶⁰ and it is clearly designated as an *exclusive right*. This right therefore is not a *needle-time right* and it should therefore not be included under section 9A(1)(a), which deals with needle-time rights. Including this right under section 9A(1)(a) would amount to *reducing the right, which is an exclusive right, into a remuneration right* and would, as indicated, be inconsistent with the provisions of the WPPT and its national treatment and minimum rights principles.

(b) The importance of preserving the "making available" right as an exclusive right arises from the fact that that this right is at the core of the business of record companies in the digital era; i.e. it entails the digital and / or online copying of sound recordings (or the so-called "*distribution through reproduction through transmission*"), and distribution by means of "fixed copies that can be put into circulation as tangible objects". *In essence it is the digital and online equivalent of the right of manufacturing and selling physical records*. As is well recognised, record labels control the right of manufacturing and selling of physical records. The royalty payable in respect of the sale of physical records is *determined by negotiation between the record label and the performer*. Furthermore, because of the need to recoup many costs involved with the costly process of manufacturing records and distributing them to the public, the royalty payable in this regard is variable and cannot be fixed at fifty percent, as contemplated in the proposed section 9A(2)(a) of the Bill (which is appropriate for the "needle-time rights"). Record labels are faced with similar costs in relation to the digital distribution and promotion of sound recordings.

(c) With the demise of physical record sales revenues due to the digital revolution, which began with downloads and has now been overtaken by music streaming, record labels are looking at new revenue streams made possible by the "making available" right to replace the lost revenues arising from the declining sales of physical records, and to be able to pay recording artists for their recorded performances. Reducing the exclusive nature of the "making available" right to make it a remuneration right; and further subjecting this right to the mandatory royalty rate of fifty percent (50%) of the income derived from the digital copying of sound recordings amounts to forcing record labels to do what is not currently feasible and customary. Accordingly, if royalties relating to the digital distribution right forming part of the making available right, are to be shared equally between the record label and the performer (as the proposed section 9A(2)(a) must be read to say), then this will drastically change the nature of the recording industry as we know it today and will affect its financing structure. Many record labels, the majority of which are small, artist-owned operations, will not be able to survive under this model. This will have very negative consequences for the South African recording industry. Accordingly, it is strongly recommended that subparagraph (iv) be completely removed from section 9A(1)(a).

2.19 Clause 11 – Section 9A(1)(b)

(a) Acknowledging that the expression "indigenous community" would only come into effect if the 2013 Act comes into force, I wish nevertheless to indicate that the manner in which section

⁶⁰ And article 12 in respect of the rights of performers.

9A(1)(b) is currently phrased creates the impression that the "indigenous community" would need to agree on the amount of royalty *at all times*. In truth however the indigenous community would only need to agree if the work concerned is an indigenous work. In view of this I recommend that the paragraph be amended as follows:

(b) The amount of any royalty contemplated in paragraph (a) shall be determined by an agreement between the user of the sound recording, the performer and the owner of the copyright; or, in the case of an indigenous work, between the user of the indigenous work, the performer of such a work and the indigenous community concerned; or between their collecting societies.

2.20 Clause 11 – Section 9A(2)(a)

The question to ask here is why is the indigenous community not obligated to share the royalty with the performer?

2.21 Clauses 13 – 20

The most pertinent question to ask here is whether the proposed limitations and exceptions under these clauses were subjected to a three-step test, as required under the Berne Convention, the TRIPs Agreement and other international treaties, as highlighted above under paragraph 2.1. In this regard it needs to be reiterated that where the minimum rights guaranteed under international treaties are eroded by national law, such erosion shall only affect the rights of the nationals of the country concerned, and not those of other countries who are members of the same treaty. In this regard the question to ask is why the Legislature would be hell-bent on clipping the wings of South African rights-holders, while foreign rights-holders can fly like eagles.

2.22 Clause 13 – the new Section 12B(6)

(a) The proposed section 12B(6) deserves particular attention, as it controversially seeks to introduce into South African copyright law the so-called "first sale doctrine" (also termed "exhaustion of rights"), which is a part of American law and has never been a part of our law. I say "controversially" because while exhaustion of rights can be at a local, regional or international level, the section seeks to introduce this doctrine – which never formed part of our law – at an international level ("in the Republic or outside the Republic"). Furthermore, the scope of application of the doctrine is also befuddled, as reference is made not only to "first sale" but to "other *assignment* of ownership of an *assigned original* or copy". Importantly, a "sale" is not an assignment and cannot be equated to such.⁶¹ The effect of this new section is that the act of assignment of copyright is deemed to constitute a first sale, thus exhausting the rights in the work concerned, which is absurd and seriously problematic.

