

**Nel and another v Ladismith Co-Operative Wine Makers and Distillers Limited**  
**[2000] 3 All SA 367 (C?)**

**Division:** Cape of Good Hope Provincial Division  
**Date:** 31 May 2000  
**Case No:** 5320/99  
**Before:** Comrie J  
**Sourced by:** C Webster  
**Summarised by:** D Harris

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*[1] Intellectual property law - Patents and trademarks - Copyright - Infringement of.*

*[2] Intellectual property law - Patents and trademarks - Copyright - Whether an adaptation to an original work results in the elimination of any originality therein - Correct approach is to determine whether the original work had sufficient originality to constitute work deserving of copyright protection, and if so, whether the disputed work constitutes an adaptation of the original.*

*[3] Intellectual property law - Patents and trademarks - Copyright - Whether an adaptation to an original work results in the elimination of any originality therein - Definition of adaptation.*

*[4] Intellectual property law - Patents and trademarks - Copyright - Wine-bottle labels - To the extent that label may amount to drawings, they may be regarded as artistic works as defined in [section 1](#) of the Copyright Act [98 of 1978](#).*

### **Editor's Summary**

In dispute *in casu* was the Respondent's use of wine bottle labels developed by the First Applicant. The relief sought by the Applicants related to the alleged infringements of copyright relating to the labels, and to the alleged passing off with regard to the labels. The label in contention was developed for purposes of a marketing contract concluded with the Respondent, but although the contract had come to an end, the Respondent continued to use the label with very minor alterations thereto. It was the Applicants' case that the label constituted an original artistic work, the copyright of which vested in the First Applicant as author. Therefore, it was argued, the Respondent's use of the adapted label after termination of the contract between the parties was unauthorised.

**Held** - Labels, such as that in issue, may amount to drawings, and therefore artistic works as defined in [section 1](#) of the Copyright Act [98 of 1978](#) ("the Act"). In response to the Applicants' argument, the Respondent contended that after the adaptation of the label, there was no originality therein. However, the Court held that the correct approach was to enquire into whether the original label developed by the First Respondent had sufficient originality to constitute an artistic work deserving of copyright protection. If this was so, then the second enquiry would be into whether the label in use by the Respondent constituted an adaptation of the original label. On the evidence, the Court felt obliged to find that the original label designed by the First Applicant was and remained an original artistic work, the copyright in which vested in the First Applicant.

An adaptation of an artistic work, in terms of [section 1](#) of the Act, includes a transformation of the work so that the original features thereof remain recognisable. An examination of the adapted label being used by the Respondent showed that

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the substantial features of the original label remain recognisable in the disputed version. That version was accordingly found to be an adaptation of the original, and therefore enjoyed copyright protection.

Such copyright in the disputed label vested in the First Applicant unless he had in some way parted with his rights in favour of the respondent. The Respondent relied upon [section 21\(1\)](#) of the Act in this regard. The said section provides that where a work is made in the course of the author's employment by another person under a contract of service or apprenticeship, that other person shall be the owner of copyright in the work. The Applicants submitted that the contract referred to was a contract of service (*locatio conductio operarum*) and not a contract for work (*locatio conductio operis*). The Court agreed with this submission, whereupon the Respondent attempted to analyse the contract between the parties in detail in order to show that it was one of service. It was emphasised that the Court would be primarily influenced by the actual contract which was before it, rather than by what the parties tried to call it. The contract was seen to bear all the hallmarks of a contract for work, with the Applicants acting as independent contractors. This being the case, copyright vested in the First Applicant unless there was an agreement to the contrary as contemplated in [section 21\(1\)\(e\)](#) of the Act. According to the Respondent such an agreement whereby copyright would pass to the Respondent did exist. In this regard, it held that it was implicit in the parties' conduct and agreement that the Respondent would have the right to continue using the label on termination of the agreement, and that copyright therein would vest in the Respondent. The contract in question showed that there was no express agreement regarding the rights to the label after termination of the contract. The respondent was therefore relying on an implied or tacit term. The Court applied the test used to establish the existence of tacit contractual terms, by taking the facts at their most favourable to the Respondent. It was found that the requisite element of necessity was lacking, as there was no compelling reason for business efficacy, for the Applicants to have agreed to the terms alleged by the Respondent. The Court therefore held against the

Respondent on this score. In the premises, the Respondent was interdicted from infringing the First Applicant's copyright in the label in question.

