

# South African Institute of Intellectual Property Law (SAIPL) submission to the National Council of Provinces and Provincial Legislatures on the Copyright Amendment Bill, No. B 13D of 2017, and the Performers' Protection Amendment Bill, No. B 24D of 2016

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24 January 2023

The Chair of the Select Committee on Trade and Industry, Economic Development, Small Business  
Development, Tourism, Employment and Labour  
The Hon. M. Rayi MP  
National Council of Provinces  
Parliament of the Republic of South Africa  
Cape Town

By email to the Select Committee Secretariat: [ndinizulu@parliament.gov.za](mailto:ndinizulu@parliament.gov.za); [mkoff@parliament.gov.za](mailto:mkoff@parliament.gov.za).

and

To whom it may concern in the Provincial Legislatures

Dear Honourable Chair

**Submissions on the Copyright Amendment Bill No. B13D of 2017 and the Performers Protection  
Amendment Bill No. B24D of 2016 by the South African Institute of Intellectual Property Law (SAIPL)**

The South African Institute of Intellectual Property Law (SAIPL) was established in 1954. Its members comprise approximately 200 lawyers and practitioners of copyright, patent, design and trade mark law who are experienced in the protection of intellectual property rights.

SAIPL has participated in calls for comments on the Copyright Amendment Bill and the Performers' Protection Amendment Bill since 2015, when the Draft Bill was published by the DTIC, and from 2017 to 2022 when both Bills were being processed in Parliament.

SAIPL agrees that both the Copyright Act and the Performers' Protection Act need to be updated and that changes are long overdue. The report of the Copyright Review Commission that recommended certain changes was issued more than ten years ago, and nearly four years have passed since Parliament resolved that South Africa should accede to the WIPO Copyright Treaty, the WIPO Performances and Phonograms Treaty and the Beijing Treaty on Audiovisual Performances.

This submission comments on sets of provisions in the Copyright Amendment Bill and the Performers' Protection Amendment Bill by subject. It also identifies subjects that have not been covered by the Copyright Amendment Bill.

Our submission is comprehensive and lengthy. To facilitate easy access to the many subjects covered by this submission, SAIPL has couched each subject in a self-contained chapter and set out its recommendations for each subject in an executive summary.

SAIPL's submission is online at <https://saiipl.co.za/wp-content/uploads/2023/01/SAIPL-submission-Copyright-And-Performers-Protection-Amendment-Bill-January-2023.pdf>.

Unlike earlier submissions, this submission does not raise our concerns about procedural omissions relating to the Bills as a self-standing topic. These concerns include the National Assembly's accepting the Bills without a proper impact assessment under Government's own internal rules, the history of short and inadequate notice periods for comment, limitations placed on the scope for comments, and its reliance on the advice of a single group of stakeholders to support the Bills. Our position in relation to these concerns remains unchanged.

The more serious flaws in the Copyright Amendment Bill go to its very core, as summarised below, and we believe that this will harm the local authors and artists that the Bill was intended to protect:

- the extrapolating of new rights and exceptions that apply to one class of works across all works in an arbitrary "one-size-fits-all" approach;
- the statutory royalty entitlements of authors and performers that are erroneously based on the 'needletime' entitlements of copyright owners of sound-recordings and the performers who feature in them;
- the mis-cast reversion of rights to certain authors and performers after 25 years;
- the expansive and dispossessive copyright exceptions;
- the provisions to protect technological protection measures that do not meet the requirements of international treaties;
- the blanket contract override clause and Ministerial powers to lay down compulsory contract terms that arbitrarily limit the freedom to contract.

The deficiencies in the copyright exceptions and the protection of technological protection measures could well be challenged for their constitutionality if Parliament passes the Bills. A constitutional challenge will result in further significant delays, in addition to the six years that have already passed since the Bills were introduced to Parliament.

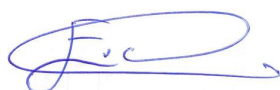
The Bills' provisions referred to above, and others, must be reconceptualised and redrafted. Such an enormous task cannot be expected from the National Council of Provinces and each of the Provincial Legislatures, or Parliament's Mediation Committee relying on stakeholder comments, much less so within the 30-day timeframe afforded by the Constitution.

SAIPL can come to no other recommendation that the Provincial Legislatures and the National Council of Provinces must reject the Bills and that Parliament should allow the Bills to lapse in terms of section 76(1)(a) and (d) of the Constitution.

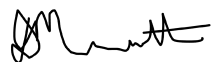
We would like to participate in the upcoming public hearings, including the Select Committee's hearings scheduled for the end of February and early March 2023. Our submission was compiled by a task team of attorneys and advocates who practise in the specialist copyright field of law, and we are prepared and willing to assist with the understanding of legal topics raised by the Bills.

Yours faithfully

**SOUTH AFRICAN INSTITUTE OF INTELLECTUAL PROPERTY LAW**



**ÉRIK VAN DER VYVER**  
President



**DEBBIE MARRIOTT**  
Convenor: Copyright Committee

Please reply by email to [mlgrobler@saiipl.co.za](mailto:mlgrobler@saiipl.co.za)

## Glossary

the “Act” and the “Copyright Act”	Copyright Act 98 of 1978
Beijing Treaty	Beijing Treaty on Audiovisual Performances, 2012
the “Bill” and the “Copyright Amendment Bill”	Copyright Amendment Bill, No. B13D of 2017
Berne Convention	Berne Convention for the Protection of Literary and Artistic Works, 1886, Paris Act, 1971
CIPC	Companies and Intellectual Property Commission
Constitution	Constitution of the Republic of South Africa, 1996
DTIC	Department of Trade, Industry and Competition (previously the Department of Trade and Industry)
ISPs	Internet service providers
Marrakesh Treaty	Marrakesh Treaty to Facilitate Access to Published Works for Persons who are Blind or Visually-Impaired, 2013
Minister	the Minister of Trade Industry and Competition
NCOP	National Council of Provinces of the Parliament of the Republic of South Africa
the “Performers’ Protection Act”	Performers’ Protection Act 11 of 1967
the “Performers’ Protection Amendment Bill”	Performers’ Protection Amendment Bill, No. B24D of 2016
SAIPL	South African Institute of Intellectual Property Law
Three-Step Test	the Three-Step Test set out in the Berne Convention, TRIPS, WCT, WPPT and the Beijing Treaty, explained in Chapter 9.
TRIPS	Agreement on Trade Related Aspects of Intellectual Property Rights
WCT	WIPO Copyright Treaty, 1996
WIPO	World Intellectual Property Organization, an agency of the United Nations based in Geneva, Switzerland. WIPO administers the Berne Convention, WCT, WPPT, the Beijing Treaty and the Marrakesh Treaty.
WIPO Internet Treaties	WCT and WPPT
WTO	World Trade Organization, based in Geneva, Switzerland. WTO administers TRIPS.
WPPT	WIPO Performances and Phonograms Treaty, 1996

## Executive summary

SAIPL agrees that both the Copyright Act and the Performers' Protection Act need to be updated and that changes are long overdue.

This submission shows that the more serious flaws in the Copyright Amendment Bill go to its very core:

- the extrapolating of new rights and exceptions that apply to one class of works across all works in an arbitrary "one-size-fits-all" approach;
- the statutory royalty entitlements of authors and performers that are erroneously based on the already defective entitlements of copyright owners of sound-recordings and the performers who feature in them;
- the mis-cast reversion of rights to certain authors and performers after 25 years;
- the expansive and dispossessive copyright exceptions;
- the provisions to protect technological protection measures that do not meet the requirements of international treaties; and
- the blanket contract override clause and Ministerial powers to lay down compulsory contract terms that arbitrarily limit the freedom to contract.

The deficiencies in the copyright exceptions and the protection of technological protection measures could well be challenged for their constitutionality if Parliament passes the Copyright Amendment Bill and the Performers' Protection Amendment Bill, leading to further significant delays in addition to the six years that have already passed since the Bills were introduced to Parliament.

SAIPL's submission for recommendations in respect of the provisions of the Bills are summarised below:

### **1. Copyright owned by the State and "local organizations" designated by the Minister**

The amendments to Section 21(2) and 5(2) of the Act, supported by other provisions in the Bill, are an unexplained and arbitrary departure from the existing rules that will favour Ministerially-designated local organisations by automatically vesting copyright in works made under their direction or control, leaving their authors with no prospect of remuneration for the supply of the copyright in their work to these local organizations. SAIPL submits that these amendments amount to enabling arbitrary dispossession of property by ministerial action and even to a restriction on the freedom to trade, that fall foul of respectively Sections 25 and 22 of the Bill of Rights in the Constitution.

The prohibition on assignment of copyright works by the State in the amendment of Section 22(1) is a legacy of other provisions of earlier versions of the Bill that have been withdrawn. As a result, its retention can only have unintended consequences. This amendment should therefore also be withdrawn.

#### Submission to the NCOP:

Reject:

- the amendments to Section 21(2) and 5(2) of the Act and new Sections 6A(6)(c) and 7A(6)(c), introduced by Clauses 3, 5, 7 and 24(b) of the Bill;
- the amendment to Section 22(1) of the Act by Clause 25(a) of the Bill.

## **2. Ownership of copyright in commissioned works**

The amendments to Section 21 of the Act have no default position on the ownership of copyright when no written agreement has been concluded in a commissioning arrangement, resulting in uncertainty on this aspect. In addition, the power given in new Section 21(3) to the Tribunal to impose a licence agreement on parties in a commissioning arrangement could violate the parties' constitutional right to contract freely under Section 22 of the Constitution.

### Submission to the NCOP:

Reject the amendment to Section 21(c) of the Act and the new Section 21(3) introduced by Clause 24(a) and (c) of the Bill.

## **3. The qualification of the new distribution right by exhaustion, and regulations authorising or prohibiting the distribution of any work**

Sections 45 and 45A introduced by the Copyright Amendment Act 66 of 1983, have never come into operation. SAIPL submits that this is an opportune time to re-assess their relevance in the light of the new exclusive right of distribution and Parliament's resolution that South Africa accede to WCT. If these provisions are no longer relevant or in conflict with WCT, they should be repealed.

Assuming that the exclusive right of distribution of originals or copies of copyright works will be introduced to the Act in line with WCT, as is proposed by new Sections 6(eC), 7(dC), 8(dC), 9(g), 11A(d) and 11B(dC), there can be a provision as to when this right is exhausted.

The Bill's provision for exhaustion is new Section 12B(6). However, it contains a material mistake that is in conflict with Article 6(2) WCT, namely that the acts that trigger exhaustion need not be made with the authority of the copyright owner. It also conflicts with an existing provision in the Act relating to importation that has not been amended.

If the Act is to be amended by introducing the exclusive right of distribution, the correlating principle of exhaustion has to be introduced as well, which can easily be achieved by changing new Sections 6(eC), 7(dC), 8(dC), 9(g), 11A(d) and 11B(dC) to read along the lines of "distributing the original or a copy of the work to the public that has not previously put into circulation in the Republic by or with the consent of the copyright owner."

### Submission to the NCOP:

Reject Section 12B(6), together with the whole of Section 12B (as suggested elsewhere in this submission), that has been introduced by Clause 15 of the Bill.

## **4. Unenforceable contract terms**

The 'contract override' provision in new Section 39B will result in much legal uncertainty in dealings with authors, copyright owners and potential infringers of copyright. It is an imprecisely drafted so-called 'blanket' provision, having effect across all acts which "by virtue of this Act would not infringe copyright" and all rights and protections "afforded by this Act".

We are not aware of a substantive ‘contract override’ provision that applies indiscriminately to all provisions of a copyright law in any country in the world.

This provision may therefore be found to result in restrictions on parties’ freedom to trade in a manner that could be held to be arbitrary, and, inasmuch as it applies to all copyright exceptions, arbitrarily entrenches the deprivation of the property rights of copyright owners by all copyright exceptions. This result would be in conflict with the Bill of Rights in the Constitution.

Submission to the NCOP:

Reject the insertion of the new Section 39B by Clause 36 of the Bill and the new definition of “open licence” introduced by Clause 1(i) of the Bill.

**5. New statutory royalty entitlements for authors of literary, musical and visual artistic works, and for performers whose performances are fixed in audiovisual works**

The new statutory royalty entitlements for authors of literary, musical and artistic works of performers in audiovisual works in the terms set out in new Sections 6A, 7A and 8A of the Copyright Act will introduce legal uncertainty on key issues and likely give rise to major unintended consequences in practice. These provisions were not informed or supported by economic impact assessment or stakeholder engagement.

We consider that new Sections 6A, 7A and 8A have fundamental flaws. Their main underlying error is their conceptualisation as a “one size fits all” solution for fair remuneration in respect of all copyright works, based on the existing Section 9A that governs ‘needletime’ royalties for certain uses of sound recordings. Section 9A had its own challenges, with more than a decade passing from its enactment until the first ‘needletime’ royalties were distributed.

The uncertainty and unintended consequences of new Sections 7A and 8A are exacerbated by the contract override provision in new Section 39B, which make agreements that depart from them unenforceable.

Amended Sections 5(4) and (5) of the Performers’ Protection Act simply extrapolate the ‘needletime’ provisions for performances fixed in sound recordings to performances fixed in audiovisual works, and the amendments therefore suffer from the same flaws as the corresponding provisions in the Copyright Amendment Bill.

The mandatory reporting obligations in new Section 9A(aA) of the Copyright Act and new Section 5(1A) of the Performers’ Protection Act impose heavy financial and administrative burdens and need to be seriously reconsidered for their utility and practicality.

The legislative underpinning of equitable remuneration of authors and performers deserves far more attention to arrive at workable solutions. Specifically, the matter of the fair remuneration of performers in audiovisual works is a matter for the Performers’ Protection Act, not the Copyright Act.

### Submission to the NCOP:

#### Reject:

- new Sections 6A, 7A and 8A of the Copyright Act introduced by Clauses 5, 7 and 9 of the Copyright Amendment Bill;
- the amendments to Sections 5(4) and (5) of the Performers' Protection Act introduced by Clause 4(f) and (g) of the Performers' Protection Amendment Bill;
- new Section 9A(1)(aA) of the Copyright Act introduced by Clause 11 of the Copyright Amendment Bill and new Section 5(1A) of the Performers' Protection Act introduced by Clause 4(c) of the Performers' Protection Amendment Bill.

Government must be encouraged to consider workable legislated solutions to benefit authors and performers.

### **6. 25-year limit on the term of assignments of copyright in literary and musical works and of the transfer of performers' exclusive rights**

The proposed amendment to Section 22(3) of the Copyright Act will limit the term of an assignment (i.e. transfer) of copyright in literary and musical works to a period of 25 years from the date of assignment. New Section 3A(3) of the Performers' Protection Act provides that the transfer by a performer of their exclusive rights in the fixation of their performances in sound recordings reverts back to the performer after 25 years.

The Copyright Review Commission recommended that the Copyright Act should contain a right of reversion to the author of musical works, like the reversion provision in the US Copyright Act. However, the new provisions in the Bills differ materially from what the Copyright Review Commission recommended and are an erroneous implementation of the recommendation.

Composite works created by South African authors, composers and performers (notably sound recordings and audiovisual works, but also computer software) would have a *de facto* commercial lifetime of 25 years. This could result in a situation where the copyright owner and every author and performer that contributed to the creation of the copyright work will have rights on paper, but no work that can be commercialised, and therefore no income after the elapse of the 25-year period.

### Submission to the NCOP:

#### Reject:

- the proposed amendment of Section 22(3) of the Copyright Act by Clause 25(b) of the Copyright Amendment Bill;
- new Section 3A(3)(c) of the Performers' Protection Act by clause 3 of the Performers' Protection Amendment Bill.

### **7. Resale royalty right**

The Bill's provisions introducing a "resale royalty right" incorrectly cast this right as a right of copyright. The resale royalty right is a separate right that is dependent on the existence of a right of copyright. Furthermore, these provisions contain several omissions that will create uncertainty and impact on the market for second-hand goods.



The resale royalty right provisions could have been corrected without too many changes, and the Minister agreed with this approach. The changes suggested by SAIPL are that:

- a) These recast provisions and their dedicated definitions, 'art market professional' and 'visual artistic work', appear in a new chapter of the Act, ideally after Section 28 of the Act.
- b) The right should not apply to a copy of a visual artistic work unless the copy is one of a limited number which has been made by the author or under their authority.
- c) The words "by an art market professional" be added at the end of text that now appears in new Section 7B(1)(a).
- d) Section 39(c) is reworded so that it specifies that the Minister's power to set royalty rates and tariffs is in respect of the resale royalty right.
- e) The statutory licence for orphan works in new Section 22A does not apply to objects that are subject to the resale royalty right.

Submission to the NCOP:

Reject new Sections 7B, 7C, 7D, 7E, 7F and 22A(10) of the Act, as well as their dedicated definitions of "art market professional" and "visual artistic work", that are introduced by clauses 7, 26 and 1(b) and (l) of the Bill.

**8. Minister's powers to set compulsory standard contract terms and royalty rates and tariffs**

New Section 39(cG) of the Copyright Act and new Section 8D of the Performers' Protection Act will expand the scope of the Minister's regulatory powers to prescribe compulsory and standard contractual terms to be included in agreements entered in terms of the Acts, notably for the new statutory royalty and equitable remuneration entitlements in new Sections 6A, 7A and 8A of the Copyright Act.

There is no 'standard contract' or generalized set of contractual undertakings that can be made applicable across the board to cater for all contractual dealings in respect of copyrights and performers' rights in every one of the creative sectors. Ministerial prescription of contract terms may conflict with or override industry driven solutions between copyright owners, authors and performers, that have already been negotiated to establish equitable frameworks for rights management and remuneration benchmarks. Conflicts may arise with the jurisdiction of the Department of Employment and Labour in respect of its mandate to regulate the labour market and certain employment contracts that include terms relating to copyright and performers' rights.

New Section 39(c) of the Copyright Act is likely an error since the only rate or tariff that the Bill provides for being set by Ministerial regulation is for the resale royalty right.

## Submission to the NCOP:

### Reject:

- new Section 39(cG) of the Copyright Act introduced by Clause 35 of the Copyright Amendment Bill, noting that SAIPL submits elsewhere in these submissions that Sections 6A, 7A and 8A should also be rejected;
- new Sections 3A(3)(a) and 8D(3)(b) of the Performers' Protection Act introduced by Clauses 3 and 6 of the Performers Protection Amendment Bill;
- new Section 39(cl) of the Copyright Act introduced by Clause 35 of the Copyright Amendment Bill, except to the extent that it allows the Minister to determine the remuneration for the resale royalty right.

## **9. Copyright exceptions – General comments**

SAIPL agrees that the current copyright exceptions in the Copyright Act have to be updated to meet the circumstances of the digital age.

However, the introduction of each and every copyright exception must be subject to legitimate needs identified in a socio-economic impact assessment and must be weighed up in a proper legal analysis against the Bill of Rights in the Constitution and against the Three-Step Test.

It appears that there was no proper impact assessment or legal analysis of the copyright exceptions before the Bill was introduced, and that there is only research backing for a very limited number of the exceptions that the Bill proposes to introduce.

The text of the Bill's copyright exceptions is by and large the same as those in the text that the President referred back to the National Assembly for concerns about constitutionality and treaty compliance. SAIPL therefore expects that, if Parliament were to adopt the Bill with this text, it will lead to significantly more delay in updating the Act.

All the copyright exceptions in the Copyright Act, as proposed to be amended, will automatically extend to the exceptions in the Performers' Protection Act in terms of new Section 8(2)(f) of the Performers' Protection Act. Unless new Section 8(2)(f) of the Performers' Protection Act is rejected, the rights of performers must therefore be considered in respect of every exception being proposed for the Copyright Act.

It is noted that the current Copyright Act already allows the Minister to introduce exceptions to the reproduction right that meet the criteria of the Three-Step Test by way of regulation made under Section 13 of the Act.

SAIPL's comments on some of the individual copyright exceptions appear below.

## **10. Copyright exceptions: 'Fair use'**

The introduction of the 'fair use' defence to copyright infringement in terms of new Section 12A of the Act is problematic for many reasons:

- a) There is no impact assessment supporting the introduction of 'fair use' to South African copyright law. The *Assessment of the Regulatory Proposals on the Intellectual Property Policy Framework*

*for South Africa* prepared by Genesis Analytics for the DTIC dated 31 July 2014 found that the proposal in the 2013 Draft National Policy for the introduction of 'fair use' was "vague, poorly articulated or poorly evidenced" and required further attention. The report does not make out a case for 'fair use' in general or for the 'fair use' clause in the Bill.

- b) New Section 12A departs from the classic formulation of 'fair use' in material ways, by expanding the explicitly-named permitted purposes, by adopting a different four-factor test for 'fair use', and making the provision the subject of a 'contract override' provision. None of these departures from the classic 'fair use' formulation have been evaluated, and none of them exist in the 'fair use' provisions any of the few countries that have adopted it into their copyright law.
- c) Serious questions have been raised about whether the adoption of 'fair use' is compliant with South Africa's obligations under the Three-Step Test. Even if the principle of 'fair use' in its classic formulation were to be compliant, the expanded 'fair use' provision in the Bill's new Section 12A will likely violate South Africa's obligations under these international treaties.

Submission to the NCOP:

Reject new Section 12A of the Act introduced by Clause 15 of the Bill.

**11. Copyright exceptions: Translation**

Article 8 of the Berne Convention expressly provides that the rights of copyright include the exclusive right of making and of authorizing translation. Thus, the copyright exception for translations in new Section 12B(1)(e) of the Act is not only in breach of Article 8 of the Berne Convention and the Three-Step Test, but it also amounts to an arbitrary expropriation of property rights and is therefore unconstitutional.

It would be possible to adopt the statutory licence for translations allowed by the Appendix to the Berne Convention if South Africa qualifies to do so (as suggested elsewhere in this submission).

Submission to the NCOP:

Reject new Section 12B(1)(e) of the Act together with the whole of Section 12B (as suggested elsewhere in this submission), introduced by Clause 15 of the Bill.

**12. Copyright exceptions: Personal use and adaptation of formats for personal use**

Despite the recommendation of the Copyright Review Commission to expand the existing 'personal use' copyright exception to allow format shifting, the Bill's provisions:

- unnecessarily and without motivation extrapolate the exception to sound recordings, audiovisual works and computer programs, and
- introduce mistaken format shifting provisions that on the one hand do not allow all the desired implications of format shifting and on the other hand have the unintended consequence of facilitating certain forms of online piracy of copyright works.

SAIIPL is of the view that this is one example showing that the replacement of the existing exceptions in Sections 12, 16(1), 17, 18, 19A and 19B of the Act are not based on discernible policy or impact

assessment and require deeper examination. This perception is further illustrated by the error in the Bill's not repealing Section 15(4).

A practical solution would have been to retain Sections 12, 15(4), 16(1), 17, 18, 19A and 19B and to expand on the existing 'personal use' exception in Section 12(1)(a) with the wording of new Sections 12A(a)(i), 12B(2)(a) and (b) and 12C(b) (whether by adding to the existing Section 12(1)(a) or adding the expanded text in a new cross-referencing subsection).

#### Submission to the NCOP:

Reject:

- new Section 12B of the Act introduced by Clause 15 of the Bill, for the reasons set out here and elsewhere in this submission;
- the repeal of Section 12 of the Act, except inasmuch as it repeals Section 12(8) (that will appear in new Section 2A(4)(b) of the Act);
- the repeal of Sections 16(1), 17, 18, 19A and 19B(1) of the Act by Clauses 12, 19, 20 and 21 of the Bill.

### **13. Copyright exceptions: Temporary reproduction and adaptation exceptions**

The 'temporary reproduction' exception in new Section 12C(a) is necessary to update the Act to cater for reproductions of works in modern technology. However, it should be slightly redrafted so that it is couched in the passive tense, since the acts contemplated in this exception are usually executed automatically on a computer and not by a "person".

The format shifting exception in new Section 12(C)(b) is not suited to new Section 12C and its text should be applied to the 'personal use' exception, as recommended by the Copyright Review Commission and as suggested elsewhere in this submission.

#### Submission to the NCOP:

Reject new Section 12C(b) of the Act introduced by Clause 15 of the Bill and call for the correction of the text and sub-section numbering of Section 12C(a).

### **14. Copyright exceptions: Reproduction for educational and academic activities**

New Section 12D(9) of the Act has its origin in the 'fair dealing' exception in existing Section 12(4) of the Act (that is to be repealed), and is generally speaking not objectionable. However, it contains a mistake by including the text "in the act of teaching". Elsewhere in this submission, we submit that the repeal of Section 12 be rejected, in which case Section 12(4) would be reinstated without the need for Section 12D(9).

The remaining provisions of new Section 12D need to be substantially reconsidered as they will limit the normal exploitation of works used in education and prejudice the rights holders of those works. As such, they are in conflict with the requirements of the Three-Step Test. By opening the door to permission-free copying of whole books and journals, new Section 12D has unintended consequences for South African authors of text books and academic journal articles, as well as the South African publishing industry.

Submission to the NCOP:

Reject new Section 19D of the Act inserted by clause 15 of the Bill and, as already submitted, reject the repeal of the existing exceptions by Clauses 12, 19, 20 and 21 of the Bill.

**15. Copyright exceptions: Artistic works in public places**

The amendments to Section 15(1) of the Act allow unlimited re-uses of artistic works in public places, as compared with Section 15(3) of the Act (that is not proposed to be repealed) that already deals with this subject.

Submission to the NCOP:

Reject the amendments to Section 15(1) of the Act introduced by Clause 16 of the Bill.

**16. Copyright exceptions: Computer software and computer interface specifications**

New Section 2A(1)(b) of the Act excludes “computer software interface specifications” from copyright protection. This may amount to an arbitrary exclusion of copyright protection for such works. The copying and translation of such code without authorisation is already the subject of a new exception in new Section 19B(2).

SAIPL submits that Section 2A(1)(b) amounts to an unconstitutional arbitrary deprivation of property, namely copyright in computer programs that serve as interface specifications. The same subject matter is already the subject of a copyright exception in new Section 19B(2)-(4) of the Act.

Submission to the NCOP:

Reject new Section 2A(1)(b) of the Act introduced by clause 2 of the Bill.

**17. Copyright exceptions: Libraries, archives, museums and galleries**

The copyright exceptions in new Section 19C of the Act are to operate in favour of libraries, archives, museums and galleries, none of which are defined or qualified, thereby opening these provisions to abuse. At the very least, libraries, archives and museums that should benefit from these provisions should be those that have a public character, for which proper definitions are needed. There seems to be no reason why galleries which are not public museums should benefit from these copyright exceptions.

Libraries and archives already benefit from exceptions to the right of reproduction in the Copyright Regulations, 1978, which can and should be updated by Ministerial regulation.

SAIPL has identified numerous errors in Section 19C, as well as some of its exceptions that violate the Three-Step Test, and other of its exceptions that need further consideration.

#### Submission to the NCOP:

Reject Section 19C of the Act, introduced by Clause 22 of the Bill, and the new definition of “open licence” introduced by Clause 1(i) of the Bill.

#### **18. Copyright exceptions: Persons with a disability**

The Constitutional Court made a finding of unconstitutionality against the Act for lacking a suitable exception in *Blind SA v Minister of Trade, Industry and Competition and Others* handed down in September 2022. It is therefore of the utmost importance that an appropriate exception for disabled persons which respects the rights of copyright owners to ensure a justifiable and reasonable limitation of rights, be formulated.

The NCOP is in a unique position insofar as new Section 19D of the Act is concerned, in that the Constitutional Court, after the Bill was passed by the National Assembly, handed down its judgment in which it formulated an exception that would pass constitutional scrutiny and that could easily be adapted to replace the imprecise wording of Section 19D.

#### Submission to the NCOP:

Reject new Section 19D of the Act and its related definitions, introduced by clauses 22 and 1 of the Bill respectively, as they now stand, and promote a disability exception that:

- a) replaces the new definition of “accessible format copy” in Section 1 with the definition of “accessible format copy” as ordered by the Constitutional Court;
- b) replaces the insertion of the definition of “person with disability” in Section 1 with the definition of “beneficiary person” as ordered by the Constitutional Court;
- c) includes a definition for “authorised entity” or “permitted entity”, as formulated by the Constitutional Court;
- d) replaces the proposed Section 19D with the wording ordered by the Constitutional Court;
- e) provides for the cross-border exchange of accessible format copies by introducing the wording used in Article 5 of the Marrakesh Treaty.

