

**Metro Goldwyn-Mayer Incorporated and others v Ackerman and another
[1996] 1 All SA 584 (SE)**

Division: South-Eastern Cape Local Division
Date: 29 February 1996
Case No: 488-494/95; 496/95; 550/95
Before: Kroon J
Sourced by: PG Beningfield and KN Harvey

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Copyright - Breach of - Copyright Act [98 of 1978](#) - [Section 24\(3\)](#) - Damages - When awarded.

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Copyright - Breach of - Copyright Act [98 of 1978](#) - [Section 26\(10\)](#) - Use of presumption contained therein.

Editor's Summary

The Plaintiffs, all legal *personae* incorporated in terms of the laws of the United States of America, were the owners of the copyrights to, and trademarks appearing on, certain feature films and their trailers - allegedly illegal copies of which were found upon the First Defendant's premises. First Defendant, one Ackerman, was the sole member and manager of the Second Defendant, a close corporation, which conducted business as a video hire outlet, trading under the name of "Film World". It was common cause that the video cassettes in question were found in a locked walk-in safe on Film World's premises, together with two video cassette recorders. Video taped evidence of the shop, the safe and its contents, was obtained and submitted to the Court by a former employee of Ackerman.

Plaintiffs' counsel submitted that, on a proper assessment of the evidence in its entirety, the Defendants had failed to discharge the onus imposed on them in terms of [section 26\(10\)](#) of the Copyright Act [98 of 1978](#) ("the Act") and that even were Plaintiffs not assisted by the presumption contained in that section, they had nevertheless succeeded in establishing an illegal trade in the films in violation of copyright. Defendants' argument before the Court was that the video cassettes were bought from a supplier with a view to wiping them clean

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and then using them as blank cassettes when copying the home and private video productions of their clients.

Plaintiffs sought orders interdicting the Defendants from infringing their copyrights in the relevant films as well as infringing their rights to their trademarks, as well as payment for damages for infringement of copyright together with additional damages as envisaged in [section 24\(3\)](#) of the Act, and costs of suit.

Held - The Court found that, on a conspectus of all the evidence, the Plaintiffs' submissions were to be upheld and that the statements which Ackerman made fell squarely within the ambits of the acts which in terms of [section 23](#), read with [section 8](#), of the Act, constituted an infringement of copyright.

Plaintiffs' counsel argued that a finding that the Defendants had dealt in the films in breach of copyright, even though such finding was reached on the basis of the Defendants' failure to rebut the presumption contained in [section 26\(10\)](#) of the Act, constituted a finding of fact and as such should operate in respect of the Plaintiffs' claim that the Defendants had breached the trade marks in the relevant films; the argument was that as the alleged acts relied upon for both legs of the claim were not severable, a finding thereon in respect of the first leg of the claim (breach of copyright) was necessarily also applicable to the other leg (breach of trademark). The Court endorsed the approach of Basson J who had found, in delivering the majority judgment in *S v Bruhns* [1984 \(1\) SA 481](#) (NC), that a conviction upon one charge obtained solely by invoking a presumption could not be taken into account by the court as a relevant fact in considering whether the accused was guilty on a second charge. The Court nevertheless held, in the instant case, that the finding that the Defendants had not rebutted the presumption and its consequential finding that they had dealt in the films in question, was based on evidence and would have been reached even in the absence of any such presumption.

The Court found that in the circumstances the Plaintiffs were entitled to the interdicts sought against the Defendants preventing their infringement of the Plaintiffs' copyright in the relevant films and from infringing their trademarks. The fact that the offending copies of the films in question had been removed from the Defendants' possession did not preclude Plaintiffs from being granted the relief sought; a reasonable apprehension existed that the Defendants would again utilise unauthorised copies of films or their trailers in breach of the Plaintiffs' copyright and trade mark rights.

In respect of the damages sought for infringement of copyright, the Court found that [section 24\(1\)](#) of the Act was applicable. Plaintiffs' counsel rightly conceded that whilst [section 24\(1A\)](#)¹ provided for an option allowing for the calculation of damages by the Plaintiff, [section 24\(1B\)](#) was to be read in conjunction therewith allowing for an adjustment of the initial figure. The figure arrived at in terms of [section 24\(1A\)](#) was R50 000,00 in respect of each film and was based on an agreement reached by the parties. The Court found that a value judgment was required

in determining the adjustment called for in terms of [section 24\(1B\)](#). The nature of the Defendants' conduct was the retaining in their possession of the infringing copies for the purpose of utilising them to make unauthorised copies to replace those in their stock in trade when the latter became damaged. The Court found that the extent and nature of the infringement of copyright was not to be overstated. In respect of paragraph 24(1A)(b),

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the Court utilised the only evidence available to it to establish that new and properly authorised copies of the relevant films cost between R200,00 and R250,00 each at the time. The Court was therefore faced with determining a level of damages between the amounts of R200,00 and R50 000,00 and in so doing found the figure of R1 500,00 to be fair and reasonable - taking all the circumstances into account.

In respect of the additional damages sought in terms of [section 24\(3\)2](#) of the Act, Plaintiffs' counsel argued that an amount of R5 000,00 per item would be appropriate, this being the maximum fine capable of being imposed in terms of [section 27\(6\)\(a\)](#) in respect of a person convicted of infringing copyright in an article. Further, it was argued, such an award was justified as Defendants' infringement of Plaintiffs' copyright was flagrant; a benefit (although unquantified) may have accrued to the Defendants; the evil done in the video cassette industry by large scale piracy necessitated a deterrent effect by way of such an award; and effective relief would not otherwise be available to the Plaintiffs.

Having surveyed the case law concerning [section 24\(3\)](#) and finding it to be disharmonious, the Court found the following four principles to be applicable to its interpretation: (i) additional damages may only be awarded by the Court when the Plaintiff already has a cause of action outside [*dehors*] the provisions of the section and that such relief cannot effectively be obtained; the Court is not empowered to award any form of damages not otherwise recognised in our law but may supplement the remedies provided for in [sections 24\(1\), \(1A\) and \(1B\)](#) where these are insufficient to recompense the Plaintiff adequately for all the damage, whatever the legal categorisation thereof, occasioned to him by the infringement and that the manner in which it would do so is by awarding exemplary damages; (ii) in determining whether effective relief would otherwise not be available to the Plaintiff, regard will be had not only to the flagrancy of the infringement and any other benefit shown to have accrued to the accused, but also to "all other relevant considerations"; the wording of the section makes it clear that the legislature drew a distinction between the two sets of considerations; (iii) the need to deter not only the particular infringer but also other potential infringers is not relevant to the "effective relief which would not otherwise be available to the Plaintiffs' enquiry; the Act makes provision for substantial criminal sanctions which should serve the purpose of adequate deterrence; punishment of a particular Defendant by way of an award of exemplary damages did not achieve that purpose; (iv) the fact that there is no yardstick by which additional damages are to be assessed on the grounds of the flagrancy of the infringement of copyright is no bar to the award of damages; the Court will then exercise a value judgment.

As to whether or not the Plaintiffs had been accorded effective relief, the Court found that, by their being granted an interdict and having been awarded damages in respect of the films, the Plaintiffs had received the full relief to which they were entitled and that there was accordingly no case made out for an award of additional damages. In respect of the trailers, Defendants had infringed the Plaintiffs' respective copyrights in the films of which the trailers were a part but that establishing the damage thereby occasioned, in terms of [section 24\(1\)](#), would be an extremely difficult, if not impossible, task. Effective relief was therefore not available to the Plaintiffs who were thus entitled to additional damages. The Court found that, although the Plaintiffs could not rely

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upon [section 24\(3\)\(b\)](#) as there was no evidence of what benefit accrued to the Defendants by reason of use of the trailers, the Plaintiffs could rely upon [section 24\(3\)\(a\)](#), which concerned the flagrancy of the infringement. Whilst the Defendants had been aware from the outset that the cassette tapes in question contained unlawful material (including trailers) and they were also aware of the odiousness of piracy in the video film industry, and whilst their conduct was deliberate and calculated and motivated by monetary gain, their actions did not cause the Plaintiffs distress or humiliation; the trailers were manifestly not the main items traded in and such conduct was persisted in for only for a relatively short period. The Court found that the last features dictated that additional damages awarded be circumscribed in extent. and fixed the amount in respect of each trailer at R200,00.

In respect of costs, Defendants counsel argued that although the several Plaintiffs' actions against the Defendants had been consolidated, an unnecessary duplication of costs could have been avoided should a single composite action have been instituted in the first place; Plaintiffs' counsel was constrained to concede the validity of the point taken. In the result, the Court ordered that costs of suit be restricted to such costs as would have been incurred had the Plaintiffs initially instituted a single composite action.

Notes

For Copyright generally, see *LAWSA Re-issues* (Vol 5(2))

For Copyright, see *Copyright Companion*, A Smith, Butterworths (1995)

For the Copyright Act [98 of 1978](#), see *Butterworths Statutes of South Africa* 1995 (Vol 1)

Cases referred to in judgment

CCP Record Co (Pty) Ltd v Avalon Record Centre [1989 \(1\) SA 445](#) (C)

Harnischfeger Corporation and Another v Appleton and Another [1993 \(4\) SA 479](#) (W)

Performing Right Society Ltd v Berman and Another [1966 \(2\) SA 355](#) (R)

Priority Records (Pty) Ltd v Ban-Nab Radio and TV; Gramophone Record (Pty) Ltd v Ban-Nab Radio and TV [1988 \(2\) SA 281](#) (D)

S v Bruhns [1983 \(4\) SA 580](#) (NC); [1984 \(1\) SA 481](#) (NC)

S v Khanyapa [1979 \(1\) SA 824](#) (A)

South African Music Rights Organisation Ltd v Trust Butchers (Pty) Ltd [1978 \(1\) SA 1052](#) (E)

Judgment

KROON J

Each of the nine plaintiffs is a legal *persona*, either a corporation or a limited partnership, duly incorporated under the laws of the State of Delaware, United States of America and each conducts business as a producer and distributor of cinematograph films.

The first defendant is a businessman and the sole member and manager of the second defendant. The second defendant is a close corporation which conducts business in Port Elizabeth, under the style of Film World, as a distributor by way of sale or hire, to members of the public, of video tape copies of cinematograph films.

The nine plaintiffs each instituted a separate action against the defendants for certain relief, the cause of action relied upon in each case being an alleged

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infringement of copyright and, where applicable, an alleged unauthorised use of a trade mark. The allegations related to an alleged illegal use by the defendants of certain cinematograph films. After the close of pleadings an order consolidating the nine actions was granted by this Court.