⁶¹ In American law the first sale doctrine is concerned with the sale of physical copies of work; i.e. once the copyright owner has released copies of the work to the public, the public is authorised to deal with the copies they bought in whatever way, subject to certain exceptions (e.g. the rental of copies of sound recordings is not permitted). Thus the first sale doctrine is concerned with the physical copies of the work and not with the copyright in the work, which remains with the copyright owner. See in this regard Moser and Slay, commenting on the first sale doctrine in the United States and observing: "The first sale doctrine is based on the idea that ownership of a material object is distinct from ownership of copyright." Moser DJ and Slay CL *Music Copyright Law* (Course Technology, Boston: 2012) 102.

(b) The correct position regarding the first sale doctrine is that only physical copies of a work are subjected to the doctrine, not the copyright in the work. The first sale doctrine is concerned with a *publication* of copyright works, that is, a distribution of copies of the work to the public in a sufficient amount to satisfy the demand of the public. The doctrine states that once the copyright owner has done this, or authorized another person to do so, any person who has bought such a copy or who has bought mass copies of the work, may do with such copies whatever he or she wants, without the need to obtain authorization from the copyright owner.⁶² Accordingly, the first sale doctrine provided for in section 12B(6) is poorly, incorrectly and dangerously articulated. More particularly, it does not make it explicit that the first sale or publication of the work must have been authorized by the copyright owner for the doctrine to apply. The essence of this is that even if the first sale or transfer of ownership was unlawful, an importer or distributor would still be permitted to import or distribute the article without the need to obtain permission from the copyright owner, or the need to pay any royalties in this regard.

(c) Further to the above, the fact that the provision applies "notwithstanding any provisions of this Act, the Trademark Act, 1993 (Act 194 of 1993) and the Counterfeit Goods Act 1997 (Act 37 of 1997)" in essence means that it legalizes not only the importation and distribution, without the copyright owner's authorization, of copyright works, but also legalizes the *piracy* of copyright works, as these Acts have been used so far to combat piracy. With one stroke the provision annuls a body of established case law that has made it explicit that the importation and distribution of copyright works without the authorization of the copyright owner is unlawful.⁶³ Thus for example, a person can import film DVDs (from whatever source, whether the manufacturing of the DVDs constituted infringement of copyright or not) or manufacture them himself here in South Africa, and open a video-hire shop, without the need to obtain a licence from the copyright owner (or such copyright owner's lawful representative in South Africa), thus for example, overruling the position adopted by our courts in *Mr. Video (Pty) Ltd & Others v Nu Metro & Others*⁶⁴, where such action was confirmed to be unlawful. Not only the usage of the film but also that of the underlying works (including musical works) would be deemed to be lawful, since there would have been a first distribution of such works.

(d) In light of the above I propose that section 12B(6) be amended (i) to make it explicit that the doctrine of first sale will only apply where the first sale or publication / distribution was authorized by the copyright owner; (ii) to make it explicit that it only applies in respect of physical copies of a work; and (iii) that it applies only in respect of certain works. An impact assessment would need to be conducted in this regard to determine which works could be subjected to the application of the doctrine. For example in US Copyright law the doctrine does not apply in respect of the rental of copies of sound recordings, musical works and computer programs. Seeing that the film industry is still at its nascent stages of growth, it is conceivable that films would be among some of the works that would be excluded from the

⁶² As indicated, certain limitations may be imposed, such as the position in US copyright law that the rental of copies of a sound recording is not permissible without the authorisation of the copyright owner.

⁶³ See example *Paramount Pictures Corporation v Video Parktown North (Pty) Limited* 1983 (2) SA 251 (T); *Frank & Hirsch (Pty) Ltd v Roopchand (A) Brothers (Pty) Ltd* [1993] ZASCA 90; *Mr. Video (Pty) Ltd & Others v Nu Metro & Others* [2009] ZASCA 127.