Government must be encouraged to expedite the procedures necessary for South Africa to accede to the Marrakesh Treaty.

#### **19. Parallel imports**

Section 28 of the Act is a procedural provision that allows a copyright owner and an exclusive licensee to give notice to the Commissioner for the South African Revenue Service to ask that the import of infringing goods be prohibited.

Section 23(2) of the Act sets the standard for determining copyright infringement by importation. The Bill does not amend Section 23(2). The Bill’s amendment of Section 28 brings it into conflict with Section 23(2).

#### Submission to the NCOP:

Reject the amendment of Section 28 of the Act by Clause 30 of the Bill.

## **20. Statutory licences for reproduction and translation**

New Schedule 2 to the Act sets out the conditions for statutory licences for reproductions and translations that are derived from, but are not the same as, the Appendix to the Berne Convention.

It is not clear that South Africa can benefit from the provisions of the Appendix and SAIPL recommends that legal advice should be sought before committing to these provisions.

Even then, the terms of the statutory licences in Schedule 2 are broader than allowed by the Appendix. It is therefore questioned whether they would be compliant with the Berne Convention and TRIPS, and whether their implementation would amount to an arbitrary dispossession of property in contravention of Section 25 of the Bill of Rights in the Constitution.

If Government obtains a positive legal opinion that South Africa can make the declaration to benefit from the provisions of the Appendix in terms of its obligations under the Berne Convention and TRIPS, then the Act could be amended to allow statutory licences for reproduction and translation that are in line with the Appendix, and a new section would have to be written to introduce those provisions (instead of the Bill's erroneous amendment to Section 22(3) of the Act).

### Submission to the NCOP:

Reject both the insertion of the new Schedule 2 of the Act by Clause 37 of the Bill and the insertion of the words "as stipulated in Schedule 2" in the amendment of Section 22(3) of the Act by Clause 25 of the Bill.

## **21. Orphan Works**

The new orphan works provision in the Act does not benefit anyone and creates legal risk for CIPC. Compliance is costly and onerous. Even after following the compliance provisions and being awarded a licensee under the orphan works statutory licensing scheme, the licensee has no guarantee that it will not be sued by a copyright owner if they appear.

The provision has numerous other deficiencies, which become apparent when comparing the Bill's orphan works provision with statutory licence schemes for orphan works in other jurisdictions. Furthermore, it is based on the mistaken assumptions that there is a register for copyright works and that the "resale royalty right" is a right of copyright.

The mistaken application of the orphan works provision to the "resale royalty right", that was never the subject of public comment, will threaten the existence of the auctioning and trade in second-hand goods.

### Submission to the NCOP:

Reject the insertion of the new Section 22A of the Act by Clause 26 of the Bill and the definition of "orphan works" by Clause 1(i) of the Bill.

## **22. Technological Protection Measures and Copyright Management Information**

The importance of legislating adequate legal protection for technological protection measures (“TPMs”) and effective legal remedies against their circumvention cannot be understated when one considers the central role that the digital distribution of copyright works and creative content plays in today’s online environment. It is essential to assist rights holders to combat piracy and other forms of copyright infringement. It also enables them to explore new business models to cater for the ever-increasing consumer demand for the delivery of high-quality entertainment and other creative content via online platforms and other forms of digital content delivery.

Our submission shows how the new provisions of the Copyright Amendment Bill and the Performers’ Protection Amendment Bill that are intended to protect TPMs do not meet the requirements of WCT, WPPT and the Beijing Treaty. They must be reconsidered and redrafted to ensure that they provide for adequate legal protection for TPMs and effective legal remedies against the circumvention thereof, as required by the treaties.

New Section 28S of the Copyright Act and new Section 8G of the Performers’ Protection Act, both dealing with copyright management information, contain a material error giving rights to performers in respect of copyright-protected works.

The text of the Bills’ definitions relating to TPMs and the exceptions to the protection of TPMs are, subject to only one set of material improvements, by and large the same as those in the text that the President referred back to the National Assembly for concerns about treaty compliance. Due to the new definitions relating to TPMs in the Performers’ Protection Amendment Bill being cross-referenced from the Copyright Act, the Copyright Amendment Bill needs to be corrected before the Performers’ Protection Amendment Bill can be aligned with the treaties. SAIPL therefore expects that if Parliament were to adopt the Bills with this text, it will lead to significantly more delay in updating the Acts.

### Submission to the NCOP:

Reject:

- the provisions relating to the recognition of TPMs and the related exceptions, as well as their related definitions, in new Section 28(P) in the Copyright Act, introduced by Clauses 31 and 1 of the Copyright Amendment Bill, for not being compliant with the relevant international treaties;
- new Sections 8F and 8H of the Performers’ Protection Act introduced by Clause 7 of the Performers’ Protection Amendment Bill for the same reason;
- new Section 28S of the Copyright Act introduced by Clause 31 of the Copyright Amendment Bill, and new Section 8G of the Performers’ Protection Act, introduced by Clause 7 of the Performers’ Protection Amendment Bill.

## **23. Absence of effective legal remedies to combat online copyright infringement**

We submit that the failure to introduce a website-blocking remedy remains a material oversight in the Bill. The online enforcement of the new ‘digital rights’ that are catered for in the Bill will remain deficient, especially in instances where offenders and pirate site operators are based in other countries.

Failure to address this oversight in the Bill would mean that the stated policy objective of providing effective legal protection of digital rights will not have been achieved. If the Bill were to be enacted



in its present form, South Africa would remain lagging behind other jurisdictions in Africa and elsewhere in the world where site blocking remedies have been catered for in law.

Submission to the NCOP:

Recommend that Government and Parliament should legislate new legal remedies to assist rights holders to combat piracy and other infringements in the online environment.

**24. Replacement of defined term “cinematograph film” with “audiovisual work”**

There is no apparent rationale for substituting “audiovisual works” as a work eligible for copyright in the place of “cinematograph films” in the Act, since the terminology derives from treaties relating to performers’ protection and not copyright. It begs the question whether works that are not cinematograph films are brought into the scope of eligibility of copyright for audiovisual works. If so, what are those works?

The substitution is made in Clause 38 of the Bill. There is a mistake in that it does not preserve the definition of “cinematograph films.”

The current term “cinematograph films” should be retained throughout the Act.

Submission to the NCOP:

Reject the changes introduced by Clause 38 of the Bill and the introduction of the definition of “audiovisual works” in clause 1(b).

Consequentially to the above, reject Clause 23 of the Bill amending Section 20 of the Act.

**25. Intellectual Property Laws Amendment Act, 2013**

The Intellectual Property Laws Amendment Act, 2013 (IPLAA) makes numerous changes to the Copyright Act and the Performers’ Protection Act, but has still not come into force after nine years. It is uncertain whether it ever will. IPLAA is a practical impediment to an amendment to the two Acts. In the meantime, the Protection, Promotion, Development and Management of Indigenous Knowledge Act 6 of 2019, that deals with a similar subject, has been signed into law. IPLAA’s repeal is even being considered by Government.

If IPLAA is repealed, the transitional provisions in Clause 39 of the Copyright Amendment Bill and Clause 10 of the Performers’ Protection Amendment Bill, as well as its amendment of the definition of “performer” by cross-referencing the Copyright Act in respect of traditional works, will be superfluous, and affected definitions and sections can be renumbered by reference to publications of the consolidated existing Acts.

### Submission to the NCOP:

Parliament should take the opportunity to repeal IPLAA now, so that this practical obstacle to updating the two Acts is removed. Then the transitional provisions in Clause 39 of the Copyright Amendment Bill and Clause 10 of the Performers' Protection Amendment Bill, as well as its amendment of the definition of "performer" by cross-referencing the Copyright Act in respect of traditional works in Clause 1(h) become superfluous.

## **26. Disproportionality of new criminal sanctions**

New Sections 8A(6), 9A(4) and 22C(4) of the Act introduce new penalties for non-reporting of usages of copyright works. New Sections 27(6) and (9) of the Act increase the penalties for criminal infringement. Where the offender found guilty of an offence is a juristic person, all these provisions prescribe minimum fines calculated on the basis of a percentage of annual turnover, which is a minimum of 5% in Section 27(6)(a) and a minimum of 10% in all the other provisions.

The high penalties for non-reporting imposed on juristic persons are disproportionate to their purpose of generating proper reporting on commercial uses of copyright works. We are not aware of any consideration having gone into determining suitable penalties for these offences and the consideration of alternative remedies. We expect these provisions to result in unexpected consequences for remuneration in the affected value chain.

### Submission to the NCOP:

Reject the minimum sentences on judicial persons in new Sections 8A(6), 9A(4), 22C(4) and Section 27(6) and (9)(a) introduced by Clauses 9, 11, 27 and 29 of the Bill as being so disproportionate in their impact as to place them beyond the limits of what is reasonable to achieve their purpose.

## **27. Tribunal**

Since the Act, amended by the Bill, will only be able to function if the Tribunal is in place, the Bill cannot proceed until such time that it is clear that all requirements that are conditions for the enactment of the Tribunal and its functioning have been met.

### Submission to the NCOP:

The NCOP should determine whether the provisions of substituted Section 29 and new Sections 29A-29H of the Act that establish the Tribunal, comply with Section 3 of the Superior Courts Act 10 of 2013, that requires all bills providing for the establishment of tribunals to be submitted to the Minister of Justice for prior consultation. The NCOP should make its findings public.

Existing powers of the Tribunal, namely to determine disputes arising between persons requiring licences and:

- licensing bodies (e.g. licensing schemes of collecting societies), or
- other persons from whom licences are required (compulsory licences)

are repealed by Clause 34 of the Bill, and are not expressly itemised in new Section 29A introduced by Clause 33 of the Bill. This may be a material oversight and, if so, Clauses 32, 33 and 34 of the Bill must be rejected.

## **28. Rights and remedies for performers in terms of the Performers' Protection Amendment Bill**

The conceptualisation and drafting of the Performers' Protection Amendment Bill creates confusion between the different rights for performers in sound recordings and in audiovisual works that have their origin in WPPT and the Beijing Treaty by introducing these diverse rights into the existing sections of the Performers' Protection Act, and then applying the same principles to all of the rights.

These changes will mean that performers will have two sets of rights that are formulated differently in respect of the same subject matter.

Some of the provisions also result in confusing performers' rights with rights of copyright.

The definition of "communication to the public", new Section 3(4), and new Section 5(1)(a)(i), (1)(b)(iv) to (vii), (1A), (2), (4) and (5) by Clause 4, are, in places, incorrect and in conflict with WPPT and the Beijing Treaty. The incorporation by reference of all the copyright exceptions in the Copyright Act by new Section 8(2)(f) undermines performers' rights and the amendment of the exception in Section 8(3)(a) has been cast in error.

### Submission to the NCOP:

Reject the following clauses of the Performers' Protection Amendment Bill:

- the definition of "communication to the public" in Clause 1(d);
- new Section 3(4) in Clause 2;
- new Section 5(1)(a)(i), (1)(b)(iv) to (vii), (1A), (2), (4) and (5) in Clause 4;
- new Section 8(2)(f) in Clause 5(a);
- the amendment of the exception in existing Section 8(3)(a) by Clause 5(b).

Parliament and Government should reconsider the entire amendment of the Performers' Protection Act. The extent of the amendments that have to be made to bring it in line with the WIPO Internet Treaties could even justify the writing of a bill with a new statute to replace the existing one.

### Conclusion

SAIPL can come to no other recommendation that the Provincial Legislatures and the National Council of Provinces must reject the Bills and that Parliament should allow the Bills to lapse in terms of section 76(1)(a) and (d) of the Constitution.

# 1 Copyright owned by the State and “local organizations” designated by the Minister

## **Amendments to Sections 5(2), 21(2) and 22(1) of the Act and new Sections 6A(6)(c), 7A(6)(c) of the Act Clauses 3, 5, 7, 24(b) and 25(a) of the Bill**

- 1.1. The original version of the Bill (May 2017) and the Draft Bill that preceded it (2015) had numerous provisions that expropriated copyright to the State. Following submissions by numerous parties, including SAIPL, in the public consultation during July and August 2017, most of those provisions were removed. However, the amendments to existing Sections 5(2) and 21(2) of the Act, that vests copyright in “local organizations” designated by the Minister of Trade Industry and Competition, and the amendment to Section 22(1) of the Act, that prohibits the assignment of copyright held by the State, were not removed.
- 1.2. The existing Section 5(2) of the Act confers copyright protection in works made under the direction or control of certain international organizations. Implicit in this rule is the understandings that the “international organization” concerned would not be organised and existing under South African law or even the law of another Berne Convention country, that the author was not a national or resident of South Africa, and that the work was not first published in South Africa.
- 1.3. To benefit from this provision, the international organization concerned must be designated by the Minister by regulation. Although there is no definition of “international organizations”, these were generally considered to mean multilateral organisations, like the United Nations.<sup>1</sup> The copyright conferred by Section 5(2) vests in the international organization concerned by virtue of Section 21(2). However, no designation of an “international organization” has ever been made in terms of Section 5(2).
- 1.4. The Bill’s addition of “local organizations as may be prescribed” to “international organizations as may be prescribed” in its amendments of Sections 5(2) and 21(2) comes across as an arbitrary extrapolation of the existing rule. The Bill has no definition of “local organization”, so it could be interpreted to mean any association of persons, whether incorporated or not. We are not aware of any copyright law in any other country that extends a rule relating to international organizations to local organizations in this way.<sup>2</sup>
- 1.5. It is clear from the amendment to Section 21(2) that the object of these amendments is to vest copyright in works made under the direction or control of Ministerially-designated local organisations, without their having to employ their authors or to commission authors in return for payment in money or money’s worth or to take assignment by mutual agreement. The author of such a work therefore has no prospect of being remunerated for the supply of the copyright in their work to these local organizations. This situation is exacerbated by the exclusions from the royalty rights of authors and artists by new Sections 6A(6)(c) and 7A(6)(c).
- 1.6. The amendment to Section 5(2) confirms this analysis. The existing Section 5(2) confers copyright under South African law to works made under the direction or control of “international organizations as may be prescribed” since they are not organised and existing under South African law. However, this consideration does not apply to “local organizations.” Copyright in works made by authors under the direction and control of a “local organization” or of such works first published in South Africa would be conferred by the existing provisions of the Act, namely Sections 3 and 4. The amendment of Section 5(2) is therefore unnecessary, and only serves to support the expropriatory provision in the amended Section 21(2).

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<sup>1</sup> See, for example, the UK Copyright (International Organisations) Order 1989, at <https://wipolex.wipo.int/en/text/127343>, made in terms of Section 168 of the UK Copyright Designs and Patents Act 1988, at <https://www.legislation.gov.uk/ukpga/1988/48/section/168>.

<sup>2</sup> By comparison, see Section 168 of the UK Copyright Designs and Patents Act 1988 (footnote 1) and Sections 17(e) and 41 of India’s Copyright Act 1957 (<https://wipolex.wipo.int/en/text/390852>), that apply only to international organizations.

- 1.7. There is no justification for the Bill's departure from the usual rules in favour of local organisations determined by Ministerial regulation, where local organisations already benefit from the provisions of Sections 21 and 22 of the Act to acquire copyright.
- 1.8. SAIPL can only conclude that the amendments to Sections 5(2) and 21(2) of the Act and new Sections 6A(6)(c) and 7A(6)(c) amount to enabling the arbitrary dispossession of authors by Ministerial action and even an unwarranted restriction on authors' freedom to trade, that fall foul of respectively Sections 25 and 22 of the Bill of Rights in the Constitution.
- 1.9. The amendment of Section 22(1) provides that "copyright owned by, vested in or under the custody of the state may not be assigned." This amendment has its origins in provisions of the original version of the Bill introduced in May 2017 that expropriated copyright in works "funded by the state" and in the Draft Copyright Amendment Bill of 2015 that vested the custody of the copyright in orphan works in the State. Stakeholders, including SAIPL, showed how these expropriatory provisions respectively conflicted with the Intellectual Property Rights from Publicly Financed Research and Development Act 51 of 2008, and were incongruous with the statutory licence for the use of orphan works. As a result, these provisions were withdrawn and do not appear in the current version of the Bill. The amendment is therefore only a legacy of these withdrawn provisions. Adopting this amendment in these circumstances will mean inflexibility when copyright works are to be made in relationships with the State, that will result in contorted arrangements to ensure that it will not apply or even discouraging dealing with the State altogether. These consequences were not intended by this amendment. The amendment of Section 22(1) should therefore be withdrawn.

## 2 Ownership of copyright in commissioned works

### **Amendments to Section 21 of the Act Clause 24 of the Bill**

- 2.1. The Bill proposes to substitute the provisions of Section 21(1)(c) of the Act with a provision that places an obligation on parties in a commissioning transaction to conclude a written agreement that will govern the ownership of the copyright subsisting in that commissioned work.
- 2.2. One of the biggest challenges with this proposed amendment is that it does not provide a solution for instances where the parties to such a commissioning arrangement do not conclude a written agreement and/or are unable to agree on the terms of such a written agreement.
- 2.3. The new provisions in Section 21 do not expressly provide a mechanism to break a deadlock between an author and a person commissioning a work. New Section 21(3) attempts to deal with this defect by creating a default position if the contemplated written agreement (assuming one has been concluded) does not specify who the copyright owner is. The default position in the absence of a provision on ownership in the written agreement is one of joint ownership between the author and commissioner, and in terms of which the commissioner is granted limited ownership with limited exclusive rights to use the commissioned work. There is no default position when no agreement has been concluded, resulting in uncertainty: If the commissioning party and the author do not enter into a written agreement, who owns the copyright in the commissioned work?
- 2.4. The Bill's changes to the existing commissioning provisions could result in practical challenges to commercial and business reality and, therefore, even in conflict and litigation between authors and commissioners:
  - 2.4.1. Unless attorneys astute in copyright law are briefed by the parties to a commissioning arrangement, the parties are unlikely to know which acts are necessary for the purpose of the commission or that their ownership rights could be limited, even if they enter into the written agreement contemplated under new Section 21(1)(c).
  - 2.4.2. A limitation on the intended purpose of the commission (assuming such a limitation is even provided for in the envisaged written agreement) could limit the rights of one or both of the parties involved in a way that is unintended.
  - 2.4.3. An author is in effect granted the power to control how the commissioned work is used, even beyond payment, potentially allowing an author to create reproductions of the commissioned work perpetually and in effect devaluing the work or undermining the commissioning transaction – particularly in circumstances where certain transactions may require that the commissioning party should enjoy exclusive non-limited rights in and to the commissioned work, and where the author should have no rights or interests to use such work (typical examples being the commissioning of a photograph that will be the feature of the home page of a website or a logo or trade mark for a company).
- 2.5. The proposed amendments also arguably create a provision which requires the parties to come to an “agreement to agree.” Our Courts have generally held an “agreement to agree” as void, unless it has a “deadlock-breaking mechanism”.<sup>3</sup>
- 2.6. The proposed amendments in effect force the parties in a commissioning arrangement to enter into a written agreement and then dictate certain provisions to that agreement. Additionally, new Section 21(3)(c) and (d) appear to allow the Tribunal to dictate to the parties to enter into a licensing agreement on certain terms, in circumstances where they would otherwise not have concluded such an agreement. (This is different from the situation that gives rise to a person

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<sup>3</sup> *Shepherd Real Estate Investments (Pty) Ltd v Roux Le Roux Motors CC* 2020 (2) SA 419 (SCA). See also *Makate v Vodacom (Pty) Ltd* (2016 (4) SA 121 (CC) and *Seale and Others v Minister of Public Works and Others* [2020] ZASCA 130, paras 28-32.

petitioning the Tribunal to grant a compulsory licence in a case contemplated by existing Section 30(b), where no prior relationship exists.)

- 2.7. Concerns over a party's freedom to contract have been raised by the Constitutional Court in *Makate v Vodacom (Pty) Ltd*: "*Our law considers the parties' freedom of contract to be sacrosanct and that the parties' consensus must be reached freely.*"<sup>4</sup> The granting of powers to a Tribunal to create a licence agreement between the commissioning parties where the parties themselves would not otherwise have done so would, SAIPL submits, violate their right to contract freely under Section 22 of the Constitution.
- 2.8. SAIPL questions the necessity of the proposed amendments. The existing Section 21(1)(e) of the Act already permits authors and commissioners to amend the existing default positions in Section 21(1)(b), (c) and (d) by way of an agreement, the terms of which those parties are entitled to determine in accordance with their right to opt in or out of a contract. The Bill does not amend Section 21(1)(e).

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<sup>4</sup> 2016 (4) SA 121 (CC), para 96.

### 3 The qualification of the new distribution right by exhaustion and regulations authorising or prohibiting the distribution of any work

#### **New Section 12B(6) of the Act Clause 15 of the Bill**

#### **Section 45 of the Act, and Sections 45 and 45A of the Copyright Amendment Act 66 of 1983 No provision in the Bill**

- 3.1. The Bill introduces the exclusive right of distribution of originals or copies of copyright works in amendments to Sections 6, 7, 8, 9, 11A and 11B. The principle of exhaustion of the distribution right aligns with an optional provision of WCT<sup>5</sup>, and Parliament already resolved in March 2019 that South Africa should accede to WCT.<sup>6</sup>
- 3.2. Article 6(2) WCT allows its member states to provide for the exhaustion of the distribution right after the first sale or other transfer of ownership of the original or a copy of the work with the authorisation of the copyright owner. An agreed statement clarifies that the expressions 'copies' and 'original and copies only' refer to fixed copies that can be put into circulation as tangible objects.
- 3.3. It appears that whereas the exhaustion of the distribution right is what is contemplated by new Section 12B(6), Section 12B(6) omits the central condition of WCT's exhaustion provision that the first sale or transfer of ownership has to have been made with the authorisation of the copyright owner.
- 3.4. Section 12B(6) also has additional text that does not relate to "conditions" contemplated by Art 6 WCT, namely that exhaustion applies to "importation" in addition to "distribution". "Distribution" is to be a new exclusive right of copyright and "importation" is not.
- 3.5. The additional text is also unclear whether it is intended to override trade mark rights by stating that exhaustion is "notwithstanding anything to the contrary" in the Trade Marks Act 194 of 1993 and the Counterfeit Goods Act 37 of 1997.
- 3.6. Although "importation" is not an exclusive right of copyright, the importation of an infringing article is a case of so-called "secondary infringement."

The existing Section 23(2) states, amongst others, that a person who imports an article into South Africa knowing that the making of that article would have constituted an infringement of copyright if it had been made in South Africa, is infringing copyright. Section 23(2) is not amended by the Bill.

Section 12B(6) introduces sweeping changes by its introduction of a radical version of the doctrine of exhaustion, reversing the current position reflected by established case law on the topic of importing infringing articles into South Africa.<sup>7</sup>

New Section 12B(6) provides for the exhaustion of an exclusive right of "importation" that does not exist. If it is intended to repeal the importation rules of "secondary infringement", it would do so in a way that would have a material impact on the position of South African businesses that import copyright goods with the authorisation of the copyright owner, the economic impact of which has not been assessed by Government. Be that as it may, new Section 12B(6) is non-compliant with a material requirement of Article 6(2) WCT and will, on its introduction, immediately conflict with Section 23(2), that is not being amended. We therefore submit that

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<sup>5</sup> Article 6 WCT

<sup>6</sup> Resolutions of the National Assembly on 14 March 2019 and of the National Council of Provinces on 28 March 2019, resolution of the Cabinet on 5 December 2018.

<sup>7</sup> *Mr. Video (Pty) Ltd & Others v Nu Metro & Others* [2009] ZASCA 127.



Section 12B(6) is the result of a mistake in not taking into account treaty obligations and existing provisions of the Act.

- 3.7. The use of the term “assignment of ownership” in Section 12B(6) instead of “transfer of ownership”, as used in Article 6(2) WCT, seems to be a mistake. The term “assignment” is typically used mainly for the transfer of rights of copyright, not in respect of tangible goods.
- 3.8. In Chapter 12, we submit that new Section 12B should be withdrawn. However, if the exclusive right of distribution is to be introduced, a provision for the exhaustion of that right must be retained. The simplest way of doing so would be to follow the example of the United Kingdom’s Act<sup>8</sup> by inserting the words “not previously put into circulation in the Republic by or with the consent of the copyright owner” in each of new Sections 6(eC), 7(dC), 8(dC), 9(g), 11A(d) and 11B(dC) along the following lines:

*“distributing the original or a copy of the work to the public that has not previously put into circulation in the Republic by or with the consent of the copyright owner”*

- 3.9. Sections 45 and 45A introduced by the Copyright Amendment Act 66 of 1983, allow the Minister to make regulations allowing the distribution of any work and the reproduction and adaptation of artistic works and making them available to the public. These sections have never come into operation. SAIPL submits that this is an opportune time for their relevance to be re-assessed in the light of the new exclusive right of distribution and Parliament’s resolution that South Africa accede to WCT. If these provisions are no longer relevant or in conflict with WCT, they should be repealed. If the NCOP rejects the Bill, it will create the opportunity to re-assess these provisions and to repeal them if needed.

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<sup>8</sup> Section 18 of the UK Copyright, Designs and Patents Act 1988, at <https://www.legislation.gov.uk/ukpga/1988/48/section/18>.

## 4 Unenforceable contract terms

### **New Section 39B of the Act and new definition of “open licence” Clauses 36 and 1(i) of the Bill**

- 4.1. The Bill introduces a blanket ‘contract override provision’ in new Section 39B. Section 39B(1) reads as follows:

Section 39B(1) reads as follows:

*“To the extent that a term of a contract purports to prevent or restrict the doing of any act which by virtue of this Act would not infringe copyright or which purport to renounce a right or protection afforded by this Act, such term shall be unenforceable.”*

- 4.2. We anticipate that this provision will result in much legal uncertainty in dealings with authors, copyright owners and potential infringements of copyright for the following reasons:
- 4.2.1. It is a so-called ‘blanket’ provision, having effect across all acts which “by virtue of this Act would not infringe copyright” and all rights and protections “afforded by this Act.”
- 4.2.2. It is imprecisely drafted, as shown below.

New Section 39B is not supported by an economic impact assessment that measures potential impacts on creative industries that will be affected by this change.

- 4.3. We are not aware of a substantive ‘contract override’ provision that applies on a ‘blanket’ basis across the board to all copyright contracts and rights of copyright in any country in the world.

Where contract override provisions exist in foreign copyright statutes, their application is limited in scope to address the limited situations where it has been established, by research and impact assessment, that such a provision is necessary.

- 4.4. “A right or protection afforded by this Act”

- 4.4.1. The practical effect of this provision is that it will no longer be possible for an author to agree to a contract term in which they voluntarily renounce, or waive, any right granted under the Act. Specifically:

- an author or a copyright owner would not be able to waive copyright (except by an “open licence”, like the Creative Commons CC0 copyright waiver, that is carved out by new Section 39B(2)),
- an author would not be able to waive their moral rights,
- an author would not be able to waive the new statutory royalty entitlement in respect of “visual artistic works” in terms of Section 7A, and
- a performer will not be entitled to waive the new statutory royalty entitlement in terms of Section 8A,

even if they expressly desire to do so in return for another benefit in a contract. The examples listed above are not exhaustive, since new Section 39B is a ‘blanket’ provision, and other grounds could be devised in the course of contractual disputes in contracts with an author or a performer.

- 4.4.2. New Section 39B may therefore result in restrictions on parties’ freedom to trade in a manner that could be held to be arbitrary and in conflict with the Bill of Rights in the Constitution.<sup>9</sup>

- 4.4.3. An example of a foreign statute that has a ‘contract override’ clause to preserve specific authors’ rights is the European Union’s Directive on Copyright in the Digital Single Market (“DSM Copyright Directive”).<sup>10</sup> The DSM Copyright Directive proposes specific

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<sup>9</sup> Section 22 of the Bill of Rights in the Constitution; *Makate v Vodacom (Pty) Ltd* (2016 (4) SA 121 (CC)).