## Notes

For Intellectual Property Law see *LAWSA Reissue* (Vol 20(1), paras 55 - 91)

## Cases referred to in judgment

("C" means confirmed; "D" means distinguished; "F" means followed and "R" means reversed. **HN** refers to corresponding headnote number.)

*Econostat (Pty) Ltd v Lambrecht and another* 89 JOC (W)

*Fax Directories (Pty) Ltd v SA Fax Listings CC* [1990 \(2\) SA 164](#) (D)

*Frank & Hirsch (Pty) Ltd v A Roopanand Brothers (Pty) Ltd* [1993 \(4\) SA 279](#) (A)

*Gibbins v Williams, Muller, Wright & Mostert Ingelyf en andere* [1987 \(2\) SA 82](#) (T)

*Marais v Bezuidenhout* [1999 \(3\) SA 988](#) (W)

*Rodrigues and others v Alves and others* [1978 \(4\) SA 834](#) (A)

*Smit v Workmen's Compensation Commissioner* [1979 \(1\) SA 51](#) (A)

*Strydom v Duvenhage NO en 'n ander* [\[1998\] 4 All SA 492](#) (A)

*Waylite Diaries CC v First National Bank Ltd* [1993 \(2\) SA 128](#) (W)

*Waylite Diary CC v First National Bank Ltd* [1995 \(1\) SA 645](#) (A)

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## Judgment

### COMRIE J

The applicants seek interdictory and ancillary relief in respect of: (a) alleged infringements of copyright relating to labels on plastic wine bottles; and (b) alleged passing-off in relation to the same labels. The relief is sought in the alternative.

It is not disputed that the first applicant developed Annexure A which was the precursor to the label now in use, Annexure F. It is also not disputed that the first applicant developed the present label (see Annexures E and F) for the purposes of the marketing contract which he and his son and partner, the second applicant, concluded with the respondent. That contract is Annexure B and I shall come to it later. It is further not disputed that the respondent continues to use the label in its Annexure F form although the foregoing contract has come to an end.

Apart from the change in the so-called A number (from A214 to A84), which is required by legislation to be incorporated, all that the first applicant did when producing Annexure F was to omit the word "Sondela" from Annexure A. Otherwise the labels are identical: the same layout, the same bold colours, and the same style and size of print for the words "Late Harvest". Naturally, the first applicant claims no copyright in those words as such, but only when they appear in the get-up (if I may so call it) of Annexures A and F. The case for the first applicant is that Annexure A constituted an original artistic work in terms of the Copyright Act [98 of 1978](#), the copyright in which vested in him as its author; and that Annexure F constituted an adaptation thereof, the use of which by the respondent after the end of the contract was and remains unauthorised.

It is clear that labels, such as those now in contention, can amount to "drawings" and thus can amount to "artistic works"; see the definitions in [section 1](#) of Act [98 of 1978](#). See too *Frank & Hirsch (Pty) Ltd v A Roopanand Brothers (Pty) Ltd* [1993 \(4\) SA 279](#) (A) at 288B-D, and the cases there cited. That proposition was not contested by Mr Vos, who appeared for the respondent. He submitted, however, that whatever one might think of Annexure A, there was no originality in its successor, Annexure F, after the word "Sondela" had been removed. He analysed Annexure F, as though it was an original work, in order to demonstrate his submission. That seems to me, however, not to be the correct approach on the facts of the present case. The correct approach in my view is first to enquire whether Annexure A has sufficient originality (not meaning artistic quality) to constitute an artistic work deserving of copyright protection (as to which I was referred to *Waylite Diary CC v First National Bank Ltd* [1995 \(1\) SA 645](#) (A); *Waylite Diaries CC v First National Bank Ltd* [1993 \(2\) SA 128](#) (W); and if so, to enquire secondly whether Annexure F constitutes an adaptation of Annexure A. Approaching the matter along these lines, I should mention that there is no evidence, in particular from the respondent, that anyone had designed or used the same or a similar label prior to the development of Annexure A. In my opinion that label required some special skill and labour to create and the result was most distinctive. I do not see why a particular configuration of colours (eg the national flag) should be incapable in principle of such originality as will sustain copyright. I hold therefore that Annexure A was and is an original artistic work, the copyright in which vested and still vests in the first applicant. The respondent has made it clear, without conceding the foregoing, that it asserts no rights to Annexure A.