When the hearing commenced I was advised by Mr *Cullabine*, who appeared for the plaintiffs, that the sixth plaintiff, Buena Vista Pictures Distribution Incorporated, was not proceeding with its claims against the defendants. A collective reference hereinafter to the plaintiffs will accordingly be a reference to the remaining eight plaintiffs. I was further advised that the latter plaintiffs were not proceeding with their claims insofar as same related to a large number of the cinematograph films/trailers referred to in the pleadings and were restricting their claims to allegations in respect of certain specified films/trailers details of which will appear below.

The following is common cause or not in dispute:

1. At all material times

- (a) valid copyright subsisted in the Republic of South Africa in terms of the provisions of the Copyright Act, No. 98 of 1978 in the cinematograph films the titles of which appear under the headings of "Films" and "Trailers" in the schedule set out below;
- (b) the plaintiffs were respectively the copyright owners or exclusive licensees, within the meaning of the Copyright Act, of those films the titles of which appear below the name of each plaintiff in the schedule;
- (c) the films were duly registered in terms of the provisions of the Registration of Copyright in Cinematograph Films Act, No. 62 of 1977 in the name of the plaintiff in question either as copyright owner or exclusive licensee;
- (d) each of the plaintiffs was accordingly vested with the exclusive right in respect of the applicable films and trailers to do or to authorise in the Republic of South Africa the acts envisaged in [section 8](#) of the Copyright Act;
- (e) the trailers reflected in the schedule were substantial parts of the films in question;
- (f) the defendants were aware that copyright subsisted in the said films.

SCHEDULE

(i) First Plaintiff:

FILMS: Nil. TRAILERS: The Cutting Edge; Harley Davidson and The Marlboro Man.

(ii) Second Plaintiff:

FILMS: Edward Scissorhands; Die Hard; Working Girl. TRAILERS: Die Hard; Bad Medicine; Enemy Mine; The Jewel of the Nile; Project X; Bachelor Party; Licence to Drive; Worth Winning; The Fly II.

(iii) Third Plaintiff:

FILMS: Problem Child; Play Misty for Me; A Kiss before Dying. TRAILERS: The Hard Way; Kindergarten Cop.

(iv) Fourth Plaintiff:

FILMS: Awakenings; Who Finds a Friend Finds a Treasure; Karate Kid III; Fourth Protocol; Thieves and Robbers; Odds and Evens; Return to the Blue

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Lagoon. TRAILERS: Casualties of War; Karate Kid; Papillon; The Mountain Men; Bloodhounds of Broadway (x 2); Stand by Me; Postcards from the Edge; Sahara; The China Syndrome; Ghostbusters; Buster and Billie; Flatliners; Vibes.

(v) Fifth Plaintiff:

FILMS: Full Metal Jacket; Lethal Weapon III; Good Fellas; Above the Law; The Rookie; Lethal Weapon II; Other People's Money; Bonfire of the Vanities. TRAILERS: Good Fellas; The Mambo Kings; The Rookie; Batman Returns; Lethal Weapon III; Young Einstein; Batman; Runaways; Full Metal Jacket (x 2).

(vi) Seventh Plaintiff:

FILMS: The Kiss; Look Who's Talking Too; Avalon. TRAILERS: Look Who's Talking; Look Who's Talking Too; The Kiss; Another You; Steel Magnolias; Blind Fury; I Love You to Death.

(vii) Eighth Plaintiff:

FILMS: Run; Arachnophobia; True Identity; That Darn Cat; Dick Tracey; Filofax; Fantasia; Turner and Hooch; One Good Cop; Oscar. TRAILERS: Billy Bathgate; V.I. Warshawski (x 2); Pretty Woman; The Little Mermaid; An Innocent Man; What about Bob (x 2).

(viii) Ninth Plaintiff

FILMS: Nil. TRAILERS: Funny about Love; Frankie and Johnny; Body Parts.

2. At all material times

- (a) the respective plaintiffs reflected in the schedule set out below were the proprietors in the Republic of South Africa of the registered trade marks listed below the name of the applicable plaintiff;
- (b) the said trade marks were valid, subsisting and of full force and effect in the Republic of South Africa and the provisions of section 60 of the Trade Marks Act, No. 62 of 1963 were applicable thereto;
- (c) the respective trade marks were registered in respect of, *inter alia*, cinematograph films and recorded video tapes;
- (d) the respective trade marks appeared on the applicable films/trailers reflected in the said schedule and the video cassettes in which they were contained (all such films/trailers being included in the schedule set out earlier in this judgment).

Schedule

(i) First Plaintiff:

TRADE MARKS: B69/4718 MGM; 686/27 Metro Goldwyn-Mayer and Lion Device. FILMS/TRAILERS AND TRADE MARK INVOLVED: Play Misty for Me - B69/4718; The Cutting Edge - 686/27; Harley Davidson and the Marlboro Man - 686/27.

(ii) Second Plaintiff:

TRADE MARKS: 81/7755 Twentieth Century Fox; 85/0811 Twentieth Century Fox Device; 85/8611 Twentieth Century Fox Device. FILMS/TRAILERS AND TRADE MARK INVOLVED: Edward Scissorhands - 81/7755 and 85/0811; Die Hard - 85/8611; Bad Medicine - 81/7755 and 85/0811; The Jewel of the Nile - 81/7755 and 85/0811; Licence to Drive - 85/0811; Worth Winning - 85/0811; Working Girl - 85/9611.

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(iii) Third Plaintiff:

TRADE MARK: 72/5190 Universal. FILMS/TRAILERS AND TRADE MARK INVOLVED: Problem Child - 72/5190; The Hard Way - 72/5190; A Kiss before Dying - 72/5190.

(iv) Fourth Plaintiff:

TRADE MARKS: 85/4631 Columbia Pictures and Statue of Liberty Device; 86/1898 Columbia Pictures; 86/1900 Lady and Torch Device. FILMS/TRAILERS AND TRADE MARK INVOLVED: Awakenings - 85/4631; Karate Kid - 86/1898 and 86/1900; Bloodhounds of Broadway - 86/1898 and 86/1900; Stand by Me - 86/1898; Postcards from the Edge - 86/1898 and 86/1900; Sahara - 86/1898 and 86/1900; The China Syndrome - 86/1898; Bloodhounds of Broadway - 86/1898 and 86/1900; Odds and Evens - 86/1898 and 86/1900; Ghostbusters - 86/1898 and 85/4631; Buster and Billie - 86/1898; Flatliners - 86/1898 and 86/1900; Vibes - 86/1898 and 86/1900.

(v) Fifth Plaintiff:

TRADE MARKS: B81/5840 Warner Home Video (Label); 89/7375 WB and Shield Device; 37/369 Warner Brothers Pictures Inc. and Shield Device. FILMS/TRAILERS AND TRADE MARK INVOLVED: Full Metal Jacket - B81/5840, 89/7375 and 37/369; Good Fellas - B81/5840, 89/7375 and 37/369; Lethal Weapon II - B81/5840, 89/7375 and 37/369; The Rookie - B81/5840, 89/7375 and 37/369; Batman Returns - 89/7375; Lethal Weapon III - B81/5840, 89/7375 and 37/369; Young Einstein - 89/7375; Batman - 37/369 and 89/7375; Other People's Money - B81/5840, 89/7375 and 37/369; Bonfire of the Vanities - B81/5840, 89/7375 and 37/369.

(vi) Seventh Plaintiff:

TRADE MARK: 88/10379 Tri-Star (s.f.) and Winged Horse Device. FILMS/ TRAILERS AND TRADE MARK INVOLVED: The Kiss - 88/10379; Look Who's Talking - 88/10379; Avalon - 88/10379; Look Who's Talking Too - 88/10379; Another You - 88/10379; Blind Fury - 88/10379; I Love You to Death - 88/10379.

(vii) Eighth Plaintiff:

TRADE MARKS: 83/8922 Mickey Mouse Device; 90/0156 Touchstone; 90/0157 Walt Disney; 90/0158 Hollywood. FILMS/TRAILERS AND TRADE MARK INVOLVED: Run - 82/8922, 90/0156, 90/0157 and 90/0158; True Identity - 90/0156; That Darn Cat - 90/0157 and 90/0158; Billy Bathgate - 90/0156; V.I. Warshawski - 90/0156, 90/0157, 90/0158 and 83/8922; Pretty Woman - 90/0156; Dick Tracey - 83/8922, 90/0156 and 90/0157; Filofax - 90/0158; Fantasia - 83/8922, 90/0156 and 90/0157; Turner and Hooch - 90/0156; One Good Cop - 83/8922, 90/0157 and 90/0158; The Little Mermaid - 83/8922 and 90/0157; An Innocent Man - 90/0156; What about Bob - 90/0156; Oscar - 90/0157 and 90/0158.

(viii) Ninth Plaintiff:

TRADE MARK: 85/5245 Paramount Pictures and Device. FILMS/TRAILERS AND TRADE MARK INVOLVED: Funny about Love - 85/5245; Frankie and Johnny - 85/5245; Body Parts - 85/5245.

(3) (a) During the course of a search, referred to in the evidence as a raid, conducted at the premises of the second defendant in the presence of the first defendant on 11 August 1993 by one Van As, an inspector in the South African Police Services, one Potgieter, a senior field inspector in the employ of the Motion Picture Association of America, and another member of the South African Police Services, video cassettes containing recorded video copies of the films and trailers referred to above together with a number of other video cassettes containing copies of films were found in a locked walk-in safe. Possession of all the said video cassettes was thereupon taken. They were exhibit "1" at the trial.

(b) The labels on the cassettes, which depicted the names of the films contained therein, were handwritten and some bore the word "Master".

(c) All of the copies of the films/trailers referred to earlier had been made without the authority of the relevant copyright owner or exclusive licensee for the Republic of South Africa or any other party who could grant any relevant rights in respect of films subject to copyright and were accordingly copies which infringed the copyright therein.

(d) Any use by the defendants thereof in the course of business of the second defendant would have constituted unauthorised use, as envisaged in section 44(1)(a) and (b) of the Trade Marks Act, of such trade marks as appeared thereon or on the cassettes and accordingly an infringement of the rights held in such trade marks.

(4) (a) Certain companies were at all material times the duly appointed exclusive licensees of the respective plaintiffs in the Republic of South Africa in respect of the said films and trailers, viz., CIC Video (Pty) Ltd for the third and ninth plaintiffs; Nu-Metro Video (Pty) Ltd for the first, second, fifth and eighth plaintiffs; Ster-Kinekor Films (Pty) Ltd for the fourth and seventh plaintiffs.

(b) Formal notice of the institution of these proceedings was given on behalf of the plaintiffs to the said companies as envisaged in [section 24\(1C\)](#) of the Copyright Act and the companies responded by intimating that they had no objection to the proceedings and did not intend to intervene therein.