<sup>10</sup> EU Directive 2019/790 on copyright and related rights in the Digital Single Market, at [EUR-Lex - 32019L0790 - EN - EUR-Lex \(europa.eu\)](https://eur-lex.europa.eu/eli/dir/2019/790/oj)

bans on contract overrides to protect the rights of authors and performers to receive transparent reporting (i.e., an 'audit right') on commercial uses made of their works and performances, the right to a contract adjustment mechanism to cater for the ability to renegotiate remuneration terms on very successful works in specific circumstances, and the right to a dispute resolution mechanism as a means to potentially resolve contractual disputes without having to resort to litigation in Court.<sup>11</sup> The DSM Copyright Directive allows for contractual flexibility on other key issues, including remuneration provisions in contracts and revocation or reversion rights.

4.5. "Any act which by virtue of this Act would not infringe copyright"

- 4.5.1. The 'contract override' provision in new Section 39B supplements every copyright exception, namely those contained in new Sections 12A, 12B, 12C, 12D, 19B, 19C and 19D.
- 4.5.2. Considering that South African law considers a copyright exception to be a taking away of a property right,<sup>12</sup> new Section 39B has to be factored into the assessment of constitutionality and treaty compliance of every copyright exception in each of the new Sections 12A, 12B, 12C, 12D, 19B, 19C and 19D.
- 4.5.3. New Section 39B will result in unnecessary litigation and the wasted costs which that entails. This is because it presents a major obstacle to the negotiation of settlement agreements in infringement cases where a party initially relied on an exception. A party that originally denied infringement and based their defence on an exception, would not be able to contractually waive or renounce such a defence in an informal settlement agreement. Litigation will therefore become inevitable in every infringement case that was initially defended based on an exception and can, in the best-case scenario, only come to an end that has legal effect if a settlement agreement is made as a consent order by a Court.
- 4.5.4. 'Contract override' provisions in some foreign statutes have been applied to specific aspects of very specific copyright exceptions where the exception concerned relates to a special case (the first step of the Three-Step Test) where there is usually a contractual relationship with the copyright owner or its representative.

Examples of contract override provisions that apply to specific exceptions can be found in the United Kingdom's Copyright Designs and Patents Act, where specific 'contract override' clauses apply to the exceptions for personal use, research and private study, and criticism and review, and the disability exception, amongst others.<sup>13</sup>

- 4.5.5. New Section 39B, as applied to all copyright exceptions, arbitrarily entrenches the deprivation of the property rights of copyright owners by the copyright exceptions, in conflict with Section 25(1) of the Bill of Rights in the Constitution.

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<sup>11</sup> Articles 19, 20, 21 and 23 of the DSM Copyright Directive, referred to in footnote 10.

<sup>12</sup> *Moneyweb (Pty) Ltd v Media 24 Ltd* 2016 4 SA 591 (GJ).

<sup>13</sup> Sections 28B, 29, 30 and 31F of the UK Copyright Designs and Patents Act 1988, at <https://www.legislation.gov.uk/ukpga/1988/48/section/168>.

## 5 New statutory royalty entitlements for authors of literary, musical and visual artistic works, and for performers whose performances are fixed in audiovisual works

**New Sections 6A, 7A and 8A in the Copyright Act, all as read with the contract override provision in new Section 39B of the Copyright Act**

**New Section 9A(1)(aA) of the Copyright Act**

**Clauses 5, 7, 9 and 11 of the Copyright Amendment Bill**

**New Section 5(1A) and amendment of Section 5(4) and (5) of the Performers' Protection Act  
Clause 4(c), (f) and (g) of the Performers' Protection Amendment Bill**

- 5.1. One of the stated policy objectives underlying the copyright and performers' rights reform project is to improve the ability of South Africa's authors, composers, artists, and performers to be fairly remunerated from the commercial exploitation of their copyright works and performances.
- 5.2. With this policy objective in mind, the Copyright Amendment Bill introduces new statutory royalty entitlements under new Sections 6A, 7A and 8A of the Copyright Act and amendments to Section 5 of the Performers' Protection Act. These entitlements are meant to benefit:
  - 5.2.1. authors of literary and musical works (Section 6A of the Copyright Act),
  - 5.2.2. authors of visual artistic works (ie artists who have made paintings, sculptures, drawings, engravings and photographs) (Section 7A of the Copyright Act),
  - 5.2.3. performers in audiovisual works by way of a share in royalties received by copyright owners (Section 8A of the Copyright Act), and
  - 5.2.4. performers whose performances are fixed in audiovisual works from uses of the audiovisual works in which they appear (amendments to Section 5 of the Performers' Protection Act).
- 5.3. The most established statutory royalty entitlement is for royalties for 'needletime' that are due to copyright owners of sound recordings and performers whose performances were fixed in sound recordings.<sup>14</sup> 'Needletime', or 'pay-for-play', royalties are essentially a license fee paid by music users such as broadcasters, retailers, nightclubs, restaurants, etc., for the public performance of recorded music, which accrues to copyright owners of sound recordings (e.g., producers or record labels) and recording artists.

In South Africa, the statutory entitlement to 'needletime' royalties was introduced by the Copyright Amendment Act 9 of 2002 in:

- Section 9A of the Copyright Act, for the owners of the copyright in sound recordings, and
  - Section 5(4) and (5) of the Performers' Protection Act, for performers whose performances were fixed in the sound recordings.
- 5.4. The Portfolio Committee's drafting of new Sections 6A, 7A and 8A<sup>15</sup> was not informed or supported by any economic impact assessments or stakeholder consultations to determine what faults exist in the affected industries that require legislative intervention, and whether the new proposals would in fact resolve those faults. It is also apparent that no independent legal advice was taken on these new provisions. This resulted in the following flaws:
    - 5.4.1. The substantive text of new Sections 6A, 7A and 8A being based on existing Section 9A amounts to the legislating of a "one size fits all" solution that is extrapolated across copyright works that are made in materially different ways. It does not take into account that different rights management, commercial exploitation, and remuneration models are deployed across commercially unrelated copyright industries (e.g. book publishing,

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<sup>14</sup> The United States is notable for not having 'needletime' royalties.

<sup>15</sup> Sections 6A, 7A and 8A did not appear in the original text of the Bill introduced to Parliament in May 2017.

music, animation, arts and crafts, software development, gaming, film and television production, documentary filmmaking, advertising/commercial production).

5.4.2. The fact that the words “subject to any agreement to the contrary” were not introduced to Sections 7A and 8A makes them subject to the contract override provision in new Section 39B and, therefore, not capable of being waived by the authors and performers concerned.<sup>16</sup>

5.4.3. The new statutory royalty entitlements were originally drafted to have retrospective application, inasmuch as they would also apply to ‘contracts of the past’. The retrospective provisions were removed following the President’s rejection of the Bills in 2020, due to concerns that they amount to arbitrary deprivations of property rights and are likely unconstitutional.

The fact that the statutory royalty entitlements in new Sections 6A, 7A and 8A are intertwined with the exclusive rights of copyright renders them unsuitable for remedying any unlawful exploitation of authors and performers in the past. Inasmuch as these provisions may have been meant to remedy unlawful or unfair exploitation in the past, they are based on the assumption that all past assignments of copyright by authors and all authorisations of fixation by performers were unlawfully exploitative. In the absence of impact assessment, this assumption has to be questioned. Other solutions to right wrongs suffered by musicians in the past could have been considered.

5.4.4. The substantive provisions of Sections 6A, 7A and 8A were never fully opened to public consultation.<sup>17</sup> These provisions are therefore open to the risk of their constitutionality being challenged because the Portfolio Committee did not consult with the public on the new provisions that they crafted.

5.5. Fair remuneration for authors and performers from the commercial exploitation of copyright works is under consideration in many jurisdictions around the world. In the European Union, the Directive on Copyright in the Digital Single Market<sup>18</sup> makes several legislative proposals for European Union member states in this regard, none of which appear to have been duly considered for potential application in South Africa.

The Directive on Copyright in the Digital Single Market requires that member states ensure that authors and performers who license or transfer their exclusive rights for the commercial exploitation of their works and performances are entitled to receive “appropriate and proportionate remuneration.” Member states are afforded considerable leeway to decide how this would be implemented nationally, with due consideration given to existing market practices in their territories. Royalties are a potential form of equitable remuneration, but the Directive caters for contractual flexibility and makes provision for lump sum payments to be agreed in certain circumstances, instead of royalty payments.

The Directive provides some guidance on what constitutes appropriate and proportionate remuneration. Remuneration should correspond with the value of the rights licensed or transferred, as opposed to being calculated based on profit or revenue shares generated from the commercial exploitation of the underlying works. Other factors are also considered, including existing market practices, the actual exploitation of the works concerned, and the size of the overall contribution made to each work by the author or performer concerned.

5.6. The proposals advanced in new Sections 6A, 7A and 8A, when read with new Section 39B, depart from international norms and best practices. Its enactment into law would raise South Africa’s

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<sup>16</sup> See Chapter 4.

<sup>17</sup> Only sub-sections relating to ‘minimum contract terms’, ‘retrospectivity’, ‘reporting obligations’ and ‘criminal sanctions for non-reporting’ were opened for public consultation – not the substantive provisions relating to the introduction of the new royalty provisions.

<sup>18</sup> EU Directive 2019/790 on copyright and related rights in the Digital Single Market: [EUR-Lex - 32019L0790 - EN - EUR-Lex \(europa.eu\)](https://eur-lex.europa.eu/eli/dir/2019/790/oj)

legal risk profile for foreign entities that want to consider investing in the production of copyright works locally.

5.7. Specific considerations applying to the statutory royalty entitlement of performers in audiovisual works in new Section 8A

New Section 8A will contain the following provisions:

- Performers shall, subject to the Performers' Protection Act, have the right to share in the royalty received by the copyright owners of audiovisual works for any exploitation of their exclusive rights of copyright in the underlying works. The Copyright Act's definition of "performer" cross-refers to the Performers' Protection Act. (The definition in the Performer's Protection Act has a part that refers back to the Copyright Act, that is addressed in Paras. 25.5-25.7.)
- When read with new Section 39B in the Copyright Act (the 'contract override' provision), Section 8A proposes an entitlement to a royalty that cannot be varied by contract, any contractual variation being unenforceable.
- '*Royalty*' is not defined as a share of gross profit, as is the case in Sections 6A and 7A. It appears to be more akin to a performer's share of a license fee paid by a user of an audiovisual work to the copyright owner, akin to the 'needletime' provisions under Section 9A (most of which were mirrored in Section 8A).
- The performer's royalty share shall be determined by a written agreement with compulsory contract terms that may be prescribed by the Minister of Trade, Industry and Competition.
- Any future assignments made of the copyright in the underlying audiovisual work by the copyright owner shall be subject to the same written agreement on royalty shares, and the royalty entitlement is therefore 'attached to and travels with' the copyright work, regardless of the change of ownership.
- There are no 'carve outs' to limit and clarify the scope of application of this royalty entitlement (as opposed to the approach adopted with Sections 6A and 7A) and no contractual flexibility is catered for (as opposed to Section 6A and Section 9A).
- The definition of 'performer' in the Performers' Protection Act, even as to be amended by the Performers' Protection Bill, is sufficiently broad to include any performer, even so-called 'extras' or background performers in film and television productions.

New Section 8A suffers from the following flaws:

5.7.1. It is not clear when the provisions of the Performers' Protection Act will apply and exclude the operation of Section 8A

The performer's rights under Section 8A are "*subject to the Performers' Protection Act.*" It is not clear what this means, in circumstances where performers in audiovisual works ostensibly benefit twice from royalty entitlements, from new Section 8A in the Copyright Amendment Bill and also from the amended Section 5(4) in the Performers' Protection Amendment Bill.

This situation contrasts with the current situation with regard to sound recordings and performances fixed in sound recordings, where the 'needletime' benefit in Section 9A of the Copyright accrues to the copyright owner of the sound recording and the 'needletime' benefit in Section 5 of the Performers' Protection Act accrues to the performer.

On the other hand, the provision in amended Section 5(5) of the Performers' Protection Act only applies to payment. In respect of sound recordings, this makes sense, in that it provides that a payment for performers' rights in terms of Section 5(4) settles the entitlement of the copyright owner in terms of Section 9A. However, in respect of audiovisual works, the persons entitled under Section 5(4) and Section 8A are the same person.

A comparison of Section 8A and Section 5 show another case of misalignment between the two sets of rights inasmuch as they relate to audiovisual works. In the

Copyright Amendment Bill, Section 8A does not allow for an agreement to provide for its exclusion, and Section 39B results in the royalty right granted to the performer that cannot be varied by contract, any contractual variation being unenforceable. On the other hand, in the Performers' Protection Amendment Bill, Section 5 allows the performer to contract for a royalty or equitable remuneration, and equitable remuneration may be a lump sum with no royalty.

As stated elsewhere in this Chapter 5 and in Chapter 28, the best solution is that only the Performers' Protection Act should govern all economic entitlements for performers.

5.7.2. It is not clear what is meant by 'royalty' in Section 8A, how royalty rates would be determinable, and by whom it would be payable.

5.7.2.1. "Royalty" is not defined as is the case with Sections 6A and 7A, where it is stated to be a share of gross profit made on the exploitation of a work. The provisions of Section 8A were closely modelled on Section 9A, which deals with the 'needletime' royalty right in the music industry.

5.7.2.2. Section 9A confers a statutory obligation on third parties, such as broadcasters, retailers, nightclubs, restaurants and other users of recorded music, to pay a license fee or 'royalty' to the copyright owner of a sound recording for its broadcasting, transmission in a diffusion service or communication to the public, unless the parties have agreed otherwise. Any royalty payment received by the copyright owner must be shared equally with the performer(s) featured in the sound recording concerned.

5.7.2.3. Since the provisions of Section 8A were so closely modelled on the provisions of Section 9A, and duplicated in places, the presumptive legislative intent is to introduce a 'needletime-styled' royalty entitlement for copyright owners of audiovisual works, and for performers featured in such works.

This presumption is supported by the text of Section 8A, which stipulates as follows:

*"A performer shall, subject to the Performers' Protection Act...have the right to share in the royalty received by the copyright owner for any of the acts contemplated in section 8."*

A material difference is that Section 9A allows contractual flexibility whereas Section 8A does not, in that Section 9A(1)(a) stipulates that the 'needletime' right applies only *"In the absence of an agreement to the contrary"*.

5.7.2.4. The 'needletime' royalty under Section 9A is essentially a license fee that a music user must pay to the copyright owner for the use of recorded music in instances where there are no other contractual arrangements in place between the parties. The practical objective is to enable and support collective rights management so that enterprises that broadcast or play recorded music in public can be licensed by collecting societies who represent the interests of copyright owners and performers, without risk of infringing the underlying copyrights and performers' rights. This also assists with the practical challenges that these enterprises would otherwise encounter with rights clearances for each occasion.

The situation in the audiovisual services sector is materially different. The lawful third-party use that is made of audiovisual works is typically made in terms of direct licence agreements in place between the copyright owners and third parties that broadcast the works or communicate them to the public.

The royalty payment that is made under Section 9A by music users to copyright owners must be shared with recording artists who are featured in the relevant sound recordings. This profit share is therefore very different to the royalty share proposed in Sections 6A and 7A. 'Needletime' established a new income stream for copyright

owners of sound recordings and performers in the music industry, which is different to a right of authors of literary, musical and visual artistic works to share directly in gross profits made by the copyright owner from the exploitation of the works concerned. Users that publicly perform, broadcast or diffuse sound recordings are now required to pay two sets of royalties: 'needletime' royalties to copyright owners and performers in respect of the sound recording and (unless there is an agreement to the contrary) Section 6A royalties to authors of the underlying musical and literary works.

In the audiovisual industries, it is unusual for a royalty to be paid by a consumer of audiovisual works to the copyright owners concerned. Online streaming services that produce their own original content and generate revenues based on customer subscription models do not typically receive any royalty payments from third parties that could be shared with performers. Producers and copyright owners of television commercials also do not receive royalty payments from third parties when advertising commercials are exploited by the relevant brand owners for marketing purposes.

It is therefore unclear from the wording of Section 8A whether it can and should be applied across board to all audiovisual works as it is currently proposed. It is also unclear whether copyright owners are liable to pay royalties as profit shares from commercialization activities, or whether they should only do so when they themselves receive royalty payments from third parties.

If the same construct in Section 9A were to be applied to Section 8A, then performers in audiovisual works would not be entitled to receive payments from copyright owners as profit shares from all commercialization activities undertaken in respect of the underlying works. Performers would only be entitled to receive a share of any royalties paid over to the copyright owners by third parties for certain commercial usages made of audiovisual works.

Whereas collecting societies may still have a role to play in the licensing of audiovisual works, for instance in the educational and hospitality sectors, the analogy with the role of collecting societies in 'needletime' is misplaced. Royalty income flowing through collecting societies contemplated in Section 8A will be insignificant and therefore not suited as a vehicle to fairly remunerate performers who are featured in audiovisual works.

### 5.7.3. Restrictions on contractual freedom

- 5.7.3.1. The performer's royalty share under Section 8A is to be determined by a written agreement with the copyright owner in a prescribed manner and form.
- 5.7.3.2. However, as commented on elsewhere in this submission<sup>19</sup>, the Minister is granted broad powers to prescribe compulsory and standard contractual terms to be included in any agreements relating to rights of copyright, and to prescribe royalty rates or tariffs for usages made of copyright works by new Sections 39(cG) and (cI). This means that the Minister is empowered to change the rules that govern existing contracts and industry-agreed terms of usages and remuneration benchmarks and that he can do so at any time.
- 5.7.3.3. Audiovisual works are produced across a broad range of creative industries and the same usage rates that may apply for feature films, would not necessarily be appropriate for video games, animation, music videos, documentary features and other audiovisual content, due to various factors, including the size of the budget of each production concerned, the level of finance raised to produce the underlying work, the different ways in which the works are commercialized, and the different levels of creative contributions made to the overall works by the performers concerned. Television commercials and music videos, for instance, are not assets

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<sup>19</sup> See Chapter 8.



that are sold, distributed or generate revenues in the same way as commercial feature film and video game releases do.

Example:

In the advertising sector, different industry associations representing the interests of producers and performers already found industry driven solutions to address how performers should be equitably remunerated through collective bargaining processes which resulted in agreed remuneration terms and benchmarks. Provision is made in standardized commercial production contracts for the payment of additional usage fees to performers when commercials are flighted for longer periods than the initially agreed contract periods. These usage tariffs differ depending on the size of the overall budget of each production. There is therefore no 'one-sized fits all' model that can be applied across board in the advertising industry itself, and therefore also not across all audiovisual industries insofar as royalty rates and usage tariffs are concerned.

- 5.7.3.4. The statutory royalty entitlement under Section 8A is unaffected by any assignment of rights by the copyright owner, or subsequent copyright owners, and it therefore 'attaches' to the audiovisual work for the life of copyright and binds all future successors in title to the copyright owner, even though this may not be the intention of the parties to an agreement on how rights transfers and remuneration should be dealt with.
- 5.7.3.5. Contractual freedom is even more severely curtailed by the 'contract override' provision in the Copyright Amendment Bill's new Section 39B. This provision renders unenforceable any contractual undertaking in terms of which a right afforded by the Copyright Act is purported to be renounced or waived. This means that the performer's royalty right under Section 8A is unwaivable, even in circumstances where the performer may wish to negotiate an alternate form of remuneration. In many instances, performers may wish to receive a guaranteed up-front payment in the form of a guaranteed lump sum (extras and background performers are typically remunerated in this way), instead of the uncertain prospect of sharing in future royalties paid over by third parties to the copyright owner, which cannot be guaranteed to even materialize.
- 5.7.3.6. Chapter 8 of this submission shows how new Section 39(cG) undermines contractual freedom in a way that may be unconstitutional and that the Minister's powers under Section 39(cl) are stated too broadly, and submits that these new provisions of the Copyright Amendment Bill should be withdrawn.
- 5.7.4. In the film and television production industries, a statutory unwaivable right for performers to share in profits generated by the producer or copyright owner, before the project has even reached a 'break-even' point financially, would likely result in a major shift in how performers are currently remunerated.
- 5.7.4.1. The Performers' Protection Act defines "performer" broadly. The Performers' Protection Amendment Bill purports to expand on the existing definition to also include performers of traditional works by substituting the definition with the following:

*"an actor, singer, musician, dancer, or other person who acts, sings, delivers, declaims, plays in or otherwise performs literary works, musical works, artistic works, dramatic works or traditional works as contemplated in the Copyright Act"*

The new definition of "performer" in the Copyright Act cross refers to the above new definition in the Performers Protection Act. This suggests that even background performers or 'extras' in film and television productions, music videos, commercials, etc., would have an unwaivable claim to royalty shares, together with the 'featured performers' or lead actors. When considering that feature films could have hundreds and sometimes even thousands of 'extras' involved in a shoot, this is potentially a

highly problematic construct, which would reduce the potential royalty income for featured performers significantly if all performers were allocated equal royalty shares.

This construct works adequately in the music industry, where non-featured performers or so-called 'session musicians' who (at least in respect of modern commercial music) may number a handful at most, share in the performers' half of the 'needletime' royalty. The construct would be completely unworkable in the film industry, where casts often number in the hundreds in feature films with scripted crowd scenes.

- 5.7.4.2. To impose a compulsory and unwaivable statutory royalty entitlement across board, would risk this becoming the only or primary form of remuneration available to many performers. The consequence of earning remuneration based on the production's income is that part of the financial risk is likely to be passed on to performers, that would be prejudicial to the economic interests of those performers, who have up to now received guaranteed up-front and lump sum payments. Considering that royalty earnings from future commercialization of works cannot be guaranteed, performers may end up earning less than they are currently accustomed to. This would present a major unintended consequence of the unwaivable nature of the royalty entitlement proposed under Section 8A.
- 5.7.4.3. This approach is not aligned with the Beijing Treaty, to which Parliament resolved in March 2019 that South Africa should accede. Article 12(3), read with Articles 10 and 11, of the Beijing Treaty determines that the national laws of member states may provide performers with the right to receive royalties or equitable remuneration for any commercial uses made of their performances fixed in audiovisual works.
- 5.7.4.4. The Performers' Protection Amendment Bill is aligned with the Beijing Treaty insofar as it purports to introduce an entitlement for performers to receive either royalties or equitable remuneration in respect of the commercial use made of audiovisual works.<sup>20</sup>
- 5.7.4.5. The approach adopted in Section 8A of the Copyright Amendment Bill is therefore not only misaligned with the Beijing Treaty, but also with the Performers' Protection Amendment Bill, as it purports to introduce an unwaivable royalty entitlement, without the election of alternate forms of payment that would be considered as equitable remuneration by the parties concerned.
- 5.7.5. Fair remuneration of performers whose performances are fixed in audiovisual works is the proper topic for the Performers' Protection Act only

The analysis above goes to show that the fair remuneration of performers whose performances are fixed in audiovisual works is the proper topic for the Performers' Protection Act only, not the Copyright Act. As shown in Chapter 28, fair remuneration of performers is not a consequence of copyright, but a matter for performers' related rights (also called 'neighbouring rights'). This analysis also illustrates the error of extrapolating the 'needletime' provisions in the Performers' Protection Act from performances fixed in sound recordings to performances fixed in audiovisual works.

5.7.6. Reporting obligations and criminal sanctions

- 5.7.6.1. Section 8A(5) seeks to introduce a mandatory reporting obligation, in terms of which any person who executes an act contemplated in Section 8 of the Copyright Act (exclusive rights of copyright in audiovisual works) must:
- register that act in the prescribed manner and form; and
  - submit a complete, true and accurate report to the performer, copyright owner, indigenous community or collecting society, in the prescribed manner for purposes that include the calculation of royalties due and payable by that person.

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<sup>20</sup> Clause 3 of the Performers' Protection Amendment Bill, inserting Section 3A into the Performers' Protection Act.

- 5.7.6.2. It is envisaged that the Minister will promulgate regulations on the prescribed format and manner in which commercial usages made of audiovisual works should be registered and reported to the copyright owners and performers concerned.

The construct of Section 8A(5), read with Section 8A(1), suggests that the reporting obligation will be applicable to third parties who wish to make commercial use of audiovisual works. The use of the wording '*any person*' introduces vagueness on a key issue and suggests that a copyright owner might also be bound by this reporting obligation.

- 5.7.6.3. The lack of accurate reporting on usages made of recorded music by broadcasters and other 'essential music users', was a key issue identified in the Copyright Review Commission report of 2011.

The Copyright Review Commission recommended that legislation be amended to make it compulsory for 'essential music users' (including broadcasters) to retain music usage information records to assist collective rights management organizations with accurate reporting and royalty distributions made to their members<sup>21</sup>.

- 5.7.6.4. The criminalization of non-reporting on music use was motivated by certain stakeholders in the music industry to assist rights holders, but this was never a problem identified in the audiovisual services sector. It is therefore peculiar that the same provisions that are to be inserted into Section 9A of the Copyright Act to address the bespoke and previously identified 'music industry problem', are replicated in Section 8A for application in the audiovisual services sector without being informed or supported by an economic impact assessment or stakeholder consultation.

The uncertainty of whether Sections 8A(5) and (6) would also apply to copyright owners, and the introduction of onerous reporting obligations and criminal penalties for licensed users of audiovisual works, which may include producers, distributors, broadcasters, content aggregators, etc., results in a heightened level of exposure to legal risk for investors who would fund high-cost content production projects in South Africa.

The legitimate and licensed commercial use made of audiovisual works may potentially incur criminal liability, if any of the licensed users were to fail to report accurately and timeously on each act of commercialization to every single performer (even 'extras' in film and television productions). The penalties are disproportionate to the intended outcome of ensuring more transparent reporting made on commercial uses to performers and it is not apparent that any alternate methods of achieving this were even considered.

In Chapter 26 of these submissions, we submit that new Section 8A(6) and other new sections introduced by the Copyright Amendment Bill that contain the same sanctions, should be withdrawn.

- 5.7.7. New reporting obligations in new Section 9A(aA) of the Copyright Act and new Section 5(1A) of the Performers' Protection Act

- 5.7.7.1. Both new Section 9A(aA) of the Copyright Act and new Section 5(1A) of the Performers' Protection Act introduce new mandatory reporting obligations on uses of sound recordings and audiovisual works. They follow the same format, reading as follows:

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<sup>21</sup> Para 10.12.4 of the Copyright Review Commission Report, 2011, at [https://www.gov.za/sites/default/files/gcis\\_document/201409/crc-report.pdf](https://www.gov.za/sites/default/files/gcis_document/201409/crc-report.pdf).

Section 9A(aA) of the Copyright Act	Section 5(1A) of the Performers' Protection Act
<p><i>Any person who executes an act [of broadcasting, transmission in a diffusion service, communication to the public, and 'making available'] for commercial purposes</i></p> <p><i>must—</i></p> <p><i>(i) register that act in the prescribed manner and form; and</i></p> <p><i>(ii) submit a complete, true and accurate report to the performer, copyright owner ... or collecting society, as the case may be, in the prescribed manner, for purposes that include the calculation of royalties due and payable by that person.</i></p>	<p><i>A person who for commercial purposes intends to [execute an act that is subject to the new exclusive rights in favour of a performer in new Section 3(4)]—</i></p> <p><i>must</i></p> <p><i>register that act in the prescribed manner and form and</i></p> <p><i>submit a complete, true and accurate report to the performer, producer, copyright owner, ... or collecting society, as the case may be, in the prescribed manner, for the purpose of, amongst others, calculating the royalties or equitable remuneration due and payable by that person.</i></p>

- 5.7.7.2. These reporting obligations are mirrored in Section 8A(5) (discussed above in relation to audiovisual works), but not in Section 6A and Section 7A. The Minister will promulgate regulations on the prescribed format and manner in which commercial usages made of audiovisual works should be registered and reported to the copyright owners and performers concerned.
- 5.7.7.3. We are concerned about the use of the term “register”, that implies the registration of the act of commercialisation with a public authority or on a public register. This goes much further than an obligation on the part of a user of a sound recording or an audiovisual work to maintain and keep records of uses and to make them available when reporting for the purposes of calculating remuneration (i.e., an ‘audit right’). The obligation to “register” comes across as onerous and impractical.
- 5.7.7.4. In the case of Section 5(1A) of the Performers’ Protection Act, there are two additional complications with regard to the obligation to register uses. The first is that the user is obliged to register in advance (“*intends to ...*”). The second is that the definition of performers includes every single performer, including extras, that will likely pose an unmanageable burden on large film productions.
- 5.7.7.5. The disproportionate criminal sanctions on juristic persons for not complying with these reporting obligations are dealt with in Chapter 26.