⁶⁴ *Ibid.*

application of the first sale doctrine in South Africa. Accordingly the following revision of section 12B(6) is proposed:

6. (a) The first sale or other transfer of ownership of a record or other copy of a work in the Republic or certain other designated countries⁶⁵ shall exhaust the right of distribution in the Republic or such other designated countries, and shall exhaust the right of importation into the Republic from such designated countries.

(b) The Minister shall, by publication in the Gazette, designate the countries where the provisions of paragraph (a) shall apply and shall similarly designate the works and acts of exploitation to which the provisions of paragraph (a) shall apply.

(e) If it is not deemed necessary to take heed of the proposed amendments, then the proposed limitation to the rights of copyright owners should at least be subjected to the three-step test, as required by international treaty law.

2.23 Clause 13 – New Section 12C(1)

(a) The proposed section 12C(1) introduces a temporary reproduction exception that mirrors Article 5 of the EU Copyright Directive.⁶⁶ Article 5 of the EU Copyright Directive read with Recital 33 thereof permits transient reproductions where these form part of and / or complete a technological process that produces copies of a limited duration that are thereafter automatically deleted (as in the case of browsing and caching). In this regard it needs to be noted that the EU Directive was enacted in 2001, at the height of the peer-to-peer file-sharing controversies where the illegal *downloading* of copyright works was the main concern of copyright owners in the digital environment. At the time the concern was that illegal downloading of copyright works had taken over the physical sales of these works, thus affecting the ability of copyright owners to benefit from the usage of their works. The streaming of music was thus not a major concern and thus was considered permissible under certain limited circumstances.

(b) The concern of rights-holders today has shifted from music downloads to what has been termed the “streaming revolution”.⁶⁷ In this regard there has been a decline not only in physical music sales but also in music downloads based on the iTunes model.⁶⁸ With the demise of income from the exploitation of physical products of music, and the switch of users’ interests from music downloads to live streaming, a provision that permits live streaming without the need for compensation is calculated to have a negative impact on the growth prospects of the

⁶⁵ It is proposed that rather than pitching the doctrine of exhaustion at the international level, a process of identifying particular countries (e.g. African countries or BRICS countries) where the doctrine shall apply be put in place.

⁶⁶ 2001/21/EC.

⁶⁷ See in this regard Hogan M “The Upstream Effects of the Streaming Revolution: A Look into the Law and Economics of a Spotify-dominated Music Industry” 2015 *Colo. Tech. L.J.* (14:1) 131 - 152, who refer to a shift from physical music sales to an iTunes download-dominated market and now to a Spotify-dominated music streaming market. Available at <https://ctlj.colorado.edu/wp-content/uploads/2015/12/v.Final-Hogan-11.19.15-JRD.pdf> (Date of use: 1 October 2018).

⁶⁸ It has in this regard been reported that streaming has for the first time in 2017 overtaken physical sales and digital downloads as the main source of music revenue. See IFPI Global Music Report 2017, available at <http://www.ifpi.org/downloads/GMR2017.pdf> (date of use: 1 October 2018).

music industry and will ultimately impoverish rights-holders. What is even more concerning with the proposed provision is that it does not incorporate provisions similar to Article 5(5) of the EU Copyright Directive, which subject the provisions of Article 5(1) of the Directive to the three-step test. It is submitted that a proper three-step test would result in the conclusion that musical works and sound recordings should be exempted from the application of the proposed section 12C(1) if the South African music industry is to be given a chance to develop. A similar case can be made for the other entertainment sectors in South Africa. Accordingly, if the proposed provisions are to remain there must at least be a three-step provision in line with Article 5(5) of the EU Copyright Directive to counter the harsh effects of the provisions.

2.24 Clause 21 – Proposed amendment to Section 20

(a) A matter of concern regarding the proposed amendment to section 20(1) is the inclusion of sound recordings among works which, if an author has authorized the use of his work in such a work, such author “may not prevent or object to modifications that are absolutely necessary on technical grounds or for the purpose of commercial exploitation of the work.” Previously this provision only applied in respect of the use of a work in a film. It is dubious that Parliament has fully apprised itself of the effect of introducing such a provision in relation to the use of works in sound recordings. This will seriously impact the author of a musical work’s right of *adaptation* of his or her work as currently provided for in section 6(f) of the Copyright Act. This means that a record label may, if it is considered necessary “for the purpose of commercial exploitation of the work”, modify a musical work embodied in a sound recording. This will encourage the alternative music market of sampling, remixes and so-called mashups, without the need to compensate the composer, lyricist or music publisher. In view of this it is strongly recommended that the reference to sound recordings in section 20(1) should be removed.

