

28 January 2022

The Chair: Portfolio Committee on Trade and Industry
Parliament of the Republic of South Africa
Cape Town

Attention: Mr A Hermans

By email only to the Portfolio Committee Secretariat: ahermans@parliament.gov.za;
tmadima@parliament.gov.za; msheldon@parliament.gov.za; ymanakaza@parliament.gov.za

Dear Chair

SUBMISSIONS ON THE COPYRIGHT AMENDMENT BILL NO. B13 OF 2017 BY THE SOUTH AFRICAN INSTITUTE OF INTELLECTUAL PROPERTY LAWYERS (SAIPL)

The South African Institute of Intellectual Property Lawyers (SAIPL) thanks you for the Portfolio Committee's call for public submissions and comments dated 3 December 2021 in respect of certain aspects of the Copyright Amendment Bill.

We wish to express our condolences on the untimely passing away of the Hon. Duma Nkosi, the late Chair of the Portfolio Committee, under whose name the invitation for submissions was issued.

SAIPL was established in 1954 and has as its members approximately 200 lawyers and practitioners of copyright, patent, and trade mark law who are experienced in the protection of intellectual property rights.

SAIPL participated in the August 2017 Parliamentary hearings that were held in respect of the Bill. It made written and oral submissions in the public consultation of July and August 2021 that related to the 'fair use' clause and the constitutionality and treaty-compliance of the Bill, which is the precursor to the current consultation. SAIPL's written submission dated 19 July 2021 is at <https://saiipl.co.za/wp-content/uploads/2022/01/SAIPL-submission-Copyright-Amendment-Bill-16-July-2021-corrected-19-July-2021.pdf>. The oral presentation made for SAIPL by Mr Stephen Hollis on 11 August 2021 is attached to this submission.

We are encouraged that our written submission, which identified 19 sets of provisions of likely unconstitutionality and non-compliance with the treaties, resulted in the Minister of Trade Industry and Competition, the DTIC and the Parliamentary Legal Adviser conceding that some of the provisions in the Bill are non-compliant, many of which are the subject of changes proposed in the current consultation. However, many of the provisions addressed in our submission remain unchanged, with no explanation from the Portfolio Committee.

We agree with the submission made by Professor Emeritus Owen Dean, a past president of SAIPL, that “The proposed amendments that are presently subject to public comment do no more than skim the surface of the real problems with the Bill.” We respectfully submit that where a public consultation is about constitutional matters that go to the heart of the validity of a prospective Act of Parliament, then all legitimate concerns about the underlying bill’s provisions measured against the Constitution must be addressed, and that it would not be appropriate to dismiss these concerns with a general statement or to ignore them. In fact, the Constitutional Court in its judgment in *Ex Parte President of the Republic of South Africa: In re Constitutionality of the Liquor Bill* expects of the National Assembly to deal with *all* concerns that relate to constitutionality.

For this reason, in addition to commenting on the specific items, our submission restates those provisions in the Bill that were not addressed in the changes raised in the current consultation, with the request that reasons for not adapting the affected provisions be stated for the record in the Portfolio Committee.

We draw the Portfolio Committee’s attention to the Constitutional Court’s hearing on the confirmation of the judgment of the Gauteng High Court in *Blind SA v Minister of Trade Industry and Competition* that is due to take place on 12 May 2022. It is likely that the Constitutional Court will consider the constitutionality of Section 19D of the Bill as passed by Parliament in 2019 and perhaps also the changed text that is proposed in the current consultation. For this reason, we submit that the judgment of the Constitutional Court must be considered before it is proposed that the Bill be adopted in the National Assembly.

SAIPL’s full submission, prepared by its Copyright Committee, is attached.

As will appear from our submission, both the content of the Bill and the manner in which it is being processed are subject to significant reservations from a legal perspective. We therefore feel obliged to caution the Portfolio Committee and the National Assembly that an Amendment Act resulting from the Bill passed into law, will carry a significant risk of key provisions, if not its whole, being subject to challenge by authors and copyright owners for unconstitutionality. We respectfully encourage the Portfolio Committee to take the initiative to reconsider the further processing of the Bill.

Yours faithfully

SOUTH AFRICAN INSTITUTE OF INTELLECTUAL PROPERTY LAWYERS



ÉRIK VAN DER VYVER
President



DEBBIE MARRIOTT
Convenor: Copyright Committee

Please reply by email to mlgrobler@saiipl.co.za

**SUBMISSIONS TO THE PORTFOLIO COMMITTEE ON TRADE AND INDUSTRY
ON
THE COPYRIGHT AMENDMENT BILL NO. B13 OF 2017
BY
THE SOUTH AFRICAN INSTITUTE OF INTELLECTUAL PROPERTY LAWYERS
(SAIPL)**

28 JANUARY 2022

In summary, SAIPL makes the following submissions in this public consultation for the reasons set out below¹:

Preliminary observations

1. Proper socio-economic impact assessment and an independent legal assessment of the proposed copyright exceptions

The National Assembly must undertake a socio-economic impact assessment of the copyright exceptions in Sections 12A, 12B, 12C, 12D, 19B, 19C and 19D, as well as the other new provisions in the Bill that supplement and implement them, and engage independent Senior Counsel experienced in constitutional law and intellectual property law to fully assess the constitutionality and treaty compliance of these provisions before the Bill can again be passed by the National Assembly.

Noting that Section 19D will likely be considered by the Constitutional Court at the hearing of argument in the case *Blind SA v. Minister of Trade Industry and Competition and others* on 12 May 2022, it would be judicious for the National Assembly to wait for the judgment to be handed down so that it can be considered before it is proposed to pass the Bill.

SAIPL's comments on individual provisions in this submission do not detract from this point.

2. The sufficiency of the notice for the present consultation

SAIPL again states for the record that the processing of the Bill has a history of short and inadequate notice periods for consultations that often have had to be extended, including for this consultation. These short notice periods have inhibited member-

¹ Unless stated to the contrary, references to numbers of Sections are those that are proposed to be inserted in the Copyright Act, 1979, by the changes proposed in this current public consultation, specifically in the document "ALL PROPOSED AMENDMENTS."

The international treaties affecting copyright are referred to by their common names, namely:

- "Berne Convention"
- "WIPO Copyright Treaty"
- "TRIPS Agreement"
- "Marrakesh Treaty"

based associations, like SAIPL, from getting full input from their memberships and also inhibit proper engagement with the very complex topics raised in the Bill.