## 6 25-year limit on the term of assignments of copyright in literary and musical works and of the transfer of performers' exclusive rights

### **Amendment of Section 22(3) of the Copyright Act Clause 25(b) of the Copyright Amendment Bill**

### **New Section 3A of the Performers' Protection Act Clause 3 of the Performers' Protection Amendment Bill**

- 6.1. In today's environment, most works made available to consumers are multi-authored and comprised of contributions from numerous sources. The rights in such works need to be brought together into a single ownership in order to facilitate their distribution and commercialisation.

The proposed amendments to Section 22(3) of the Copyright Act will limit the term of assignment (i.e. transfer) of literary and musical works to a period of 25 years from the date of assignment. The new Section 3A(3)(c) of the Performers' Protection Act will provide that the transfer by a performer of their exclusive rights reverts back to the performer after 25 years.

- 6.2. These provisions have their origin in a mistaken application of the recommendation of the Copyright Review Commission that the Copyright Act must be amended to include a section modelled on that in the United States Copyright Act providing for the reversion of rights assigned by composers in musical works 25 years after the copyright came into existence.<sup>22</sup>

- 6.3. The new provisions in the Bills differ materially from what the Copyright Review Commission recommended, because:

6.3.1. The amendment to Section 22(3) of the Copyright Act applies to literary works, in addition to applying to musical works.

6.3.2. The amendment to Section 22(3) of the Copyright Act is not a right of reversion, and does not follow the model of Section 203 of the United States Copyright Act.<sup>23</sup> The drafting of a true right of reversion contains procedures and safeguards, notably prior written notice to the copyright owner, that the new provision ("*Provided that assignment of copyright in a literary or musical work shall only be valid for a period of up to 25 years from the date of such assignment*") does not contain.

6.3.3. The amendment to Section 22(3) of the Copyright Act applies to all assignments, therefore not only the first assignment by the author, but all and any onward assignments of the copyright by the author's successor-in-title.

6.3.4. Inasmuch as the 25-year term limit might be considered to be a right of an assignor of copyright granted to them under the Copyright Act, that condition would be subject to the contract override provision of new Section 39B, that the assignor will not be able to waive.

6.3.5. The Commission did not recommend a reversion right in respect of performers' rights. There is no rationale supporting the 25-year term limit in respect of performers who feature in sound recordings in the Performers' Protection Amendment Bill.

The reasons for not following the recommendations of the Copyright Review Commission have not been explained and are not supported by impact assessment. It is, however, clear from the above analysis that these provisions have been included in error.

- 6.4. These provisions mean that composite works containing literary and musical works (notably sound recordings and audiovisual works, but possibly also computer software) that are created by South African authors and performers would have a *de facto* commercial lifetime of 25 years, notwithstanding the duration of copyright of the life of the author plus 50 years legislated by the

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<sup>22</sup> Para 15.1.9 of the Copyright Review Commission report, at [https://www.gov.za/sites/default/files/gcis\\_document/201409/crc-report.pdf](https://www.gov.za/sites/default/files/gcis_document/201409/crc-report.pdf).

<sup>23</sup> Section 203 of the US Copyright Act is at <https://www.copyright.gov/title17/92chap2.html#203>.

current Section 3(2)(a) of the Copyright Act based on the requirement of Article 7(1) of the Berne Convention.

This is so because, unless there is another agreement between the copyright owner and all the authors, composers and performers of such a composite work – an outcome that cannot be guaranteed and can be expected to be unlikely – then the resulting situation is that the copyright owner and every author and performer that contributed to the creation of the copyright work will have rights on paper, but no work that can be commercialised beyond the initial 25-year term.

This means, in turn, that the authors of and performers in these works have no expectation of an income from these works after 25 years. These restrictions on the term of commercialisation for South African works could result in local authors and composers at a disadvantage when compared to other their counterparts from countries where these kinds of limitations are not imposed.

Example:

An author is engaged by a film producer to write a screenplay for a film. The producer also engages a composer to compose the musical score for the film. The film will star South African actors and extras.

The film producer needs to acquire the underlying rights to the screenplay and the composition and the performers' rights for the life of the copyright to secure financing for the production of the film and post-production, to effectively commercialise the film for the life of the copyright (50 years from first release to the public or publication) because its potential for commercialisation depends on the terms of the underlying rights. However, unless the producer (or its successor to the copyright in the audiovisual work) can make the same agreement with the author, the composer and every actor, including the extras – an outcome that is not guaranteed and is very unlikely - the 25 year limitation will mean the commercial value of the latter work will be restricted to 25 years from the date of assignment by the author of the screenplay and the composer of the musical score and the transfer of the performers' rights by the performers. Considering that there is inevitably a time delay between the execution of the assignments and the public release of the film, the 25-year term may therefore well end in fewer than 25 years after the film is first released to the public or published.

## 7 Resale royalty right

### **New Sections 7B-7F of the Act, new Section 39(c) of the Act, and new definitions of “art market professional” and “visual artistic work” in Section 1 of the Act Clauses 7, 35 and 1(b) and (l) of the Bill**

- 7.1. Article 14<sup>ter</sup> of the Berne Convention allows a member state to introduce legislation granting the inalienable right to an artist to an interest in any sale of a hard copy of their work. This right is commonly known as the “artists’ resale right”, but is called the “resale royalty right” in the Bill.
- 7.2. New Sections 7B to 7F of the Act purport to introduce a resale royalty right for artists, but it couches this right as a right of copyright, whereas it is a separate right that is dependent on a right of copyright. A number of its provisions could also be improved.
- 7.3. SAIPL submits that Sections 7B to 7F should be recast so as not to confuse the resale royalty right with a right of copyright. The recast provisions and their related definition and the authority of the Minister to determine the royalty rate be inserted in a separate chapter of the Act, ideally after existing Section 28.
- 7.4. We also submit that the text in Section 7B be amended in the terms noted above and that the words “by an art market professional” be added to the Section 7B(1) to make it clear that the resale right does not apply to the private resale of visual artistic works. Generally, the artists’ resale right is limited to original works sold at auction or between dealers.<sup>24</sup> We submit that the simple reference to “within the art market” in Section 7B(1) is not sufficient for this purpose.
- 7.5. In Section 7B(1), the term “royalties on the commercial resale ... of that work” has no subject. We submit that the subject must be “the original or limited edition copy of a visual artistic work made by the author or under their authority”, following the example of the European Union’s Directive on the topic.<sup>25</sup> It should also be explicitly stated that the resale right does not apply to all reproductions of the visual art work.
- 7.6. Since the artists’ resale right is not a right of copyright, the orphan works provision in new Section 22A cannot apply to it. In Chapter 21 of this submission, SAIPL has submitted that Section 22A(10), which purports to extend the orphan works provisions to the resale royalty right, will have the unintended consequence of impacting the market for second-hand goods and that it should be withdrawn.
- 7.7. The new defined term “visual artistic works” is only used in new Section 7A and the resale royalty right provisions. In Chapter 5 of this submission, SAIPL submits that Section 7A should be withdrawn. Therefore, this defined term should apply only to the resale royalty right and appear in the separate chapter of the Act.

In Para. 8.3, SAIPL demonstrates that the Minister’s power to set royalties in new Section 39(c) only applies to the resale royalty right.

- 7.8. The Minister has agreed that the resale royalty right provisions should be totally recast.<sup>26</sup>

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<sup>24</sup> See for example EU Directive 2001/84/EC of the European Parliament and of the Council of 27 September 2001 on the resale right for the benefit of the author of an original work of art.

<sup>25</sup> See article 2 of the EU Directive referred to in footnote 24.

<sup>26</sup> Minister’s presentation to the Portfolio Committee dated 9 November 2021, p. 42.

## 8 Minister's powers to set compulsory standard contract terms and royalty rates and tariffs

### **Amendments to Section 39 of the Copyright Act. Clauses 35 and 36 of the Copyright Amendment Bill.**

### **New Sections 3A(3)(a) and 8D(3)(b) of the Performers' Protection Act. Clauses 3 and 6 of the Performers' Protection Amendment Bill.**

- 8.1. The Copyright Amendment Bill's amendments to Section 39 of the Act and the introduction of a new Section 39B will detrimentally impact on the freedom to contract enshrined in Section 22 of the Constitution.<sup>27</sup>
- 8.2. Ministerial powers to prescribe contractual terms for all agreements relating to copyright and performers' rights
  - 8.2.1. Section 39 of the Copyright Act confers regulatory authority on the Minister to promulgate regulations in relation to any matter required or permitted by the Act, and which the Minister considers necessary to prescribe for the purposes of the Act to be achieved.
  - 8.2.2. Clause 35 of the Copyright Amendment Bill proposes to add a new Section 39(cG) that will expand the scope of the Minister's regulatory powers to prescribe compulsory and standard contractual terms to be included in agreements entered in terms of the Copyright Act.
  - 8.2.3. The Minister's power in new Section 39(cG) relates to the new statutory rights to royalties by authors and certain performers in new Sections 6A(3), 7A(3) and 8A(2). SAIPL submits in Chapter 5 that these provisions should be withdrawn. Notably, in an apparent contradiction, there is no prescription about Ministerially-prescribed compulsory and standard contractual terms in respect of sound recordings in the amendments to Section 9A.
  - 8.2.4. The amendment of Section 8D of the Performers' Protection Act, goes one step further to stipulate that the Minister must make regulations prescribing compulsory and standard contractual terms for all agreements that relate to performers' rights. This provision has its counterpart in new Section 3A(3) of the Performers' Protection Act. On the face of it, Section 3A might have been intended to introduce a list of items that the contract regulated by that section should deal with, but since it goes further than that to introduce compulsory terms, the provisions are problematic, as described below. Put differently, Section 8D is not only about allowing the Minister to specify minimum requirements for a contract, but to prescribe contract terms.
  - 8.2.5. The proposed powers of the Minister to prescribe standardized and compulsory terms to be included in all contracts relating to copyright and performers' rights is problematic, mainly for the following reasons:
    - 8.2.5.1. There is no 'standard contract' or generalized set of contractual undertakings that can be made applicable across board to cater for all contractual dealings in respect of copyrights and performers' rights in any particular creative sector, and certainly not across all copyright industries.

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<sup>27</sup> The right to the freedom to contract is confirmed in *Makate v Vodacom (Pty) Ltd* 2016 (4) SA 121 (CC), at para 96.



- 8.2.5.2. Ministerial prescription of contract terms may conflict with or override industry driven solutions between copyright owners, authors and performers, that have already been negotiated through collective bargaining or otherwise, to establish equitable frameworks for rights management and remuneration benchmarks.
- 8.2.5.3. Conflicts may arise with the jurisdiction of the Department of Employment and Labour in respect of its mandate to regulate the labour market and certain employment contracts that include terms relating to copyright and performers' rights.
- 8.2.5.4. There is no Parliamentary oversight when new regulations are promulgated through Ministerial interventions that would effectively legislate how business can be done in affected industries. Overly broad executive powers could amount to government overreach into contractual dealings in the private sector in a manner that would violate parties' Constitutional rights to trade and property.
- 8.2.6. Government interventions made into the private contractual dealings of individuals should only be considered in bespoke circumstances where:
- a clear market fault has been identified that requires intervention,
  - only after comprehensive assessments have been made to determine whether the proposed solution would indeed address the identified problem, and
  - without resulting in unintended commercial consequences or give rise to constitutional implications.

An overly prescriptive business environment could position South Africa's creative industries in a negative light and motivate potential investors in new content production and commercialization projects to look towards other jurisdictions where the legal risk of similar contractual restrictions does not apply.

### 8.3. Ministerial powers to prescribe royalty rates for the use of copyright-protected works

- 8.3.1. Clause 35 of the Copyright Amendment Bill proposes to expand the scope of the Minister's regulatory powers by new Section 39(cl) of the Copyright Act so that the Minister may prescribe royalty rates or tariffs for the use of copyright-protected works. According to new Section 22C, only collecting societies will charge "royalty rates and tariffs", and new Section 22C states that these will be negotiated, not prescribed by regulation. Until now, collecting societies have determined these rates by reference to the local market and international best practice, with objections by licensees adjudicable by the Tribunal.
- 8.3.2. In the circumstances, it is not clear whether the Minister's power in terms of new Section 39(cl) is intended to override negotiated rates and tariffs. There appears to be no policy or impact assessment that supports such an interpretation. For instance, it is not one of the recommendations of the Copyright Review Commission.<sup>28</sup>
- 8.3.3. The Minister's power to prescribe royalty rates would, however, remain relevant for the resale royalty right in new Section 7B of the Copyright Act, provided that certain basic corrections are made to the resale royalty right provisions (for which, see Chapter 7).
- 8.3.4. New Section 39(cl) of the Copyright Act therefore seems to have been retained (in its current terms) in error, and should be reworded to apply only to the resale royalty right.

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<sup>28</sup> On the other hand, the Copyright Review Commission did recommend improvements to the Tribunal and the regulation of all collecting societies (not only for 'needletime'), which recommendations have to some extent been incorporated in the two Bills.

- 8.3.5. It is not clear whether new Section 8D(b) of the Performers' Protection Act, introduced by Clause 6 of the Performers' Protection Amendment Bill, suffers from the same deficiency. Whereas it could be interpreted to mean that the Minister has the power to set rates, the more likely interpretation is simply that standard contract terms must include a provision setting a royalty or equitable remuneration payable to the performer. The words "agreed on" in new Section 8D(b) support the latter interpretation.

## 9 Copyright exceptions: General comments

**New Sections 2A(1), 12A ('fair use'), 12B, 12C, 12D, 19B, and 19C of the Act and amendment of Section 15 of the Act, all as read with the contract override provision in new Section 39B of the Act.**

**Clauses 2, 15, 16, 21 and 22 of the Bill**

**(Imported by reference into the Performers Protection Act by new Section 8(2)(f) of the Performers' Protection Act in Clause 5(a) of the Performers' Protection Amendment Bill)**

9.1. Before discussing the copyright exceptions that the Bill proposes to introduce, it is necessary to discuss some of the relevant concepts that arise within the area of copyright law.

### 9.2. Copyright exceptions

9.2.1. Copyright exceptions allow copyrighted works to be reproduced, etc, without the consent of or payment to the copyright owner and are therefore exemptions from liability for copyright infringement. Copyright exceptions arise from situations where there is a need to balance the interests of authors and copyright holders with other objectives that serve the public interest. These exemptions are legislated in cases where it is "considered to be in the public interest that the copyright owner should not have exclusive rights to the performance of particular acts" in relation to the copyright-protected work concerned.

Copyright exemptions are a statutory defence to copyright infringement and not a "right" afforded to a user to reproduce or deal with the work in any particular manner.<sup>29</sup>

9.2.2. SAIPL is in favour of updating and amending our copyright law, including its copyright exceptions. However, as discussed below, such amendments must serve specific public interest objectives and be compliant with the international treaties on copyright.

9.2.3. South Africa is already a member of the Berne Convention and TRIPS. Parliament resolved in March 2019 that South Africa should accede to WCT as well.<sup>30</sup>

### 9.3. The Three-Step Test

9.3.1. The Berne Convention and TRIPS have flexible rules for member countries to introduce copyright exceptions into their respective national laws where it is deemed to serve specific public interest objectives, and where the exceptions and limitations are compliant with the so-called Three-Step Test. WCT has a similar provision.<sup>31</sup>

9.3.2. The Three-Step Test offers some flexibility, while at the same time setting out the limits beyond which national laws of member states may not go when establishing exceptions and limitations to exclusive rights of copyright.

9.3.3. The Three-Step Test requires that:

- (1) exceptions may only be granted in certain special cases; and
- (2) exceptions must not conflict with the normal exploitation of the work concerned; and
- (3) exceptions must not unreasonably prejudice the legitimate interests of the rights holder concerned.

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<sup>29</sup> OH Deanand S Karjiker *Handbook of South African Copyright Law*, Juta, 2015 (Service 15), para 9.1.1

<sup>30</sup> Resolutions of the National Assembly on 14 March 2019 and of the National Council of Provinces on 28 March 2019, resolution of the Cabinet on 5 December 2018.

<sup>31</sup> The Three-Step Test was introduced in Article 9(2) of the 1971 Stockholm text of the Berne Convention in relation to reproduction rights. Article 13 TRIPS subsequently extended this test to all exceptions and limitations of exclusive rights under copyright. The Three-Step Test also appears in Article 10 WCT.

These steps are cumulative, in the sense that any proposed exception must meet all three steps.

- 9.3.4. In 2000, the WTO dispute resolution panel decided on the complaint *United States – Section 110(5) of the US Copyright Act*,<sup>32</sup> that had been brought by the European Union. Prof Jane Ginsberg of Columbia University Law School<sup>33</sup> summarises the decision of the WTO Panel in respect of the burden of proof that a member state of TRIPS bears so that a given exception meets the obligations of article 13 of TRIPS:

“(1) That the exemption is limited to a narrow and specifically defined class of uses [“certain special cases”], but the member state need not demonstrate or justify the local policy that underlies the exception;<sup>34</sup>

“(2) That the exempted use does not compete with an actual or potential source of economic gain from the ways rights holders normally exercise rights under copyright [“conflict with a normal exploitation of the work”];<sup>35</sup> and

“(3) That the exempted use does not unreasonably harm right holder interests that are justifiable in light of general copyright objectives [“not unreasonably prejudice the legitimate interests of the rightholder”]; the unreasonableness of the harm may be allayed if the member state imposes a compensation-ensuring compulsory license in lieu of an outright exemption.”

#### 9.4. The Three-Step Test as a point of departure

- 9.4.1. Save for cases where a specific treaty sets out the limits of an exception dealing with a particular case, any copyright exceptions introduced into our law must meet the Three-Step Test requirement. For example, a copyright exception for the benefit of the visually-impaired must comply with the Marrakesh Treaty.
- 9.4.2. The enactment of a legislative proposal that would introduce an exception or limitation to copyright protection that would not be compliant with all three of the steps mentioned above, would not be compliant with the Berne Convention or TRIPS. This would result in the risk of a complaint being filed against South Africa before the World Trade Organization.<sup>36</sup>
- 9.4.3. Therefore, when new copyright exceptions are intended to be legislated, it is good practice to assess each proposed exception against the Three-Step Test. Failure to do so could expose South Africa to a complaint before the TRIPS Council and could also result in foreign rights holders demanding that copyright exceptions be interpreted or “read down” in compliance with the Three-Step Test when enforcing their rights of copyright in South Africa – all of which being to the disadvantage of South African rights holders who are not able to rely on the Three-Step Test in local infringement actions.

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<sup>32</sup> WTO Panel Decision *United States – Section 110(5) of the US Copyright Act* at

<https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=Q:/WT/DS/160R-00.pdf&Open=True>.

<sup>33</sup> J Ginsberg *Toward Supranational Copyright Law? The WTO Panel Decision and the “Three-Step Test” for Copyright Exceptions*, *Revue Internationale du Droit d’Auteur*, January 2001, downloadable from [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=253867](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=253867).

<sup>34</sup> WTO Panel Decision referred to in footnote 32, at para 6.112.

<sup>35</sup> The WTO Panel opined that use would be contrary to normal exploitation “if uses, that in principle are covered by that right but exempted under the exception or limitation, enter into economic competition with the ways that right holders normally extract economic value from that right to the work (i.e., the copyright) and thereby deprive them of significant or tangible commercial gains”. WTO Panel Decision referred to in footnote 32, at para 6.183.

<sup>36</sup> See Para. 9.3.4 for an example where a complaint was made to the World Trade Organization against the United States for an exception in its copyright law that was found not to be compliant with TRIPS, and the burden of proof borne by the member state concerned.

9.5. Copyright exceptions should be underpinned by policy as well as a proper socio-economic and legal impact assessment.

- 9.5.1. Copyright is intellectual property, that our Courts have held is a form of property.<sup>37</sup> In terms of section 25(1) of the Bill of Rights in the Constitution, no law may permit the arbitrary deprivation of property. Deprivation is any interference with the use, enjoyment, or exploitation of property. Copyright exceptions, naturally, deprive copyright owners of a component of their intellectual property in that they are restricted from enforcing the exclusive right granted by copyright. Deprivation of property is arbitrary when it is without sufficient reason or justification.<sup>38</sup>
- 9.5.2. The exceptions introduced in the Bill are wider in scope than those in the current Act. They therefore deprive copyright holders of rights that they currently hold. In a number of cases, there is not a sufficient reason or justification for the deprivation, and we submit that some of the exceptions arbitrarily deprive copyright holders of their rights. We will expand on this below.
- 9.5.3. In a deeply unequal society like South Africa, any policy or law will have unequal impacts. For this reason, the Socio-Economic Impact Assessment System (SEIAS) aims to minimise unintended consequences from legislation, including unnecessary costs from implementation and compliance and unanticipated outcomes, and to anticipate implementation risks and encourage measures to mitigate them.<sup>39</sup>
- 9.5.4. With respect, we submit that the DTIC did not undertake the legal research and advice needed to properly assess the Bill for constitutionality and treaty-compliance. This is clear from the issues we point out in this submission, especially the issues relating to the exceptions. The exceptions have far-reaching economic consequences for copyright holders.
- 9.5.5. Three studies that preceded the Bill made recommendations for the introduction of specific copyright exceptions.
- 9.5.5.1. The Copyright Review Commission report (2011) recommended the expansion of the 'personal use' exception "for the digital era to include, for example, format shifting."<sup>40</sup>
- 9.5.5.2. The regulatory impact assessment by Genesis Analytics on the aborted Draft National Policy on Intellectual Property (2013), entitled "Assessment of the Regulatory Proposals on the Intellectual Property Policy Framework for South Africa" (2014), recommended improved exceptions for teaching, allowing parallel importation, and new statutory licences for reproduction and translation following the Appendix of the Berne Convention. Genesis Analytics found that no case had been made out for the introduction of 'fair use'.<sup>41</sup>
- 9.5.5.3. A study by Prof A Pouris of the University of Pretoria, "The Economic Contribution of Copyright-Based Industries in South Africa" (2011) did not investigate the impact of copyright exceptions, but the author gratuitously suggested the introduction of broad exceptions in the introduction to the study without the suggestion being based on any research he undertook.

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<sup>37</sup> *Moneyweb (Pty) Ltd v Media 24 Ltd* 2016 4 SA 591 (GJ)

<sup>38</sup> OH Dean *Amending Copyright – Footing the Bill in Gift of Multiplication – Essays on the Copyright Amendment Bill* p36, at [https://juta.co.za/uploads/The\\_Gift\\_of\\_Multiplication\\_Essays\\_Amendment\\_Bill/](https://juta.co.za/uploads/The_Gift_of_Multiplication_Essays_Amendment_Bill/).

<sup>39</sup> Socio-Economic Impact Assessment System (SEIAS) Guidelines. The version of May 2015, that applied to the Bill at the time it was introduced to Parliament, is at <https://www.dpme.gov.za/keyfocusareas/Socio%20Economic%20Impact%20Assessment%20System/Pages/SEIAS-Guidelines.aspx>

<sup>40</sup> See Para. 12.1.

<sup>41</sup> See Para. 10.16.

All three studies preceded the Bill and do not contain specific proposals for text for the Bill. None of them qualify as impact assessments of the Bill.

#### 9.6. 'Fair Use'

The Act currently applies the doctrine of fair dealing. New Section 12A will introduce the doctrine of 'fair use' based on Section 107 of the United States Copyright Act, but with materially different terms. Although this is discussed in more detail in Chapter 10, it is opportune to raise in these introductory remarks that 'fair use', even as codified in Section 107 of the United States Copyright Act, has been shown to conflict with the Three-Step Test.

Both Prof Sadulla Karjiker and Prof Owen Dean of Stellenbosch University argue that the 'fair use' doctrine does not meet the first step of the Three-Step Test that exceptions can only be granted in certain special cases, because it gives a judge the power to make a discretionary ruling as to whether a given use is fair.<sup>42</sup>

Arguments that support the introduction of 'fair use' have referenced, out of context, a statement in Profs Dean and Karjiker's *Handbook of South African Copyright Law* about the test for 'fairness' in fair dealing exceptions and 'fair use',<sup>43</sup> claiming that the authors' view is that the doctrines of fair dealing and 'fair use' are "synonymous."<sup>44</sup> This argument is wrong and is, at best, the result of a misunderstanding of Profs Dean and Karjiker's commentary. Their observation is that in making the 'fairness' assessment in a fair dealing defence, recourse may be had to the criteria for determining what conduct can be considered to be 'fair' laid down in the US doctrine of 'fair use' (and for that matter, in respect of certain Australian fair dealing exceptions), as the concept of 'fairness' is a common factor. The question of 'fairness' is also the only common factor between the two doctrines, and there is no doubt that they are not synonymous.<sup>45</sup>

#### 9.7. Imprecise terminology used in the copyright exceptions

One of the consequences of the policy shift to the 'fair use' doctrine by the Bill is the extensive use of the term "use" in the drafting of the new copyright exceptions.

9.7.1. The term "use" as the subject of copyright exceptions when used without a context, is very imprecise. In the broadest sense of the word "use", not all "uses" are subject to the exclusive rights of copyright (the simplest example being the act of reading a literary work). Although the word "use" does appear in the current Act, the context of the restricted act concerned is clear when that word is used.

9.7.2. The same criticism applies to the term "access". In its ordinary dictionary meaning, a withholding of access could mean preventing entry to premises where a copyright work is kept or preventing a person from viewing a physical copy of a copyright work, neither of which is governed by the exclusive rights of copyright. However, in the Bill and commentary that supports it, "access" is often used in the context of a person retrieving an electronic copy of a copyright work online. This meaning of the word "access" has implications under the exclusive rights of reproduction, first publication, distribution and

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<sup>42</sup> S Karjiker *Should South Africa adopt fair use? Cutting through the rhetoric*, Journal of South African Law TSAR, 2021- 2, p240 at p.252; OH Dean *A Gift of Multiplication, Essays on the Copyright Amendment Bill*, Juta, 2021, p 38. Both articles appear at [https://juta.co.za/uploads/The\\_Gift\\_of\\_Multiplication\\_Essays\\_Amendment\\_Bill/](https://juta.co.za/uploads/The_Gift_of_Multiplication_Essays_Amendment_Bill/). Prof Dean is a past President of SAIPL and Prof Karjiker is an associate member of SAIPL.

<sup>43</sup> OH Dean and S Karjiker *Handbook of South African Copyright Law*, Juta, 2015 (Service 15), at para 9.2.3.

<sup>44</sup> An argument repeated by Prof KD Breiter, *A reply to Keyan Tomaselli's 'The 2022 Copyright Amendment Bill: Implications for the South African universities' research economy'*, *Communicare*, Volume 41 (2) December 2022, pp.7-11, at p.10: "Dean himself had stated that fair use and fair dealing are, in principle, synonymous."

<sup>45</sup> The distinction is made clear in para 9.2.2 (see footnote 43). Prof Dean sets out his views on the two different forms of exception in *Copyright Exemptions Unpacked*, IPSTELL Blog, 2022 at <https://blogs.sun.ac.za/iplaw/files/2022/10/UNPACKING-COPYRIGHT-EXEMPTIONS.pdf>.

communication to the public, and in this sense the use of the term “access” conceals the restricted acts that are to be undertaken.

On the other hand, the context is clear when the word “access” is used in the exception for persons with a disability in new Section 19D. Its use in that provision is unobjectionable.

- 9.7.3. Both the terms “use” and “access” used in the Bill present instances of imprecise drafting. This caution should be taken into account when considering the new exceptions introduced by the Bill.

#### 9.8. Constitutionality and treaty compliance

The President referred the bills back to the National Assembly in June 2020 for concerns about its constitutionality and treaty compliance, especially whether the Bill’s copyright exceptions in new Sections 12A-12D and 19B-19C of the Act pass constitutional muster and are in line with the Three-Step Test.