(b) I also wish to refer to the proposed amendment to section 20(2). It is not clear why the original provision, which accorded to the author a *stronger right* (by deeming him or her to be the owner of the copyright in cases of infringement of his moral rights), is replaced by a right *to complain of infringement*. It is not even clear what a “right to complain” entails. In copyright law, only the copyright owner (or an exclusive licensee) has *locus standi* to institute copyright infringement proceedings. Why is a waterproof right being taken away from the author and replaced with a shaky and an uncertain “right”? This perpetuates the perception that somehow the Copyright Amendment Bill was enacted to favour users and to penalize rights-holders. It is proposed that the original provision be maintained to ensure that there is certainty regarding the rights of authors.

2.25 Clause 22(a), (c) – (e) – Proposed amendment to Section 21(1)(c)

It is submitted that the amendments proposed in these paragraphs *are sound*. The current provisions of section 21(1)(c) are based on, and mimic the provisions of the now-repealed UK Copyright Act of 1956.⁶⁹ The current UK Copyright Act⁷⁰ does not contain provisions of that nature and thus the ownership of copyright in a commissioned work depends on the terms of

⁶⁹ Section 4(3) of the Copyright Act 1956 c. 74.

⁷⁰ Copyright, Designs and Patents Act 1988 c. 48.

the contract concluded by the parties.⁷¹ The amendments proposed in the Bill are in line with the "minimalist approach" adopted in UK case law in relation to the subject-matter.⁷²

2.26 Clause 23(b) – Proposed amendment to Section 22(3) and (4)

(a) One is not sure if Parliament is aware of the very negative impact of the amendments proposed in respect of subsection (3) of section 22. The effect of this amendment is that the requirement for an assignment of copyright and an exclusive licence to be in writing *is now only limited to literary and musical works*, and then *only where such an assignment concerns the assignment of copyright "by an author to a publisher"*⁷³ and further *only in cases dealt with in the proposed Schedule 2* (see my comment below under paragraph 2.49 in relation to this Schedule). This is a grave error. It is an internationally-recognised legal position that an assignment of copyright and an exclusive licence have to be in writing *in respect of all works*. Why must this now only apply to literary and musical works where a publisher is involved and only in relation to *translation and reproduction licences*?⁷⁴ This is a grave error that must be rectified, as, without the requirement for an assignment of copyright and an exclusive licence to be in writing in respect of *all works*, it will be difficult to prove the ownership of copyright in these works. Accordingly it is recommended that the original provisions of section 22(3) of the Copyright Act be retained.

(b) Another perplexing amendment is the proposed amendment to subsection 4 of section 22 of the Act. If the proposed amendments are accepted, this is how section 22(4) of the Copyright Act shall read:

(4) A non-exclusive licence to do an act which is subject to copyright may be verbal or in writing, or may be inferred from conduct, and may be revoked at any time: Provided that such a licence granted verbally or in writing, or an electronic equivalent thereof, shall not be revoked, either by the person who granted the licence or his or her successor in title, except as the contract may provide, by a further contract or by operation of law.⁷⁵

The phrase "such a licence granted *verbally or in writing, or an electronic equivalent thereof*" replaced the phrase "such a licence granted *by contract*". Deleting the phrase "by contract" and replacing it with the phrase "verbally or in writing, or an electronic equivalent thereof" *misses the point* with regard to the original intention relating to the section.⁷⁶ The point in the

⁷¹ See generally in this regard Garnett K, Davies G and Harbottle G *Copinger and Skone James on Copyright* 16 ed (Thomas Reuters, London: 2011) 336 – 339.

⁷² The *minimalist approach* is to the effect that, where a decision has to be made as to which of various alternatives should constitute the contents of the term to be implied (where there is uncertainty as to whether an assignment of copyright or a lesser right was intended), the choice must be for the alternative "that does not exceed what is necessary in the circumstances." The leading UK case in this regard is *Ray v Classic FM Plc* [1998] FSR 622.

⁷³ This means that if the assignment is by an author to another person or entity that is not a publisher (e.g. to a construction company, for whatever reason), or if the assignment is by someone other than an author, e.g. an assignee of copyright, to another person, then the assignment provisions will not apply.