The specific provisions raised in the current consultation

3. Amendments related to persons with a disability

Noting the universal support in the earlier public consultations for an exception to benefit persons who are blind or otherwise visually impaired and for South Africa's accession to the Marrakesh Treaty and noting that the proposal in the current consultation does not change Section 19D into an authorising provision for the Minister to pass appropriate regulations as had been proposed by SAIPL:

- the Portfolio Committee should ask the Minister to immediately pass regulations under Section 13 to provide access to persons who are blind or otherwise visually impaired to literary and artistic works,
- the Portfolio Committee should call on the Minister to immediately initiate the necessary steps for South Africa to become a party to the Marrakesh Treaty, and
- Section 19D must be redrafted to provide for one set of exceptions for persons who are blind or otherwise visually impaired that fully conform to the provisions of the Marrakesh Treaty and another set of exceptions for persons with other disabilities that conform with the Berne Convention, the WIPO Copyright Treaty and the TRIPS Agreement.

4. Amendment relating to personal copies (requiring that the work must have been lawfully acquired)

Although the new definition of "lawfully acquired", as applied to the private copy exception, seems to be an improvement, it may fall short of what is intended and its consequences, especially in relation to on-line uses, have not been considered. This defined term must undergo a legal assessment as a provision that supplements the copyright exceptions, as submitted above. We expect that the object behind this definition will have to be reconceptualised, or that this definition will have to be redrafted significantly.

5. Amendments relating to technological protection measures

We seek confirmation that the exclusion that appeared in paragraph (b) of the definition in the Bill as passed in March 2019, has been deleted.

6. Amendments providing for offences for digital rights

The new provisions for offences in relation to digital rights should be made by way of an amendment to Section 27(5) of the Act, and the existing terminology "for the purposes of trade" should be used, together with the element of "knowing to be infringement copies", to define the offence. Section 27(5A) must then be withdrawn.

7. Amendments to make the fair use factors applicable to exceptions in Sections 12B, 12C, 12D, 19B and 19C

Section 12A should be withdrawn, or, at the very least, subject to a proper and independent impact assessment confirming constitutionality and treaty compliance, and noting the material changes to Section 12A that are now being proposed, Sections 12A(a) and (b) could be amended (with Section 12A(c) being retained to preserve South Africa's recognition of moral rights that is not recognised in the same way in the USA) specifically by:

- removing "illustration",
- providing for an exception or statutory licence for uses by the State in appropriate cases in another provision, and removing "ensuring proper performance of public administration",
- removing "substitution effect of" and
- deleting the words "purports to prevent or restrict the doing of any act which by virtue of this Act would not infringe copyright" from Section 39B.

There is no basis for introducing Section 12A(d), and it should be withdrawn. Instead, attention must be given to assessing each individual exception in Sections 12B, 12C, 12D, 19B and 19C, as submitted above, and amending them where appropriate.

8. Amendments relating to adding the wording of the Three Step Test

There is no alternative to individual evaluations of the specific terms of every exception in Sections 12B, 12C, 12D, 19B and 19C, as proposed above. A simple qualification of the exceptions by the terms of the Three-Step Test may well not secure the position of authors and copyright owners under the treaties, but instead have the effect of complicating any infringement action by a copyright owner.

The proposed addition of the Three-Step Test wording to Sections 12C and 12D is not effective in relation to the following:

- The purported identification in sub-paragraph (a) of each of these clauses of each and every exception in Sections 12C and 12D as a "special case". They have not been assessed as being "special cases", as meant in the Three-Step Test, and simply naming them as such does not make them so. Section 12D(1)(b) must be withdrawn.
- Section 12C. Section 12C(1)(b) is out of place in the "temporary reproduction" exception and should be removed. Once this is done, the Three-Step Test wording in Section 12C(2) must be withdrawn.
- Section 12D. Even if Section 12D(1)(b)-(d) were to have been a true application of the Three-Step Test, it does not qualify Section 12D(3) (because Section 12D(1) is subject to Section 12D(3)). Section 12D(3), that opens the door to the unlicensed reproduction of entire books and journals, is probably the most egregious provision in Section 12D that is severely prejudicial to South African authors and copyright owners and likely neither constitutional nor treaty compliant. Section 12D(3) must be withdrawn.

Remaining reservations relating to constitutionality and treaty-compliance not raised in the current consultation, including items raised by the Minister and in respect of which there are no proposals for change

9. Section 39B – contract override clause applying to all copyright exceptions in Sections 12A, 12B, 12C, 12D, 19B, 19C and 19D

The words “to prevent or restrict the doing of any act which by virtue of this Act would not infringe copyright or which purport” must be deleted from the Section 39B.

10. Compulsory statutory licences under the Berne Appendix – amendment to Section 22(3) of the Act and new Schedule 2

Noting the observation by the Minister that Schedule 2 and the relative amendment to Section 22(3) require a “total redraft”, and in the absence of independent legal counsel’s opinion that South Africa qualifies to benefit from the provisions of the Appendix to the Berne Convention, Schedule 2 and the relative amendment to Section 22(3) of the Act must be withdrawn.

Alternatively, if counsel’s opinion is obtained that South Africa does qualify and this is cleared with WIPO and the WTO, Schedule 2 has to be redrafted to be aligned with the terms of the Appendix of the Berne Convention, and the statutory licences envisaged in Schedule 2 have to be linked to an empowering provision, for example by amending Section 45 of the Act, and the relative amendment to Section 22(3) of the Act must be withdrawn.

11. Artists’ resale right (resale royalty right) in Sections 7B to 7F

In order to comply with Article 14ter of the Berne Convention, Sections 7B to 7F should be recast so as not to confuse the resale royalty right (or, as it is more commonly known, the “artists’ resale right”) with a right of copyright, and the recast provisions should be inserted in a discrete chapter of the Copyright Act. SAIPL notes that the Minister agrees with this approach. SAIPL suggests that 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.

12. Translation exception in Section 12B(1)(f) of the Bill as passed in March 2019 rights of copyright include the exclusive right of making and of authorizing translation.

The copyright exception for translations in Section 12B(1)(f) of the Bill as passed in March 2019 is not only in breach of Article 8 of the Berne Convention and the Three-Step Test, but amounts to an arbitrary expropriation of property rights and is therefore unconstitutional. The translation exception must therefore be withdrawn, notwithstanding the change proposed to it in the current consultation.

13. Exclusion of copyright protection for interface specifications of computer programs in Section 2A(1)(b)

Section 2A(1)(b) amounts to an unconstitutional arbitrary deprivation of property that is not necessary in the context of the Bill and it should be withdrawn.

14. New statutory power of the State to designate local organizations that could divest authors from rights of copyright in certain works – Amendment of Section 5 of the Act

There is no justification for discriminating in favour of local organisations by Ministerial regulation, where local organisations already benefit from the provisions of Sections 21 and 22 to acquire copyright. A Ministerial designation of a local organisation may lead to unconstitutional treatment of authors who create works under such an organisation's direction or control. If that is so, the amendment to Section 5 should be withdrawn.