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An "adaptation" ([section 1](#)) in relation to an artistic work "includes a transformation of the work in such a manner that the original or substantial features thereof remain recognisable". I have already described the differences

between Annexures A and F. It is plain to me that substantial features of A remain recognisable in F. As I have said, all that is missing is the word "Sondela" and all that is changed is the substitution of one A number for another. I am satisfied that F is an adaptation of A. As such F enjoys copyright protection, see [section 7\(a\)](#), [\(e\)](#) and [\(f\)](#).

Mr Vos argued that the respondent was the joint author, with the first applicant, of Annexure F. The first respondent's contribution, he said, was to specify the substituted A number (a legal requirement) and its position on the label (the same as before). I do not regard this slight contribution as having been in any way significant; and I do not think that the respondent on this account qualifies as a joint author, or that Annexure F qualifies as a "work of joint authorship" ([section 1](#)).

It follows in my view that the first applicant's copyright in Annexure A extends to Annexure F ([section 7](#)) unless he has in some way parted with his rights in favour of the respondent. The relevant section is [section 21\(1\)](#) of the statute, which deals with ownership of copyright:

- "21 (1) (a) Subject to the provisions of this section, the ownership of any copyright conferred by [section 3](#) or [4](#) on any work shall vest in the author or, in the case of a work of joint authorship, in the co-authors of the work.
- (b) Where a literary or artistic work is made by an author in the course of his employment by the proprietor of a newspaper, magazine or similar periodical under a contract of service or apprenticeship, and is so made for the purpose of publication in a newspaper, magazine or similar periodical, the said proprietor shall be the owner of the copyright in the work in so far as the copyright relates to publication of the work in any newspaper, magazine or similar periodical or to reproduction of the work for the purpose of its being so published, but in all other respects the author shall be the owner of any copyright subsisting in the work by virtue of [sections 3](#) or [4](#).
- (c) Where a person commissions the taking of a photograph, the painting or drawing of a portrait, the making of a gravure, the making of a cinematograph film or the making of a sound recording and pays or agrees to pay for it in money or money's worth, and the work is made in pursuance of that commission, such person shall, subject to the provisions of paragraph (b), be the owner of any copyright subsisting therein by virtue of [section 3](#) or [4](#).
- (d) Where is a case not falling within either paragraph (b) or (c) a work is made in the course of the author's employment by another person under a contract of service or apprenticeship, that other person shall be the owner of any copyright subsisting in the work by virtue of [section 3](#) and [4](#).
- (e) Paragraphs (b), (c) and (d) shall in any particular case have effect subject to any agreement excluding the operation thereof and subject to the provisions of [section 20](#)."

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Mr Sholto-Douglas, who appeared for the applicants, submitted that paragraph (d) refers to a contract of service (*locatio conductio operarum*) and does not apply to a contract for work (*locatio conductio operis*) (compare *Smit v Workmen's Compensation Commissioner* [1979 \(1\) SA 51](#) (A)). Mr Vos submitted the contrary. The authorities support Mr Sholto-Douglas: *Econostat (Pty) Ltd v Lambrecht and another* 89 JOC (W) from 108, per Ackermann J; *Maraïs v Bezuidenhout* [1999 \(3\) SA 988](#) (W) per Cloete J. I would regard *Fax Directories (Pty) Ltd v SA Fax Listings CC* [1990 \(2\) SA 164](#) (D) at 175 as neutral on this point. While I am not bound by these authorities, I respectfully agree with them, and in particular I find the reasoning of Cloete J compelling (see too Dean *Handbook of SA Copyright Law* at 1-29. Compare *Copinger & Skone James on Copyright* (12 ed) at paragraph 347 ff; Laddie *et al*: *The Modern Law of Copyright and Designs* (2 ed) at paragraph 11.28 ff). On this point, therefore, I conclude that the contract of service referred to in [section 21\(1\)\(d\)](#) is the contract known in our law as *locatio conductio operarum*.