⁷⁴ Schedule 2 is concerned with translation and reproduction licences.

⁷⁵ The underlined parts reflect the proposed amendments introduced by the Bill. The italicisation is mine, to highlight the problematic parts.

⁷⁶ It is interesting in this regard that the word "contract" is removed, it is later referred to (in line 5), yet in circumstances where there is no referral point for its usage. If the term was deleted and replaced with another phrase, why is it then resurrected here?

wording used in the original provision was to say that, generally, a non-exclusive licence can be verbal or in writing, *and may be revoked at any time*. The principle of revocability of a non-exclusive licence was thus established. However the provision went further to state that where the non-exclusive licence is in writing, by means of a contract, it can only be revoked "as the contract may provide".

(e) Given the foregoing explanation the proposed amendments clearly miss the point. The insertion of the phrase "verbally or in writing, or an electronic equivalent thereof" suggests amongst others that a non-exclusive licence given verbally may only be revoked "as the contract may provide". Firstly, this goes against the principle that a non-exclusive licence "may be revoked at any time". Secondly, since the term "contract" is connected to the expression "in writing", the proposed amendment suggests that a *verbal* non-exclusive licence *may be in writing*. This of course is not possible. The phrase "by a further contract or by operation of law" at the end *adds to the confusion*. In view of this it is proposed that the original wording in section 22(4) should be retained, as the proposed amendment serves no purpose but only leads to confusion. Although the phrase "or an electronic equivalent thereof" is useful to show that a contract made electronically would also satisfy the requirements of a contract, it is not necessary to add the phrase because the legal position in this regard is clear that an electronic contract is as binding as one "in writing", especially in light of the provisions of the Electronic Transactions and Communications Act (Act 25 of 2002).

2.27 Clause 24 – New Section 22A (Orphan Works)

I make no comments regarding this provision.

2.28 Clause 25 – New Section 22B(2)

I wish only to observe that there needs to be consistency in the manner in which the wording is used. In section 22B(2)(a) the phrase "copyright owners or authors" is used, but in section 22B(2)(b) the phrase begins with performers, stating "performers and copyright owners". It is submitted that starting with the original rights-holder is the best approach and thus the phrase "authors or copyright owners" should be used in section 22B(2)(a) to be consistent with the usage in section 22B(2)(b).

2.29 Clause 25 – New Section 22B(7)(a)

This section makes reference to a person who, at the commencement of the amendment Act, "is acting as representative collecting society *in terms of this Chapter*". However, no person or entity would, at the commencement of the amendment, be acting as a representative collecting society *in terms of the Chapter*, since it is a new Chapter. For the avoidance of any doubt I propose that this phrase be amended as follows:

(7) (a) Any person who at the commencement of the Copyright Amendment Act, 2019, already acts as a representative collecting society *in terms of the Act or on some other basis*⁷⁷ must ...

2.30 Clause 25 – New Section 22B(8)(b)

⁷⁷ The phrase "in terms of the Act" shall cover needle-time collecting societies because they already form part of the regulatory framework for collecting societies; while the phrase "or on some other basis" would cover other collecting societies that are not currently required to be accredited, such as SAMRO. The emphasis is to draw attention to the essential aspects of the proposed changes.

It is understood that the word "person" used in this new section includes a juristic person.⁷⁸ In that case, the section needs to indicate who the liable person shall be where the collecting society is a juristic person.

2.31 *Clause 25 – New Section 22C*

It is submitted that to avoid confusion, once the 2013 Act has come into operation as contemplated in Clause 37, a separate section needs to be inserted to deal with the collective management of indigenous or traditional works.

2.32 *Clause 25 – New Section 22C(1)(a) and (b)*

Subject to what is stated in paragraph 2.31 about the phrase "indigenous community", I wish to note that paragraphs (a) and (b) of section 22C(1) conspicuously omit the mention of an "author" – the fountainhead of copyright – amongst the persons on whose behalf a collecting society may administer rights (and the persons who may withdraw such administration from a collecting society). A second observation is that the phrase "collecting society of rights" used in both paragraph (a) and paragraph (b) is an oddity and the phrase "collecting society" should be used, as in other instances.