15. Section 45 of the Act and Sections 45 and 45A introduced by the Copyright Amendment Act, 1983, not compatible with the exclusive right of 'distribution' and 'making available'

Section 45 of the Act, as well as and Sections 45 and 45A introduced by the Copyright Amendment Act, 1983, that was not brought into operation, are not compatible with the exclusive rights of 'distribution' and 'making available'. This opportunity to amend the Act must be used to consider their compliance with the treaties and, if not found to be compliant, to repeal them.

16. The new unwaivable statutory royalty regimes in Sections 6A, 7A and 8A were never open to public consultation

Sections 6A, 7A and 8A, together with provisions in the Bill that supplement them (notably Sections 39(c) and 39B), must be put up for public consultation, failing which the process for adopting them will be unconstitutional.

17. Disproportionality of the penalty clauses of Sections 8A and 9A

The penalty provisions in Sections 8A(7) and 9A(4) may well be unconstitutional for their disproportionate measures, and the option of a fine as a percentage of turnover must be withdrawn.

18. No evaluation of the implementation costs of the Tribunal established in terms of Sections 29 to 29H

Since the Copyright Act, when amended by the Bill, will only be able to function once the Tribunal is in place, the Bill cannot proceed until such time that a cost assessment for the Tribunal has been undertaken and approved by Government.

These topics should not be considered as the sum-total of all the issues regarding constitutionality or divergence from international treaties to which South Africa is a party or intends to become a party, nor as covering all the errors in the Bill.

Preliminary observations

1. Proper socio-economic impact assessment and an independent legal assessment of the proposed copyright exceptions

For reasons that are apparent from this submission, we reiterate that the legal research and advice needed to properly assess the Bill for constitutionality and treaty-compliance should, with respect, have been undertaken by the Department of Trade and Industry (DTI) as part of its Socio-Economic Impact Assessment System (SEIAS) process when it developed the Bill. However, the DTI's SEIAS report on the Bill - which, contrary to the guidelines for the SEIAS process, was never published - illustrates that this research was never undertaken.²

Although we concluded in our submission of 19 July 2021 that it is incumbent on the National Assembly to undertake the research and legal assessment, the Portfolio Committee has not yet decided to do so. Instead, it has only proposed changes to the text, some of which are the subject of the present consultation, acting on advice that we and other stakeholders consider to be questionable for the reasons given in this submission.

There is a new development to which the need for legal assessment relates, namely that the disability exception in Section 19D - both the version as passed by Parliament in March 2019 and the changed version proposed in this consultation - is likely to be considered by the Constitutional Court this year.

The version of Section 19D that appears in the original Bill must be read into South African law despite the Bill not having been signed into law, if the order of the Gauteng High Court in *Blind SA v. Minister of Trade Industry and Competition and others*,³ that declared the Copyright Act to be unconstitutional, is confirmed by the Constitutional Court in terms of Section 172 of the Constitution. For the reasons elaborated on in para 3 below, both that version of Section 19D and the version proposed in this consultation are likely to be considered by the Constitutional Court in its hearing to confirm that order. We submit that it would be judicious for the National Assembly to wait for the Constitutional Court to hand down its judgment before moving to pass the Bill, because if the judgment is adverse to the provisions of Section 19D, adjustments will have to be made. The Constitutional Court has scheduled the hearing for the confirmation order for 12 May 2022.

Noting the absence of proper socio-economic or legal assessment for the copyright exceptions in the Bill, we note with concern the Minister's statement that "The view of the

² Despite the absence of a proper SEIAS assessment, the case for the Bill continually refers to statements such as "the economic and social benefits that a fair use exception would bring" (presentation by the Parliamentary Legal Adviser to the Committee on 12 November 2021, p.11). These claims are unsubstantiated and have already been shown to be questionable in past public consultations.

³ Gauteng High Court case no 14996/21, judgment handed down on 7 December 2021. Constitutional Court case no CCT320/21.

legal and technical experts of the Committee at the time the Bill was drafted, is that the Bills are aligned with the contents of the relevant Treaties.” One of those experts has already publicly objected that a similar report made to Parliament by a representative of the DTI in February 2019 was false.⁴ To compound this oversight, we note that the Minister has taken advice from a member of a single group of stakeholders who have in the past advised Government and Parliament that the Bill has no errors and is constitutional and treaty-compliant, namely Dr Schonwetter of the UCT IP Policy Unit, who cites Prof Fiil Flynn of American University’s Washington College of Law.⁵ As our oral submission of 11 August 2021 (attached) showed, this group, Dr Schonwetter and Prof Fiil-Flynn included, have had preferential access to Government and Parliament since at least 2016, at the expense of other stakeholders.⁶ We counter the reported part of this advice in para 7 below.

We therefore reiterate our recommendation that the National Assembly should engage an independent Senior Counsel experienced in constitutional law and intellectual property law to prepare the comprehensive legal opinion that this consultation deserves. For provisions in the Bill that are identified for amendment or further development in order to pass constitutional muster and/or alignment with international treaties, we further recommend that the Portfolio Committee considers engaging independent experts who are knowledgeable about intellectual property law and skilled at drafting legal texts, to assist with the drafting of any corrections or amendments that may be required.

We also call for the Standing Advisory Committee on Intellectual Property, required by Section 40 of the Copyright Act, 1979 (that is not to be amended by the Bill), to be reconstituted. Successful candidates to serve on this committee were identified as long ago as September 2020, but for reasons not known to us, the appointments have not been finalised.

SAIPL submits that the National Assembly must undertake a socio-economic impact assessment of the copyright exceptions in Sections 12A, 12B, 12C, 12D, 19B, 19C and 19D, as well as the other new provisions in the Bill that supplement and implement them, and engage independent Senior Counsel experienced in constitutional law and intellectual property law to fully assess the constitutionality and treaty compliance of these provisions before the Bill can again be passed by the National Assembly.

Noting that Section 19D will likely be considered by the Constitutional Court at the hearing of argument in the case *Blind SA v. Minister of Trade Industry and Competition and others* on 12 May 2022, it would be judicious for the

⁴ AF Myburgh, “Behind Ramaphosa’s rejection of the Copyright Bill”, *Mail & Guardian* 2 July 2020, at <https://mg.co.za/opinion/2020-07-02-behind-ramaphosas-rejection-of-the-copyright-bill/>

⁵ Minister’s presentation to the Committee dated 9 November 2021, p.6 and p.34.

⁶ Open letter of the Copyright Coalition to the Portfolio Committee dated 15 November 2021 at https://twitter.com/CCSA_Official/status/1461281869404815362/photo/1 and https://twitter.com/CCSA_Official/status/1461281876476416007/photo/1.

National Assembly to wait for the judgment to be handed down so that it can be considered before it is proposed to pass the Bill.

SAIPL's comments on individual provisions in this submission do not detract from this point.

2. The sufficiency of the notice for the present consultation

We question whether the notice of the present consultation has been sufficient, both as to its content and as to the notice period.