Notwithstanding much deliberation and two public participation processes before the Portfolio Committee in 2021 and 2022, we note that the text of the Bill’s copyright exceptions is by and large the same as in the text referred back by the President.<sup>46</sup> It can therefore be expected that if Parliament were to adopt the Bill with this text, it will result in significant further delay to updating the Acts if the text has to be considered by the Constitutional Court, adding to the delay of six years since the Bill was first introduced to Parliament in May 2017.

#### 9.9. Extension of copyright exceptions to the Performers’ Protection Act

9.9.1. All the copyright exceptions in the Copyright Act, as proposed to be amended, will automatically be extended to the exceptions in the Performers’ Protection Act in terms of new Section 8(2)(f) of the Performers’ Protection Act. The rights of performers must therefore be considered in respect of every exception being proposed for the Copyright Act.

9.9.2. We consider this to be especially important in relation to the ‘fair use’ provision, new Section 12A, and the exceptions in favour of libraries, archives, museums and galleries in new Section 19C, that propose permission-free and remuneration-free playing of sound recordings and audiovisual works by beneficiaries of that exception.

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<sup>46</sup> That the text of the Bill’s copyright exceptions are by and large the same as those in the text referred back by the President was demonstrated by research undertaken by authors association ANFASA, publishers association PASA and collecting society DALRO, *Comparisons of the text of the B-Bill adopted by Parliament in May 2019 and referred back to the National Assembly by the President in June 2020, proposals by the Portfolio Committee for Trade Industry & Competition in December 2021 for the public participation process ending January 2022, the text of the D-Bill approved by the Portfolio Committee in June 2022 for adoption by the National Assembly, June 2022*, at [https://publishsa.co.za/wp-content/uploads/2022/07/ANFASA\\_DALRO\\_PASA-research-report-June2022.pdf](https://publishsa.co.za/wp-content/uploads/2022/07/ANFASA_DALRO_PASA-research-report-June2022.pdf), at pp. 12 and 15-26.

## 10 Copyright exceptions: 'Fair use'

### **New Section 12A of the Act Clause 15 of the Bill**

These comments must be read with the general comments on copyright exceptions in Chapter 9.

#### A. Preliminary comments

- 10.1. The new Section 12A of the Act will replace existing fair dealing provisions with 'fair use' and will introduce this doctrine into our law. This is in itself a substantial policy shift. However as is evident from the discussion below, the introduction of 'fair use' into South African law is itself problematic, and the 'fair use' provision introduced by the new Section 12A is materially different from, and broader than, the classic fair use doctrine that had its origin in the United States of America. SAIPL submits that for these and other reasons, Section 12A must be withdrawn.
- 10.2. To understand why this is problematic, it is necessary to distinguish these "parallel doctrines" and explain how they work in practice. Before unpacking the new Section 12A, a general analysis of some of the arguments raised by those in favour of the adoption of fair use is required.

#### B. The Doctrines of Fair Dealing and 'Fair Use'

- 10.3. Generally, there are two approaches to copyright exceptions: fair dealing and fair use.<sup>47</sup>
- 10.4. Fair dealing has its origins in the copyright legislation of the United Kingdom and is a creature of statute. It contains a limited number of exceptions. As explained by Shay "*fair dealing operates by exempting the use of copyright works for certain statutorily-defined purposes and only relates to particular types of works*". He points out that the "*the relative advantage of the fair dealing approach is that it provides more extra-judicial clarity to users who take the trouble to familiarise themselves with the statute, but this naturally comes at the cost of flexibility*". The "relative inflexibility" referred to is tempered by allowing for regulatory intervention by the Minister (as is currently catered for under existing Section 13 of the Act).
- 10.5. In contrast, 'fair use' has its origin in case law of the United States and was then later codified in legislation. The 'fair use' provisions are contained in Section 107 of the United States Copyright Act. Fair use is an "open-ended approach" which means that "*any unauthorised use may be considered to be permissible if a court considers the particular use to amount to fair use in accordance with the stipulated four factors*". Being the consequence of a court order, it is important to bear in mind that the adjudication of a given 'use' as 'fair' is made after the fact.
- 10.6. The four factors to be considered in terms of Section 107 of the United States Act include:
- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for non-profit educational purposes;
  - (2) the nature of the copyrighted work;
  - (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
  - (4) the effect of the use upon the potential market for or value of the copyrighted work.
- 10.7. There are important differences between these two doctrines. As summarised by Shay, "*it should be clear that the two cannot operate in unison, as they serve the same function in different ways and fair dealing will be largely subsumed by fair use*".

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<sup>47</sup> For a discussion of the two approaches see S Karjiker *Should South Africa adopt fair use? Cutting through the rhetoric* Journal of South African Law TSAR, 2021 2 240 and Shay *Fair deuce: an uneasy fair dealing-fair use duality*, De Jure, 2016, pp.105-117.



C. Concerns regarding the adoption of Fair Use in South Africa and a general analysis of some of the arguments raised by those in favour of the adoption of fair use

10.8. New Section 12A is not compliant with the Berne Convention or TRIPS

Professor Sadulla Karjiker of Stellenbosch University has argued in a peer-reviewed journal article that 'fair use', even as codified in Section 107 of the US Copyright Act, conflicts with the Three-Step Test. We find Prof Karjiker's argument to be persuasive. Nevertheless, even if it were to be concluded that 'fair use' as applied in the United States (and now also in a handful of other countries, such as Israel), is treaty compliant, the new Section 12A in the Bill is more extensive and therefore invasive against the rights of copyright owners. The differences between the fair use proposal in Section 12A and the US fair use doctrine as codified in Section 107 of the US Copyright Act is discussed in more detail below.

10.9. The argument that "*fair use is already adopted by the US and other Berne Convention countries*"

10.9.1. It is not sufficient to argue in favour of new Section 12A, as some academics who advocate globally for the expansion of the fair use system from the United States to other jurisdictions already have, that the 'fair use' doctrine has already been implemented by the United States and a handful of other countries that are members of the Berne Convention. This argument overlooks several important considerations within the South African context, including that the fair use proposal in the Bill is not the same as the fair use doctrine codified in the United States statute, and caters for much broader application and potential deprivation of rights.

10.9.2. The United States only became a member of the Berne Convention in 1999, by which time it already amassed a comprehensive and substantial body of case law stretching back well over a century which established some clarity for that country's courts as to the scope of application of the fair use doctrine. South Africa does not share any common law or legal heritage with the United States.

10.9.3. Further, such an argument ignores the reasons why other jurisdictions, with which South Africa does share common law and legal heritage, rejected the wholesale incorporation of 'fair use' into their laws and the findings after extensive consultations in those countries.<sup>48</sup>

10.10. The argument that "*fair use provides legal certainty*"

10.10.1. The argument is made that introducing the four-factor test to all exceptions will bring about certainty.<sup>49</sup> However, experience from the United States shows that the application of the four-factor test does not result in certainty, much less in an outcome that can be predicted by either party to a 'fair use' dispute.

10.10.2. From the outset, it is important to know that the 'fair use' defence only applies when there is an infringement of copyright, in other words, a reproduction, publication, communication, etc, of a copyright work without permission or remuneration. If a defendant raises the 'fair use' defence, it is also important to know that the four factors are not cumulative. In other words, it is not the case that findings of "fairness" have to be made in respect of all four factors to make a finding of 'fair use'. These four factors are simply factors to be considered in a court's evaluation.

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<sup>48</sup> The United Kingdom and Australia being cases in point.

<sup>49</sup> Presentation by the Parliamentary Legal Adviser to the Committee on 12 November 2021, p.16: "Section 12A has fair use criteria, but this does not apply to the parallel set of specific exceptions (sections 12 B – D) - creates uncertainty ..." and p.7 "The exceptions are not open ended – the fair use section (12A) contains a general four-factor test and some exceptions have additional limits. The limits are clear + international comparisons exist." For the reasons set out in this Chapter 10, SAIPL disagrees with both contentions.

Example:

A case in point is the observation by the Court of Appeals of the 11th Circuit in the United States case *Cambridge University Press and others v. Patton et al (Georgia State University)*.

On appeal of one of the lower court's findings, the Court held that the four factors cannot simply be applied "by treating the four factors mechanistically", but that they have to be evaluated in "a holistic analysis which carefully balance[s] the four factors." Summons in this case were issued in 2008, following a complaint by publishers to Georgia State University about nearly 7 000 cases of copyright infringement of content in its e-reserves. Even though the defendants changed its policies on e-reserves in 2009 resulting in the removal of about 6 700 allegedly infringing items, the case continued to be litigated in respect of the remaining 99 items, of which 10 were found to be infringing when the final judgment in the case was given in September 2020, 12 years later.

(*Cambridge University Press and others v. Patton et al (Georgia State University)* at <https://media.ca11.uscourts.gov/opinions/pub/files/201214676.pdf>, decision handed down on 17 October 2014.)

- 10.10.3. David Nimmer, one of the leading authorities on copyright in the United States and author of the standard textbook *Nimmer on Copyright*, points<sup>50</sup> to cases where all factors favour 'fairness' where 'fair use' was not found,<sup>51</sup> and where all factors could be found to be 'unfair' and yet a 'fair use' defence against an infringement action was successful.<sup>52</sup> Most 'fair use' decisions find that one or more of the factors favour 'fair use' whereas other factors do not. Nimmer shows how it is difficult to draw any conclusion from the reported cases. He then goes on to demonstrate by means of a hypothetical exercise how a judge who takes a subjective decision on whether a given 'use' is 'fair use' or not, could then rationalise their decision using the four factors, which explains why so many decisions on appeal are split decisions.<sup>53</sup>

Prof Sadulla Karjiker of Stellenbosch University, citing Nimmer, has also demonstrated how the four-factor test in United States law leads to much greater uncertainty than is the case with a fair dealing analysis.<sup>54</sup>

- 10.10.4. In jurisprudence in the United States, the four factors have developed sub-factors, which also have had the effect of complicating a 'fair use' analysis.

The four factors are not the only factors that have to be considered if a defence of 'fair use' is raised. In the United States, the situation that all factors favour "fairness" where fair use was not found can arise because the courts there may consider other factors, in addition to those set out in the four-factor test, such as the defendant's good faith or lack thereof, privacy interests, and others.<sup>55</sup>

- 10.10.5. In terms of the new Section 12A(b) any factor can be considered in determining whether an otherwise infringing use of a work is 'fair use' or not. This makes the outcome of any given case less, not more, certain.

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<sup>50</sup> D. Nimmer *Copyright Illuminated: Refocusing the Diffuse US Statute*, Wolters Kluwer, 2008, pp.360-381

<sup>51</sup> *Robinson v. Random House, Inc.*, 877 F. Supp. 830 (S.D.N.Y. 1995); D. Nimmer *Copyright Illuminated: Refocusing the Diffuse US Statute*, Wolters Kluwer, 2008, pp.379-380.

<sup>52</sup> *Kelly v. Arriba Soft Corp.* 280 F.3d 934 (9th Cir. 2002); D. Nimmer *Copyright Illuminated: Refocusing the Diffuse US Statute*, Wolters Kluwer, 2008, p.380.

<sup>53</sup> D. Nimmer *Copyright Illuminated: Refocusing the Diffuse US Statute* Wolters Kluwer, 2008, pp.381-4

<sup>54</sup> S Karjiker *Should South Africa adopt fair use? Cutting through the rhetoric* Journal of South African Law TSAR, 2021-2 pp.244-5.

<sup>55</sup> W.F. Patry *The Fair Use Privilege in Copyright Law* BNA Books, 2nd edition 1995, at p.415 and footnote 14.

D. Analysis of new Section 12A

10.11. To illustrate how the Bill's 'fair use' proposal is substantially different in scope and application to the United States 'fair use' doctrine as stated above, a comparison of the relevant texts is set out in the table below, with key differences in the text of the Bill highlighted for ease of reference.

10.12. In addition, United States law does not have a 'contract override' provision that support 'fair use', as appears in the Bill's new Section 39B, nor a blanket limitation that applies the implementation of 'fair use' to technological protection measures, as the Bill's new Section 28P(1)(a).

New Section 12A in the Bill	Section 107 of the US Copyright Act
<p>(a) In addition to uses specifically authorized, fair use in respect of a work or the performance of that work, for purposes such as the following, does not infringe copyright in that work:</p> <p>(i) Research, private study or personal use, including the use of a lawful copy of the work at a different time or with a different device;</p> <p>(ii) criticism or review of that work or of another work;</p> <p>(iii) reporting current events;</p> <p>(iv) scholarship, teaching and education;</p> <p>(v) comment, illustration, parody, satire, caricature, cartoon, tribute, homage or pastiche;</p> <p>(vi) preservation of and access to the collections of libraries, archives and museums; and</p> <p>(vii) ensuring proper performance of public administration.</p> <p>(b) In determining whether an act done in relation to a work constitutes fair use, all relevant factors shall be taken into account, including but not limited to—</p> <p>(i) the nature of the work in question;</p> <p>(ii) the amount and substantiality of the part of the work affected by the act in relation to the whole of the work;</p> <p>(iii) the purpose and character of the use, including whether—(aa) such use serves a purpose different from that of the work affected; and (bb) it is of a commercial nature or for non-profit research, library or educational purposes; and</p> <p>(iv) the substitution effect of the act upon the potential market for the work in question.</p>	<p>Notwithstanding the provisions of sections 106 and 106A, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright.</p> <p>In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include—</p> <p>(1) the purpose and character of the use, including whether such use is of a commercial nature or is for non-profit educational purposes;</p> <p>(2) the nature of the copyrighted work;</p> <p>(3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and</p> <p>(4) the effect of the use upon the potential market for or value of the copyrighted work.</p>

10.13. There are some provisions in Section 12A that are not in the United States 'fair use' provision that stand out as probably not even qualifying for 'fair use' in the United States:

10.13.1. "*illustration*" in Section 12A(a)(v)

This item has its origin in the 'fair use' purpose of "illustration for teaching" in Section 107 of the United States Copyright Act. "Illustration for teaching" is specifically allowed by the Berne Convention as qualifying for an exception.<sup>56</sup> However, in the first draft of the Bill, probably as part of an attempt to deliberately broaden the scope of the 'fair use' clause, this term was broken up into:

- "illustration", on its own, in sub-para (v) and
- "teaching" on its own (with "education") in sub-para (iv).

There is no case for specifying "illustration" as a fair use purpose. Indeed, doing so could place authors of artistic works who license their works precisely for illustration, at risk.

10.13.2. "*access to the collections of libraries, archives and museums*" in Section 12A(a)(vi)

The term "access" is problematic since "access" *per se* is not an exclusive right of copyright. The Act does not prevent the public from visiting libraries, museums and archives and viewing copyright-protected works in its collections there. The term "access" can therefore only be terminology that disguises acts that would otherwise infringe copyright, most likely acts of reproduction, making available and of communicating to the public (once the latter rights are introduced). This being so, it would place libraries, archives and museums in a position to compete with copyright owners by making their content available for free. Furthermore, there is no qualification that the beneficiaries of this exception must be of a public nature (for which, see Para. 17.2 about the abuse of the lack of such qualifications). These consequences have not been considered and will have the effect of arbitrarily dispossessing copyright owners of their property rights.

10.13.3. "*ensuring proper performance of public administration*" in Section 12A(a)(vii)

We are concerned that this provision (and, for that matter, the amendment to Section 5 of the Act granting a new statutory power of the State to designate local organizations that could divest authors from rights of copyright in certain works, as well as the amendment to Section 22(1) of the Act to the effect that copyright held by the State cannot be assigned)<sup>57</sup> will mean that the State will be able to ignore the existence of copyright in works owned by others, despite it being bound to the Act by Section 5(1) of the Act. These changes amount to a material shift in the State's relation with copyright works. The rights of the State, we submit, would be better served by a dedicated exception or a statutory licence for cases of need, such as in a state of emergency, but Section 12A is not the place for it.

10.13.4. "*substitution effect*": the fourth "fair use test" in Section 12A(b)(iv)

10.13.4.1. The United States provision reads:

*"(4) the effect of the use upon the potential market for or value of the copyrighted work"*

and the Bill's provision reads:

*"(iv) the substitution effect of the act upon the potential market for the work in question"*  
(our emphasis).

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<sup>56</sup> Article 10(2) of the Berne Convention.

<sup>57</sup> See Chapter 1.

- 10.13.4.2. Our assessment of this version of the fourth factor is that a negative substitution effect could still amount to a detrimental impact on the market for the rights holder. In such a case, that would clearly conflict with the normal exploitation of the copyright work concerned and therefore be in conflict with the second step, and probably also the third step, of the Three-Step Test. As a result, Section 12A(b)(iv) would not comply with the Berne Convention or TRIPS.
- 10.13.4.3. Since the exception in Section 12A will automatically extend to the exceptions in the Performers' Protection Act in terms of new Section 8(2)(f) of the Performers' Protection Act, the impact on performers by the factor of "substitution effect" must be considered specifically. The detrimental impact of this factor on copyright owners of sound recordings and audiovisual works will equally impact the rights and remuneration of performers.
- 10.13.4.4. The impact of inserting the words "substitution effect of" in the fourth factor of Section 12A(b) has never been explained by the DTIC, the Minister or in Parliament. We therefore have to turn to explanations by academics who have advised the Minister.

The October 2018 opinion by Dr Schonwetter of the UCT IP Policy Unit to the previous Portfolio Committee and the "Joint Academic Opinion" of July 2021 that Dr Schonwetter co-authored with Prof Fiil-Flynn both skirt around the material differences between the fair use provisions in the USA and Section 12A. The "Joint Academic Opinion" claims that the differences "substantially reflect South African case law and commentary", but then does not say how the Bill's new factor of "*substitution effect*" – that has never been raised in South African copyright law - can be justified in the place of "*effect of the use upon the potential market*" in US law, nor does it refer to supporting case law.

In their advice to the Minister that was presented to the Portfolio Committee in November 2021, they still did not refer to the case law that they had alleged to exist, but found a new argument: "Given the three-step test's allowance of context-specific adaptation of limitations and exceptions, it is incredibly important to take note of South Africa's unique context that it inherited from hundreds of years of legalized segregation and discrimination ..."<sup>58</sup>

Not only is legal justification absent from these contentions by Dr Schonwetter and Prof Fiil-Flynn, but they do not, and, we submit, cannot, explain why South African authors and copyright owners, both those who were historically discriminated against and those who were not, should suffer the burden of 'fair use' and other broad and extensive copyright exceptions that will result in there being no permission required or remuneration paid for third party re-uses of their copyright works. If, on the other hand, their contention is to mean that South Africans must gain free "access" to copyright works of foreign authors and copyright owners, that would fly in the face of the principle of "national treatment" that underpins the Berne Convention and TRIPS.<sup>59</sup>

#### E. Absence of supporting impact assessment

- 10.14. There is no proper Socio-Economic Impact Assessment System (SEIAS) report with research that justifies the introduction of 'fair use.' The Copyright Review Commission report did not recommend the introduction of 'fair use'. The recommendation by Prof A Pouris in his research report *The Economic Contribution of Copyright-Based Industries in South Africa* (2011) is a personal opinion of the author that is not backed up by the study in that report.

<sup>58</sup> Minister's presentation to the Committee dated 9 November 2021, p.34 (Part 4, para 5).

<sup>59</sup> Article 3 TRIPS

10.15. The only study that preceded the Bill that comments on 'fair use' is the *Assessment of the Regulatory Proposals on the Intellectual Property Policy Framework for South Africa* prepared by Genesis Analytics for the DTIC dated 31 July 2014, that found that the proposal in the 2013 Draft National Policy for the introduction of 'fair use' was "vague, poorly articulated or poorly evidenced" and requiring further attention. The report does not make out a case for 'fair use' in general or for the 'fair use' clause in the Bill.

## 11 Copyright exceptions: Translation

### **New Section 12B(1)(e) of the Act Clause 15 of the Bill**

These comments must be read with the general comments on copyright exceptions in Chapter 9.

- 11.1. Article 8 of the Berne Convention expressly provides that the rights of copyright include the exclusive right of making and of authorizing translation. Thus, the copyright exception for translations in new Section 12B(1)(e) of the Act is not only in breach of Article 8 of the Berne Convention and the Three-Step Test, but it also amounts to an arbitrary expropriation of property rights and is therefore unconstitutional.
- 11.2. It would be possible to adopt the statutory licence for translations allowed by the Appendix to the Berne Convention if South Africa qualifies to do so (as suggested elsewhere in this submission).

## 12 Copyright exceptions: Personal use and adaptation of formats for personal use

### Sections 12A(a)(i), 12B(1)(h) and (2), 12C(b) of the Act Clause 15 of the Bill

These comments must be read with the general comments on copyright exceptions in Chapter 9.

- 12.1. The Copyright Review Commission recommended that “The ‘private use’ exceptions must be expanded and adapted for the digital era to include, for example, format shifting and ensure that the law is in accordance with the expectations of reasonable persons.”<sup>60</sup>
- 12.2. The current ‘personal use’ copyright exception in the Act is a fair dealing exception in Sections 12(1)(a), 15(4), 18 and 19A of the Act, three of which are proposed to be repealed by Clauses 12, 19 and 20 of the Bill.<sup>61</sup> It does not extend to cinematograph films (Section 16(1)), sound recordings (Section 17) and computer programs (Section 19B(1)).
- 12.3. It should be noted that the current ‘personal use’ exception does not apply to cinematograph films, sound recordings and computer programs.
- 12.4. The current ‘personal use’ exception is to be replaced and expanded by three provisions in the Bill:
  - 12.4.1. a ‘fair use’ purpose of “personal use, including the use of a lawful copy of the work at a different time or with a different device”, in new Section 12A(a)(i),
  - 12.4.2. a recast version of the existing Section 12(1)(a) that allows a person “to make a copy” (as opposed to a ‘fair dealing’) of any work (now including audiovisual works, sound recordings and computer programs) for non-commercial personal use, in new Section 12B(1)(h) and (2), and
  - 12.4.3. an exception allowing “transient or incidental copies or adaptations of a work ... to adapt the work to allow use on different technological devices ... as long as there is no commercial significance to these acts”, in new Section 12C(b).
- 12.5. SAIPL submits elsewhere in this document that the ‘fair use’ provision in Section 12A should be withdrawn.<sup>62</sup> It is noted that “personal use” and “use of a lawful copy of a work at a different time or with a different device” is not a ‘fair use’ purpose in the classic formulation of Section 107 of the US Copyright Act, nor does such a purpose appear in the ‘fair use’ provisions of any of the copyright laws of the few countries that have adopted ‘fair use.’
- 12.6. SAIPL also submits elsewhere that format-shifting is not the proper subject matter for a ‘temporary copy’ exception and new Section 12C(b) should be withdrawn.<sup>63</sup>

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<sup>60</sup> Para 15.1.8 of the Copyright Review Commission Report, 2011 at [https://www.gov.za/sites/default/files/gcis\\_document/201409/crc-report.pdf](https://www.gov.za/sites/default/files/gcis_document/201409/crc-report.pdf).

<sup>61</sup> An error in the reformulation of the Act’s general exceptions is that Section 15(4) of the Act, that imports by reference the exceptions in Section 12 to apply to artistic works, is not repealed by the Bill.

<sup>62</sup> See Chapter 10.

<sup>63</sup> See Chapter 13.



12.7. We have the following comments on Section 12B(1)(h) and (2), the text of which is repeated below for ease of reference:

*“12B. (1) Copyright in a work shall not be infringed by any of the following acts:*

*(h) the making of a personal copy of such work by a natural person for their personal use and made for ends which are not commercial: Provided that such use shall be compatible with fair practice.*

*(2) For the purposes of subsection (1)(h), permitted personal uses include—*

*(a) the making of a back-up copy;*

*(b) time or format-shifting; or*

*(c) the making of a copy for the purposes of storage, which storage may include storage in an electronic storage medium or facility accessed by the individual who stored the copy or the person responsible for the storage medium or facility.”*

12.7.1. This provision allows the making of a copy of an entire work. As such, it is very different from ‘fair dealing’, where the extent of the copy would be evaluated by principles of fairness. For example, if a person only needs a copy of a chapter of a book for personal use, a ‘fair dealing’ exception would not allow them to make a copy of the full book. The proviso of ‘fair practice’ of “such use” is therefore incorrectly drafted – the standard of ‘fair practice’ applies to the extent of the copying, not to the nature of the ‘personal use’.

12.7.2. The provision has been extended to allow a person to make a copy of an entire sound recording, an entire audiovisual work and an entire computer program. These three kinds of works were excluded in the current Act from the personal use exception with a reason. Neither the Bill’s Memorandum of Objects nor the document presented as the SEAIS Report for the Bill explain the motivation behind this expansion.

12.7.3. New Section 12B(2)(c) invites abuse and piracy of works. First, there is no requirement that the copy that has been stored is a copy of a lawful copy obtained by the person benefitting under the exception. Second, “storage” of copyright works in outside electronic storage mediums or facilities forms the basis of piracy through so-called cyberlockers, that make works that have been stored available to other customers of its medium / facility and even to the public at large, without the permission of or compensation to the copyright owner.

Such cyberlockers are often located in other jurisdictions and are hidden from investigation and prosecution through the establishment of elaborate front companies and, ultimately, a defence that it is the person who has “stored” the content that is responsible for the infringement of the copyright in the work. Despite cyberlockers in Europe defending claims of infringement on the basis of a denial of contributory liability, they have had to change their business models, often resulting in their closure.<sup>64</sup> In contrast, Section 12B(2)(c) would legitimise South African citizens’ contribution to this form of piracy.

12.7.4. The comments above amount to one illustration of how the whole of Section 12B, not only 12B(1)(h), is problematic. We are of the view that the replacement of the existing general exceptions with a single provision that extrapolates the same exceptions to apply to all works in Section 12B should not be proceeded with.

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<sup>64</sup> Examples are Uploaded.net operated by Swiss post-box company Cyando AG, that closed in 2022 (see <https://torrentfreak.com/cyando-kills-uploaded-net-before-copyright-quagmire-drowns-it-221129/>) and Rapidshare, that closed in 2015 (see <https://en.wikipedia.org/wiki/RapidShare>).

## 13 Copyright exceptions: Temporary reproduction and adaptation exceptions

### **New Section 12C of the Act Clause 15 of the Bill**

These comments must be read with the general comments on copyright exceptions in Chapter 9.

- 13.1. New Section 12C(a) of the Act is a general exception, the so-called ‘temporary reproduction’ exception, that updates copyright law to modern technology. It allows browsing and caching to take place on a computer linked to the Internet without amounting to an infringement of copyright. It also enables transmission systems to function efficiently so long as the intermediary does not modify the information and does not interfere with the lawful use of technology to obtain data on the use of the information.
- 13.2. New Section 12C(b), however, which allows persons “*to adapt the work to allow use on different technological devices, such as mobile devices*”, has another purpose that is unrelated to the temporary reproduction exception, other than the general object of catering for new technologies. This exception is actually meant to be part of the ‘personal use’ exception to allow format shifting, as recommended by the Copyright Review Commission.<sup>65</sup> It is not a fit for the ‘temporary reproduction’ exception because the exception contemplated by format shifting is by definition not temporary, and it should not be open to benefit persons in respect of all works, whether they have a lawful copy of the work being reproduced or not. This submission therefore proposes in Chapter 12 that the existing ‘personal use’ exception be updated with the text proposed in Section 12C(b).
- 13.3. The text of Section 12C(a) should be redrafted so that it changes to the passive tense. The acts contemplated by the temporary reproduction exception are normally undertaken automatically by a computer, not by the deliberate action of a person, therefore the introduction “*Any person may ...*” is inappropriate. The texts of Section 28A of the United Kingdom’s Copyright, Designs and Patents Act 1988<sup>66</sup> and Section 52(1)(b) of India’s Copyright Act 1957 (as amended),<sup>67</sup> are instructive.

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<sup>65</sup> Para 15.1.8 of the Copyright Review Commission Report, 2011 at [https://www.gov.za/sites/default/files/gcis\\_document/201409/crc-report.pdf](https://www.gov.za/sites/default/files/gcis_document/201409/crc-report.pdf).

<sup>66</sup> At <https://www.legislation.gov.uk/ukpga/1988/48/section/28A>.

<sup>67</sup> At <https://www.wipo.int/wipolex/en/text/390852>.