2.33 *Clause 25 – New Section 22C(2)*

My observations above in paragraph 2.31 regarding the phrase "indigenous community" are relevant here also. Furthermore, I note that the phrase "collecting society of rights" is again used here. My observations under paragraph 2.32 apply equally in this regard. Finally, I recommend that the provisions of paragraph (d) should be at the top of the activities to be carried out by a collecting society (thus should be dealt with under paragraph (a)) to fully capture the sequence of activities, as the negotiation of fees precedes licensing. In this regard also I recommend that the phrase "negotiate royalty rates" be amended to read "negotiate licensing fees and royalty rates and tariffs".

2.34 *Clause 25 – New Section 22C(3)(c)*

Section 22C(3)(c) provides that a collecting society may "only make payment of royalties to a collecting society outside the Republic, if there is a reciprocal agreement regarding royalties in place between that country and the Republic."

It is submitted that this section introduces reciprocity requirements that are at odds with the national treatment and minimum rights principles embodied in the TRIPs Agreement and the Berne Convention. In this regard it needs to be recalled that the principles of national treatment and minimum rights provide that foreign authors are to be accorded the rights which the laws of member countries of the Berne Convention other than the country of such foreign authors' origin, "do now or may hereafter grant to *their nationals*, as well as the rights specially granted by [the] Convention".⁷⁹ Thus, since South African copyright law accords rights to South African nationals which are administered by collecting societies, the foreign nationals of other Berne

⁷⁸ Although it may be useful, at the beginning of the section, to state: "The reference to "person" in this section includes a juristic person", to allay any doubt.

⁷⁹ Article 5(1) of the Berne Convention. Emphasis added.

Convention countries are entitled to be accorded the same rights. Reciprocity thus does not apply, as noted by Nodermann:

... [T]he principle of reciprocity, otherwise extensively applicable in international law, does not hold good within the sphere of the [Berne Convention]. The principle of national treatment and the principle of reciprocity are mutually exclusive.⁸⁰

2.35 Clause 25 – New Section 22D(1)

What section 22D(1) fails to do is it does not make provision for the ability of the collecting society to set aside small portions of collected licensing fees into a reserve fund as part of business contingency planning (e.g. the ability to purchase a new information technology or rights administration system and the ability to ensure business continuity planning and / or disaster recovery). This should be possible with the approval of members at a general meeting.⁸¹ Provision should also be made for the collecting society to set aside some funds for members' social security needs and / or for cultural purposes.⁸² SAMRO currently contributes to a retirement annuity fund and a funeral benefit for its members derived from an allocation from royalties. If no provision of this nature is inserted in the Bill, SAMRO will no longer be authorized to make such contributions.

2.36 Clause 25 – New Section 22F(2) – (4)

The word "authors," should be inserted in line 5 of subsection (2); line 2 of subsection 3, and line 2 of subsection 4, before the word "performers".

2.37 Clause 25 – New Section 22F(5)

It is submitted, with due respect, that the Commission should, under the circumstances mentioned in this subsection, *be obliged* to apply to the Tribunal for the appointment of a competent person to assist it with the administration of an affected collecting society. This should not be optional. Such a person should be competent in collective management or general copyright administration; or else have competence in business rescue. The business of collective management of copyright is complex and is not necessarily one which the Commission has expertise in. Accordingly the following amendment of the proviso in section 22F(5) is proposed:

... Provided that the Commission shall, under such circumstances, apply to the Tribunal for the appointment of a person with competence in one or more of the following areas: (a) collective management of copyright; (b) general copyright administration and (c) business rescue, to

⁸⁰ Nodermann W "The Principle of National Treatment and the Definition of Literary and Artistic Works – Some Remarks on the Correlations between Article 5 of the Berne Convention and Article II of the Universal Copyright Convention" 1989 *Copyright Monthly Review of the World Intellectual Property Organization* (25:10) 300.

⁸¹ Practice tools 56 and 57 of the WIPO Good Practice Toolkit for CMOs supports such practice where members authorise this or if the constitution of the collecting society or legislation permits this. See <http://www.wipo.int/copyright/en/management/index.html#cmotoolkit> (date of use: 01 October 2018).

⁸² The current needle-time regulations make provision for this and permit up to 10% of the amount of annual distributions to be used for this purpose. See Regulation 8(5)(c) of the "Needle-time Regulations". See also article 12(2) and (4) of the EU Directive on Collective Management, where this practice is recognised. Directive 2014/26/EU, available at <https://ec.europa.eu/digital-single-market/en/collective-rights-management-directive> (date of use: 01 October 2018).

assist the Commission in the administration and discharging of the functions of that collecting society.