The invitation for submission and comments was published in the press on 3 December 2021. The Portfolio Committee Secretariat circulated the notice, together with the provisions on which comment was sought and a copy of the Bill as passed in March 2019, to known stakeholders by email on 6 December. A deadline of 21 January 2022 was stipulated. Although this amounted to a period of 7 weeks, it fell over the annual summer holiday period of 3-4 weeks. On 10 December, an extension until 28 January 2022 was announced.

The documentation accompanying the original notice contained no information on all the changes that had been decided on since the President's referral of the Bill back to the National Assembly in 2020. One would have expected a "C"-version of the Bill (the Bill as previously passed having been called the "B" version) to accompany the notice so that all the changes were clear to all the stakeholders. When this problem was raised in the Portfolio Committee on 7 December 2021, the Parliamentary Legal Adviser proposed a compromise in which a separate document setting out all the changes would be prepared, instead of a C-Bill. This separate document was circulated to all stakeholders on 8 December, following which the one-week extension of the deadline was announced. Considering the complexity of the Bill itself, this compromise would still, we believe, cause difficulty to stakeholders in understanding the full scope of the changes.⁷

A further obstacle to stakeholders' research to prepare for submissions in this consultation was that the written submissions of the July – August 2021 consultation that were posted to the Parliament's website at the end of August⁸ were taken down and not put back up on the website (albeit in a different place) until late on 26 January 2022, two days before the deadline.

The Portfolio Committee's report to the National Assembly relating to the insertion of new provisions into the Bill was approved on 1 December 2021 and this consultation was called on 3 December. This follows the responses by the Minister, the Parliamentary Legal Adviser and the DTIC to the Portfolio Committee about submissions of the July-August 2021 consultation that only started on 9 November and finished on 30 November. SAIPL and other

⁷ See para 5 below.

⁸ at <https://www.parliament.gov.za/press-releases/media-alert-further-submissions-copyright-and-performers-protection-bills-now-available-website>

stakeholders have cautioned the Portfolio Committee against “quick fixes” of the Bill, and considering the circumstances described above, we respectfully re-iterate that caution here.

SAIPL again states for the record that the processing of the Bill has a history of short and inadequate notice periods for consultations that often have had to be extended, including this consultation. These short notice periods have inhibited member-based associations, like SAIPL, from getting full input from their memberships and also inhibit proper engagement with the very complex topics raised in the Bill.

The specific provisions raised in the current consultation

3. Amendments related to persons with a disability

The subheading of this section states “Aligning the Bill more closely with the wording of the Treaty”, the “Treaty” being the Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired, or Otherwise Print Disabled (the “Marrakesh Treaty”). The intention set out in this sub-heading is, however, incorrect in two respects:

- Section 19D sets out to be an exception to benefit *all* persons with a disability, under a very wide definition inserted by the Bill into Section 1 (“a person who has a physical, intellectual, neurological, or sensory impairment”). However, the Marrakesh Treaty only applies to persons who are blind or otherwise visually impaired. The Marrakesh Treaty does not support persons with other disabilities, and to cater for them, the legislation has to be measured against the Berne Convention, the WIPO Copyright Treaty and the TRIPS Agreement.
- Section 19D grants an exception for *all* works that are protected by copyright, whereas the Marrakesh Treaty only facilitates an exception in respect of literary and artistic works only. Again, inasmuch as an exception for any disabled person, whether with a visual impairment or another disability, is to be granted for works other than literary and artistic works, the legislation has to be measured against the Berne Convention, the WIPO Copyright Treaty and the TRIPS Agreement, not the Marrakesh Treaty.

We note that there has not been a public announcement about South Africa’s accession to the Marrakesh Treaty since the July-August 2021 consultation. In his last presentation to the Portfolio Committee, the Minister reported that Parliament has not yet considered accession to the Marrakesh Treaty.⁹ Without Government having initiated the process, the changes to Section 19D cannot be measured against the Marrakesh Treaty, but have to be checked for compliance with the Berne Convention, the WIPO Copyright Treaty and the TRIPS Agreement.

⁹ Minister’s presentation to the Committee dated 9 November 2021, p.31 and p.40.

Even with the changes to Section 19D and its related definitions, we submit that Section 19D inasmuch as it applies to persons who are blind or otherwise visually impaired, would still not comply with the provisions of the Marrakesh Treaty. For instance, the term “any person that serves persons with disabilities” that appears in the first line of Section 19D, does not match “someone acting on ... behalf [of a beneficiary person] including a primary caretaker or caregiver” in Article 4.2(b) of the Marrakesh Treaty.

Although we made our own suggestion to correct Section 19D in our submission of 19 July 2021, we have since seen the submission in this consultation of Professor Emeritus Owen Dean, a past president of SAIPL, with which we concur.

It is possible for the Minister to meet the needs of persons who are blind or otherwise visually impaired *immediately* if he were to pass appropriate regulations under Section 13 of the Act. In his submission, Professor Dean has provided a model for these regulations. The Portfolio Committee should ask the Minister to take this action immediately.

Professor Dean’s submission is based on, and contains, his application to the Constitutional Court to be admitted as an *amicus curiae* in the case of *Blind SA v. Minister of Trade Industry and Competition and others* that has to confirm, or not, an order of the Gauteng High Court declaring the Copyright Act as unconstitutional.¹⁰ The confirmation hearing has been set down for 12 May 2022. In his application, Professor Dean shows the difficulties with Section 19D, both in the version of the Bill as passed in March 2019 and, despite some improvements, in the version that is the subject of this consultation.

Section 19D therefore has to be redrafted to cater for the needs of persons who are blind or otherwise visually impaired on the one hand and persons who have other disabilities on the other. We are aware, however, that many countries, including many countries that follow the English copyright law tradition, like South Africa, have such exceptions that could serve as a model for the Bill.

Noting the universal support in the earlier public consultations for an exception to benefit persons who are blind or otherwise visually impaired and South Africa’s accession to the Marrakesh Treaty and **noting** that the proposal in the current consultation does not change Section 19D into an authorising provision for the Minister to pass appropriate regulations as had been proposed by SAIPL, **SAIPL submits** that:

- the Portfolio Committee should ask the Minister to immediately pass regulations under Section 13 to provide access to persons who are blind or otherwise visually impaired to literary and artistic works,
- the Portfolio Committee should call on the Minister to immediately initiate the necessary steps for South Africa to become a party to the Marrakesh Treaty, and

¹⁰ Constitutional Court case no CCT320/21.

- Section 19D must be redrafted to provide for one set of exceptions for persons who are blind or otherwise visually impaired that fully conform to the provisions of the Marrakesh Treaty and another set of exceptions for persons with other disabilities that conform with the Berne Convention, the WIPO Copyright Treaty and the TRIPS Agreement.