(5) A minimum royalty of R50 000,00 would have been payable by a licensee in the Republic of South Africa to the respective copyright holders in respect of any of the films referred to earlier. The average of such royalties would have been the sum of R70 000,00. By way of explanation it should be recorded that during the course of the trial Mr Cullabine advised me from the Bar that the parties had agreed on the figure of R70 000,00 as being the minimum royalty which would have been payable in respect of any of the films. It appeared during argument, however, that there had been a misunderstanding in this regard and an agreement between the parties in the terms set out above was recorded at that stage.

(6) On a previous occasion the defendants had, in response to a complaint and demand made on behalf of the owner of the copyright in a film titled "One Flew over the Cuckoo's Nest" founded on the defendants' possession of a copy thereof, paid the sum of R5 000,00 to the local representatives of the Motion Picture Association of America. In respect of a still earlier incident, the details of which were not canvassed during the evidence, the defendants had paid the sum of R1 500,00.

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In respect of the first leg of its claim, i.e., that founded on alleged infringement of copyright, it is the allegation of each plaintiff that, without the requisite authority and in breach of the plaintiff's rights as copyright owner or exclusive licensee in respect of the relevant film, the defendants engaged in:

(a) making reproductions and/or adaptations of the film or substantial parts thereof,

(b) letting or offering or exposing for hire by way of trade, directly or indirectly, reproductions or adaptations of the films or substantial parts thereof,

(c) importing into the Republic of South Africa for a purpose other than their own private and domestic use and/or selling, letting or by way of trade offering or exposing for sale or hire and/or distributing for the purpose of trade or for some other purpose to an extent where the plaintiff or, where the plaintiff was the exclusive licensee, the copyright owner was prejudicially affected, reproductions of the films or substantial parts thereof, the making of which, to the knowledge of the defendants, constituted infringement of the copyright in the films, or would have constituted such infringement if such manufacture had taken place in South Africa.

In respect of the second leg of its claim, i.e., that founded on alleged infringement of trade mark(s), each plaintiff alleges that, without the requisite authority and, as envisaged in section 44(1)(a) and (b) of the Trade Marks Act, in breach of the plaintiff's rights in the relevant trade mark(s), the defendants used the plaintiff's trade mark(s) in relation to the relevant films/trailers by

- (a) selling, letting or, by way of trade, offering or exposing for sale or hire the films/trailers;
- (b) distributing the films/trailers for the purposes of trade.

The further allegation of each plaintiff is that it apprehends on reasonable grounds that the defendants will continue their unlawful activities referred to above unless restrained from doing so by an order of this Court and that it has no other remedy available.

The relief sought by each of the plaintiffs as set out during the argument of Mr *Cullabine*, is:

- (1) an order interdicting the defendants from infringing its rights to copyright in the relevant films;
- (2) an order interdicting the defendants from infringing its rights to its trade mark(s);
- (3) the payment of damages for infringement of copyright;
- (4) the payment of additional damages for infringement of copyright as envisaged in [section 24\(3\)](#) of the Copyright Act;
- (5) costs of suit.

Each summons also contained prayers for relief in the form of delivery up of all copies of the films/trailers, but in that the plaintiffs had already secured possession of same the plaintiffs did not persist in seeking such relief.

The allegations made in the respective particulars of claim in support of the claim for additional damages referred to above were couched thus:

"Having regard to the flagrancy of the First and Second Defendant's copyright infringement, and the benefit which has accrued to the First and Second Defendants by reason of the infringement as a consequence of unauthorised

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copying having taken place without payment of any consideration or royalties and as effective relief would not otherwise be available to the Plaintiff, the Plaintiff has suffered additional damages within the meaning of [section 24\(3\)](#) of the Copyright Act ...".

The evidence on behalf of the plaintiffs concerning or bearing on the search conducted at the premises of the second defendant on 11 August 1993 was as follows:

One Askew, the Director of the Film Security Office of the Motion Picture Association of America in South Africa, testified that the Association which is comprised of the nine plaintiffs, all major American film studios, which finance it, was formed to combat what was referred to as piracy, i.e., acts done by persons in infringement of the copyright and trade mark rights of members.

Potgieter testified that in his capacity as a senior field inspector in the employ of the Association he received certain information from one Holtzhausen, who was then in the employ of the second defendant. Holtzhausen further furnished him with a video tape recording (exhibit "2") of certain portions of the interior of the premises of the second defendant. The recording was played during the trial in a television set brought into the courtroom for that purpose. It depicted, *inter alia*, someone opening the walk-in safe with a key, various film cassettes - included amongst which were the cassettes containing copies of the films which are the subject matter of these proceedings - in the safe, a workshop area in which were, *inter alia*, two video machines, one on top of the other and a cassette holder bearing the name of a film, "Robin Hood, Prince of Thieves" on top of the video machines. Arrangements were made for a meeting in Port Elizabeth between Potgieter, Holtzhausen and members of the Sanab branch of the South African Police Services. Inspector Van As interviewed Holtzhausen and on the strength of information so received obtained a search warrant authorising a search of the second defendant's premises. Potgieter, Van As and another policeman repaired to the premises of the second defendant where Van As identified himself to the first defendant and gave him a copy of the warrant. He, Potgieter, also identified himself to the first defendant. According to Potgieter the warrant authorised a search for material which infringed copyright in films and that the first defendant was so advised. The latter had no objection to the search being carried out and in fact co-operated fully. Although Potgieter knew, because of what Holtzhausen had told him, that the tapes that he was looking for were in the safe, in order to protect the identity of his informant, the search was commenced behind the counter, thereafter through the stalls and eventually in the safe, which the first defendant unlocked at their request. In the safe, amongst other items, the video cassettes comprising exhibit "1", which included the cassettes containing copies of the films that are the subject matter of these proceedings, were found and possession thereof was taken. The tapes were on the face of it illegal ones and Potgieter sought an explanation from the first defendant for them whereupon the first defendant stated that he had made the tapes to use as his "masters" because the tapes that were his stock-in-trade suffered a "lot of damages in the market place" and instead of buying new tapes he would make copies from the "masters" to replace the damaged tapes. At no stage did the first defendant proffer the explanation that he had acquired the tapes from someone in George and a proposition to that effect by Mr *Vlok*, who appeared for the defendants, was rejected. The handwritten labels on the tapes were different from the labels on tapes marketed to the public. The scenes of

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the work area shown on exhibit "2" indicated to him that copying of tapes was undertaken there. He denied the proposition put to him under cross-examination that while the first defendant did refer to "masters" the reference

was to his own collection of classical films and was not a reference to the subject tapes.

Inspector Van As confirmed the correctness of a statement which he had made on 30 August 1993 concerning the incident (exhibit "H"). The essence thereof was that on 11 August 1993 his informant - i.e., Holtzhausen - advised him that the first defendant was in possession of pornographic material stored at the premises of the second defendant. On the strength of that information he secured a search warrant and he, Potgieter and another policeman proceeded to the premises in question. The purpose of his visit was explained to the first defendant who was also favoured with a copy of the warrant. In what he referred to as the storeroom - the reference clearly being to the walk-in safe - a large number of video cassettes was found. Inspection thereof revealed no pornographic material. Potgieter made the observation that the cassettes had been "oorgetape" and that an infraction of the Copyright Act had taken place and he enquired from the first defendant if he hired the cassettes out to the public to which the first defendant replied in the affirmative. The cassettes were seized and the first defendant was advised that a case docket relating to a charge under the Copyright Act would be opened against him. Subsequently the first defendant's attorneys submitted to him a statement by the first defendant (exhibit "I"). Under cross-examination Van As affirmed that he had gone to the defendants' premises to search for pornographic material, but that Potgieter had also identified himself to the first defendant and stated that he, too, wished to carry out an inspection. Van As also rejected the proposition that when the first defendant used the word "masters" the reference was not to exhibit "1" but to other tapes in the safe. He similarly rejected the proposition that the first defendant had proffered the explanation that he had obtained exhibit "1" from one Sonnen of George. He was unable to recall whether the first defendant had made mention of tapes in his stock-in-trade being damaged, but he added that he was not throughout in the immediate company of Potgieter and the first defendant.

The first defendant's version of what occurred on the occasion in question and his explanation in respect of the subject cassettes will be set out and discussed presently. At this stage it may be recorded that, as already indicated earlier, he did not dispute that the cassettes containing copies of the films which are the subject of these proceedings were found in the possession of himself and the second defendant and were amongst those found in the safe in the premises.

Accordingly, [section 26\(10\)](#) of the Copyright Act came into play. It provides as follows:

"In any proceedings by virtue of this Chapter with regard to the alleged infringement of the copyright in a cinematograph film, a sound recording or a computer program, it shall be presumed, until the contrary is proved, that any person trading in the selling, letting or distribution of copies of any of the said works, and who was found in possession of a copy of such works, sold or let for hire or by way of trade offered or exposed for sale or hire such copy."

The evidence offered by the defendants in rebuttal of the presumption provided for in the section was the following:

The first defendant stated that he was advised by a Mrs Van den Berg, also a video shop owner in Port Elizabeth, that the owners of a video shop in George,

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Mr and Mrs Sonnen, were desirous of disposing of a quantity of video tape cassettes. Initially the asking price was R5 000,00 which was too high for the first defendant. The price was subsequently reduced to R1 500,00. Being under the impression that the items constituted legal stock-in-trade of the Sonnens albeit he did not ascertain the titles of the films, he contacted Mrs Sonnen telephonically and agreement was reached that he would purchase the tapes, 300 in number, for R1 500,00 representing a price of R5,00 per tape. At her request he deposited the sum of R1 500,00 into her bank account at Trust Bank. The boxes containing the tapes were delivered in his absence and his staff, as was their custom, opened same and commenced putting the firm's labels on the tapes. He arrived while this exercise was in progress, but, on observing straightaway that the tapes were illegal copies of films, locked them away in the safe. What moved him to that conclusion was the very unusual circumstance that a number of the tapes comprised copies of two films and the handwritten labels on the cassettes. He explained that he would have put the tapes, which were in good physical condition, to a legitimate use, i.e., by wiping them clean and then using them for the purpose of making copies of home or other private video films for customers. Wiping the tapes clean would entail running them through a video machine with the "play" and "record" buttons depressed, a process taking three hours for each tape. He received the tapes during June/July 1993 and by the time he deposited the purchase price in the relevant account the Sonnens had left for overseas. It was therefore impossible for him to cancel the contract and he had in any event acquired them for a cheap price even for blank tapes. The films on the tapes were not of the kind favoured by his clientele who came predominantly from the Black section of the community and who preferred "action" or "karate" films. He was the only one who had a key to the safe and had been shocked to observe on the video film, exhibit "2", someone using another key to open the safe. After the events in question he had come across another key to the safe behind a television set in the premises which key had clearly been acquired by nefarious means. His explanation for the two video machines which were shown in the film was that the business engaged extensively in what he referred to as "dubbing", i.e., legitimately making copies of home or private video films for customers who requested same. He dealt at some length with his relationship with Holtzhausen and the character of the latter - who had since disappeared - but it is unnecessary for purposes of this judgment to refer thereto. As to the events on 11 August 1993 he confirmed that when Van As, Potgieter and the other policeman arrived Van As introduced himself and explained that the purpose of their visit was to search for pornographic material. He registered no objection. At their request he unlocked the safe. It was after the films comprising exhibit "1" were discovered that Potgieter introduced himself as a representative of the Motion Picture Association of America and advised him that the cassettes in question were being confiscated. He, the first defendant, furnished the boxes into which the films were packed. He did state to Potgieter that the tapes in the safe were his "masters", but, so he explained, the reference was not to the tapes which had been confiscated but to his private collection of old classical films which were also in the safe and which he thought were also going to be confiscated. He stamped the evidence of Potgieter and Van As as to the explanations he allegedly gave as blatant lies. He did not explain the origin of the confiscated tapes to Potgieter, a statement he confirmed when his attorney

repeated the relevant question. He later added that he did not have to volunteer that information -