2.38 *Clause 26(a) – Amendment to Section 23*

One wonders whether the reference to “any information” in the proposed section 23(1)(b) is not a reference to “copyright management information” in Clause 1(e) of the Bill.

2.39 *Clause 26(c) – Amendment to Section 23*

It appears that the word “independent” in line 3 of section 23(1)(c) is incorrectly inserted, in light of the use of the word “independently” in line 5. The word should therefore be deleted.

2.40 *Clause 27(a) – New Section 27(5A)*

The phrase “and shall upon conviction be liable to a fine or to imprisonment for a period not exceeding five years, or to both a fine and such imprisonment” after the phrase “shall be guilty of an offence” towards the end of subsection (5A) must be removed, as the sanctions for committing the offences mentioned in section 27 are all generally dealt with in subsection (6).

2.41 *Clause 27(b) – Section 27(6)(a) and (b)*

(a) The proposed fine of a minimum of five percent (5%) of a juristic person’s annual turnover under paragraph (a), and a minimum of ten percent (10%) under paragraph (b), in respect of “each article to which the offence relates” appears excessive. Perhaps this should be capped at a certain amount.

(b) If it is necessary to insert the wording in line 1 of subsection (6)(b), then the wording should read: “in any case other than *that* contemplated in paragraph (a)”, where the word “that” replaces the word “those”.

2.42 *Clause 27(c) – Section 27(6)(c)*

(a) It is not clear what the relevance of the phrase “the majority of offences” in lines 4 and 6 of paragraph (c) is, as the use of the word “offences”, as in “the offence or offences”, would very well have sufficed. The insertion of the phrase “the majority of offences” adds nothing to the provision and may instead, complicate it.

(b) The phrase “under all transactions to which this Act applies” at the last sentence of paragraph (c) would best be rendered as “in respect of all uses to which this Act applies”.

2.43 *Clause 28(a) – Amendment of Section 28(2)*

(a) The proposed amendment to this section, rather than providing more clarity, instead misconstrues and creates a reverse application of the original intention regarding this section. The section, in its original form, is concerned with the protection of the interests of a South African copyright owner in respect of the importation of copies of his works that were manufactured outside the Republic *without the consent of the copyright owner* (i.e. a copy of a work “which, if it had been made in the Republic would be an infringing copy of the work”. It would be an infringing copy if it was made without the authorization of the copyright owner).

(b) The proposed amendment to this section however says something else: it places the emphasis on the country where the manufacturing of the copy took place ("if the making of such copy constituted an infringement of copyright in the country in which the work was made"). In other words, the rights accorded to the copyright owner in terms of section 28 shall not be applicable if the making of a copy of his work outside the Republic, which is being imported by a particular person, did not constitute copyright infringement in such country (even if the making of the copy would have constituted copyright infringement if this was done in South Africa). This is seriously concerning because it means that a South African national or company, may for example, take a book written by a famous South African novelist and manufacture multiple copies of the book in a country such as Eritrea, which "is still not a member of the four major international copyright treaties"⁸³ and where the manufacturing of copies of the book without the consent of the South African novelist would not constitute copyright infringement. In terms of the proposed amendment to section 28(2), if this person imports copies of this book to South Africa for purposes of selling them in the South African market, the South African novelist shall have no recourse against him because the making of the copies of the works in Eritrea did not constitute copyright infringement in that country. Surely this cannot be what the legislature intends to happen. In view of this I recommend that the proposed amendments to section 28(2) be removed and that the original provision be preserved. Alternatively I propose that the provision be amended as follows:

(2) This section shall apply to any copy of the work in question made outside the Republic if the making of such copy was without the authorization of the copyright owner.

2.44 Clause 28(b) – Amendment of Section 28(5)

The amendment proposed in respect of this subsection is bizarre and outrageous, to say the least. Again this is the case of not understanding the intention of the original provision. The original provision in this regard merely extended the protection accorded the copyright owner, to an exclusive licensee, which is a sound approach. What the proposed amendment states is that the exclusive licensee would only be able to exercise such rights if the making of copies of the work that he or she intends to import, *constituted an infringing act in the country from which the copies are imported*. What this means in essence is that, if the making of the copies in the foreign country concerned did not constitute an infringement of copyright, then the exclusive licensee cannot import copies of such a work. The absurdity of the proposed amendment can in this regard not be overemphasized and thus it is recommended that the proposed amendment should be removed and that the original provision be retained.