4. Amendment relating to personal copies (requiring that the work must have been lawfully acquired)

The definition of “lawfully acquired” appears to be an improvement in clarifying the scope of the private copy exception. However, we feel that it needs further consideration and, since it is a provision that links with the exceptions, it must be subject to the legal assessment we submit in para 1 above, is needed. By way of example, a work cannot have been lawfully acquired if it is an infringing copy or a stolen copy. The problem is exacerbated in relation to downloads of copyright material hosted online if downloads free of compensation were to be type-casted by the downloader as a “gift” received, or by the person inviting the making of the download as a “gift” being given.

SAIPL submits that although the new definition of “lawfully acquired”, as applied to the private copy exception, seems to be an improvement, it may fall short of what is intended and that its consequences, especially in relation to on-line uses, have not been considered. This defined term must undergo a legal assessment as a provision that supplements the copyright exceptions, as submitted above. We expect that the object behind this definition will have to be reconceptualised, or that this definition will have to be redrafted significantly.

5. Amendments relating to technological protection measures

We assume that the exclusion that appeared in paragraph (b) of the definition in the Bill as passed in March 2019 has been deleted, since this is not clear from the mark-up of the document entitled “All Proposed Amendments.”¹¹

6. Amendments providing for offences for digital rights

The newly defined term “commercial” was introduced to qualify the scope of some of the new copyright exceptions, which, as shown in this submission, have not been properly evaluated. The term “commercial” is limited to “economic advantage or financial gain”, which

¹¹ This oversight illustrates the insufficiency of the notice inviting submissions and comments referred to in para 2 above, that would have been resolved had a “C”-version of Bill been circulated for this consultation.

is narrower than the standard of “for the purposes of trade” that appears in Section 27(5) of the Act.

If the term “commercial” were to form part of a provision defining criminal infringement of copyright, we expect that defendants in online infringement cases will attempt to use this defined term as a loophole to avoid liability. We submit that there is no ground to discriminate between criminal liability for online infringements and criminal liability for “analogue” infringements by applying different standards and setting them out in separate sub-sections of Section 27. We further submit that Section 27(5A), by its incorporating the term “commercial purposes”, is not appropriate for cases of criminal copyright infringement online.

SAIPL submits that the new provisions for offences in relation to digital rights should be made by way of an amendment to Section 27(5) of the Act, and that the existing terminology “for the purposes of trade” should be used, together with the element of “knowing to be infringement copies”, to define the offence.

The proposal for Section 27(5A) must then be withdrawn.

7. Amendments to make the fair use factors applicable to exceptions in Sections 12B, 12C, 12D, 19B and 19C

SAIPL welcomes the changes made to the ‘fair use’ clause, Section 12A, but notes that it still lacks underpinning by policy and proper socio-economic and legal impact assessment. This is relevant in the context of making applicable to all the other exceptions the so-called four factor test in the Bill’s ‘fair use’ clause (as contrasted with the factors in the ‘fair use’ provisions in the United States and the few other countries in the world that have it).

Analysing the claim that Section 12A and extending it to the other exceptions in terms of Section 12A(d) is in line with a “fair use hybrid”

The policy that is claimed to underpin the ‘fair use’ clause, and thereby the extension of its four-factor test to the other copyright exceptions in terms of Section 12A(d), is a “hybrid model” or a “hybrid system” of copyright exceptions that is a hybrid system of fair use and fair dealing.¹² However, this is not a policy statement, as one would normally understand it. First, this statement did not appear in a document that accompanied the introduction of the Bill. Specifically, this statement appears neither in the unpublished SEIAS report that preceded the Bill, nor in the Bill’s Memorandum of Objects.¹³ The “hybrid model “ / “hybrid

¹² In the words of the presentation by the Parliamentary Legal Adviser to the Committee on 12 November 2021, p.16, the exceptions are a “fair use hybrid – fair use should permeate the exceptions.”

¹³ This finding seems to be confirmed by there being no reference to the “hybrid” in the background explanation of the presentation by the Parliamentary Legal Adviser to the Committee on 12 November 2021, p.4.

system” was first mentioned by the DTI, the Parliamentary Legal Adviser and members of the Portfolio Committee of the previous Parliament on 31 May 2018,¹⁴ *one year after* the Bill was introduced. Second, it is a mere statement unsupported by proper explanation, research or impact assessment, therefore more in the nature of a slogan than a policy statement. All things considered, this statement amounts to an after-the-fact rationalisation for the ‘fair use’ clause, not a reason for introducing it. This is therefore not a reason for extending the four-factor test to the other exceptions in Sections 12B, 12C, 12D, 19B and 19C, as proposed in Section 12A(d).

Analysing the claim that introducing the four-factor ‘fair use’ test will bring about certainty

The argument is made that introducing the four-factor test to all exceptions will bring about certainty.¹⁵ 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.

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 the Court’s evaluation.

A case in point is the observation by the Court of Appeals of the 11th Circuit in the US 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 “by treating the four factors mechanistically”, but that they have to be evaluated in “a holistic

¹⁴ Meeting summary recorded by PMG at <https://pmg.org.za/committee-meeting/26550/>.

Following the presentations by the Parliamentary Legal Adviser and the DTI at that meeting, Committee members were under the impression that the copyright exceptions in the then-current version of the Bill would be changed, assuming that this “hybrid model” / “hybrid system” was a new concept to be inserted into that version of the Bill. The Hon. D. Mahlambo (ANC) is recorded to have said that “The exact nature of the model would be clearly defined and capable of protecting vulnerable members of society without undermining productivity.” PMG records the decision of that meeting to be “It was decided that DTI would return within a week with a clearer framework for how the hybrid model would function and how it would be drafted.” In the Committee’s following meeting on 5 June 2018, it was said for the first time that “the Bill itself would refer to, or be anchored in, fair use”, but changes to the draft were still expected: “DTI would provide the wording for how the hybrid system would be presented, as well as a list of exceptions.”

However, that is not what subsequently happened. In the end, there were *no* changes to the copyright exception provisions as a result of this decision. Instead, it was as if the decision of 31 May 2018 had transformed itself from an objective for a redraft into an explanation that the set of copyright exceptions in that version of the Bill *already was* the “hybrid model” / “hybrid system”, thereby becoming a rationalisation for these provisions after-the-fact.

¹⁵ 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 para 7, SAIPL disagrees with both contentions.

analysis which carefully balance[s] the four factors”.¹⁶ 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.

David Nimmer, one of the leading authorities on copyright in the United States and author of the standard textbook *Nimmer on Copyright*, points¹⁷ to cases where all factors favour “fairness” where fair use was not found,¹⁸ and where all factors could be found to be “unfair” and yet a fair use defence against an infringement action is successful.¹⁹ 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.²⁰

Professor Sadulla Karjiker of Stellenbosch University, citing Nimmer, has also demonstrated how the four-factor test in US law leads to much greater uncertainty than is the case with a fair dealing analysis.²¹ As stated in our submission of 19 July 2021, we find Prof Karjiker’s arguments to be persuasive.