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meaning presumably that no explanation was sought from him - and intimated that in any event he would not have been believed. Moreover, his attorneys had advised him not to make any statements. He knew that Potgieter wished to check if the tapes were "pirate" copies. He added that he already had legitimate copies of approximately 90% of the confiscated tapes amongst his stock-in-trade and, with reference to his earlier evidence that his clientele was largely uninterested in such merchandise, explained the presence of such stock by pointing to the fact that when purchasing new stock video shop owners are obliged to accept a package which includes such unwanted material, referred to as "fillers". The tapes were not available for hire out to the public or loan to his friends. Hiring out thereof would have been difficult as the tapes had not been numbered or catalogued and would, by reason of the condition of the tapes, have damaged his reputation. He confirmed that exhibit "I" was a statement made by him in consultation with his attorneys and submitted by them to the police. It contained the details of his defence. He conceded that some of the tapes confiscated had been retrieved from the work area in his premises in regard to which he said that Holtzhausen must have duplicated the safe key and removed some of the tapes to the work area and then video taped the scene so as to create the impression that duplicating of the tapes was being undertaken.

Mrs Van den Berg confirmed that the Sonnens, who were friends of hers, had contacted her some time after May 1993 offering video tapes for sale. Their initial asking price was R5 000,00 and the number of tapes was 150, a figure of which she was sure. She herself was not interested in acquiring the tapes, but told the Sonnens that she would make enquiries from the other video shop owners. One of those approached by her was the first defendant. He balked at the price of R5 000,00. She heard subsequently from the first defendant that he had in fact purchased the tapes from the Sonnens for R1 500,00. The conversation between them on that occasion also canvassed the fact that the tapes had only cost R5,00 each and that the defendant could put them to good use as blank tapes. She had given his telephone number to the Sonnens. She expressed some disbelief at the suggestion that the defendants would have wanted to trade in "fillers", the reference being to the confiscated tapes.

One Pienaar testified that while he was studying at the University of Port Elizabeth he engaged in part-time shift employment with the defendants during the period 1988 to about May 1994. Since approximately 1990 he had gone out of town once a week to sell videos on behalf of the business. He had never seen exhibit "1" on the premises and as far as he was aware the defendants had never traded therein or in any other illegal material. Part of his duties consisted of making copies of private films for customers. He confirmed that the practice in the business was for staff to open consignments of stock, label the cassettes and list them alphabetically and numerically. He conceded that in the nature of things there had been many times when the first defendant was in the shop and he was absent. The safe did contain spare copies of films purchased second hand to replace copies in stock which became damaged. Such replacements would be done on the instructions of the first defendant who was the only one who had a key to the safe.

It was the submission of Mr *Cullabine* that on a proper assessment of the evidence in its entirety the defendants had failed to discharge the onus imposed on them in terms of [section 26\(10\)](#) of the Copyright Act. Indeed, he argued that even if the plaintiffs were not assisted by any presumption they had nevertheless

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succeeded in establishing that the defendants had, in breach of the copyright of the plaintiffs, traded illegally in the films in question.

On a conspectus of all the evidence I hold that these submissions must be upheld. My reasons for that conclusion are the following:

The evidence of Pienaar did not take the case any further and specifically it did not and could not exclude that the defendants dealt illegally with the films in question. Apart therefrom that it need hardly be said that good reasons existed why such activities would not have been undertaken in his presence, on his own showing he was frequently absent from the premises and he could naturally not comment on what occurred during such absences.

Mrs Van den Berg was a witness who proved to be voluble in the extreme. That appeared to be no more than a personality trait, however, and I do not consider that her credibility was affected thereby. Her evidence did offer support for the defendants on the issue of the origin of the offending tapes, viz., to the extent that she testified that she was approached by the Sonnens, that she corroborated the first defendant's testimony that she passed on to him the information concerning the tapes which were for sale and stated that she gave the defendants' telephone number to the Sonnens and that she subsequently heard from the first defendant that he had in fact acquired the Sonnen tapes. She was, however, unable of her own knowledge to confirm same. It is true that she stated that she was sure that the Sonnens wished to dispose of 150 tapes whereas the first defendant said that he purchased 300 tapes from them. It cannot be excluded, however, that the extent of the *merx* could have been changed in the negotiations which the first defendant alleges he had with the Sonnens.

One other aspect of Mrs Van den Berg's testimony requires consideration. Her expressed disbelief in regard to the likelihood of the defendants trading in copies of the offending films on the grounds of the latter being in the nature of "fillers" did not stand up to scrutiny and may have been an indication of a partiality on her part in favour of the defendants. She herself was constrained under cross-examination to concede that some ten of the films, the titles of which were put to her, were in fact not "fillers", but "top" films. On the other hand she indicated that three of these films were old and that another had not been a success in South Africa and she questioned why anyone

would want to trade in pirate copies thereof. The comment may be made that the mere fact that a "top" film was somewhat dated would not mean that there would not be a sufficient market for it.

The first aspect of the first defendant's evidence to be considered is his claim as to the origin of the offending tapes.

Much was said by Mr *Cullabine* in criticism of the first defendant in this regard. The criticism was not misplaced. As set out earlier, it was the first defendant's case in this Court that he took delivery of the tapes during June/July 1993, i.e., approximately one to two months prior to the visit of Van As and Potgieter to his premises. However, in exhibit "I", the statement made by the first defendant for submission to the police, he said that he had acquired the tapes approximately one year prior to the incident. That, he said, was a mistake. The difference between one or two months and approximately one year is not without importance - because a much longer period would have elapsed without his attending to wiping any of the tapes clean - and it is difficult to understand how the mistake could have occurred even if the statement was signed some time in 1994. He conceded that his attorney had told him that it was a serious matter and that he should be careful in what he said. When asked

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if he had properly checked the statement before signing it he said that if he was at the time "in a state" and did not trust the attorney and was about to "leave" him he may not have checked the statement thoroughly. At best the statement was a *non sequitur*. If he did entertain doubts as to the attorney's integrity or competence all the more reason existed to check the contents of the statement with care before he allowed it to be submitted to the police. It may be noted further that a handwritten correction in the statement was initialled by the first defendant. In his various pleas the following statement appeared:

"Gemelde bande was teen R5,00 per band aangekoop en was Verweerders *bona fide* en redelik onder die indruk ten tye van die aankope, welke transaksie telefonies geskied het, dat gemelde bande blanko bande daar sou stel. Verweerders se bedoeling was om gemelde bande as blanko bande te verkoop. By aflewering het Verweerders vasgestel dat gemelde bande egter bestaan uit bande wat inhoudmateriaal bestaande uit 'n verskeidenheid van films bevat het."

This statement is at variance with his evidence in a material respect, viz., in regard to the content of the tapes which he was purchasing. The first defendant sought to rely on the possibility of a mistake on the part of the typist who typed the pleas or of a misunderstanding during the relevant consultation between him and counsel, the latter having been Afrikaans speaking and the consultation having been conducted in English. Neither of those possibilities commend themselves for acceptance. One cannot envisage how a typist could have made a mistake of this nature - leaving aside the question that the plea was presumably checked by both counsel and the attorney, who was present at the consultation, prior to its being filed. By virtue of the detail contained in the plea one similarly has difficulty in envisaging how both counsel and attorney could have laboured under the same mistaken impression. Moreover, the plea was filed during March 1995 and there was no attempt made at any stage to seek an amendment thereof. The third criticism relates to the inability of the first defendant to produce any documentary proof of the transaction with the Sonnens and specifically proof of the deposit of cash into their account which the first defendant alleged he made. He claimed he was unable to trace the deposit slip and he said that without his furnishing the account number the local branch of the Trust Bank was not able to assist him. Even if this were so, which may be doubted, a similar problem should not have been encountered at the George branch of the bank. The fourth criticism arises out of the discrepancies between what was put on behalf of the defendants to the plaintiffs' witnesses and the first defendant's own evidence on the question of whether the first defendant had on the occasion when the premises were searched proffered the explanation that he had obtained the tapes from the Sonnens - as to which see the résumé of the evidence set out earlier. The fact that, on his own later showing, he did not proffer that explanation in circumstances when the explanation, if true, would have been immediately forthcoming - as to which circumstances, see below - is a serious derogation of the acceptability of his evidence. It should finally be noted that it was Potgieter's evidence that the first defendant admitted that *he* had "made" the tapes.

Had the first defendant's evidence stood alone the above criticisms would probably have been sufficient to found a rejection of the evidence. However, there is the additional feature that Mrs Van den Berg testified that she subsequently heard from the first defendant that he had purchased the tapes that the

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Sonnens had offered for sale. In the context of her evidence that discussion would have taken place prior to the date on which Van As and Potgieter visited the premises of the second defendant. If that evidence is true it constitutes cognisable support for the case of the defendants as to how they came by the tapes. There is a suspicion that Mrs Van den Berg was not an impartial witness, and the criticisms of the first defendant's evidence referred to above also bear on the acceptability of her evidence. However, I intend to proceed on the basis, without making a positive finding to that effect, that no sufficient basis exists for holding that the evidence of Mrs Van den Berg was mendacious and that, whatever shortcomings there were in the first defendant's evidence, the support constituted by Mrs Van den Berg's evidence is sufficient to carry the day for the defendants in the matter of the acceptability of their explanation as to the origin of the tapes in question.

Such a finding would, however, not mean that the case must be disposed of in the defendants' favour. The statements which the defendant made concerning the offending tapes, the findings in regard to which are set out below, after their discovery by Van As and Potgieter, seen in the light of certain surrounding circumstances, establish that the defendants were dealing in the tapes in breach of the plaintiffs' copyright therein. As intimated earlier that conclusion would follow whether on the basis that the defendants failed to rebut the presumption imposed on them in terms of [section 26\(10\)](#) of the Copyright Act or whether on the basis that the onus rested on

the plaintiffs to positively prove such dealing.