## 14 Copyright exceptions: Reproduction for educational and academic activities

### **New Section 12D of the Act Clause 15 of the Bill**

These comments must be read with the general comments on copyright exceptions in Chapter 9.

- 14.1. The current Sections 12(4), 15(4), 16(1), 17, 19A and 19B of the Act have an exception that allows for the use of all works by way of illustration in any publication, broadcast or sound or visual record, for teaching purposes. This exception applies subject to the conditions that the extent is justified by the purpose, the use is compatible with fair practice and the source is mentioned as well as the name of the author (if it appears on the work).
- 14.2. The Bill introduces a new educational and academic activities exception in new Section 12D that goes far beyond this exception and any other international exceptions in the educational sphere in any country in the world. The introduction of this section is concerning as it will have a negative impact on the writing and publishing of works for educational purposes in South Africa.

### Analysis of new Section 12D

- 14.3. Section 12D erroneously refers to its permissions to make copies as a “right” (Section 12D(4) and (5)). As stated in Para. 9.2.1, an act permitted by an exception is not a right, but a special case where the act will not constitute an infringement of copyright.
- 14.4. The beneficiary of the exceptions is entitled to make copies of works, including of whole textbooks in terms of Section 12D(1) and (4), is “any person”, as opposed to only an educational institution. The limitation on these exceptions in Section 12D(3) and (4) applies, contrary to what one would expect, only to educational institutions. This means that persons other than educational institutions have a free hand to make copies for educational and academic purposes only for so long as it does not have a commercial purpose. This cannot have been the intention.
- 14.5. A broad exception must, as a first step, be limited to specific beneficiaries for which the exception is relevant. We submit that even “educational institutions” is not limited enough, since this is a term that can be abused. Beneficiary educational institutions for broad exceptions should at least have a public character and be established and governed by national or provincial legislation.
- 14.6. Unlike the current exception, Section 12D limits the condition of the “illustration for teaching” exception in the current Act that the source is mentioned as well as the name of the author (if it appears on the work), by stating in Section 12(8) that this is only required “so far as is practicable”. This results in the subjective opinion of the beneficiary of the exception potentially taking priority over authors’ moral rights under Section 20 of the Act to claim authorship of the work.
- 14.7. The exception’s broad permission in Section 12D(4) to any person to copy textbooks is at odds with other provisions that the Bill introduces. The three cases stipulated there should be covered by the statutory licence for reproduction that is permitted by the Appendix of the Berne Convention (assuming that South Africa is entitled to benefit from it). However, as shown in Chapter 20, the Bill’s provisions that purport to introduce this statutory licence have to be redrafted. In addition, the case where the right owner cannot be found should be addressed by the statutory licence for orphan works, but, as shown in Chapter 21, the Bill’s provisions importing the statutory licence for orphan works also need to be redrafted.
- 14.8. Section 12D(2) will undermine existing collective licence agreements with higher education institutions in South Africa that allow them to make course packs from extracts copied from other works in return for a licence fee. Section 12D(3) materially misunderstands collective licensing of educational works. No collecting society in the world is authorised to license the reproduction of entire books and journal issues, an act that would compete with the sale of the book or journal issue concerned.

- 14.9. The drafting of the exception in Section 12D(6) does not contemplate that the institutional repositories of educational institutions are placed online and their contents are accessible to the public, which means that the action concerned is not only copying, but a communication of the unauthorised reproduction to the public. Section 12D(6) does not even require the “person receiving instruction” to be a student at an educational institution. We submit that Section 12D(6) is too broad to be in compliance with international norms, and that persons receiving instruction are already sufficiently served by the current exceptions of criticism and review and of quotation in Sections 12(1)(b) and (3), 15(4), 16(1), 7, 18, 19A and 19B.
- 14.10. New Section 12D(7) allows authors of publicly funded (at least 50% publicly funded) works which appear in collections to make this work available to the public under a public licence or by means of an open access institutional repository in the final manuscript version despite granting any exclusive rights to a specific publisher. The use of this exception in relation to articles published in subscription journals will undermine the subscription business model and will ultimately cause scientific publishers to be disincentivised from publishing the work of South African scientific authors, which in turn will expose South African scientific authors to low-quality Open Access publications who publish quickly and without proper peer review (so-called ‘predatory publishers’). The exception would interfere with the freedom of creators and publishers to determine the terms and conditions for allowing works to be copied, the price to be charged for a work and how frequently works are updated.

#### Measuring Section 12D against the Three-Step Test

14.11. We submit that the exception in the new Section 12D does not pass the Three-Step Test:

14.11.1. The cases covered in the exception are not special cases

The exceptions in Section 12D(1) and (6) are available to *any* person and apply to *all* works. The exception is available for the purposes of any “educational and academic activities”. This description does not sufficiently delineate the purpose for a special case. Educational and academic activities are increasingly practical and commercially focused and, despite the exclusion of reproduction for “commercial” purposes in Section 12D(5), can result in reproductions being made under an exception in competition with licences offered by rights holders and collecting societies.

14.11.2. The cases covered in the exception are not certain

The section contains too many provisions that can produce varying results depending on subjective factors, like interpretation, circumstances, and financial considerations.

The term “educational institutions” is not defined and is used interchangeably with “educational establishments”. The barrier to entry for an “educational institution” should be defined clearly. The ordinary dictionary definition for an “educational institution” could include informal service providers, like tutors and “course-pack providers” who could abuse the exception to essentially copy and distribute any material “at cost price” (to avoid the exclusion for “commercial” purposes in Section 12D(5)) in competition with licences offered by rights holders and collecting societies.

Section 12D(3) allows educational institutions to incorporate the whole “or substantially the whole” of a work if a license to do so is not available “on reasonable terms and conditions”. Whether the terms and conditions are “reasonable” is a subjective measurement that will differ in each case, resulting in uncertainty.

Section 12D(4)(c) is very wide and entirely uncertain. It allows any person to copy a whole textbook if the same edition is not for sale in South Africa or if it is over-priced compared to similar textbooks. Almost all the wording requires interpretation based on the unique circumstances of each case: how much of a work must change before it is no longer “the same edition”, when works are “comparable”, how to determine what is “normally charged”, and when a price is “reasonably related” to that normally charged.

Example:

Many textbooks are updated as frequently as annually. Often the changes affect only a small portion of a textbook and only the latest editions are typically stocked by bookstores. This exception will allow anyone to copy, for example, the whole of a previous years' edition of a textbook, which could be substantially similar to the latest edition. Factoring price considerations into copyright law will have massive implications for interpretation and will open the door to the abuse of this provision.

14.11.3. The exceptions conflict with the normal exploitation of the work and unreasonably prejudice the legitimate interests of rights holders

It is clear from the analysis above that new Section 12D will interfere significantly with the normal exploitation of copyrighted works, namely textbooks and educational materials, and also existing collective licences.

Section 12D will also unreasonably prejudice the legitimate interest of authors and publishers to exploit their works for financial gain.

The detrimental impact of Section 12D has been the subject of an impact assessment by PwC commissioned by the Publishers Association of South Africa. The results of PwC's analysis indicate that 'fair use' and other proposed exceptions would have a significantly negative impact on the local publishing industry:

- Sales revenue could drop by up to 33%, resulting in a corresponding reduction in the purchase of intermediate inputs from up-stream suppliers. When applied to the baseline data for the sector, this would amount to a decline in sales of around R2.1 billion a year.
- A decrease in the value added by the sector of around R946 million annually.
- A decrease in purchases of intermediate inputs from upstream suppliers of R789 million annually.
- A decrease in employment in the sector of 30%, implying a reduction of 1,250 full-time equivalent jobs.
- An increase in the importation of material for the broadly defined education sector and a reduction in exports of such material from South Africa.
- An average reduction in the income of authors of works for the broadly defined education sector of more than 25% and a resulting disincentive to produce works for this market.

As a result, PwC concluded, "South Africa would become more dependent on imported knowledge production."<sup>68</sup>

Although offering free or minimally priced copies of textbooks will seemingly benefit South African educational institutions and learners, particularly in the lower income brackets, that benefit will only be in the short term. On the longer term, free copying will stifle the creation of South African educational works, as South African authors will have no incentive to write, and South African publishers will have no incentive to publish, new works.

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<sup>68</sup> PwC *The expected impact of the 'fair use' provisions and exceptions for education in the Copyright Amendment Bill on the South African publishing industry*, July 2017, at <https://publishsa.co.za/wp-content/uploads/2021/07/Pwc-Report-On-Copyright-Amendment-Bill-31-July-2017-1.pdf>.

#### New Section 12D(9)

14.12. New Section 12D(9) has its origin in the 'fair dealing' exception in Section 12(4) of the Act (that is to be repealed), and is generally speaking not objectionable. However, it contains a mistake in that it requires the name of the author to be mentioned if it appears on the work copied "in the act of teaching." An "act of teaching" *per se* is not an action that is the subject of the exclusive rights of copyright, and it is therefore suggested that the wording of the proviso of existing Section 12(4) be retained.

## 15 Copyright exceptions: Artistic works in public places

### **Amendments to Section 15(1) of the Act Clause 16 of the Bill**

These comments must be read with the general comments on copyright exceptions in Chapter 9.

- 15.1. The Bill amends Section 15(1) of the Act to allow expanded “uses” of artistic works in other works if “use” of the artistic work is merely in the background or incidental, or the artistic work is situated in a public place. This amendment materially expands the scope of the existing ‘incidental inclusion’ exceptions in existing Sections 15(1) and 15(3), even if the Bill does not propose to amend Section 15(3).
- 15.2. Noting the policy shift from fair dealing to ‘fair use’ as proposed in the Bill, it appears that the word “use” in the amendment seeks to align Section 15(1) with the fair use doctrine. We have commented on the imprecise nature of this term in Para. 9.7.
- 15.3. By replacing the word “inclusion” with the word “use”, this exception would no longer be in compliance with the Three-Step Test. SAIPL submits that the word “use” ascribes far too broad a meaning and application to the “incidental inclusion” exception. “Inclusion” conveys the sense of a reproduction in a manner where the reproduction is not an overt feature of the second work. “Use”, on the other hand, conveys the sense of all acts that are governed by all the exclusive rights of copyright. “Inclusion” therefore does not necessarily mean “use”, whereas “use” will mean far more than mere “inclusion”.
- 15.4. Although we note that the “use” in the context of Section 15(1) is qualified by the requirement that it be “merely by way of background, or incidental”, SAIPL recommends that the word “inclusion” be retained to (i) avoid the adoption of overly broad terminology in the Act; and (ii) ensure compliance with Three-Step Test and the aforementioned treaties.
- 15.5. Extending the “incidental inclusion” exception to artistic works that are “situated in a public place” will also have a detrimental effect to the rights of authors of such works in that the exception could become open to abuse.

Example:

Where an artistic work situated in a public place is reproduced in a publication or made available on a website and where the use of such artistic work would otherwise constitute an infringement, in terms of the proposed amendment the mere fact that the artistic work happens to be located in a public place means that its use in the literary work would not constitute an infringement. The knock-on effect is that artists will not want to display their artistic works in public places, for fear that they may be used by other parties in their own works under this general exception.

- 15.6. Moreover, the proposed amendment appears to conflict with Section 15(3), which already has a limited exception for artistic works permanently situated in public places.

## 16 Copyright exceptions: Computer software and computer interface specifications

### **New Section 2A(1)(b) and replacement of Section 19B in the Act Clauses 2 and 21 of the Bill**

- 16.1. New Section 2A(1)(b) in the Act excludes “computer software interface specifications” from copyright protection. This may amount to an arbitrary exclusion of copyright protection for such works.
- 16.2. There is no definition of the “interface specifications”, nor is there a clear policy objective for this exclusion.
- 16.3. “Interface specifications” could be entitled to copyright protection as a computer program.<sup>69</sup>
- 16.4. Inasmuch as an “interface specification” might be code of a computer program that is “information necessary to achieve the interoperability of an independently created computer program with other programs”, the copying and translation of such code without authorisation is already the subject of a new exception in Section 19B(2).

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<sup>69</sup> Section 11 of the Act.



## 17 Copyright exceptions: Libraries, archives, museums and galleries

### **New Section 19C, new definition of “open licence”, in the Act Clauses 22 and 1(i) of the Bill**

These comments must be read with the general comments on copyright exceptions in Chapter 9.

- 17.1. New Section 19C of the Act introduces new exceptions for libraries, archives, museums and galleries.
- 17.2. The institutions that are to benefit from these exceptions have not been defined in the Act and these institutions will therefore be identified by their dictionary meanings. However, we submit that libraries, archives and museums that are to benefit from copyright exceptions should at least have some sort of public character and be established and governed by a national or provincial statute.

#### Examples:

The recent successful criminal action against a website using the name “Z-Library” has shown that it was none other than a site offering pirated digital copies of books misappropriating a name to misrepresent that it is a library. Its website even named itself as “the world’s largest library.” (US Department of Justice press release dated 16 November 2022 at <https://www.justice.gov/usao-edny/pr/two-russian-nationals-charged-running-massive-e-book-piracy-website>.)

More contentious is the “National Emergency Library” started by the Internet Archive and voluntarily closed down in June 2022 after infringement actions were instituted by publishers. It offered over a million scanned books for free online, without permission from authors and publishers, in a scheme that many saw as an opportunistic exploitation of the covid pandemic. (Letter from US Senator Thom Tillis to the Internet Archive dated 8 April 2020 at <https://publishers.org/wp-content/uploads/2020/04/4.8-Ltr-from-Tillis-to-Internet-Archive-re-Emergency-Library.pdf>.)

- 17.3. It is difficult to see how galleries fit in the same category of institutions that should benefit from copyright exceptions, since galleries that are not public museums are generally private enterprises. Private galleries are in a position to negotiate rights as a condition for agreeing to exhibit art, and could also be licensed by collecting societies to publish photographs and illustrations of art that they sell.
- 17.4. The term “use” in the introduction to the exceptions in Section 19C(1) conveys the sense of acts that are governed by all the exclusive rights of copyright, not only specified acts, for example the act of reproduction. This terminology alone puts Section 19C outside the ambit of being a “special case”, as meant in the first step of the Three-Step Test. The use of the term “appropriate” to qualify the copyright exceptions further means that these exceptions will unreasonably prejudice the legitimate interests of the rights holders concerned, thereby not meeting the third step of the Three-Step Test.
- 17.5. Section 19C(2) allows the lending of tangible works. There is no lending right for literary, musical, or artistic works, nor for published editions or computer programs, whether in the Act or proposed to be introduced by the Bill. The Bill introduces an exclusive right for “lending” only for sound recordings and audiovisual works, but there is no apparent policy justification or impact assessment justifying an exception from the exclusive rental right for sound recordings and audiovisual works favouring libraries, archives, museums and galleries. There is therefore no justification for Section 19C(2) that would not interfere with the ordinary exploitation of sound recordings and audiovisual works, and the exception therefore does not meet the second step of the Three-Step Test.

- 17.6. Section 19C(3) uses the term “access” that is not sufficiently precise to be used in respect of rights of copyright. The granting of “access” per se is not an exclusive right of copyright. The Act does not prevent the public from visiting libraries, museums and archives and viewing copyright-protected works in its collections there. We have commented on the imprecise nature of this term in Para. 9.7. Section 19C(3) therefore is an error that should be deleted from the exception.
- 17.7. Section 19C(4) has the potential to impede the normal exploitation of copyright works. Its permission to screen full audiovisual works on its premises to the public – that an audience of multiple “users” would be - without the permission of the copyright owner and without remuneration - places libraries, archives, museums and galleries in direct competition with cinemas. The permitted playing of sound recordings of music on the premises undermines existing collective licences for the playing of music in public areas. Activities permitted under Section 19C(4) would therefore fall foul of the second step of the Three-Step Test.
- Since the exception in Section 19C(4) will automatically extend to the exceptions in the Performers’ Protection Act in terms of new Section 8(2)(f) of the Performers’ Protection Act, the impact on performers by the exception in favour of libraries, archives, museums and galleries to screen audiovisual works and play sound recordings without permission or remuneration must be considered specifically. The detrimental impact of this factor on copyright owners of sound recordings and audiovisual works will equally impact the rights and remuneration of performers in those works.
- 17.8. Although the ability of public libraries, archives and museums to make reproductions of works in their collections for the sake of preservation is not objectionable in principle, Section 19C(5)(b) and the last part of Section 19C(7) go further and assume that hosting a preservation copy on a website that is accessible by the public is preservation. This is not the case. Such a step amounts to the communication of the reproduction to the public, that does not amount to preservation, and that must have the consent of the copyright owner. This exception likely falls foul of all the steps in the Three-Step Test.
- 17.9. The exception in Section 19C(8) is already catered for in the Legal Deposit Act 54 of 1997, and its inclusion is a duplication of an existing statutory provision.<sup>70</sup>
- 17.10. Section 19C(9) will permit the making of copies for purposes other than preservation (since copies for preservation will already be allowed by Section 19C(5)(a)), and therefore contemplates an orphan works situation. A statutory licence for orphan works is already provided for in new Section 22A, which should be followed (once the errors in the provision identified in Chapter 21 of this submission are corrected).
- 17.11. Section 19C(11) permits the reproduction and making available of works that are not in its collection, and that have been retracted or withdrawn. The situation contemplated here is therefore precisely one where the consent of the copyright owner is needed for the reproduction and making available of the work. The exception prejudices the reasonable interests of the copyright owner and is therefore in conflict with the third step of the Three-Step Test.
- 17.12. Subsections (12) and (13) and the proviso to subsection (15) deal with inter-library loans. The provisions are couched too broadly to be compliant with the Three-Step Test. For instance, “educational and research purposes” is too broad and therefore not a special case. The same applies to “any historical or cultural event”. None of these provisions are triggered by the demand of a patron of a library, as one would ordinarily expect from the case for an inter-library loan exception. The obligation to supply information concerning the appropriate use of the copy should be unconditional (not subject to “reasonable steps”) and should be expressly stated to apply to subsections (12) and (13). These provisions need to be considered more carefully.

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<sup>70</sup> An earlier provision of the Act that dealt with the legal deposit of publications at certain libraries was repealed with effect from 1984 for the same reason as submitted here, namely that it belongs in legislation governing the legal deposit of publications. See OH Dean and S Karjiker *Handbook of South African Copyright Law*, Juta, 2015 (Service 15), p.4-151 (comment on the repeal of Act 63 of 1965).

- 17.13. The indemnity in favour of employees in Section 19C(14) also requires further consideration. If an employee was acting in good faith, the employee will probably not be held criminally liable, and in that sense, the indemnity is superfluous. More contentious is civil liability for damages. If the employee is indemnified, will their institution escape vicarious liability as well? Such an outcome would not be acceptable, especially considering the seriousness with which the Bill considers under-reporting of copyright usage (see Chapter 26). Any indemnity provision would have to confirm that the copyright owner is entitled to restrain infringing conduct by way of interdict, and that the protection of the indemnity ceases once the employee concerned has been notified by or on behalf of the copyright owner or a collecting society that the carrying out of duties concerned is an infringement of copyright or an offence in terms of the Act. These provisions therefore need far more consideration before they can be accepted.
- 17.14. In response to Section 19C(15), SAIPL has recommended in Chapter 10 of this submission that Section 12A should be withdrawn, and, in Chapter 4, that the 'contract override' clause in Section 39B that prevents the out-of-court settlement of infringement claims where a defendant relies on an exception (as contemplated in Section 19C(14)) should similarly be withdrawn.

## 18 Copyright exceptions: Persons with a disability

### **New Section 19D of the Act and new definitions for “accessible format copy” and “person with disability” in Section 1 of the Act Clauses 1 and 22 of the Bill**

- 18.1. Clause 22 of the Bill seeks to introduce, as a new Section 19D, an exception that would allow disabled persons access to copyright works in circumstances where their disabilities preclude them from having access in the same manner as persons without such disabilities. Clause 22 is supplemented by the insertion of certain definitions in Clause 1.
- 18.2. The introduction of an exception such as the one contained in the new Section 19D has been intended from the start of the copyright reform process in one form or another and has, in principle, enjoyed widespread support not only for the reprieve it offers disabled persons but also because new Section 19D stands central to South Africa’s intended accession to the Marrakesh Treaty.
- 18.3. An important development insofar as new Section 19D is concerned, is the fact that the Constitutional Court, on 21 September 2022, handed down a judgment in the case of *Blind SA v Minister of Trade, Industry and Competition and Others*, in which it ordered Government to introduce a suitable exception of the kind envisaged in Section 19D, following a finding that the Copyright Act is unconstitutional without it.<sup>71</sup>

The Constitutional Court declared that, without a suitable exception for print disabled persons, certain sections of the Copyright Act are unconstitutional, invalid and inconsistent with the rights of persons with visual and print disabilities, but only to the extent that these provisions limit the access of such persons to published literary works, and artistic works as may be included in such literary works, in accessible format copies.

Government has been ordered to formulate an appropriate remedy to cure the constitutional defect in the Copyright Act. Ensuring the correct formulation of Section 19D therefore commands serious attention.

- 18.4. Several of the required provisions to ensure full compliance with the Marrakesh Treaty have been omitted from the exception in new Section 19D. It is arguably not compatible with the Three-Step test, and it is furthermore vulnerable to constitutional challenge itself.
- 18.5. In this regard, new Section 19D and its supporting definitions (or the lack thereof) go beyond the limitations on the rights of copyright owners that are needed to serve the needs of disabled persons and therefore arguably result in a dispossession of property that is disproportionate to what would constitute a reasonable and justifiable limitation of the rights of copyright owners. The exception currently contained in Section 19D would thus be open to constitutional challenge thereby not only continuing to risk the validity of the Copyright Act but also Government’s compliance with the order of the Constitutional Court.
- 18.6. The Constitutional Court expressly stated that any remedy introduced in the Copyright Act intended to cure the invalidity must be carefully tailored to address the constitutional defect and must be done in such a way to respect the rights of copyright owners that are not implicated in constitutional infringement.

In order to address the immediate invalidity, the Constitutional Court drafted a new Section 13A to the Copyright Act which contains an exception applicable to beneficiary persons and ordered its reading in as interim measure pending the required amendments to the Copyright Act.

In formulating the interim remedy, the Constitutional Court laid down guidelines to be followed in crafting such a remedy that would enable it to perform the fine balancing act required of it. SAIPL

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<sup>71</sup> [2022] ZACC 33 at <http://www.saflii.org/za/cases/ZACC/2022/33.html>.

contends that Section 13A as drafted by the Constitutional Court could be adapted to replace the exception sought to be introduced in Section 19D as detailed further below.

18.7. Alternatively, the guidelines provided by the Constitutional Court should be adhered to in formulating the exception sought to be introduced in Section 19D. In this regard, the Court held that it should be made clear:

18.7.1. what the subject of the exception is. This requires of the exception to indicate which works may be made into accessible format copies. The Court opted for a limitation to literary works and artistic works contained in such literary works, in line with the provisions of the Marrakesh Treaty;

18.7.2. who the beneficiaries are. Here, too, the Court held that there is good reason to adopt the definition “Beneficiary Persons” in the Marrakesh Treaty;

18.7.3. what the scope of the exception is. In this regard the Court held that what is meant by permitting the making of an accessible format copy needs to be understood, stating that the Bill’s definition is “somewhat truncated”;

18.7.4. the right of the copyright owner from which a derogation is permitted; and

18.7.5. who is authorised to make the accessible format copies. The Court highlighted that the persons authorised to make accessible format copies need to serve beneficiary persons as its primary objective or institutional obligation and may not do so for profit, again in line with the Marrakesh Treaty.

18.8. Having regard to the above, SAIPL submits that, in order to pass constitutional muster, the new Section 19D cannot be retained in the wide terms in which it has been framed and without all the required, appropriately formulated definitions.

By way of example, new Section 19D as it is currently drafted:

18.8.1. does not identify the works to which the exception applies, and no justification has been put forward to extend the categories of works beyond literary or artistic works as envisaged by the Marrakesh Treaty;

18.8.2. contains a definition for “persons with disability” in Section 1 as including a person who has a physical, intellectual, neurological or sensory impairment (i.e. any and all disabilities), as opposed to limiting such persons to those who are unable to read printed works or otherwise to hold or manipulate a book as a result of a physical disability, as provided for in the Marrakesh Treaty and approved by the Constitutional Court;

18.8.3. does not contain a definition for “authorised” or “permitted” person or entity who may make the accessible format copies and instead refers to “any person as may be prescribed”. No clarity has been provided as to how such a person will be prescribed nor by whom, but it is assumed to give effect to the provision, further regulation will be required in circumstances when a perfectly suitable definition exists in the Marrakesh Treaty and has been approved by the Constitutional Court.

18.9. SAIPL contends that the interim Section 13A as formulated by the Constitutional Court could be adapted to replace the exception provided for in Clauses 1 and 20 of the Bill as Section 19D, supplemented by the provision for cross border exchange of accessible format copies as provided for in the Marrakesh Treaty and WCT.

## 19 Parallel imports

### **Amendments to Section 28 of the Act Clause 30 of the Bill**

- 19.1. Section 28 of the Act is a procedural provision that supplements Section 23(2) in that it allows a copyright owner and an exclusive licensee to give notice to the Commissioner of Customs & Excise (now the Commissioner for the South African Revenue Service) to ask that the import of infringing goods be prohibited.
- 19.2. The Bill proposes to amend Section 28(2) from applying to any copy of the work in question made outside the Republic
- “which if it had been made in the Republic would be an infringing copy of the work.”*
- to
- “if the making of such copy was without the authorization of the copyright owner.”*
- 19.3. The proposed change is, however, not the standard for infringement on importation set in Section 23(2) of the Act. Importing an article without authorisation does not automatically equate to infringement. The Bill does not amend Section 23(2), and therefore the Bill’s amendment of Section 28(2) is incorrect.
- 19.4. The Bill’s amendment of Section 28(5) also inserts the standard of “if the making of such copy was without the authorization of the copyright owner”, and is similarly incorrect. (The only other change to Section 28(5) is a simplification of language, that is not material and can be dispensed with.)

## 20 Statutory licences for reproduction and translation

### **New Schedule 2 of the Act, amendment to Section 22(3) of the Act Clauses 25 and 37 of the Bill**

- 20.1. New Schedule 2 of the Act sets out statutory licences for reproduction and for translation. The terms of these licences are derived from the Appendix to the Berne Convention,<sup>72</sup> but differ in material respects (as set out below). The special provisions of the Appendix are available for countries that are regarded as developing countries in conformity with the established practice of the General Assembly of the United Nations that have ratified or acceded to the Paris Text of the Berne Convention.
- 20.2. South Africa's accession to the 1971 Paris Act in 1975 "did not apply to Articles 1 to 21 and the Appendix."<sup>73</sup> However, the purpose of the Act in 1978 was to bring South Africa's copyright law in line with the Paris Text of the Berne Convention, without South Africa having acceded to its substantive provisions at that time.<sup>74</sup> South Africa's accession to Articles 1 to 21 and the Appendix happened in an indirect manner, by South Africa's membership of WTO and its accession to TRIPS that took effect from 1 January 1995. Article 9 of TRIPS provides that members of the WTO will comply with Articles 1 to 21 and the Appendix of the Berne Convention.
- 20.3. Article 21 of the Berne Convention and Article I of the Appendix spell out the process that a developing country must follow in order to avail itself of the benefits of the Appendix. Article 65(2) of TRIPS allows developing countries a longer time frame to implement all its provisions.<sup>75</sup>
- 20.4. Within the WTO, South Africa self-identifies as a "developing country".<sup>76</sup> However, South Africa has not made the declaration set out in Article I of the Appendix. It is also not clear whether South Africa can still make the declaration in respect of the Appendix under the limits imposed by Article 65(2) of TRIPS.

SAIPL therefore recommends that it first be ascertained whether South Africa can benefit from the provisions of the Appendix in the light of the formal requirements of the Berne Convention and TRIPS, for which purpose we suggest that, as a first step, the Government obtain formal legal advice. We are not aware that Government has commissioned advice on this point.

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<sup>72</sup> Berne Convention for the Protection of Literary and Artistic Works, Paris Text (1971), at <https://wipolex.wipo.int/en/text/283693>, p24.