In US jurisprudence, 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 USA, the situation that all factors favour “fairness” where fair use was not found can arise because the US courts 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.²² The introduction of Section 12A(b) makes it clear that *any* factor can be taken into account in considering whether an otherwise infringing use of a work is ‘fair use’ or not.²³ These introductory words, perhaps overlooked by the Parliamentary Legal Adviser’s proposal, makes the outcome of any given case *less*, not more, certain.

¹⁶ *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 at p.110. The Court of Appeals came to a similar conclusion in a further appeal in October 2018.

¹⁷ D. Nimmer, “Copyright Illuminated: Refocusing the Diffuse US Statute”, Wolters Kluwer, 2008, pp.360-381

¹⁸ *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.

¹⁹ *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.

²⁰ D. Nimmer, “Copyright Illuminated: Refocusing the Diffuse US Statute”, Wolters Kluwer, 2008, pp.381-4

²¹ S Karjiker “Should South Africa adopt fair use? Cutting through the rhetoric” *Journal of South African Law*, Juta, 2021-2 pp.244-5.

²² W.F. Patry “The Fair Use Privilege in Copyright Law”, BNA Books, 2nd edition 1995, at p.415 and footnote 14.

²³ “all relevant factors shall be taken into account, including but not limited to ...”

It would therefore be more correct to refer to the test in Section 12A(b) as the “Four-Plus Factor Test” instead of the “four-factor test”, and we use this terminology in the remainder of this submission when referring to the test in Section 12A(b).

Analysing the fourth ‘fair use’ test in Section 12A(b) that is proposed to be extended to the other exceptions by Section 12A(d) – “substitution effect”

As we pointed out in our previous submission, the Four-Plus Factors Test in the Bill are not the same as the four factors in the codification of the US ‘fair use’ principles in Section 107 of the US Copyright Act. The most notable difference is the fourth factor (described in some US cases as the most important of the four factors), where the US 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).

Our assessment of this version of the fourth factor, as appears from our submission in July 2021, is that a negative substitution effect could still amount to a detrimental impact on the market for the rightsholder. 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 the TRIPS Agreement.

The impact of inserting the words “substitution effect of” in the fourth factor of Section 12A(b) has never been explained, whether in the unpublished SEIAS report, the Bill’s Memorandum of Objects or, so far as we can ascertain, elsewhere in a presentation for the Portfolio Committee by the Parliamentary Legal Adviser, the Minister or the DTIC. We therefore have to turn to explanations by academics who have advised the Minister.²⁴

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 “impact on the 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 do not refer to the case law that they alleged to exist, but instead find 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 ...”²⁵

²⁴ In respect of the academics identified by the Minister as having advised him on the submissions made in July and August 2021, see the concerns referred to in footnote 6.

²⁵ Minister’s presentation to the Committee dated 9 November 2021, p.34 (Part 4, para 5).

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 meant 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, the WIPO Copyright Treaty and the TRIPS Agreement.²⁶

If, contrary to the statement in the “Joint Academic Opinion”, there is no case law and commentary (by which we understand to mean commentary in peer-reviewed law journals) to justify the material differences between the fair use provisions in the USA and Section 12A, we would have expected its authors to have made a formal correction of an *erratum* or even a retraction of that claim in order to preserve the academic integrity of the rest of that submission. In the circumstances, as was said in our oral presentation on 11 August 2021 (attached), the “Joint Academic Opinion” is unhelpful for serious legal analysis.

Analysing the claim that the Four-Plus Factor Test must apply to all exceptions in order for those exceptions to meet the Three-Step Test

In justifying Section 12A(d), the Parliamentary Legal Adviser errs in saying that “Section 12A has fair use criteria, but this does not apply to the parallel set of specific exceptions (sections 12 B – D) - ... thus 12B-D do not comply with the Three Step Test.”

We submit, with respect, that the four-factor test for ‘fair use’, whether as classically known in the USA and elsewhere or the Four-Plus Factor version of it appearing in Section 12A(b), has nothing to do with the Three-Step Test mandated for copyright exceptions under the Berne Convention, the WIPO Copyright Treaty and the TRIPS Agreement. This contention seems to mistakenly assume that all the exceptions in Sections 12B, 12C and 12D are ‘fair dealing’ exceptions, which most of them are not. The reason that certain exceptions in Sections 12B, 12C and 12D might not meet the requirements of the Three-Step Test lies in the scope of the exceptions themselves, not in the Four-Plus Factor test criteria that might or might not be able to be used in evaluating whether a particular use of a copyright work without permission or remuneration falls within the scope of a given exception or not.

Text remaining in and relating to Section 12A after the current changes that still need to be removed or treated differently

Without qualifying our submission that a proper socio-economic impact assessment and an independent legal assessment of the proposed copyright exceptions must still be undertaken, there are two ‘fair use’ purposes in Section 12A(a) that stand out and should be removed:

²⁶ Article 3 of the TRIPS Agreement.

- “illustration” in Section 12A(a)(v) of the Bill passed in March 2019.
This item has its origin in the ‘fair use’ purpose of “illustration for teaching” in Section 107 of the US Copyright Act. “Illustration for teaching” is specifically allowed by the Berne Convention as qualifying for an exception.²⁷ 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” in sub-para (v) and “teaching” on its own (with “education”) in sub-para (iv).²⁸ 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.
- “ensuring proper performance of public administration” in Section 12A(a)(vii) of the Bill passed in March 2019.
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) will mean that the State will be able to ignore the existence of copyright works authored 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, which we think is largely due to the first draft of the Bill introduced in May 2017 was largely expropriative by nature. 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.

In addition, the provisions of the contract override clause in Section 39B, inasmuch as they relate to Section 12A, must be removed, for the reasons stated in our submission of 19 July 2021 and repeated in para 9 below.

SAIPL therefore submits that **Section 12A should be withdrawn**

or, at the very least, that, subject to a proper and independent impact assessment confirming constitutionality and treaty compliance and noting the material changes to Section 12A that are now being proposed, Sections 12A(a) and (b) could be amended (with Section 12A(c) being retained to preserve South Africa’s recognition of moral rights that is not recognised in the same way in the USA), specifically by:

- removing “illustration”,
- providing for an exception or statutory licence for uses by the State in appropriate cases in another provision, and removing “ensuring proper performance of public administration”,
- removing “substitution effect of” and

²⁷ Article 10(2) of the Berne Convention.

²⁸ Sub-para (iv) and the ‘fair use’ purpose of “teaching” has been removed from Section 12A(a) in the current changes.

- deleting the words “purports to prevent or restrict the doing of any act which by virtue of this Act would not infringe copyright” from Section 39B.

There is no basis for introducing Section 12A(d), and it should be withdrawn. Instead, attention must be given to assessing each individual exception in Sections 12B, 12C, 12D, 19B and 19C, as submitted in para 1 above, and amending them where appropriate.