The surrounding circumstances to which I refer are the facts that the defendants are dealers in video recorded films by way of hire or sale and that on the first defendant's own showing the business was equipped and well able to make copies of video films.

In my judgment the evidence of Van As and Potgieter as to the statements made by the first defendant as to what he was doing with the tapes must be accepted and that of the first defendant rejected as false.

As far as the narrow issue of demeanour in the witness box is concerned, an aspect which is not to be overstated, I do not consider that either Van As or Potgieter were subject to valid criticism. The first defendant was possibly a little excitable, but that is not a criticism of any moment. It is with regard to the content of their respective testimonies that the acceptability of the former two and the non-acceptability of the latter appears clearly. I would, however, preface my discussion of the content of the evidence with the observation that Van As was clearly an independent and unbiased witness and the same applies to Potgieter notwithstanding that Mr *Vlok* sought to suggest that in the light of the nature of his work he would have an interest in, as it were, "securing a conviction".

I have not lost sight of the fact that Potgieter testified that the search warrant authorised a search for material that infringed copyright and that the first defendant was so advised which, in accordance with the evidence of Van As, was in fact not the case. That is not a feature which should be overstated and it may have found its origin in Potgieter's own interest being restricted to the possible presence on the premises of material which infringed copyright. I also bear in mind that there was not an exact coincidence in the statements which Van As and Potgieter, respectively, ascribed to the first defendant. Common to both, however, was an admission by the first defendant that he was dealing in the tapes.

On two material issues the probabilities are overwhelmingly in favour of the plaintiffs, viz., whether Potgieter sought an explanation for the offending tapes

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and whether the first defendant responded thereto. The sole reason why Potgieter was present on the occasion in question was to ascertain whether the defendants were in possession of material which fell foul of the copyright of the plaintiffs. Such material was in fact found and it was manifest that it was offending material. The most natural thing for him to do was to require an explanation thereof or to enquire whether the defendants were dealing in the material. Such an enquiry would not have been ignored by the first defendant who would either have responded directly thereto or responded in the form of declining to furnish an explanation. The first defendant's claim that no such explanation was sought and therefore that he did not offer any explanation simply does not wash and must be rejected as false. The falsity of this claim is further demonstrated by the fact that in cross-examination of the plaintiffs' two witnesses Mr *Vlok* did not place in issue that Potgieter required the first defendant to explain the presence of the tapes and what he was doing therewith and on the contrary put it to the witnesses that the first defendant had offered an explanation which embraced the acquisition of the tapes from the Sonnens and, presumably, his intention to use the tapes by way of wiping them clean and selling them as blank tapes. An allied aspect relates to the first defendant's claim that the statement he did make referred to his collection of old classical films. He said that the statement, i.e., that he hoped that they - Van As and Potgieter - would not remove his "masters", was born of an apprehension that those films, too, were to be removed. There was, firstly, no indication that Van As and Potgieter would remove those films or indeed showed any interest therein. Secondly, the first defendant's alleged use of the word "masters" with reference to old classical films would, to put it at its lowest, have been inappropriate. When questioned on the meaning of the word "master" in the context of the video film industry the first defendant did not proffer the claim that it could refer to old classical films; instead, in common with a number of the other witnesses who testified in the trial, he stated that one of the meanings of the word connotes a reference to a master copy of a tape from which other copies are made. Such a meaning would have been quite appropriate within the context of the statements attributed to the first defendant by Potgieter and Van As, to which should be added the defendants' ready ability to engage in the activities referred to in the statements ascribed to him.

I am not impressed with the reasons that the first defendant proffered why he would not have traded in the films in question. His first alleged reason was that his reputation would have been harmed if he hired out tapes in the bad condition in which these particular tapes were. He could not have been referring to the quality of the recordings because, firstly, he never said so and on the contrary stated that he had not viewed any of the films and that he immediately locked the tapes away because they were manifestly contraband and his sole intention was to trade in them as blank tapes; he would therefore have had no reason to view the quality of the recordings. If the reference was to the physical condition of the tapes he was then hoist on his own petard in that his other evidence was that the tapes were in good condition, hence his intention to sell them as blank tapes. In any event, what was attributed to him, on the strength of his statements, was not that he traded in the tapes themselves, but in copies which he made therefrom. His second reason was that the nature of the films were not of the type sought after by his clientele. But on his own showing he had 90% of the titles on his shelves already and was therefore trading in them, at least to an extent, and such titles were available to those members of the public

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who did not fall within the alleged main source of his custom. In this regard it bears repetition that, as mentioned earlier, certain of the films were "top" films and they were also of the "action" (or "hard") variety which he had earlier said fell within the type of film that the majority of his clients wanted, a statement from which he

subsequently sought to resile when questioned on the fact that some of the films were of this variety by saying that what he had mentioned was the "karate" type of film.

Two final examples of unacceptable evidence given by the first defendant should be mentioned. His claim that, contrary to what was said by Van As and Potgieter, the search warrant was not shown to him and he was not given a copy thereof, is so against the probabilities that it must be rejected as false. Why the first defendant resorted to this evidence is a matter for speculation. The second aspect is his questioning, at a very late stage in his evidence and despite the relevant admissions which had been made on his behalf, whether certain film canvassed with him were in fact included amongst exhibit "I".

It was not argued, and correctly so, that the statements which I have found the first defendant did make, did not justify the inference that the defendants dealt in the films in breach of the plaintiffs' copyright therein. The conduct in question falls squarely within the ambit of the acts which in terms of [section 23](#), read with [section 8](#), of the Copyright Act, constitute infringement of copyright.

In regard to the second leg of the plaintiffs' claim, i.e., that relating to infringement of trade mark, Mr *Cullabine* argued that a finding that the defendants had dealt in the films in breach of the copyright therein, albeit such finding was reached on the basis of the defendants having failed to rebut the presumption provided for in [section 26\(10\)](#) of the Copyright Act, was a finding of fact that could and should operate in respect of the plaintiffs' claim that the defendants had breached the trade marks in the relevant films. He conceded that if the claim had only related to an infringement of trade mark as envisaged in the Trade Mark Act, he would not have been entitled, as far as a finding concerning the relevant facts was in issue, to invoke a presumption contained in a different Act, the Copyright Act. He submitted, however, that it would be illogical and impermissible to act on a particular finding of fact for the purposes of one leg of the claim but to hold that that fact had not been established for the purposes of the other leg of the claim; in other words, because the alleged acts relied upon for both legs of the claim were the same and not severable, a finding thereon for the purposes of the first leg was necessarily also applicable to the second leg. Counsel did not cite any authority for his argument. Mr *Vlok* very properly referred me to a decision which could be invoked to support Mr *Cullabine's* proposition, viz., the judgment of Steenkamp J in *S v Bruhns* [1983 \(4\) SA 580](#) (NC). In that judgment it was held that a conviction of an accused person on a charge of failing to stop his vehicle after having been signalled by a traffic officer to do so in contravention of a provision of the then Road Traffic Ordinance of 1966, which conviction flowed solely from the invoking of a presumption provided for in the Ordinance that the registered owner of a vehicle was the driver thereof at the relevant time, was to be taken into account by the court as a relevant fact in considering whether the accused was guilty on a second charge of driving his vehicle, at the same time and place, at a speed in excess of the limit prescribed in other legislation, viz., the Petroleum Products Act of 1977. However, the report referred to by counsel wrongly reflects that the judgment was that of a full bench concurred in by Erasmus AJP and Basson J. In fact the reported judgment was a minority one. The majority judgment of the other

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two members of the court (*per* Basson J), which was to the contrary effect, is reported in [1984 \(1\) SA 481](#) (NC). Both judgments referred to the earlier decision of the Appellate Division in *S v Khanyapa* [1979 \(1\) SA 824](#) (A) Steenkamp J holding that it was applicable to the matter before him and Basson J holding that it was distinguishable. In *Khanyapa's* case it was held that the conviction of the accused of an assault on his wife, based on her evidence she having been a competent witness against the accused in respect of that charge, was a relevant factor to be taken into account in considering whether the accused was guilty on a second charge of murdering his father-in-law, allegedly committed on the same occasion, notwithstanding that the accused's wife was not a competent witness against the accused in respect of this charge. The essence of the basis on which Basson J distinguished *Khanyapa's* case was that, in his view, it referred to convictions based on actual evidence and not to convictions founded on a presumption which may in the result be fictional convictions.

Insofar as it may be necessary for present purposes I would record that in my respectful view the approach of Basson J in *Bruhns's* case is to be endorsed. However, as shown earlier, the finding that the defendants had not rebutted the presumption and the consequential finding that they had dealt in the films in question was based on evidence and the latter finding would have been reached even in the absence of any presumption against the defendants. Such a finding is, on the evidence, positively made on the second leg of the claim.

I turn now to the relief which the plaintiffs are seeking in these proceedings. It was correctly not disputed that both defendants are liable in respect of whatever relief the plaintiffs are entitled to. *Harnischfeger Corporation and Another v Appleton and Another* [1993 \(4\) SA 479](#) (W).

In my judgment the plaintiffs are entitled to both of the interdicts sought. The defendants infringed the copyright and trade mark rights in question; their denial thereof has been rejected as false; no undertaking that the conduct in question will not be repeated has been forthcoming. In such circumstances, provided that it cannot be said there is no likelihood of a future infringement occurring, an interdict against future infringing conduct is the normal and proper remedy and it is not necessary to invoke the further fact that the defendants on two previous occasions met the demand of the Motion Picture Association of America - based in each case on their possession of a copy of a film - for the payment of a sum of money, which the first defendant in any event sought to explain away. The fact that the first interdict sought in terms refers to infringements of the copyright of the plaintiffs in the specific films which are the subject of this judgment and that all of the offending copies of the films or their trailers have been removed from the possession of the defendants - hence the abandonment of the relief in the form of a delivering up to the plaintiffs of all infringing copies or reproductions thereof - does not preclude the plaintiffs being granted the relief they seek. In the light of the circumstances referred to above I consider that a reasonable apprehension exists that the defendants will again utilise unauthorised copies of the films or their trailers in breach of the plaintiffs' copyright and trade mark rights. My conclusion that the plaintiffs are entitled to the interdicts sought is in accordance with the

dicta in *Performing Right Society Ltd v Berman and Another* [1966 \(2\) SA 355](#) (R) at 357 and the *CCP Record Co* case, referred to below, at 448G.

The plaintiffs are further entitled to damages. The first category of damages in respect of which Mr *Cullabine* sought an order is that referred to in [section 24\(1\)](#) of the Copyright Act which provides that infringements of copyright shall be

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actionable at the suit of the owner of the copyright for such relief in the form of, *inter alia*, damages as would be available in any corresponding proceedings for the infringement of other proprietary rights. [Section 24\(1A\)](#) provides as follows:

"Damages contemplated in subsection (1) may, at the option of the plaintiff, be calculated on the basis of a reasonable royalty which would have been payable under the circumstances by a licensee or sub-licensee in respect of the copyright concerned."