<sup>73</sup> Berne Notification No 64, Accession of the Republic of South Africa to the Paris Act (1971) (with the exception of Articles 1 to 21 and the Appendix) at [http://www.wipo.int/treaties/en/notifications/berne/treaty\\_berne\\_64.html](http://www.wipo.int/treaties/en/notifications/berne/treaty_berne_64.html).

<sup>74</sup> OH Dean and S Karjiker *Handbook of South African Copyright Law*, Juta, 2015 (Service 15), pp. xiii..

<sup>75</sup> [https://www.wto.org/english/tratop\\_e/devel\\_e/dev\\_special\\_differential\\_provisions\\_e.htm#legal\\_provisions](https://www.wto.org/english/tratop_e/devel_e/dev_special_differential_provisions_e.htm#legal_provisions)

<sup>76</sup> <http://www.thedtic.gov.za/designations-of-developing-and-least-developed-countries-under-the-countervailing-duty-law-by-the-united-states-trade-representative/>

- 20.5. The terms of the licences in Schedule 2 of the Bill follow the format of the prescribed licences that are set out in Articles 2, 3 and 4 the Appendix, but they are materially broader than the terms of the Appendix in significant respects. Some examples are set out below:

<b>Examples of material deviations of Schedule 2 from the Appendix to the Berne Convention:</b>	
<b>Schedule 2:</b>	<b>Appendix:</b>
Schedule 2 is silent on exclusivity and transferability of the translation licence (Schedule 2 Part A para 4), although new Section 22(8) could be interpreted as allowing the licensee to sub-license.	Translation licences are non-exclusive and non-transferable (Article II(1)) The context of the Appendix and its requirements for the qualifications of an applicant for a translation licence imply that the prohibition on transfer includes a prohibition on sub-licensing.
Reproduction licences are transferable (Schedule 2 Part B para 4(2)(d)). New Section 22(8) could be interpreted as allowing the licensee to sub-license.	Reproduction licences are not transferable (Article III(1)). The context of the Appendix and its requirements for the qualifications of an applicant for a reproduction licence imply that the prohibition on transfer includes a prohibition on sub-licensing.
The Tribunal may allow reproduction under the reproduction licence outside the Republic (Schedule 2 Part B para 4(2))	Any reproduction licence is valid only for the reproduction in the territory of the country in which it has been applied for (Article IV(4)(a))
The terms of the translation licence for broadcasting organisations are incomplete (Schedule 2 Part B para 5). It should have stated that the licence applies to any work, subject to certain terms and conditions.	The translation licence for broadcasting organisations applies to any work, subject to a number of conditions (Article IV(9)). The qualification of the conditions in Article IV(9)(a)(iii) and (c) are not reflected in Schedule 2.

- 20.6. The Government has given no reasons supporting or justifying the broader licence terms in Schedule 2. The Government has also not carried out a legal assessment whether the licence terms in Schedule 2 meet the requirements of the Berne Convention and TRIPS, nor whether the inroads into the exclusive rights of copyright owners whose works would be made subject to these statutory licences without their consent, would amount to an arbitrary dispossession of property in breach of section 25 of the Bill of Rights in the Constitution.
- 20.7. So far as we are aware, those developing and least-developed countries that have incorporated statutory licences for reproduction and translation into their copyright laws have followed the text of the Appendix, and that no other country has statutory licences for reproduction and translation in the terms set out in Schedule 2.<sup>77</sup>
- 20.8. The Bill proposes to introduce Schedule 2 into the Act by amending Section 22(3) of the Act in the following terms:
- “(3) No assignment of copyright and no exclusive licence to do an act which is subject to copyright in such work shall have effect unless it is in writing and signed by or on behalf of the assignor, the licensor or, in the case of an exclusive sub-licence, the exclusive sub-licensor, as stipulated in Schedule 2 ...”* (our emphasis).
- 20.9. This is an error because Section 22(3) deals with the formalities of exclusive licences. If, subject to an appropriate positive legal opinion suggested above, the decision is taken to introduce statutory licences that are in line with the Appendix, it would be more appropriate to amend Section 45 for this purpose.

<sup>77</sup> [https://wipolex.wipo.int/en/treaties/ShowResults?search\\_what=N&treaty\\_id=15](https://wipolex.wipo.int/en/treaties/ShowResults?search_what=N&treaty_id=15). For example, compare Schedule 2 with Sections 32, 32A and 32B of India’s Copyright Act 1957, as amended (<https://wipolex.wipo.int/en/text/390852>).



20.10. When the Bill was being considered by the Portfolio Committee in the National Assembly in 2021 after its referral by the President, the Minister of Trade Industry and Competition cited the defects in these provisions and stated that they were “requiring a total redraft.”<sup>78</sup> SAIPL, in its submission of 22 January 2022, agreed with the Minister’s assessment. Notwithstanding the obvious errors in these provisions, no changes were made by the National Assembly before it passed the Bill in September 2022.

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<sup>78</sup> Minister’s presentation to the Committee dated 9 November 2021, p.43.

## 21 Orphan Works

### **New Section 22A and new definition of “orphan work” in the Act. Clauses 26 and 1(i) of the Bill**

- 21.1. SAIPL has welcomed the Bill’s attempt to solve the problem of obtaining permissions for orphan works, but has previously pointed out serious deficiencies with the statutory licence in the new Section 22A of the Act.<sup>79</sup>
- 21.2. Many of the deficiencies remain, despite changes to this provision made by the Portfolio Committee in 2017 and 2018. As a result, the Bill’s orphan works provision is unworkable and will not benefit persons who have a legitimate need to use copyright works whose owners cannot be identified or located, and it also places CIPC at risk for legal liability.
- 21.3. No impact assessment for the Bill has identified what the needs are to reproduce, publish, perform, broadcast, communicate, distribute, adapt, etc, orphan works. Inasmuch as public libraries and educational institutions might need to digitise orphan works for preservation, these needs are typically catered for in copyright exceptions for such institutions, not in an orphan works provision.
- 21.4. Statutory licences for the use of orphan works have been enacted in the United Kingdom<sup>80</sup> and Canada.<sup>81</sup> Neither of these provisions is similar to Section 22A. It is notable that both the United Kingdom and Canadian provisions authorise these statutory licences to be governed by regulation. In the case of the United Kingdom, statutory licences are created by regulation,<sup>82</sup> and in Canada the terms of the statutory licences are established by the Copyright Board.
- 21.5. The statutory licence in Section 22A is not a true licence for the following reasons:
  - 21.5.1. Section 22A has no provision for a definite *quid pro quo* for the grant of the licence, namely a licence fee or a royalty. In an orphan works statutory licence scheme, the licence fee or royalty is typically paid to the licensing authority or a collecting society, and that amount would ultimately devolve on the copyright owner if they appear. Instead, these provisions can be interpreted as amounting to CIPC giving away rights of copyright without the knowledge or authorisation of the copyright owners, to persons making self-declarations of compliance with the diligent search provisions.
  - 21.5.2. A licence should be a defence to a claim for infringement. The licensee under Section 22A is not released from a claim for infringement, as appears from Section 22A(8).

These two factors result in the receipt of a statutory licence being of nearly no value for a licensee, and also in CIPC being exposed to risk for liability for damages by copyright owners and its own licensees, in event the copyright owner appears.

- 21.6. SAIPL again suggests that a statutory licensing scheme be properly researched and investigated and that an improved orphan works provision be conceptualised and drafted. In addition to the fundamental problem with the proposed Section 22A set out above, it has numerous deficiencies, that include the following:
  - 21.6.1. The “database of the register of copyright” referred to in Section 22A(6)(a) and (9) does not exist and there is no provision for its establishment. A revised provision that does

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<sup>79</sup> SAIPL submission to the Portfolio Committee of the National Assembly dated 7 July 2017 at p.5 ff.

<sup>80</sup> Section 116A, as read with Section 116D, of the UK Copyright, Designs and Patents Act 1988, at <https://www.legislation.gov.uk/ukpga/1988/48/chapter/VII/crossheading/orphan-works-licensing-and-extended-collective-licensing>.

<sup>81</sup> Section 77 of the Canadian Copyright Act 1985 at <https://laws.justice.gc.ca/eng/acts/C-42/page-20.html#h-105208>.

<sup>82</sup> UK Copyright and Rights in Performances (Licensing of Orphan Works) Regulations 2014 at <https://www.legislation.gov.uk/uksi/2014/2863/contents/made>

- establish such a register would also need to record licences applied for and licences granted, a normal requirement that is absent from Section 22A.<sup>83</sup>
- 21.6.2. The requirement of publication in the Government Gazette and in two newspapers set out in Section 22A(2) is unnecessarily burdensome and costly. The orphan works provision should instead provide for CIPC to make such applications and the grants of licences public on its website and by notice in the Government Gazette.
- 21.6.3. It appears that CIPC does not have the authority to deal in the funds it will be receiving from licensees. The payment of a licence fee or royalty must be peremptory, not discretionary (“the Commission *may* direct ...”), for the reasons stated in the previous paragraph. Furthermore, the provision of Section 22A(7) for establishing “a particular account” for a given orphan work will not be capable of implementation unless it is a bank account opened by CIPC in which the funds are held in trust for the copyright owner.
- 21.6.4. It runs counter to the object of the typical orphan works provision that a copyright owner that appears to claim their work must institute legal action, as contemplated by Section 22A(8). If the owner proves their case to the relevant authority (CIPC in this case), it must pay over the accumulated royalties received to the copyright owner.
- 21.6.5. There is no provision for what happens to licence fees and royalties that have been paid by a licensee when the copyright owner does not appear. The 2017 version provided for a five-year period, but did not state what would happen at the end of the five-year period. The current version of the orphan works provision (that is the same as the one in the Bill passed by Parliament in 2019) has simply extended the term indefinitely.
- 21.6.6. There is no prohibition on sublicensing.
- 21.6.7. It does not state that when the copyright owner appears, the work ceases to be an orphan work.
- 21.7. The extension of the orphan works provision to the “resale royalty right” (that was inserted by the Portfolio Committee in 2017 to 2018) is incorrect. As mentioned in this submission,<sup>84</sup> the Bill makes a fundamental mistake in construing the “resale royalty right” as a right of copyright, whereas in fact it is a separate right that depends on a right of copyright. Section 22A(10) compounds this error by making the physical representations of all “visual artistic works” subject to the orphan works provision. This will result in the market for second-hand goods unmanageable.

Example:

The sale of movable assets in a deceased estate by an auctioneer. The executor of the deceased estate and the auctioneer will have to evaluate whether decorative items supplied to the auctioneer are “visual art works” or not and, if so, whether the resale royalty right provisions apply to those items. If they do, the combination of the “resale royalty right” and orphan works provisions will incur further cost and delay in winding up the estate, and even if the executor and the auctioneer get a statutory licence to sell the items, they have no statutory or contractual guarantee that they will not be sued if the artist makes a claim.

- 21.8. There is no equivalent to Section 22A(10) in any other jurisdiction in the world. So far as we can tell, the Portfolio Committee never called for public comment on Section 22A(10).<sup>85</sup>

<sup>83</sup> See for example Regulation 5 of the UK Copyright and Rights in Performances (Licensing of Orphan Works) Regulations 2014, in footnote 82.

<sup>84</sup> See Para. 7.6.

<sup>85</sup> The Parliamentary Monitoring Group record of the Portfolio Committee meeting on 7 November 2018 states that “Subsection 10 was an insertion based on the input of the expert panel. It related to the identity of an author who had a resale royalty right and was unknown or could not be located.” The stated motivation is incorrect. Of the panel members, M Woods of WIPO and A Myburgh, who is a member of SAIPL, counselled against it, and the others did not comment on it.

## 22 Technological Protection Measures and Copyright Management Information

**New Sections 27(5)B, 28O, 28P, 28R and 28S and new definitions of “technological protection measure”, “technological protection measure circumvention device or service” and “copyright management information” in the Copyright Act.**

**Clauses 1, 29 and 31 of the Copyright Amendment Bill**

**New Sections 8F, 8G and 8H and new definitions of “technological protection measure”, “technological protection measure circumvention device or service” and “copyright management information” of the Performers’ Protection Act**

**Clauses 1 and 7 of the Performers’ Protection Amendment Bill**

22.1. Technological Protection Measures (“TPMs”) are essential tools for the creative and copyright industries in the digital era. They enable rights holders and their distributors to make content available online to consumers so that they can access it at a time and manner of their choosing, while empowering rights holders to explore new consumer markets, business models and platforms for content delivery that are opened by current and emerging technologies.

Considering the ease with which works can be digitally copied and distributed worldwide, literally with the click of a button, TPMs also enable rights holders and authorised distributors of multimedia content, including films, music, video games, software, etc., to control user access to copyright-protected works online, and prevent the unauthorized and unremunerated reproduction, distribution, and consumption of their works. Without TPMs, digital streaming and on-demand markets would not function or exist for most entertainment media.

22.2. In recognition of the rapid expansion of technological progress and the way in which copyright works are disseminated through the Internet and satellite technologies, WIPO took steps to establish international norms aimed at preventing unauthorized access to and use of copyright works in the digital environment. WIPO administers WCT and WPPT, which are collectively known as the WIPO Internet Treaties,<sup>86</sup> due to its core focus of meeting the challenges posed by today’s digital technologies for the lawful dissemination of copyright protected works via the Internet and digital networks.

WCT deals with protection for authors of literary and artistic works and WPPT with the protection of rights of performers and producers of phonograms (called “sound recordings” by the Performers’ Protection Amendment Bill). These treaties supplement the major existing WIPO treaties on copyright and related rights, including the Berne Convention, by extending existing rights to the digital environment and creating new exclusive ‘digital rights’, including rights of digital reproduction, distribution and making works and performances available online, in such a way that members of the public may access it from a place and at a time individually chosen by them. These rights cater for online streaming, on-demand, and other content delivery services.

The Beijing Treaty followed in 2012, to extend new digital rights and protection of TPM protections for performers in audiovisual works.

The WIPO Internet Treaties require member countries to establish a general framework of rights which enables creators to control how their works and performances may be accessed, used, and enjoyed by users online, while also enabling creators and performers to receive adequate remuneration for consumptive uses made of the underlying works.

22.3. The WIPO Internet Treaties also establish two types of technological adjuncts to the new exclusive digital rights to enable rights holders to effectively use technology to protect their rights and license the use of their works in the digital environment. It firstly requires member states to provide “adequate legal protection and effective legal remedies”<sup>87</sup> against the circumvention of effective technological protection measures or ‘TPMs’. This is intended to address the problem

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<sup>86</sup> See *WIPO Internet Treaties*, WIPO, at [https://www.wipo.int/copyright/en/activities/internet\\_treaties.html](https://www.wipo.int/copyright/en/activities/internet_treaties.html).

<sup>87</sup> Article 11 WCT, Article 18 WPPT and Article 15 of the Beijing Treaty

of 'hacking' and is known as the 'anti-circumvention' provisions. Secondly, it requires countries to prohibit the deliberate alteration or deletion of electronic "rights management information"<sup>88</sup> which accompanies copyright works to identify the works, its authors, producers, performers and the terms and conditions for its use.

- 22.4. The Copyright Amendment Bill and Performers' Protection Amendment Bill seek to find alignment with the WIPO Internet Treaties through their proposed introduction of new statutory remedies that would assist rights holders to deploy and protect TPMs in South Africa. The Bills propose the prohibition of the unlawful circumvention of TPMs, trafficking in TPM circumvention devices, and unauthorized removal or modification of copyright management information in respect of copyright protected works. This is a laudable objective and an important step for South Africa to take in order to develop our law in a manner that is consistent with international treaties and best practices. It will also assist rights holders to combat the pervasive scourge of online content piracy and enable the development of new business models in responding to the growing consumer demand for online content delivery services.
- 22.5. In March 2019, Parliament approved South Africa's accession to WCT, WPPT and the Beijing Treaty, following Cabinet's resolution in 2018.<sup>89</sup> It is anticipated that formal steps for accession will be taken after the Bills are enacted. It is therefore imperative that the new provisions of the Bills that relate to the protection of TPMs and copyright management information are fully treaty-compliant. However, President Ramaphosa expressed reservations that the Bills may not be compliant with the WIPO Internet Treaties when he referred the Bills back to the National Assembly in 2020.<sup>90</sup>
- 22.6. The Portfolio Committee reconsidered the relevant provisions after the President's referral of the Bills, and although a material set of changes were made to some of the provisions, not nearly enough was done to address all the serious deficiencies to ensure treaty compliance.

The remaining problems in the Copyright Amendment Bill include the following:

- 22.6.1. The new definition of "technological protection measure" may not provide for "*adequate legal protection and effective legal remedies*", as required in the WIPO Internet Treaties. The definition is too narrow in that it only refers to a product, device, process, technology, etc. that "*prevents or restricts infringement of copyright in a work*" as opposed to technologies that are designed to have that effect. This suggests that TPMs that are unlawfully overcome by a circumvention device or method, are excluded from statutory protection as a TPM, as it failed to prevent or restrict infringement. The definition should be updated to clarify that a protected TPM is a technological protection measure that is designed to prevent or restrict infringement of copyright in a work, or to control access to a work.
- 22.6.2. The new definition also proposes that any process, treatment, mechanism, technology, device, product, system, or component' that, in its "*normal course of operation*" controls access to a work for non-infringing purposes, is excluded from the scope of the new legal protections of TPMs. This is a problematic construct as all devices, processes, products, technologies, etc. that could be deployed to circumvent TPMs can also be used for non-infringing purposes as well, including uses permitted through copyright exceptions and limitations such as time-shifting, reproduction for private use and study, etc. This provision should be removed, as it can constitute a 'statutory license to hack TPMs' when read with new Section 28P (see our further comments on this below).
- 22.6.3. The new definition of "technological protection measure circumvention device or service" is too narrow a construct to provide for "*adequate legal protection and effective legal remedies*" required by the WIPO Internet Treaties. The definition only includes a device

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<sup>88</sup> Article 12 WCT, Article 19 WPPT and Article 16 of the Beijing Treaty

<sup>89</sup> Resolutions of the National Assembly on 14 March 2019 and of the National Council of Provinces on 28 March 2019, resolution of the Cabinet on 5 December 2018.

<sup>90</sup> <https://www.parliament.gov.za/storage/app/media/Docs/atc/c9feb8ea-aa50-4464-a658-d29b8c05957c.pdf> pp.16-18 and 21

or a service that is primarily designed, produced, or adapted for purposes of enabling or facilitating the circumvention of a TPM. Devices or services that are not necessarily primarily designed to overcome TPMs, could still be designed to achieve this purpose as one of their features. This definition should be changed to include devices, services, technologies, products, or components that are designed, produced, promoted, advertised, marketed, or sold for the purpose of circumventing TPMs, or which have only a limited commercially significant purpose or use other than to circumvent TPMs.

22.6.4. New Section 27(5B), which proposes to criminalize certain unlawful actions in respect of TPMs, may also fall short of providing for “*adequate legal protection and effective legal remedies*” required by the WIPO Internet Treaties. This section would allow the sale and distribution of TPM circumvention devices if the person who performs these acts does not have any knowledge or reason to suspect that the devices would be used for the purpose of facilitating copyright infringement. This could result in the widespread production and distribution of TPM circumvention devices in South Africa without the risk of incurring criminal liability as the burden of proof to establish criminal liability may be set too low, especially when considering that most such devices and services could be used for non-infringing uses as well.

22.6.5. New Section 28P(2) essentially constitutes a ‘statutory license to hack or otherwise overcome TPMs’. It proposes that a person who intends on circumventing a TPM to perform a “permitted act” (i.e., an act permitted in terms of any copyright exception in the Copyright Act) may engage the services of a third party to assist with the circumvention of a TPM in circumstances where permission to do so was denied or not timeously obtained from the copyright owner. This is a very problematic construct that would be open to abuse, especially when a dispute exists between the copyright owner and the person who wishes to overcome a TPM as to whether the intended use of the protected work would qualify as a ‘permitted use’ or whether it would amount to copyright infringement. We propose that Section 28P(2)(b) be amended to provide for such matters to be referable to the Tribunal for adjudication.<sup>91</sup>

22.6.6. New Section 28S, which deals with exceptions in respect of copyright management information, erroneously confers the right on performers, in addition to copyright owners, to authorize the removal or modification of copyright management information. This introduces a conflict with the new Section 28R, which confirms that no person may, without the consent of the copyright owner, remove or modify any copyright management information.<sup>92</sup>

22.6.7. Copyright management information is determined and applied to a work by the copyright owner. The new definition of “copyright management information” defines it as information that is attached to or embodied in a work that identifies the work, the author or copyright owner, or confirms the terms and conditions under which a third party may make use of the work. To extend the exclusive right of the copyright owner of a work to determine, apply, and modify copyright management information in respect of a protected work to each performer that may be featured in the work, could result in major unintended consequences. This could include the removal or modification of copyright management information without the consent or knowledge of the copyright owner. We submit that Section 28S(a) and (c) be amended through the removal of the references to ‘performer’.

22.7. The definitions of “technological protection measure” and “technological protection measure circumvention device” and the provisions relating to TPMs in the Copyright Amendment Bill are

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<sup>91</sup> This approach is consistent with international best practices. In terms of UK Copyright law and practice, such disputes are referable to the UK Intellectual Property Office, and only in circumstances where the copyright subsists in the work, the intended user has lawful access to the work and the TPM prevents the user from benefiting from one of the legible copyright exceptions provided for in the UK Copyright, Designs and Patents Act 1988. See *Guidance on the technological protection measures (TPMs) complaints process* (May 2021) at <https://www.gov.uk/government/publications/technological-protection-measures-tpms-complaints-process/guidance-on-the-technological-protection-measures-tpms-complaints-process>.

<sup>92</sup> Clause 31 of the Bill introducing new Section 28R in the Act.

imported by reference into the Performers' Protection Amendment Bill. The Copyright Amendment Bill's provisions therefore need to be corrected, failing which the Performers' Protection Amendment Bill will not be compliant with WPPT and the Beijing Treaty.

- 22.8. The President referred the Bills back to the National Assembly in June 2020 for concerns about their constitutionality and treaty compliance, that included whether the Bills' provisions on technological protection measures are treaty compliant. Notwithstanding many deliberations and two public participation processes before the Portfolio Committee, we note that the text of the definitions and the exceptions to the TPM provisions are by and large the same as those in the text referred back by the President.<sup>93</sup> It can therefore be expected that if Parliament were to adopt the Bills with this text, it will result in significant further delay to updating the Acts if the text has to be considered by the Constitutional Court, adding to the delay of six years since the Bills were first introduced to Parliament in May 2017.

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<sup>93</sup> See pp. 32-34 of the report on research undertaken by authors association ANFASA, publishers association PASA and collecting society DALRO *Comparisons of the text of the B-Bill adopted by Parliament in May 2019 and referred back to the National Assembly by the President in June 2020, proposals by the Portfolio Committee for Trade Industry & Competition in December 2021 for the public participation process ending January 2022, the text of the D-Bill approved by the Portfolio Committee in June 2022 for adoption by the National Assembly*, June 2022, at [https://publishsa.co.za/wp-content/uploads/2022/07/ANFASA\\_DALRO\\_PASA-research-report-June2022.pdf](https://publishsa.co.za/wp-content/uploads/2022/07/ANFASA_DALRO_PASA-research-report-June2022.pdf).

## 23 Absence of effective legal remedies to combat online copyright infringement

- 23.1. One of the major challenges posed to the livelihoods of creators and the growth of creative industries in today's digital environment is the scourge of piracy and other forms of online infringement.

The Internet presents boundless opportunities to empower creators to explore new business models and reach new global consumer markets. At the same time, it also presents great risks due to the ease with which unlawful digital copies of their works can be produced and distributed worldwide by third parties, literally with the click of a button.

Online content piracy is a global problem that has escalated dramatically in recent years due to a rise in illicit streaming platforms and torrent sites, web hosting services that ignore copyright infringements perpetuated on their servers, and the anonymity behind which offenders are often shielded. Operators of pirate sites and the servers on which infringing content is stored are often based in other countries to where the infringing content is made available to consumers. This situation poses great challenges to rights holders to enforce their rights of copyright.

- 23.2. This state of affairs was recognised by former President Zuma in a speech he made to performing artists and representatives from the cultural industry sector in 2009, when he said that "Piracy, like intellectual property theft, affects the income of many artists."<sup>94</sup> President Zuma's speech led to the establishment of the Copyright Review Commission and is therefore the original impetus for the introduction of the Copyright Amendment Bill and the Performers' Protection Bill. However, as appears from our submission, his awareness of the problems posed by piracy was not followed through by the introduction of remedies to combat piracy in the Bills.
- 23.3. In the meantime, online content piracy is escalating at an alarming trend with an estimated rise in worldwide visits made to online piracy sites of 30% recorded in 2022, tracked in the film, television, music, and software media sectors.<sup>95</sup>

### No-fault interdict to block websites that make pirated content available

- 23.4. Internationally, one of the most successful outcomes to date has been the statutory recognition of no-fault injunctive relief that enables website blocking orders to be granted by courts to compel Internet service providers ("ISPs") and Internet intermediaries to block user access to certain websites hosting infringing or pirated content in circumstances where there are no other effective legal remedies available to rights holders. Notable examples are the blocking of the websites of The Pirate Bay<sup>96</sup> and Sci-Hub<sup>97</sup>, that make unlawfully acquired copies of works in digital format available to the public on their platforms.
- 23.5. One of the stated policy objectives in the preamble to the Copyright Amendment Bill is "to provide for protection of digital rights." While the introduction of the new 'digital rights' of 'making

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<sup>94</sup> *Address by the President of South Africa, to the report back meeting with performing artists / cultural industry sector, Johannesburg, 17 November 2009*, at <https://www.polity.org.za/article/sa-zuma-address-by-the-president-of-south-africa-to-the-report-back-meeting-with-performing-artists-cultural-industry-sector-johannesburg-17112009-2009-11-17>.

<sup>95</sup> *MUSO Discover Q1 2022 Digital Piracy Data Insights* at <https://www.muso.com/magazine/muso-discover-q1-2022-digital-piracy-data-insights>.

<sup>96</sup> *ISPs ordered to block access to Pirate Bay website*, 2012, Fieldfisher, at <https://www.fieldfisher.com/en/insights/isps-ordered-to-block-access-to-pirate-bay-website>; *Game over for torrents? The Pirate Bay to be blocked, EU court rules*, 2017, bitdefender.com, at <https://www.bitdefender.com/blog/hotforsecurity/game-over-for-torrents-the-pirate-bay-to-be-blocked-eu-court-rules/>.

<sup>97</sup> *Court demands that search engines and internet service providers block Sci-Hub*, 2017, Science, AAAS, at <https://www.science.org/content/article/court-demands-search-engines-and-internet-service-providers-block-sci-hub>.



available' and 'communication to the public' is a positive aspect of the Bill, it does not introduce meaningful and effective legal remedies through which creators and rights holders can enforce these rights in the online environment.

- 23.6. At present, it is practically not feasible for rights holders in South Africa to prevent or restrain acts of online piracy, online broadcast signal theft, and other forms of online infringement, that are perpetuated by offenders via servers and websites located in other countries. This is one of the reasons why the infamous music, gaming, and film infringing website, The Pirate Bay, remains freely accessible to South African consumers, while user access to this website has been blocked in more than 30 countries around the world.
- 23.7. SAIPL submits that the rejection of the Bills by the NCOP can create the opportunity to address the issue of off-shore online or digital copyright infringement which, when read with the Electronic Communications and Transactions Act 25 of 2002 and the Cybercrimes Act 19 of 2020, can ensure broader access to infringement relief by, for example, blocking of infringing websites and digital content through mechanisms such as blocking orders.
- 23.8. The approach adopted in the European Union to combat online content piracy and infringement is enshrined in Article 8.3 of the EU Copyright Directive<sup>98</sup> which states as follows:

*“Member States shall ensure that rights holders are in a position to apply for an injunction against intermediaries whose services are used by a third party to infringe a copyright or related right.”*

Recital 59 of the EU Copyright Directive describes the objective of Article 8.3 as follows:

*“In the digital environment, in particular, the services of intermediaries may be increasingly used by third parties for infringing activities, and in many cases such intermediaries are best placed to bring such infringing activities to an end.”*

One of the key features of Article 8.3 is that this represents a 'no fault' approach in terms of which ISPs and other Internet intermediaries can be compelled by a court to assist rights holders to block user access to online platforms used primarily by third party offenders to infringe copyrights (and other IP rights) without the need to establish any legal liability on the part of the intermediaries. This construct is designed to enable and encourage a multistakeholder approach in the fight against content piracy in the online environment.