2.45 Clause 29 – New Section 28(O)(6)

It is not clear what the objective was to make the provisions of the proposed section 28(O)(6) to be considered in conjunction with the provisions of sections 87, 88 and 89 of the Electronic Communications and Transactions (ECT) Act, especially in light of the proposed amendments to section 27 of the Act, which provides better protection to rights-holders than that provided for in sections 87 – 88 of the ECT Act. The two provisions are clearly incompatible. The danger of making the provisions of the new section 28(O)(6) to apply interchangeably with the said provisions of the ECT Act is that infringers may seek to avail themselves to the *less stringent* penalties provided for in section 89 of the ECT Act rather than the harsher provisions under

⁸³ <https://www.musicinafrica.net/magazine/copyright-royalties-and-piracy-eritrea> (date of use: 01 October 2018).

the Copyright Act. In terms of the double jeopardy rule, namely the rule that a person may not be punished twice for the same offence,⁸⁴ the infringer, once he or she had subjected him or herself to the penalties provided for under the ECT Act, cannot again be subjected to the harsher provisions of the Copyright Act. In view of this it is submitted that the reference to the ECT Act should be removed by deleting completely paragraph (6) of the proposed section 28(O).

2.46 Clause 29 – New Section 28(P)

My comment in this regard is in line with my comments under paragraph 2.1, with regard to the fact that any limitations and exceptions are required to be subjected to a three-step test, failing which such limitations and exceptions would only harm South African rights-holders and not foreign rights-holders. The question is why should this be so?

2.46 Clause 30 – New Section 29(7)

In line 2 of subsection (7) between "member" and "has" the word "who" needs to be inserted.

2.47 Clause 33 – Amendment of Section 39

The numbering in the proposed amendment to section 39 needs to be reviewed. It needs to be noted that the Copyright Act in its current form only has paragraph (cA) and does not have paragraphs (cB), (cC), (cD) or (cE). These paragraphs were inserted by the 2013 Act which, as noted, has not yet come into force. In this regard the observations made above in paragraph 1, General Comments, are applicable here.

2.48 Clause 34 – New Section 39B

It needs to be noted that the Copyright Act in its current form has no section 39A. Section 39A was inserted by the 2013 Act which, as noted, has not yet come into force. In this regard the observations made above in paragraph 1, General Comments, are applicable here.

2.49 Clause 35 – Insertion of Schedule 2

(a) It appears that the intention with respect to the amendments proposed in terms of Schedule 2 is to avail South Africa to the rights accorded to developing countries in respect of the translation and reproduction of works pursuant to the Appendix to the Berne Convention.⁸⁵ In this regard it needs to be mentioned that the Berne Convention requires a developing country that wishes to avail itself of the provisions of the Appendix to deposit a notification with the Director-General of WIPO to the effect that it will avail itself of such provisions.⁸⁶ If the insertion of Schedule 2 is an attempt by the drafters to avail South Africa to the provisions of the Appendix to the Berne Convention then it begs the question whether South Africa has deposited such a notification to the Director-General. This notwithstanding, it needs

⁸⁴ See in this regard the case of *Lelaka v S* [2015] ZASCA 169, at para 6. This rule is also entrenched in the Constitution in section 35(3)m).

⁸⁵ Although the attempted subjection of the provisions of Schedule 2 to the assignment provisions of section 22(3) of the Copyright Act in terms of Clause 23(b) of the Bill seems to be a deviation from the provisions of the Appendix to the Berne Convention which makes provision for a system of non-exclusive and non-transferable licences – albeit a befuddled attempt. See the comment in paragraph 2.27 above regarding this ill-conceived attempt.

⁸⁶ See article 1 of the Appendix to the Berne Convention.

nevertheless to be mentioned that the provisions of Schedule 2 seem to deviate from the manner in which the faculty provided for in the Appendix to the Berne Convention is provided dealt with.

(b) If the insertion of Schedule 2 has no relation to the faculty provided for in the Appendix to the Berne Convention, then the provisions of Schedule 2 have to be subjected to the three-step test, as highlighted in paragraph 1, General Comments, above.

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