The option referred to in the subsection was exercised by the plaintiffs. It was the initial simple submission of Mr *Cullabine* that the section meant no more and no less than that *in casu* the respective plaintiffs were entitled to damages in the sum of R50 000,00 in respect of each copy of a film the copyright in which formed the subject of the claim of the respective plaintiffs, the said sum having been agreed upon between the parties as representing the minimum figure of the royalty which would have been payable as contemplated in the section. Counsel did not contend that the damages should be fixed with reference to the figure of R70 000,00 being the agreed average royalty which would have been so payable. The argument, however, overlooked the provisions of subsection (1B) which reads as follows:

"In the determination of the amount of damages referred to in subsection (1A) the court shall, in addition to all other material considerations, take the following factors into account:

- (a) the extent and nature of the infringement of copyright;
- and
- (b) the amount which could be payable to the owner in respect of the exercise of copyright by some other person."

In his work, *Handbook of South African Copyright Law*, at 1-47/48, the learned author, Dr Dean, states the following in regard to subsections (1A) and (1B) which were introduced into the Act in 1992:

"In lieu of the erstwhile remedy of an account of profits, the Copyright Amendment Act, 1992, introduced specific reference to a reasonable royalty as a form of compensation to a copyright owner for the misuse of his work, apparently as an alternative to conventional damages which would usually take the form of loss of profits through diminished exploitation of the work by the copyright holder. The payment by an infringer of a reasonable royalty to the copyright owner for the unauthorised use made of his work as a form of compensation arising from copyright infringement is not new in our law. Damages in this form have been awarded by the court in the past in several cases. However, the compensation by way of a reasonable royalty provided for in the amendment has something of a notional character to it. More specifically the amendment provides for a reasonable royalty which *would have been payable under the circumstances* by a licensee or sub-licensee, and that the court, in determining the amount, must take into account the extent and nature of the infringement of copyright and the amount which would be payable in respect of the exercise of copyright by some other person. In other words, the reasonable royalty is not necessarily the actual amount which the infringer would have been required by the copyright owner to pay in respect

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of the exercise of the right in question but rather an amount that a notional licensee could have been required to pay. ..."

After further debate at the Bar Mr *Cullabine* conceded that his initial submission was incorrect and that the proper approach was to read the two subsections together and to adjust whatever figure was arrived at on an application of subsection (1A) in the light of the considerations referred to in subsection (1B). The concession was rightly made. This approach not only accords recognition to the words "calculated on the basis of " in subsection (1B) - which are used in contradistinction to words such as "fixed in a sum equal to" - but also accords a meaning to the provisions of subsection (1B) in the context of both sections read together. A different approach would have the effect of rendering the provisions of the latter subsection *pro non scripto*.

The figure arrived at on an application of the provisions of subsection (1A) is, in terms of the agreement between the parties, the sum of R50 000,00 per film. What adjustment thereof must be effected by reason of the considerations referred to in subsection (1B)? It seems to me that what is required of the Court is essentially the exercise of a value judgment.

In regard to the provisions of paragraph (a) of subsection (1B) the evidence discloses that the conduct of the defendants consisted of their retaining in their possession the infringing copies for the purpose of utilising same to make unauthorised copies to replace copies in their stock-in-trade as and when the latter became damaged and utilising same for that purpose. That was the nature of the infringement. As to the extent thereof the evidence only discloses the extent to which the defendants engaged in the activity of retaining the infringing copies in their possession for the purposes mentioned, viz., the retention of each infringing copy for a period of a month or two. The evidence does not reveal the extent to which the defendants actually implemented that purpose. In my judgment, on an overall conspectus of all the relevant evidence, the extent and nature of the infringement of copyright are not to be overstated.

As to the consideration referred to in subparagraph (b) of subsection (1B) the only evidence before me is that contained in a paragraph in exhibit "I", the statement of the first defendant submitted to the police. Subject to what

has been said earlier in this judgment the first defendant confirmed the correctness of the contents of the statement. Paragraph 11 of the statement records that at the relevant time new and properly authorised copies of films cost approximately R200,00 to R250,00 per copy. That was therefore the amount which could be payable to the owner in respect of the exercise of copyright by the "other person" referred to in subparagraph (b).

Subsection (1B) further enjoins the Court, in assessing the quantum of damages, to take into account, in addition to the matters referred to in subparagraphs (a) and (b) "all other material considerations". Subject to what is said later in this judgment it is not necessary for me to discuss what factors would or could fall within the ambit of this phrase; counsel presented no argument thereon.

In the exercise of the value judgment which I am enjoined to do in this matter I am faced with the difficulty of where to draw the line between the figures of R200,00/R250,00 (being the figure *in casu* envisaged in subparagraph (b) of subsection (1B)) and the figure of R50 000,00 (being the figure *in casu* envisaged in subsection (1A)). On a conspectus of all the relevant circumstances and in particular the somewhat limited scope of the extent and nature of the infringement

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of copyright in respect of each relevant film and of the inroad into the licensee's rights in respect of the marketing of the film, I have come to the conclusion that a figure of R1 500,00 in respect of each film would be fair and reasonable. I place on record the confession that the fixing of the award in this figure is characterised by a measure of arbitrariness; it is a matter of assessment rather than computation.

The other damages claimed are those envisaged in [section 24\(3\)](#) of the Copyright Act. The section reads as follows:

"Where in an action under this section an infringement of copyright is proved or admitted, and the court having regard, in addition to all other material considerations, to-

- (a) the flagrancy of the infringement; and
- (b) any benefit shown to have accrued to the defendant by reason of the infringement,

is satisfied that effective relief would not otherwise be available to the plaintiff, the court shall in assessing damages for the infringement have power to award such additional damages as the court may deem fit."

Mr *Cullabine*, advertent to the fact that in terms of [section 27\(6\)\(a\)](#) of the Act a person convicted of infringing copyright in an article is, in the case of a first conviction, liable to a fine not exceeding R5 000,00 or to imprisonment for a period not exceeding three years, or to both such fine and imprisonment, for each article to which the offence relates, adopted the stance that an appropriate award in respect of each offending film or trailer would be in the sum of R5 000,00. It was his submission that such an award was justified by reason of the following considerations which he contended were present:

- (a) the conduct in question of the defendants in infringing the copyright of the plaintiffs had indeed been flagrant;
- (b) a benefit, albeit unquantified, must have accrued to the defendants in consequence of their infringing conduct;
- (c) by reason of the evil done in the video cassette industry by large scale piracy (testimony concerning which was given by a number of witnesses including testimony that an estimated 15% of the total annual countrywide turnover in the industry constituted pirate turnover involving many millions of rands - evidence which was not disputed by the first defendant who himself spoke of the evil of piracy and registered his strong objection thereto) there was a need to effect a deterrence thereof by way of such an award;
- (d) effective relief would not otherwise be available to the plaintiffs.

The approach of the courts to an application for an award of damages in terms of [section 24\(3\)](#) has not been harmonious. In *South African Music Rights Organisation Ltd v Trust Butchers (Pty) Ltd* [1978 \(1\) SA 1052](#) (E), which concerned an infringement of copyright in certain musical works by way of playing a radio in a butchery shop, Addleson J had to consider an application for an award of "exemplary" or "penal" damages under section 18(3) of the Copyright Act of 1965 (the precursor of [section 24\(3\)](#) of the present Act). He held as follows (see 1057H *et seq.*): Such damages could not be awarded under section 18(3)(b) since it had not been "shown" that any benefit had accrued to the defendant, by reason of the infringement, on which such damages could be calculated. Difficulties in

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the way of making such an award under section 18(3)(a) by reason of the alleged flagrancy of the infringement were the following: Firstly, such additional damages were only permissible if the court were satisfied "that effective relief would not otherwise be available to the plaintiff". The award to the plaintiff of the actual pecuniary loss it had suffered together with the grant of an interdict did in fact accord effective relief. Secondly, no yardstick was available by which such damages could be assessed and although it was suggested by Copeling (*Copyright Law*) that the amount to be awarded was entirely in the court's discretion he could not simply pluck a figure out of the air without some basis on which to assess it. Thirdly, although the defendant's conduct was open to criticism it did not seem to be comparable to the type of conduct referred to in English cases or by the English writers as a "flagrancy" deserving of a special award of exemplary damages. The case was accordingly not an appropriate one for an award of damages beyond the normal ambit of compensation for pecuniary loss.

In *Priority Records (Pty) Ltd v Ban-Nab Radio and TV; Gramophone Record (Pty) Ltd v Ban-Nab Radio and TV* [1988 \(2\) SA 281](#) (D) it was found that the defendant had breached the copyright of the respective plaintiffs by

unlawfully selling two audio cassettes. On the interpretation of [section 24\(3\)](#), Page J held as follows: The section appears to have been intended to provide a substitute for the aggravated or exemplary damages available under the English common law. It does not, however, empower the court to award any form of damages unrecognised by South African common law. What is empowered is the award of additional damages when the court is of the view that the remedies afforded by [section 24\(1\)](#) - now to include [sections 24\(1A\)](#) and [\(1B\)](#) - or any other provision of the law are insufficient to recompense him adequately for all the damage, into whatsoever legal category it may fall (i.e., whether under *the actio iniuriarum* or any other remedy recognised by our law) occasioned by the infringement. This approach is in accordance with the English law as appears from the following passage in Copinger and Skone James, *Copyright*, 12th ed, paragraph 644 at 272-273:

"The section is directed to providing effective relief for the plaintiff. If, for example, effective relief is available to the plaintiff in respect of another cause of action, such as libel or breach of confidence, relief may not be given by an award of additional damages for infringement of copyright. It is thought that damages under this section might be appropriate where a defendant adopts a policy of continual infringement, but an injunction is not an appropriate remedy because the defendant reproduces different material on each occasion. Additional damages may also be awarded where the conduct of the defendant has been deceitful or treacherous, thereby obtaining benefits for himself and inflicting on the plaintiff humiliation for which it is difficult to compensate. Flagrancy implies scandalous conduct, deceit including deliberate and calculated infringement where a defendant reaps a pecuniary advantage in excess of the damages which he would otherwise have to pay. Other relevant considerations are the defendant's general conduct with regard to the infringement and his motives for it, the plaintiff's corresponding behaviour, the injury to the plaintiff's feelings and the indignities and distress he has suffered and the defendant's lack of regret for the hurt and humiliation he has inflicted on the plaintiff. ... The subsection is a comprehensive code for additional damages in

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that there is no place for the award of aggravated, exemplary or punitive damages outside that subsection."