8. Amendments relating to adding the wording of the Three Step Test

Whereas the stated objective of adding the wording of the Three-Step Test to each and every exception in Sections 12B and 12C is to make those provisions compliant with the treaties to the extent that they might not be, we consider that the *effect* of this change is to identify each and every exception there as a “special case.” However, saying that a given exception is a “special case” does not make it so. We refer the Portfolio Committee to the work by Prof Karjiker in which he describes when a use case can be described as a “special case” that qualifies for an exception²⁹

SAIPL submits that there is **no alternative to individual evaluations of the specific terms of every exception in Sections 12B, 12C, 12D, 19B and 19C**, as proposed in para 1 above. A simple qualification of the exceptions by the terms of the Three-Step Test may well not secure the position of authors and copyright owners under the treaties, but instead have the effect of complicating any infringement action by a copyright owner.

The proposed addition of the Three-Step Test wording to Sections 12C and 12D is not effective in relation to the following:

- The purported identification in sub-paragraph (a) of each of these clauses of each and every exception in Sections 12C and 12D as a “special case”. They have not been assessed as being “special cases”, as meant in the Three-Step Test, and simply naming them as such does not make them so. **Section 12D(1)(b) must be withdrawn.**
- Section 12C. **Section 12C(1)(b)** is out of place in the “temporary reproduction” exception and **should be removed**. Once this is done, the Three-Step Test wording in **Section 12C(2) must be withdrawn.**

²⁹ S Karjiker “Should South Africa adopt fair use? Cutting through the rhetoric” *Journal of South African Law*, Juta, 2021-2 p.240 at p.252.

- Section 12D. Even if Section 12D(1)(b)-(d) were to have been a true application of the Three-Step Test, it does not qualify Section 12D(3) (because Section 12D(1) is subject to Section 12D(3)). Section 12D(3), that opens the door to the unlicensed reproduction of entire books and journals, is probably the most egregious provision in Section 12D that is severely prejudicial to South African authors and copyright owners and likely neither constitutional nor treaty compliant. **Section 12D(3) must be withdrawn.**

Remaining reservations relating to constitutionality and treaty-compliance not raised in the current consultation, including items raised by the Minister in November 2021 and in respect of which there are no proposals for change

We submit that it is incumbent on the National Assembly to consider all provisions in the Bill which may have constitutional implications, not only those stated in the invitation for submissions and comment. The Constitutional Court held in *Ex Parte President of the Republic of South Africa: In re Constitutionality of the Liquor Bill*³⁰ that, when a Bill is referred to the National Assembly by the President in terms of Section 79 of the Constitution, the attitude of the National Assembly to the constitutionality of the Bill is a factor that the Constitutional Court will take into account in a subsequent constitutional challenge. The judgment considers Parliament, therefore the National Assembly, to be an active participant in referrals under Section 79, and we therefore submit that this means that the National Assembly may, and should, consider *any* provisions which may have constitutional implications.

9. Section 39B – contract override clause applying to all copyright exceptions in Sections 12A, 12B, 12C, 12D, 19B, 19C and 19D

The contract override provision in Section 39B supplements *every* copyright exception (namely those contained in Sections 12A, 12B, 12C, 12D, 19B, 19C and 19D) with a substantive provision that reads:

“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 ..., such term shall be unenforceable.”

Therefore, taking into account that South African law considers a copyright exception to be a taking away of a property right,³¹ Section 39B has to be factored into the assessment of constitutionality and treaty compliance of *every* copyright exception in the Sections 12A, 12B, 12C, 12D, 19B, 19C and 19D.

³⁰ (CCT12/1999), [1999] ZACC 15; 2000 (1) SA 732; 2000 (1) BCLR 1 (11 November 1999). See para 18 of the judgment.

³¹ *Moneyweb (Pty) Ltd v Media 24 Ltd* 2016 4 SA 591 (GJ)

We are not aware of a substantive contract override provision that applies indiscriminately to all copyright exceptions in any country in the world. Contract override provisions 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 under the Berne Convention and the TRIPS Agreement³²) where there is usually a contractual relationship with the copyright owner or its representative.

Section 39B will result in uncertain outcomes, especially for rightsholders entering into contracts to license their rights. Because Section 39B applies to all copyright exceptions across the board, it is arbitrary, entrenching the deprivation of the property rights of copyright owners that already exist in the exceptions, and it will impact on the freedom of contract and thereby on the constitutionally-protected freedom of trade.

SAIPL therefore submits that the words “to prevent or restrict the doing of any act which by virtue of this Act would not infringe copyright or which purport” must be deleted from the Section 39B.

10. Compulsory statutory licences under the Berne Appendix – amendment to Section 22(3) of the Act and new Schedule 2

The Minister raised Schedule 2 of the Bill and the corresponding amendment to Section 22(3) of the Act as “requiring a total redraft”.³³ This change has not been made for the current consultation.

Schedule 2 of the Bill, which sets out compulsory licences for translation and reprints, has its origin in the Appendix to the Berne Convention. The Appendix contains special rules available only to developing countries. However, Schedule 2 departs in material respects from the text of the Appendix and is therefore not compliant with the Berne Convention. Also, Schedule 2 is not introduced into the law under existing or new provisions relating to statutory licences, but by amending Section 22(3) of the Act (which deals with the formalities of assignments and exclusive licences).

If South Africa is a developing country as meant in the Berne Convention and it has met the requirements of the Berne Convention to avail itself of the facility made available in the Appendix, then having the compulsory licences compliant with the terms of the Appendix would be unobjectionable. In order to make use of the flexibilities offered by the Appendix, the developing country must make a corresponding declaration to the Director General of WIPO under Article 28(1)(b) of the Berne Convention. However, it is not clear that South Africa qualifies and, even if it does, the terms of the amended Section 22(3) and Schedule 2

³² The legal interpretation of the kind of situation that qualifies as a “special case” is set out in S Karjiker “Should South Africa adopt fair use? Cutting through the rhetoric” *Journal of South African Law* 2021-2 p240 at p.252.

³³ Minister’s presentation to the Committee dated 9 November 2021, p.43.

would not be compliant with the Appendix or with the standards set by the Berne Convention under the Three-Step Test.

SAIPL notes the observation by the Minister that Schedule 2 and the relative amendment to Section 22(3) require a “total redraft”, but **submits** that in the absence of independent legal counsel’s opinion that South Africa qualifies to benefit from the provisions of the Appendix to the Berne Convention, **Schedule 2 and the relative amendment to Section 22(3) of the Act must be withdrawn.**

Alternatively, if counsel’s opinion is obtained that South Africa does qualify and this is cleared with WIPO and the WTO, Schedule 2 has to be redrafted to be aligned with the terms of the Appendix of the Berne Convention, and the statutory licences envisaged in Schedule 2 have to be linked to an empowering provision, for example by amending Section 45 of the Act, and the relative amendment to Section 22(3) of the Act must be withdrawn.