To cater for this contingency Mr Vos advanced two further arguments. He reminded me that the applicants, in their replying affidavits, had nowhere challenged the respondent's repeated description of Annexure "B" as a "dienskontrak". In the light of this Mr Vos undertook a painstaking analysis of the contract, Annexure B, in an endeavour to persuade me that it was a contract of service. I pause to observe that the word "dienskontrak" is not without some ambiguity. Be that as it may, the label which one or all the parties choose to put on the contract cannot bind the court when the contract itself is before the court and thus open to judicial analysis. I have already cited *Smit v Workmen's Compensation Commissioner* (*supra*). Of the many other cases on the question, I was referred in argument to *Rodrigues and others v Alves and others* [1978 \(4\) SA 834](#) (A) and *Gibbins v Williams, Muller, Wright & Mostert Ingelyf en andere* [1987 \(2\) SA 82](#) (T). Annexure "B" styles the respondent as the principal and the applicants as agents. The applicants were appointed agents for the Eastern Cape (where they had an existing business connection in the same field) for the advancement and sale of the respondent's products for a period of at least a year. It was a full time appointment for the marketing and distribution of the respondent's products at such prices as respondent might determine from time to time. The applicant's remuneration was derived from the difference between a base sum and the eventual selling price. That difference had to cover (cl 4.2) the applicant's commission, transport costs, re-distribution costs, insurance and all other costs which they might incur. The applicants were also obliged (cl 8) to provide storage at their own cost, and at their own cost to insure the products while in storage or in transit. Transactions were to be concluded in the name of the respondent and this was to be reflected in the relevant documentation, including receipts. Any payments received from customers were to be remitted to the respondent. The applicant's remuneration was calculated only on monies received by the respondent (cl 4.3). The respondent was entitled to stock-take supplies under the applicant's control. By cl 9 the applicants were required to put up an acceptable guarantee. The contract was signed on 27 October 1995. The respondent undertook (cl 10) with effect from 1 March 1996 to make at least 1300 crates of wine available per week.

I consider that Mr Vos' detailed submissions in this regard ignore the wood and concentrate unduly on the trees.

It appears to me that Annexure B bears all the hallmarks of a contract for work (or as English lawyers call it, for services). Not only were the applicants styled as agents, that in essence is what they were. While they had to function within stipulated contractual bounds, there is

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nothing in Annexure B which entitled the respondent to supervise their day-to-day work, or to dictate which applicant should do what, or generally to control how or when the work should be done. There is nothing in Annexure B which precluded the applicants from employing others to do some of the work for them, or which precluded them from engaging secretarial or bookkeeping assistance. The element of control was in truth extremely limited. The provisions regarding remuneration are most telling and are virtually incompatible with a contract of service. The guarantee and the obligation, from 1 March 1996, to provide a minimum quantity of wine per month, point in the same direction. There is no doubt in my mind that the applicants were independent contractors and that their contract with the respondent was one for work rather than of service.

That being so, it is evident that in terms of [section 21\(1\)\(d\)](#), copyright remained vested in the first applicant unless there was an agreement such as is contemplated by [section 21\(1\)\(e\)](#). This conclusion renders it unnecessary for me to rule on Mr *Sholto-Douglas'* alternative submission that, on the facts, Annexure F was not produced "in the course of" the applicants' employment by the first respondent.

Mr Vos' further contention was that on the facts of this case there was indeed an agreement such as is contemplated by [section 21\(1\)\(e\)](#) whereby copyright in Annexure F - assuming it to subsist - passed to the respondent. Counsel pointed out that in the first applicant's earlier agreement with Cogmans, the rights to any labels developed by him would be his alone. In the present case, however, the agreement (Annexure B) is silent on this topic. According to the first applicant:

- "27. During the discussions pre-dating the conclusion of the agreement with Respondent, I telefaxed to Mr Simonis of Respondent a copy of the wine label which had been used on the Cogmans wines but in respect of which I had deleted with tippex the word 'SONDELA' and the identificatory number used to identify the source of the wine. At the same time I sent Mr Simonis a telefax which I had received from Coastal Labels for the printing of the altered label. A copy of the telefax sent to Mr Simonis is annexed hereto, marked 'E'.
28. The label as altered constitutes an adaptation of the original work. The copyright in the adaptation vests in me. A copy of this label, which was used on the wine supplied by Respondent, is annexed hereto, marked 'F'.
29. Although Respondent paid for the printing of the label and placed copies of these labels on bottles distributed by *Oos-Kaap Drank* with my consent, Respondent never had my permission to use the labels for any other purpose."

The applicant further alleges (paragraph 24) that he orally reserved his rights at a meeting of the respondents' board of directors held on 11 October 1995. This allegation is denied by Mr Simonis, who is the principal deponent for the respondent (paragraph 10.6). Paragraph 27, quoted above, is admitted by Mr Simonis; paragraph 28 is denied; with regard to paragraph 29 Mr Simonis states:

"20.1 Ek erken dat die Respondent betaal het vir die blok van die etiket en die drukwerk.