The judgment continues as follows at 294A to I:

"In support of his invocation of the section, counsel for the plaintiffs has submitted that the Court should infer from the readiness with which the infringing copies were produced that they were part of a larger stock and indicated that the defendant was pursuing a deliberate and calculated course of infringement for monetary gain. It was further submitted that although the paucity of evidence prevented the plaintiffs from proving the extent of such gain, it could be inferred that it was considerable. It should also be found, in the light of the evidence of Mr Ellis, that the harm resulting to the plaintiffs as members of the trade from the defendant's conduct was considerable and far transcended that flowing from the sale of exhs 1 and 2. The Court should accordingly find (so the argument ran) that effective relief would not be available to the plaintiffs in the absence of an order under [s 24\(3\)](#).

I have difficulty in accepting the factual basis of this argument. There is nothing in the evidence to justify the conclusion that the particular infringements complained of were extensive or of long duration or that the defendant derived great financial benefit from those infringements. The making of the copies of the particular musical recordings in issue could well have been an isolated incident and the probability that the defendant was also infringing other copyright material does not alter the position, since it is the effectiveness of the relief for the particular infringement to which the action relates which the section has in mind. I am unpersuaded that an order for an interdict, the actual damages and costs would not constitute effective relief in respect of that infringement.

There is, furthermore, no evidence to justify the conclusion that the infringements proved were "flagrant" within the meaning of the section or that the defendant derived any great financial benefit from them.

It was submitted by counsel for the plaintiffs that the prevalence of this type of infringement, the ease with which it can be committed, the difficulty experienced in detecting it, the enormous cumulative damage which it inflicts upon the industry and the virtual impossibility of proving and recovering the damages suffered, all constituted circumstances which justified the Court in making an exemplary or punitive award of damages so as to deter not only the defendant but also other potential infringers from such conduct. I do not, however, consider it justifiable to visit the sins of other infringers upon the head of this defendant because he has been unfortunate enough to be caught whilst others have not. Furthermore, the Act makes provision for criminal sanctions which could have been invoked against the defendant and which make provision for substantial penalties which should in themselves prove an adequate deterrent."

CCP Record Co (Pty) Ltd v Avalon Record Centre [1989 \(1\) SA 445](#) (C) was also a case which concerned the unlawful sale, in breach of the plaintiff's copyright, of an audio cassette. At 449C *et seq.* Conradie J gave consideration to the effect of [section 24\(3\)](#). The views which he expressed are as follows: While it is to be acknowledged that the reference in the section to an absence of "effective relief" could forcefully found the argument that, for the provisions of the section to operate, another cause of action (but an "ineffective" one) must be shown to exist (even if it is not pursued) in which event the award of "additional damages"

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would be supplementary to ordinary damages (as indeed the expression itself suggests), it is to be doubted whether one should conclude from that alone that where relief by way of the *actio legis Aquiliae* and the *actio iniuriarum* is not competent, the plaintiff may not be awarded "additional damages". Actions for damages are seldom ineffective where the plaintiff is able to show that he has suffered some (patrimonial or non-patrimonial) damage, the court being obliged to do the best it can in the assessment of damages on the material placed before it provided that the plaintiff has adduced all the evidence that could reasonably be expected of him.

Accordingly, the scope for an award of additional damages of a kind which have actually been suffered but cannot be proved must, if it exists at all, be small bearing in mind that damages for breach of copyright are said to be "at large". Accordingly, the words "effective" and "additional" in the section must not cause the court to lose sight of the fact that, by making benefit to a defendant and flagrancy criteria for an award of damages, the section not merely augments existing delictual remedies by widening the power of the court to award damages, but

introduces relief where no cause of action for relief had existed before. Additional damages are therefore damages of a kind which would not, but for the provisions of [section 24\(3\)](#), be recoverable at all, either because they are unprovable (and the scope for finding damages unprovable in our law is small) or because, other than in [section 24\(3\)](#) no cause of action for their recovery exists. [Section 24\(3\)](#) accords the court a wide discretion in awarding such damages, limited only by the consideration that the money which the defendant is made to pay must go to providing relief for the plaintiff and the defendant may not simply be fined. Because of imported confusion and controversy surrounding the terms "punitive" and "exemplary" it is not helpful to apply those terms to the "additional damages" envisaged in [section 24\(3\)](#). In English law the Copyright Act (which is the same as ours) envisages purely compensatory damages, including aggravated compensatory damages (which the plaintiff is fairly entitled to receive) which should be contradistinguished from punitive or exemplary damages (which the defendant ought to be made to pay as punishment for outrageous conduct). In cases where it is appropriate for [section 24\(3\)](#) to be invoked the court should seek, by an award of damages, to do what is fair having regard thereto that the defendant's punishment is also the plaintiff's relief. Where no particular benefit is shown to have accrued to the infringer the award of additional damages would seek to relieve the kind of hurt to a plaintiff which cannot, *ex hypothesi*, be compensated otherwise, or to give him an advantage which the law would not otherwise give him. An example would be the case where an interdict is ineffective and the award of additional damages may serve to deter repetition of the infringement by the infringer or others. The remark of Addleson J in the *Trust Butchers* case that he could not "simply pluck a figure out of the air without some basis on which to assess it" was *obiter* because it was found that there was no flagrancy of a kind deserving an award of exemplary damages. The phrase "other material considerations" in the section is to be taken into account only insofar as such other considerations bear on the concepts of flagrancy and benefit to the defendant in that it is not possible to think of any "other consideration" apart from the two concepts referred to which would justify an award of exemplary (*sic*) damages.

On the facts of the case Conradie J held that the benefit that accrued to the defendant was limited to the few rands it received from the sale of the offending tape. The plaintiff, having withdrawn its claim for an interdict, could not claim

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additional damages as a deterrent as there was nothing to indicate that an interdict, if granted, would not have been effective. He held, however, that the defendant's conduct had been flagrant and that an award of additional damages was accordingly justified, even although there was no proof that such damages had in fact been sustained. In this regard the judgment proceeds as follows at 451I to 453A:

"In *Nichols Advanced Vehicle Systems Incorporated and Others v Rees Oliver and Others* (1979) RPC 127 elements of deceit and treachery, and the infliction of humiliation on the plaintiff linked with the obtaining of an unconscionable advantage by the infringer were held to make the infringement flagrant.

Deceit, including deliberate and calculated infringement linked with a pecuniary advantage in excess of the damages which the infringer would have had to pay had it not been for the additional damages provision, was, in *Ravenscroft v Herbert and Another* (1980) RPC 193 at 208 held to constitute flagrant conduct.

Both the *Nichols Advanced Vehicle Systems* and *Ravenscroft* cases *supra* described an invasion of another's copyright as flagrant if it is scandalously dishonest.

In casu, I consider that the invasion of copyright was scandalously dishonest. The defendant was a trader in records, including the plaintiff's records. The scope for infringement by such a trader is huge, and the harm, not only to the plaintiff, but to the artists with whom it contracts, and ultimately to the recording industry, may be great. I think that there is a strong moral duty on a retailer of any product which is vulnerable to piracy to avoid exploiting a supplier of copyright material who has entrusted such material to him in the expectation that it will be sold for the benefit of both of them. A copyright infringement of this kind is easy to perpetrate and difficult to detect. A single work may be reproduced almost endlessly and at insignificant cost to the reproducer. The profits of the unlawful conduct are enormous.

My impression from the evidence of what occurred in the shop when the recording was made is that the defendant treated the plaintiff's rights contemptuously. The impression is fortified by the defendant's subsequent conduct in denying the infringement when it must have known that it would not dare put the person alleged to be responsible for the infringement on the witness stand. The defendant, moreover, until the morning of the second day of the trial, refused to even acknowledge the existence of the copyright or the plaintiff's ownership, although it must have been manifest to the defendant from the facts deposed to in the interim application that the plaintiff had made out a clear case of subsisting copyright of which the ownership vested in it.

In the defendant's favour I think I should stress that the purchase was a so-called trap-purchase. This means that the defendant was, if not instigated, then prompted to make the copy. He was given to understand that the customer could not afford to buy the records; he may, in a weak moment, have succumbed to the temptation of not losing a sale.

In deciding whether to award additional damages on the ground of flagrancy alone, I have had regard to the fact that the infringement, although flagrant, was not shown to have been repeated. Although it probably caused the plaintiff annoyance, it could hardly have caused any of its officers distress. The plaintiff was, of course, put to considerable trouble and expense. It complained to the Association of the South African Phonographic Industry. Its

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work schedule was disrupted when its officers had to consult, consider papers and attend Court. It incurred costs which it will not recover under the tariff. I am sure that the plaintiff would not have bothered about the infringement if it had not been so flagrant, if it had not been an infringement by a dealer under circumstances where the potential harm was significant. The flagrancy of the infringement was the direct result of the actions taken to stop it.

I accordingly consider that an award of additional damages ought to be made. I think that an amount of R3 000 is in the circumstances neither too small nor too large."

It is to be noted that it is clear from the report that Conradie J was not made aware of the judgment in the *Ban-Nab* case before he delivered his judgment.

In an article titled "Additional Damages and [Section 24\(3\)](#) of the Copyright Act", appearing in the 1989 *South African Law Journal* (volume 106) at 467, VVW Duba, a senior lecturer in law at the University of Fort Hare, subjects the judgment in the *CCP Record* case to criticism. The criticism is in essence of a two-fold nature. He suggests, firstly, that it is unfortunate that Conradie J declined to call the additional damages envisaged in [section 24\(3\)](#) "exemplary" or "punitive" damages. These terms, he points out, are not unknown in South African law and awards for, e.g., defamation, often include an element of exemplary damages where the defendant's conduct warrants such censure. Secondly, he joins issue with the approach of Conradie J in granting additional damages in a case where actual damage (even if it not be susceptible of precise quantification) has in fact not been proved. He argues that a prerequisite for an award of damages is proof of damage, in respect of which the plaintiff bears the onus. His views are summed up in the following passage:

"One can only advise that, in future the award of additional damages made in terms of [s 24\(3\)](#) of the Copyright Act should be treated as a South African form of what the English courts refer to as exemplary or punitive damages; before such an award may be made, however, there must be adequate proof of the existence of a cause of action and also of harm sustained by the defendant - thereby preventing the courts from making awards under [s 24\(3\)](#) in cases where the plaintiff has failed altogether to establish damage."