- 23.9. The United Kingdom<sup>99</sup> and Australia<sup>100</sup> are examples of countries that have specific legislation which provide for the granting of interdicts against third parties (not necessarily the infringing party) whose services facilitate the infringement of copyright and/or which compel ISPs to block access to online infringing content and/or websites.
- 23.10. In Africa, the Kenya High Court recently ordered several ISPs to permanently block user access to 141 websites containing content that infringed copyright and sports broadcasting rights.<sup>101</sup> This Court's order is widely heralded as a landmark decision in the fight against content piracy on the continent, and the relief obtained was made possible through a recent amendment of the

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<sup>98</sup> Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonization of certain aspects of copyright and related rights in the information society, at <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32001L0029:en:HTML>.

<sup>99</sup> Section 97A of the UK Copyright, Designs and Patents Act 1988, at <https://www.legislation.gov.uk/ukpga/1988/48/section/97A>. This was the result of the national implementation of Article 8.3 of the EU Copyright Directive into UK copyright law.

<sup>100</sup> Section 115A of the Australian Copyright Act 1968 at [http://www6.austlii.edu.au/cgi-bin/viewdoc/au/legis/cth/consol\\_act/ca1968133/s115a.html](http://www6.austlii.edu.au/cgi-bin/viewdoc/au/legis/cth/consol_act/ca1968133/s115a.html).

<sup>101</sup> <https://www.businessdailyafrica.com/bd/corporate/companies/safaricom-loses-fight-over-dstv-pirating-dispute-3858050>; [Miscellaneous Civil Application E567 of 2019 – Kenya Law](#)

Kenyan Copyright Act to introduce a site blocking remedy.<sup>102</sup> This demonstrates that a site blocking remedy can be highly effective and in many instances is the only effective remedy to restrain online infringements.

In Nigeria, its government recognized that proactive steps should be taken to provide for a site blocking remedy to assist rights holders, especially in its film industry, to restrain rampant acts of online content piracy. A site blocking remedy is catered for in its Copyright Amendment Bill<sup>103</sup> under Section 61 which reads as follows:

*“Notwithstanding the provisions of any other law, the (Nigerian Copyright) Commission may, directly or with the assistance of any other person block or disable access to any content, link or website hosted on a system or network, which it reasonably believes to infringe copyright under this Bill.”*

23.11. A study on blocking orders prepared by the European Union Intellectual Property Office in cooperation with the Centre for International Intellectual Property Studies dated March 2021<sup>104</sup> found that there are common general requirements and procedural rules that apply in most EU member states that were studied when it comes to obtaining such relief, including that:

- rights holders are required to provide evidence of ownership of rights and of alleged infringement, as well as evidence that the relief sought is reasonable, proportional and appropriate;
- a decision on the merits is necessary; and
- proceedings to obtain a blocking order can be *ex parte* and *inter partes*.<sup>105</sup>

23.12. Comparative international arrangements, therefore, provide good precedent for the legislation of blocking orders, especially as, more often than not, no other effective remedy is available against offshore streaming pirate sites.

23.13. In South Africa, section 27A of the South African Film and Publications Act 65 of 1996 provides that if an ISP has knowledge that its services are being used for the hosting or distribution of child pornography, that ISP must take all reasonable steps to prevent access to the child pornography by any person.<sup>106</sup> Therefore the concept of site blocking is not entirely novel to South Africa.

23.14. The Act should be amended to provide for an established procedure that would enable rights holders to obtain injunctive relief to compel ISPs and other Internet intermediaries to temporarily block websites pending final relief by the court in the form of a permanent blocking order, where it can be shown that:

23.14.1. there are reasonable grounds to execute a temporary block, based on evidence provided by the rights holder as to ownership of rights, alleged infringement, reasonableness, proportionality and appropriateness; and

23.14.2. judicial relief is being sought for a permanent block.

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<sup>102</sup> Section 35A(c)(iii) of the Kenyan Copyright Act 2001 obliges ISPs to remove or disable access to allegedly infringing content within 48 business hours, in accordance with a prescribed procedure upon receipt of a takedown notice.

<sup>103</sup> A Bill for an Act to Repeal the Copyright Act, Cap C28 LFN, 2004 and to Provide for the Regulation, Protection, and Administration of Copyright and for Related Matters. It is our understanding that this Bill was approved and is awaiting the Nigerian President's assent.

<sup>104</sup> *Study on Dynamic Blocking Injunctions: IPR Enforcement Case-Law Collection*, March 2021 at [https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document\\_library/observatory/documents/reports/2021\\_Dynamic\\_Blocking\\_Injunctions/2021\\_Study\\_on\\_Dynamic\\_Blocking\\_Injunctions\\_in\\_the\\_European\\_Union\\_FullR\\_en.pdf](https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/documents/reports/2021_Dynamic_Blocking_Injunctions/2021_Study_on_Dynamic_Blocking_Injunctions_in_the_European_Union_FullR_en.pdf).

<sup>105</sup> *Study on Dynamic Blocking Injunctions: IPR Enforcement Case-Law Collection* referred to in footnote 104, p 60, para (3).

<sup>106</sup> South African entities Vodacom and MTN have previously blocked access via their respective networks to certain domains containing explicit content in such circumstances. See <https://ewn.co.za/2010/11/24/MTN-flushes-OuToilet-chat-site>.

Such a judicial blocking order can then also open the door for ISPs to implement administrative blocking if it can be shown that a new website is identical to a previously blocked website, or if the same IP or domain addresses are used – thus avoiding the need for copyright owners to seek judicial relief each time against repeat offenders.

It is submitted that blocking orders will provide a fair and balanced mechanism for speedy relief against online copyright infringement, irrespective of whether or not the infringer is located in South Africa, and further may ensure that repeat infringements are reduced by compelling ISPs to implement administrative or other technical measures to block specific domain addresses or infringers who use new IP addresses.

## 24 Replacement of defined term “cinematograph film” with “audiovisual work”

### Clauses 38 and 1(b) of the Bill

24.1. In the current Act, “cinematograph films” is stated to be one category of works which, if original, is eligible for copyright. This term is defined as follows:

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

24.2. The Bill adds a new definition of “audiovisual work” that includes cinematograph films, which reads as follows:

*“the embodiment of moving images, whether or not accompanied by sounds or by the representations thereof, from which either can be perceived, reproduced or communicated through a device, and includes a cinematograph film.”*

24.3. Clause 38 of the Bill then expands all the copyright protection granted to works that are cinematograph films to the new audiovisual works. By way of example, the exclusive rights of copyright that apply to cinematograph films in terms of Section 8 of the Act will, once amended by the Bill, apply to the ostensibly broader category of audiovisual works.

24.4. In the Berne Convention and WCT, that govern copyright, the term “cinematographic works” is used. The term “audiovisual work” has its origin in WPPT and the Beijing Treaty relating to performers’ rights.

24.5. Profs Owen Dean and Sadulla Karjiker of Stellenbosch University argue<sup>107</sup> that the effect of the definition “audiovisual works” and the use of the term in the Bill is to create a new category of work eligible for copyright. As shown above, the defined term is largely synonymous with the definition of “cinematograph film”. However, the definition creates a new genus of work of which “cinematograph film” is a species. Since “cinematograph film” is presently widely and more concisely defined in the Act and covers everything that is covered by the new definition, Profs Dean and Karjiker argue that it is probably better to stay with the existing terminology and delete this definition. SAIPL agrees with this position.

24.6. The Memorandum of Objects states that Clause 38 is an “amendment” of the term “cinematograph films”. The analysis above indicates that it is clearly not an amendment.

24.7. We suspect that the reason for importing “audiovisual works” can be found in the Draft Bill of 2015, which set out to amend both the Act and the Performers’ Protection Act in a single bill. With the two bills split out when they were introduced to Parliament in 2017 and 2016 respectively, the rationale for the new term – and the uncertainty it brings with it – no longer exists.

24.8. In any event, Clause 38 has a mistake in that it does not preserve the definition of “cinematograph films.” It should also be noted that there is another statute that has mechanisms to support actions for infringement of cinematograph films, namely the Registration of Copyright in Cinematograph Films Act 62 of 1977, and that the Bill does not amend that statute.

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<sup>107</sup> OH Dean and S Karjiker *Written comments on the Copyright Amendment Bill 2017, 2018*, IPSTELL blog at <https://blogs.sun.ac.za/iplaw/files/2018/07/Written-comments-on-the-Copyright-Amendment-Bill-2018-final.pdf>, on the 8th page of the document

## 25 Intellectual Property Laws Amendment Act, 2013

### **Clause 39 of the Copyright Amendment Bill (with corresponding provisions in Clauses 1(h) and 10 of the Performers' Protection Amendment Bill)**

- 25.1. The Intellectual Property Laws Amendment Act, 2013 (IPLAA), was assented to by former President Zuma in December 2013, on the basis that it would come into force on a future date. Nine years later, this has not happened and there seems to be no prospect that IPLAA will ever come into force. IPLAA needs enabling regulations before it can be brought into force, and there has been no sign of these regulations. In the meantime, another statute that deals with a similar subject, the Protection, Promotion, Development and Management of Indigenous Knowledge Act 6 of 2019, has been signed into law.
- 25.2. IPLAA makes numerous changes to the Copyright Act and to the Performers' Protection Act. With IPLAA having been signed into law, the amendments proposed by the Bill and the Performers' Protection Amendment Bill have to navigate the amendments introduced by IPLAA, even if IPLAA is not yet in force.
- 25.3. This means that if the Bills were to be passed, it would be very difficult for the public to figure out which versions of the Acts are up to date, since numerous of the definitions and amendments of existing sections brought in by IPLAA would not be in force, whereas the Bill's later amendments that have had to be couched to skirt around IPLAA's amendments would (presumably) be in force. To exacerbate matters, with IPLAA not having been brought into force for nine years now and with no prospect of it happening, such a confusing situation could exist indefinitely.
- 25.4. It is as a result of this situation that the Bill introduces the transitional provision in Clause 39 that any reference "to the phrases "indigenous cultural expressions" or "indigenous community" shall only be effective upon the date on which" IPLAA becomes operational.
- 25.5. The Performers' Protection Amendment Bill has a similar transitional provision in its Clause 10, and Clause 1(h) imports a sub-definition consistent with IPLAA into the definition of "performer".
- 25.6. As part of a report to the Portfolio Committee on the pending legislation for which the DTIC is responsible, presented on 13 September 2022, it was stated that the repeal of IPLAA was an option to get out of the impasse, but that the matter was still under consideration.
- 25.7. It appears that this is the ideal moment to repeal IPLAA, or at least those of its provisions that amend the Copyright Act and the Performers' Protection Act, and thereby do away with an unnecessary impediment to the practicalities of making the desired amendments.

## 26 Disproportionality of new criminal sanctions

### **New Sections 8A(6), 9A(4), 22C(4) and Section 27(6) and (9)(a) of the Act Clauses 9, 11, 27 and 29 of the Bill**

- 26.1. New Sections 8A(6), 9A(4) and 22C(4) of the Act introduce new penalties for non-reporting of usages of copyright works. New Section 27(6) and (9) of the Act increases the penalties for criminal infringement. Where the offender found guilty of an offence is a juristic person, all these provisions prescribe minimum fines calculated on the basis of a percentage of annual turnover, which is a minimum of 5% in Section 27(6)(a) and 10% of turnover in all the other provisions.
- 26.2. The targets of the criminal sanctions for non-reporting to performers in Sections 8A(6) and 9A(4) include the copyright owners of the audiovisual works and sound recordings concerned and persons acting under their authority. In our experience, copyright owners of these kinds of composite works will most likely be juristic persons.
- 26.3. The high penalties for non-reporting imposed on juristic persons are disproportionate to their purpose of ensuring more transparent reporting on commercial uses. We are not aware of any consideration having gone into determining suitable penalties for these offences and the consideration of alternative remedies, and they seem to have been arbitrarily selected by the Portfolio Committee.<sup>108</sup>

Example:

These penalties introduce a high level of risk exposure for investors who would fund high-cost quality content production projects in South Africa. The legitimate and licensed commercial use made of audiovisual works and sound recordings may potentially incur criminal liability, if any of the copyright owner or licensed users were to fail to report accurately and timeously on each act of commercialization to every single performer (even 'extras' in film and television productions).

- 26.4. Performers who are contractually entitled to receive royalty payments would typically be afforded a general auditing right to receive full information on commercial usages made of underlying works, on a bi-annual or annual basis, or upon a written request made to the copyright owner or other contracting party.
- 26.5. A requirement that all performers who appear in audiovisual works should receive full and complete reports from licensed users of audiovisual works every time a commercial act is undertaken may well be practically unimplementable and will introduce a significant new administration burden on affected parties, coupled with the severe criminal sanctions for non-compliance.
- 26.6. Any proceeds from fines under Sections 8A(6) and 9A(4) would not be paid over to the performers concerned, but to the State. Excessive fines could cripple most companies and thereby not only prevent the future commercialization of the works concerned, but reduce the offender's funds available to pay the performers their remuneration entitlements. This outcome will be to the detriment of performers and everyone else in the affected value chain.
- 26.7. By the same token, we consider that the sanction in new Section 22C(4) for non-reporting by juristic persons that are licensees of collecting societies, to be similarly disproportionate to its purpose of ensuring reporting on licensable uses of copyright works.
- 26.8. Excessive fines paid to the State for criminal infringement under Section 27(6) and (9) would reduce the offender's funds available to pay any award for damages in favour of the rights holder.

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<sup>108</sup> The original version of the Bill introduced to Parliament in May 2017 did not have these provisions. The only fine introduced by the original version was for tampering with TPMs.

26.9. We are not aware of any similar provisions that exist in the laws of other countries around the world.

26.10. We submit that the minimum sentences on judicial persons in new Sections 8A(6), 9A(4), 22C(4) and Section 27(6) and (9) are disproportionate in their impact as to place them beyond the limits of what is reasonable to achieve their purpose.

## 27 Tribunal

### **Substitution of Section 29, new Sections 29A to 29H of the Act, and repeal of Sections 30, 31, 32, and 33 of the Act Clauses 32, 33 and 34 of the Bill**

27.1. The function of the Tribunal is very narrowly defined in existing Section 30 of the Act,<sup>109</sup> that the Bill proposes to repeal, namely to determine disputes arising between persons requiring licences and:

- licensing bodies (e.g. relating to licensing schemes of collecting societies), or
- other persons from whom licences are required (where a determination could lead to a compulsory licence).

27.2. The Bill broadens the functions of the Tribunal significantly, notably by the new powers introduced by new Section 29A. It is clear from the text of the Bill that the Tribunal to be reconstituted under a substituted Section 29 of the Act will play a significant role in resolving copyright disputes arising from the Act (as amended by the Bill) – not only in respect of the new copyright exceptions, but also in respect of the new unwaivable royalty entitlements of authors and performers.

27.3. Whereas the new provisions are generally unobjectionable, we raise the following points that need attention:

27.3.1. Section 3(b) of the Superior Courts Act, no 10 of 2013, requires that

*“the Minister of Justice must be consulted prior to the introduction in Parliament, by a person other than the Minister, of any bill ...*

*(b) providing for the establishment of any tribunal contemplated in section 34 of the Constitution;*

*(c) that amends the structure or functions of any court of law or tribunal referred to in paragraph (a) or (b); or*

*(d) that assigns functions to judicial officers, other than in terms of this Act”.*

It is unclear whether such consultation has occurred in respect of the Bill. We ask that the NCOP determines whether Section 3 of the Superior Courts Act was complied with and make its findings public.

27.3.2. The original power of the Tribunal to determine disputes arising between licensing bodies and persons requiring licences, will be repealed, but not expressly itemised in new Section 29A. There is no express power of the Tribunal to consider complaints from persons from whom collecting societies require licences or to raise such disputes before the Tribunal, whether in terms of new Section 29A or in terms of the new provisions governing collecting societies under new Sections 22B-22F. There is also no express power for the Tribunal to consider requests for compulsory licences in circumstances contemplated in the current Act. We submit that it should be made clear that the Tribunal has these powers.

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<sup>109</sup> OH Dean and S Karjiker *Handbook of South African Copyright Law*, 2015 (Service 15), paras 9.18 and 12.16.



## 28 Rights and remedies for performers in terms of the Performers' Protection Amendment Bill

### **Definition of “communication to the public”, new Section 3(4), amended and new Section 5(1)(a)(i), (1)(b)(iv) to (vii), (1A), (4), (5), and 8(3)(a) and new Section 8(2)(f) of the Performers' Protection Act**

### **Clauses 1(d), 2, 4, and 5 of the Performers' Protection Amendment Bill.**

- 28.1. The reason that the Performers' Protection Act and the Copyright Act are separate statutes is that they deal with subject matter that is materially different from one another. Copyright is a bundle of exclusive rights conferred on the owner of the copyright, that includes economic rights, whereas performers rights are a so-called 'related right' (also called a 'neighbouring right') that, other than the right to authorise fixation of their performances in sound recordings and audiovisual works, is purely economic.<sup>110</sup>
- 28.2. The international treaties administered by WIPO that govern copyright are the Berne Convention and WCT.
- The treaties that govern the related rights of performers whose performances are fixed in phonograms, the producers of phonograms, and performers whose rights are fixed in audiovisual works, are the International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations, 1961 (the “Rome Convention”), WPPT and the Beijing Treaty.
- 28.3. The Performers' Protection Act was first passed in 1967. It was written to align South African law to the Rome Convention. South Africa never acceded to the Rome Convention.<sup>111</sup>
- 28.4. The existing Performers' Protection Act provides, in Section 5(1)(a) and (2), for Rome Convention rights and in Section 5(1)(b), 5(3) and (4) and (5) for 'needletime' rights in respect of performances fixed in “phonograms” (the term in the current Act that the Performers' Protection Amendment Bill proposes to change to “sound recordings”).
- 28.4.1. The Rome Convention rights give the performer the right to prohibit certain acts in respect of their performances, ie by withholding their consent to acts of a third party.
- 28.4.2. 'Needletime' rights are purely remuneration rights, in other words those rights oblige a third party who makes certain commercial uses of a fixation of a performance, to pay a royalty, but they do not oblige the third party to get the performer's consent.
- 28.5. Cabinet and Parliament have resolved that South Africa should accede to the two recent treaties governing performers' rights, namely WPPT and the Beijing Treaty.<sup>112</sup> WPPT gives international legal recognition to the rights of performers in sound recordings (“*phonograms*”) and the Beijing

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<sup>110</sup> 'Related rights' are more correctly called 'rights related to copyright.' "The purpose of related rights is to protect the legal interests of certain persons and legal entities who either contribute to making works available to the public or produce subject matter which, will not qualify as “works” under the copyright systems of all countries, but express creativity or technical and organizational skill sufficient to justify recognition of a copyright-like property right. The law of related rights deems that the productions which result from the activities of such persons and entities are deserving of legal protection in themselves, as they are “related” to the protection of works of authorship under copyright. Some laws make clear, however, that the exercise of related rights should leave intact and in no way affect the protection of copyright. Traditionally, related rights have been granted to three categories of beneficiaries: performers, producers of phonograms and broadcasting organizations.” Paras 52 and 53, *Basic notions of copyright and related rights*, WIPO, at [https://www.wipo.int/edocs/mdocs/sme/en/wipo\\_wasme\\_ipr\\_ge\\_03/wipo\\_wasme\\_ipr\\_ge\\_03\\_4.pdf](https://www.wipo.int/edocs/mdocs/sme/en/wipo_wasme_ipr_ge_03/wipo_wasme_ipr_ge_03_4.pdf).

<sup>111</sup> OH Dean and S Karjiker *Handbook of South African Copyright Law*, Juta, 2015 (Service 15), at para 16.1.

<sup>112</sup> Resolutions of the National Assembly on 14 March 2019 and of the National Council of Provinces on 28 March 2019, resolution of the Cabinet on 5 December 2018.

Treaty does the same for performers in audiovisual works. These two treaties are part of the WIPO Internet Treaties that are meant to update performers' protection for the digital age.<sup>113</sup>

WPPT has the effect of updating the Rome Convention.<sup>114</sup>

- 28.6. The Rome Convention's rights are based on the right of a performer to prohibit certain acts in respect of their performances by withholding consent. In following this pattern Section 5(1)(a) of the Performers' Protection Act commences with the words "*no person shall without the consent of the performer ...*"

On the other hand, WPPT and the Beijing Treaty couch the performers' rights as exclusive rights. This principle is reflected in the introduction to the new Section 3(4) of the Performers' Protection Act, that states that "*A performer enjoys the following exclusive rights of authorising, as regards their performances ...*"

- 28.7. On the matter of fair remuneration, WPPT requires member states to legislate for the benefit of performers whose performances are fixed in "*phonograms*" (i.e. sound recordings) "*the right to a single equitable remuneration for the direct or indirect use of phonograms published for commercial purposes for broadcasting or for any communication to the public.*"<sup>115</sup>

The Beijing Treaty allows member states to legislate for the benefit of performers whose performances are fixed in audiovisual works, or to recognise in individual, collective or other agreements "*the right to receive royalties or equitable remuneration for any use of the performance, as provided for under this Treaty.*"

- 28.8. One can conclude from the analyses in this submission that the 55 year old Performers' Protection Act, written for meeting the terms of the Rome Convention and already amended to import 'needletime' rights, is not the best vehicle on which to graft the new rights under WPPT and the Beijing Treaty.
- 28.9. The conceptualisation and drafting of the Performers' Protection Amendment Bill, as the Copyright Amendment Act 9 of 2002, before it, exacerbates the confusion between the different rights by the insistence on addressing these diverse rights in the existing sections and then extrapolating the same principles to all of the rights in the amended Performers' Protection Act.
- 28.10. Some provisions of the Performers' Protection Amendment Bill also result in confusing performers' rights with rights of copyright, by replicating rights of copyright that will be dealt with in the Copyright Act, as is proposed to be amended.
- 28.11. Specific problems with the conceptualisation and drafting of the Performers' Protection Amendment Bill are:
- 28.11.1. The error of extrapolating the existing 'needletime' rights in performances fixed in sound recordings to performances in audiovisual works

This error is dealt with in Para. 5.7. 'Needletime' is a remuneration right, not an exclusive right. Its extrapolation to performances fixed in audiovisual works by amending Section 5(4) will derogate from the exclusive rights granted by virtue of the Beijing Treaty and raise questions of non-compliance with that Treaty.

New Section 5(1A) and (4) combines economic rights relating to sound recordings and audiovisual works and then refers to "*the royalties or equitable remuneration, whichever is applicable.*" This is incorrect.

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<sup>113</sup> See Para. 22.2.

<sup>114</sup> Article 1 WPPT states "this Treaty shall derogate from existing obligations that Contracting Parties have to each other under [the Rome Convention]."

<sup>115</sup> Article 15 WPPT.

Performers whose performances are fixed in sound recordings have rights to a “single equitable remuneration” in WPPT. In terms of the Beijing Treaty, performers whose performances are fixed in audiovisual works may have rights to “royalties or equitable remuneration.”

The Performers’ Protection Amendment Bill does not cater for this distinction between the economic rights in sound recordings and audiovisual works. This distinction is not stated in the provisions that found the economic rights of performers. (It only appears in a consequential provision, new Section 3A(3)(b) that relates performers’ transfer of their rights.)

- 28.11.2. The error in reversing the provision with implied terms relating to all broadcasts, to cater for a desired outcome for the broadcast of performances of certain audiovisual works

New rights for re-run royalties, that was a demand of lead performers in dramatic works contained in South African television series that are made for broadcast, is extrapolated to all performers whose performances are fixed in other audiovisual works and to all performers whose performances are fixed in sound recordings by the amendment of Section 5(2). (This is in a sense the reverse of the situation described in Para 28.11.1.) Section 5(2) is not a substantive provision that grants rights to performers, but is an ancillary provision relating to consents given by performers under those rights.

The amendments to Section 5(2) reverse the existing provision that a performer’s consent to broadcast is deemed to extend to rebroadcasts to making a fixation of the broadcast and broadcasting that fixation. The existing provision makes sense for performances in sound recordings, since a consent in those circumstances can only be assumed to be a consent for all the other purposes listed there.

Its amendment by the insertion of the words “not” and “nor” will mean that, unless a consent is captured in a contract and make it applicable to all the items listed there – thereby unnecessarily extending the length of the consent form - its effect will be to allow only one broadcast of a sound recording. That clearly could not have been intended.

The amendment of Section 5(2) by extending its effect to audiovisual performances in order to introduce a provision that is relevant to certain audiovisual performances (dramatic performances in television series that are made for broadcast) and then extending that back to all audiovisual performances and performances in sound recordings, is another case of extrapolation of provisions to circumstances for which they were not intended.

- 28.11.3. The introduction of the WPPT and Beijing Treaty exclusive rights into Section 3 (new Section 3(4)) while at the same time expanding the Rome Convention rights in Section 5(1)(a) (by new subparagraphs (iv)-(vii))

Section 3 was originally only meant to be an introduction to Rome Convention rights, which, before 2002, were the only rights set out in Section 5(1). The result of the introduction of new Section 3(4) and new Section 5(1)(a)(iv)-(vii) is that the performer is now intended to benefit from the WPPT and Beijing Treaty rights in addition to expanded Rome Convention rights. These changes will mean that performers will have two sets of rights that are formulated differently in respect of the same subject matter. This complication is unnecessary and could have been avoided by a more considered drafting of the amendments or even by a bill to replace the existing Performers’ Protection Act.

- 28.11.4. Expanding the cases where the performer only has remuneration rights in Section 5(1)(b) to the sale and rentals of copies of fixations of performances contained in audiovisual works and sound recordings by new subparagraphs (iv) and (v). There is no basis in WPPT or the Beijing Treaty for making these rights remuneration rights.

28.11.5. The following provisions are incorrectly drafted as relating to rights of copyright, not as rights of performers' protection:

- the definition of "communication to the public" in respect of sound recordings,
- the introduction of the words "or where that performance is fixed, the applicable audiovisual fixation or sound recording" in Section 5(1)(a)(i).

The performer's right is in respect of the fixation of their performance in the sound recording or audiovisual work concerned, not in the sound recording or the audiovisual work itself.

28.12. All the copyright exceptions in the Copyright Act, as proposed to be amended, will automatically extended to the exceptions in the Performers' Protection Act in terms of new Section 8(2)(f) of the Performers' Protection Act. We are of the view that the simple extrapolation of these exceptions into the Performers' Protection Act are inappropriate, especially because of:

- the 'fair use' provision in new Section 12A of the Copyright Act, considering its factor of "substitution effect",
- new Section 19C of the Copyright Act that proposes permission-free and remuneration-free playing of sound recordings and audiovisual works in libraries, archives, museums and galleries, and
- the 'contract override' clause in new Section 39B of the Copyright Act that applies to all its exceptions.

We suggest that the Performers' Protection Act should have its own exceptions to performers' rights, as has been the case until now.

28.13. The so-called 'ephemeral exception' in favour of broadcasters in existing section 8(3)(a) of the Performers' Protection Act that has its equivalent in the Copyright Act. It is not proposed to be removed despite new Section 8(2)(f) that is supposed to introduce the 'ephemeral exception' by reference to the Copyright Act. In Para. 28.12, we have proposed that the Performers' Protection Act should have its own exceptions and that new Section 8(2)(f) is inappropriate and therefore that Section 8(3)(a) be retained.

The 'ephemeral exception' is a time-bound exception, the duration under the existing legislation being limited to 6 months (except for works having documentary value). The time limit of the 'ephemeral exception' in the Copyright Act<sup>116</sup> is not proposed to be amended. However, in Section 8(3)(a), the time limit is proposed to be removed by the deletion of subparagraph (ii). This is an error and inconsistent with the equivalent provision in the Copyright Act.

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<sup>116</sup> Both existing Section 12(5) of the Copyright Act and new Section 12B(1)(b) introduced by Clause 15 of the Copyright Amendment Bill.