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- 20.2 Ek erken voorts dat die Respondent die etikette op die plastiek bottels geplaas het wat deur die Respondent versprei is. Toe die ooreenkoms (aanhangel 'B') gesluit is, was daar geen sprake van Oos-Kaap Drank nie. Die naam Oos-Kaap Drank het ook nie tydens die direksievergadering van 11 Oktober 1995 ter sprake gekom nie.
- 20.3 Buiten die voorafgaande word die inhoud van hierdie paragraaf ontken."

Elsewhere in his affidavit Mr Simonis states that it was an integral term of the proposed agreement that the respondent would make use of the label; that the label was developed and made available to the respondent as part of the marketing service which the applicants were to provide; that it was developed for the benefit of the respondent; and that although the first applicant was not paid a separate fee therefor, the applicants were remunerated for their marketing services.

The replying affidavit adds nothing save a reiteration that the reason why Annexure B did not refer to the label was because the label had already been developed prior to the conclusion of the agreement.

In the foregoing circumstances Mr Vos submitted that it was implicit in the parties' conduct and agreement that the respondent would have the right to continue using Annexure F after the termination of their agreement and that any copyright in F would vest in the respondent. Counsel reinforced this argument by pointing to a measure of delay before the applicants instituted these proceedings.

Although not so recorded in Annexure B, Annexure F was specifically developed for use during the currency of the agreement; it was expressly agreed that it would be so used; and used it was in fact. There was, however, no express agreement as to the rights to the label or its use after termination. Either we have two contracts (Annexure B and the oral label contract) or we have one contract which was partly in writing and partly oral. Either way the respondent, it seems to me, relies on an implied (tacit) term. Taking the facts at their most favourable to the respondent, on the *Plascon-Evans* principle, I do not think that the requisite element of necessity is present. While it would not have been unreasonable for the parties to reach the agreement postulated by Mr Vos, there was no compelling reason of business efficacy for them to have done so. Furthermore, given the history of the label and the applicant's business connection, I am very doubtful whether the first applicant would have agreed thereto had

the right question been asked by an officious bystander at the right time (*Strydom v Duvenhage NO en 'n ander*<sup>1</sup> [1998 \(4\) SA 1037](#) (A) at 1044). I accordingly hold against the respondent on this point.

I believe that all the arguments with regard to the copyright leg of the case have now been dealt with. My overall conclusion is that copyright in Annexure A vests in the first applicant, that he is entitled to protection in respect of Annexure F, being an adaptation of A, and that he has not parted with any rights in respect of either Annexure. Inasmuch as Mr *Sholto-Douglas* informed me that relief is sought in the alternative, it is unnecessary for me to determine the passing-off leg of the case.

As for the relief to be granted, it was not suggested by counsel for the respondent that interdictory relief would be inappropriate. Counsel for the applicants

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asked for an order in terms of prayer A.1 of the amended notice of motion save that "C" should be changed to "F". That is clearly proper. As for prayer A.2, delivery up of labels (and masters), I think it would be fair to allow the respondent a period of one month within which to comply. Mr *Sholto-Douglas* further asked that prayers A.3 and A.4, relating to damages or other recompense, be postponed. As for prayer A.5, it is clear that costs must follow the result.

The order is in the following terms:

1. The respondent is interdicted from infringing the first applicant's right in and to the copyright in the label used on wine bottles, a representation whereof is annexed to the notice of motion marked "A", or the lawfully produced adaptation thereof, a representation of which is annexed, marked "F", to the founding affidavit, by either reproducing such label in any manner or form, making an adaptation of the label or reproducing an adaptation of the label in any manner or form.
2. The respondent is directed, within a period of one month from the date of this judgment, to deliver up to the first applicant for destruction all copies of the said label or any adaptation thereof, and in particular of Annexure F, and including any masters used in their manufacture.
3. Prayers A.3 and A.4 are postponed *sine die*.
4. The respondent is ordered to pay the costs of this application.
5. No order is made in respect of prayers B1, 2 and 3.

For the applicants:

*AR Sholto-Douglas* instructed by *Herold Gie & Broadhead*, Cape Town

For the respondent:

*WJ Vos* instructed by *Oosthuizen Meyer De Waal Incorporated*, Cape Town

**Footnotes**

- 1 Also reported at [\[1998\] 4 All SA 492](#) (A) - Ed.