In my judgment the principles applicable to the interpretation of [section 24\(3\)](#) are the following:

(1) Additional damages as envisaged in the section may only be awarded by the court when, firstly, the plaintiff already has a cause of action for relief *dehors* the provisions of the section and, secondly, such relief cannot effectively be obtained by the plaintiff. I consider that such an approach was implicit in the judgment in the *Trust Butchers* case where Addleson J recorded that one of the reasons why he could not award additional damages was that the award to the plaintiff of his actual pecuniary loss and the grant of an interdict had in fact accorded the plaintiff effective relief. (The circumstance that Addleson J was in the context dealing only with a claim for additional damages based on the alleged flagrancy of the infringing conduct does not qualify the ambit of his approach.) Mr *Cullabine* submitted that the decision in this case was wrong and that the approach in the *CCP Record* case was preferable. I am, however, bound by the decision in the *Trust Butchers* case unless I am convinced that it is wrong. I am not so convinced; on the contrary I am persuaded that it is correct. The phrase "effective relief would not otherwise be available to the plaintiff" refers

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in my view, to relief to which the plaintiff is entitled - i.e., he has a valid cause of action in respect thereof - but cannot effectively avail himself of such relief. I further therefore agree, with respect, with the approach of Page J in the *Ban-Nab Radio* case that the court is not empowered to award any form of damages not otherwise recognised in our law, but is empowered to supplement the remedies provided for in subsections (1), (1A) and (1B) where those remedies are insufficient to recompense the plaintiff adequately for all the damage, whatever the legal categorisation thereof, occasioned to him by the infringement and that the manner in which it would do so is by awarding exemplary damages. This approach is in accordance with what is advocated by Duba in the article referred to above the reasoning behind which commends itself for acceptance. I would comment that the factors referred to in the section to which the Court must have regard in determining whether effective relief would not otherwise be available to the plaintiff are all factors which could found an award of exemplary damages. Insofar as the reasoning of Conradie J in the *CCP Record Co* case is contrary to the above approach I am, with respect, unable to align myself therewith. In particular, for the reasons stated above, I do not agree that the intention of the legislature, in enacting [section 24\(3\)](#), was to create a new cause of action in addition to, and as opposed to augmenting, any remedies which are already available to the plaintiff.

(2) In determining whether it may be satisfied that effective relief would not otherwise be available to the plaintiff the Court will have regard not only to the flagrancy of the infringement and any benefit shown to have accrued to the defendant, but also to all other relevant considerations. The wording of the section makes it clear, in my view, that the legislature drew a distinction between the first two considerations referred to above and "all other relevant considerations". I accordingly, again with respect, am unable to agree with the approach of Conradie J that the phrase "other material considerations" in the section is to be taken into account only insofar as such other considerations bear on the concepts of flagrancy and benefit to the defendant. That approach would require the unattractive, indeed unwarranted, finding that the words "all other material considerations" are to be interpreted *eiusdem generis* with the words that follow or even *pro non scripto*. Nor do I agree that it is not possible to conceive of any other considerations apart from the two concepts referred to above which could justify an award of exemplary damages. See in this regard the passage from Copinger and Skone James quoted earlier when the judgment in the *Ban-Nab Radio* case was being analysed. A further consideration which springs to mind is extreme difficulty in quantifying the damage sustained, notwithstanding, as Conradie J pointed out, that a court is enjoined, when faced with a damages claim, to do the best it can on the material placed before it provided that no blame attaches to the claimant in respect of the failure to adduce evidence available.

(3) A consideration which is not relevant in the enquiry whether "effective relief which would not otherwise be available to the plaintiff" is the need to deter not only the particular defendant from infringing conduct but also other potential infringers. That there is such a need arises from the prevalence of instances of infringement, the ease with which it can be committed, the difficulty experienced in detecting it, the enormous cumulative effect which it inflicts upon the industry and the difficulty in proving and recovering damages. However, I am in respectful agreement with the views expressed in this regard

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by Page J in the *Ban-Nab Radio* case, viz., that it is not justifiable to visit on the defendant the sins of other infringers who have not been caught and that, moreover, the Act makes provision for substantial criminal sanctions which should serve the purpose of adequate deterrence. Punishment of a particular defendant by way of an award of exemplary damages is not the vehicle whereby that purpose is to be achieved. The contrary *dicta* by Conradi J in the *CCP Radio Co* case are, respectfully, not endorsed.

(4) The fact that there is no yardstick by which the additional damages are to be assessed on the grounds of the flagrancy of the infringement of copyright is no bar to the award of damages. The Court is required to exercise a value judgment in the matter. The perception of Addleson J in the *Trust Butchers* case that this was a difficulty in the way of making an award on the ground of flagrancy was expressed *obiter*, did not receive endorsement in the two later cases referred to above and, with respect, evinced a wrong approach.

The question to be answered in the present matter is whether the plaintiffs have in fact been accorded effective relief or whether, by reason of the factors referred to in [section 24\(3\)](#), such effective relief is not available to them. A distinction must be drawn between the copies of the films and the copies of the trailers. In the case of the former the plaintiffs have not only been granted an interdict but have also been awarded damages. It was not suggested during argument that any expenses which the plaintiffs may have incurred in respect of investigations undertaken to ascertain whether the defendants had in fact infringed the copyright in question should found an award of additional damages. The grant of the interdict and the award of damages in my view adequately meet all the exigencies of the matter, including recognition of the considerations referred to in [section 24\(3\)](#), and the plaintiffs have therefore received the full relief to which they are entitled. The plaintiffs have accordingly not made out a case for the award of additional damages in respect of the defendant's infringement of their copyright in the respective films.

The trailers stand on a different footing. The defendants infringed the respective plaintiffs' copyright in the films of which the trailers are substantial parts. The establishment of the damage occasioned thereby as envisaged in [section 24\(1\)](#) would be an extremely difficult, if not impossible, task. The already difficult task of applying the provisions of subsection (1A) and (1B) would be further bedevilled by the circumstances that it is not copies of the films themselves but copies of trailers thereof that are involved and that the evidence does not disclose what amount, if any, would be paid for authorisation to use the trailer. Proof of the plaintiffs' damage would accordingly at best have been an extremely problematical exercise. Effective relief in respect of the infringement of the copyright in the films has, on that ground alone, been shown to be not available to the plaintiffs and the plaintiffs are therefore entitled to an award of additional damages. Can the plaintiffs rely in addition on the two features referred to in subparagraphs (a) and (b) of [subsection 24\(3\)](#)? The answer in respect of the second subparagraph must be in the negative. There is no evidence as to what benefit accrued to the defendants by reason of their nefarious use of the offending trailers. The question must, however, be answered affirmatively in relation to the consideration referred to in subparagraph (a), i.e., that of the flagrancy of the infringement and it may fairly be said that this consideration increased the damages to which the plaintiffs otherwise were entitled. As to what constitutes flagrancy reference may be had to the relevant *dicta* in the

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authorities analysed earlier. An application of those *dicta* to the present matter results in a finding that flagrancy must be attributed to the defendants. The conduct of the defendants fairly attracts the epithets of deceitful and scandalously dishonest. The defendants were from the outset fully aware that the cassette tapes in question contained unlawful material including such trailers as there may have been on the tapes. They were aware of the odiousness of piracy in the video film industry. Their conduct was deliberate and calculated and was motivated by monetary gain. The defendants have given no indication of regret or remorse for their conduct. On the other hand there can be no talk of their actions having occasioned the plaintiffs distress or humiliation, as opposed to annoyance, and the conduct in question related, after all, only to trailers which were manifestly not the main item traded in, i.e., the films, and had, as it were, merely been tacked onto the films and they would not have served to enhance the viewing attractiveness of the tapes to any marked degree. Furthermore, it may be repeated, the conduct was persisted in only for a relatively short period. These last features, in my view, dictate that the additional damages awarded be circumscribed in extent. The amount I fix in respect of each trailer is the sum of R200,00.

The remaining issue is that of costs. It was agreed that the sixth plaintiff, which did not proceed with its claims, should be ordered to pay the defendants' costs incurred in the action instituted by it up and until the date on which the actions were consolidated. Mr *Vlok* realistically did not seek any further order in respect of the costs of the sixth plaintiff's action as from the date of consolidation. Mr *Vlok* did, however, raise a further contention. He submitted that the costs had been unnecessarily inflated by reason of the plaintiffs having initially instituted separate actions. Pointing to the circumstance that to a substantial extent the factual evidence on which the respective plaintiffs' cases were founded was identical and that the same issues of law arose in each case he argued that no sufficient reason existed why a single composite action should not have been instituted in the first place, a course which would have circumscribed the costs by avoiding unnecessary duplication of pleadings. Adverting thereto that the factors relied upon by Mr *Vlok* were in fact the basis on which consolidation of the action was subsequently sought and granted Mr *Cullabine* was constrained to concede the validity of the point taken by Mr *Vlok*.

In the result the following orders will issue:

(1) The defendants are interdicted and restrained from infringing the respective plaintiffs' copyright in the films which are the subject of this judgment by doing or causing or authorising in relation thereto any of the relevant acts referred to in [section 23](#) read with [section 8](#) of the Copyright Act, No. 98 of 1978.

(2) The defendants are interdicted and restrained from doing any act infringing the trade mark(s) of the respective plaintiffs which are the subject of this judgment.

(3) Judgment is granted as set out below in favour of, respectively, the first, second, third, fourth, fifth, seventh, eighth and ninth plaintiffs against the defendants jointly and severally, the one paying the other to be absolved.

(a) First plaintiff: payment of the sum of R400,00 as and for additional damages;

(b) Second plaintiff: payment of the sum of R4 500,00 as and for damages and the sum of R1 800,00 as and for additional damages;

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(c) Third plaintiff: payment of the sum of R4 500,00 as and for damages and the sum of R400,00 as and for additional damages;

(d) Fourth plaintiff: payment of the sum of R10 500,00 as and for damages and the sum of R2 800,00 as and for additional damages;

(e) Fifth plaintiff: payment of the sum of R12 000,00 as and for damages and the sum of R2 000,00 as and for additional damages;

(f) Seventh plaintiff: payment of the sum of R4 500,00 as and for damages and the sum of R1 400,00 as and for additional damages;

(g) Eighth plaintiff: payment of the sum of R15 000,00 as and for damages and the sum of R1 600,00 as and for additional damages;

(h) Ninth plaintiff: payment of the sum of R600,00 as and for additional damages;

(i) Payment of interest in each case on the sums set out above calculated as from today's date to the date of payment.

(j) (i) Payment of the costs of suit; provided that the costs of suit shall be restricted to such costs as would have been incurred had the plaintiffs initially instituted a single composite action in respect of the relief claimed in their separate actions;

(ii) Payment of interest on the taxed costs calculated as from the date of taxation to the date of payment.

(4) The costs of the action instituted by the sixth plaintiff up and until the date of consolidation of the actions, together with interest thereon calculated from the date of taxation to the date of payment, shall be paid by the sixth plaintiff.

For the plaintiffs:

JN Cullabine instructed by *Loon and Connellan Inc*, Port Elizabeth

For the defendants:

A Vlok of Brown, Braude en Vlok Ingelyf, Port Elizabeth

Footnotes

1 The full text of which is reproduced on p 603-Eds.

2 The full text of which is reproduced on p 605-Eds.