11. Artists’ resale right (resale royalty right) in Sections 7B to 7F

The Minister raised the recasting of the resale royalty right provisions in Sections 7B to 7F and their placement in a new chapter of the Act.³⁴ These changes have not been made for the current consultation.

Article 14*ter* 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 his or her work. Sections 7B to 7F of the Bill purport to introduce a resale royalty right for artists, but it couches this right as a right of copyright, whereas it is in fact a separate right that is dependent on a right of copyright.

SAIPL submits that, **in order to comply with Article 14*ter* of the Berne Convention, Sections 7B to 7F should be recast so as not to confuse the resale royalty right (or, as it is more commonly known, the “artists’ resale right”) with a right of copyright, and that the recast provisions be inserted in a discrete chapter of the Copyright Act and notes that the Minister agrees with this approach.** SAIPL suggests that 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.

³⁴ Minister’s presentation to the Committee dated 9 November 2021, p. 42.

12. Translation exception in Section 12B(1)(f) of the Bill as passed in March 2019

Changes to the translation exception are being proposed in the current consultation,³⁵ ostensibly without taking into account the provisions of Article 8 of the Berne Convention, that was raised in our submission of 19 July 2021.

The proposed change has a numbering error, following the deletion of an earlier paragraph of Section 12B(1), and it should have been numbered paragraph (e). This numbering error is perpetuated in the remaining paragraphs of Section 12B(1)

Article 8 of the Berne Convention expressly provides that the rights of copyright include the exclusive right of making and of authorizing translation.

SAIPL submits that the copyright exception for translations in Section 12B(1)(f) of the Bill as passed in March 2019 is not only in breach of Article 8 of the Berne Convention and the Three-Step Test, but that it amounts to an arbitrary expropriation of property rights and is therefore unconstitutional. **The translation exception must therefore be withdrawn**, notwithstanding the change proposed to it in the current consultation.

13. Exclusion of copyright protection for interface specifications of computer programs in Section 2A(1)(b)

Section 2A(1)(b) may amount to an arbitrary exclusion of copyright protection for interface specifications of computer programs. In terms of Section 11B of the Act, “interface specifications” could be entitled to copyright protection as a computer programs. There is no definition of the term, nor is there a clear policy objective for this exclusion. 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”, we point out that the copying and translation of such code without authorisation is already the subject of a new exception in Section 19B(2).

SAIPL submits that Section 2A(1)(b) amounts to an unconstitutional arbitrary deprivation of property that is not necessary in the context of the Bill and that it should be withdrawn.

³⁵ Presentation by the Parliamentary Legal Adviser to the Committee on 12 November 2021, p.18.

14. Statutory power of the State to designate local organizations that could divest authors from rights of copyright in certain works – Amendment of Section 5 of the Act

Section 5 of the Act sets out how copyright is conferred on works made under the direction or control of the State. Section 5 also provides for the same rules to apply to certain international organisations, contemplating multilateral organisations like the United Nations.

However, the amendment of Section 5 of the Act empowers the Minister to designate *local organisations* which would be vested with all rights of copyright in works made under the direction or control of such local organisations. Such designated local organisations would therefore obtain copyrights in works of South African authors without the need to employ them or to commission them in return for payment in money or money's worth or to take assignment by mutual agreement.

This departure from the usual rules in relation to designated local organisations should be considered whether they are unconstitutional as an arbitrary deprivation of property or an unwarranted restriction on the freedom to trade.

SAIPL submits that there is no justification for discriminating in favour of local organisations by Ministerial regulation, where local organisations already benefit from the provisions of Sections 21 and 22 to acquire copyright. A Ministerial designation of a local organisation may lead to unconstitutional treatment of authors who create works under such an organisation's direction or control. If that is so, **the amendment to Section 5 should be withdrawn.**

15. Section 45 of the Act and Sections 45 and 45A introduced by the Copyright Amendment Act, 1983, not compatible with the exclusive right of 'distribution' and 'making available'

SAIPL submits that Section 45 of the Act, as well as and Sections 45 and 45A introduced by the Copyright Amendment Act, 1983, that was not brought into operation, are not compatible with the exclusive rights of 'distribution' and 'making available'. This opportunity to amend the Act must be used to consider their compliance with the treaties and, if not found to be compliant, to repeal them.

16. The new unwaivable statutory royalty regimes in Sections 6A, 7A and 8A were never open to public consultation

Sections 6A, 7A and 8A have their origin in a rewriting of the Bill by the Portfolio Committee of the former Parliament, not in the version of the Bill introduced in May 2017. They replaced

a proposed proviso to all the exclusive rights provisions reading “notwithstanding the transfer of copyright in a ... work by the user, performer, owner, producer or author, the user, performer, owner, producer or author of such work shall have the right to claim an equal portion of the royalty payable for the use of such copyright work.” The previous Portfolio Committee recognised that these provisos were unworkable, and set about recasting the intention behind them, that became Sections 6A, 7A and 8A. However, these new provisions were not previously opened for public comment and stakeholder consultation, which may introduce a procedural vulnerability that has constitutional implications if the lack of proper public consultation is left unaddressed.

Only sub-sections 6A(4) and (5), 7A(4) and (5) and 8A(4) and (5) of the version of the Bill that was current at the end of May 2018, were put up for public consultation. Sub-sections 6A(7), 7A(7) and 8A(5) of the current version of the Bill have since been found to bring about arbitrary deprivations of property rights and the Portfolio Committee has already resolved to remove them. However, the substantive provisions of Sections 6A, 7A and 8A were never open to public consultation.

We consider that these provisions are problematic, since they impose a single model of remuneration, are unwaivable in favour of the author or performer by virtue of the contract override clause in Section 39B (subject to a carve-out of literary and musical works), and they have no counterpart in any country in the world.

SAIPL submits that Sections 6A, 7A and 8A, together with provisions in the Bill that supplement them (notably Sections 39(c) and 39B), be put up for public consultation, failing which the process for adopting them will be unconstitutional.

17. Disproportionality of the penalty clauses of Sections 8A and 9A

The penalty clauses introduced by the proposed Sections 8A(7) and 9A(4) may have constitutional implications due to the disproportionate nature of the penalties prescribed for the failure of rights holders and licensed users of audiovisual works and sound recordings to report timeously to all performers featured in such works in respect of each commercial activity relating to the use of the works. Criminal liability and fines of a minimum of 10% of a company’s annual turn-over are prescribed for a failure to comply with the new reporting obligations introduced in sections 8A and 9A. This places rightsholders who make legitimate uses of their works in a position that is potentially worse off than that of infringers of those works.

SAIPL submits that the penalty provisions in Sections 8A(7) and 9A(4) may well be unconstitutional for their disproportionate measures, and that the option of a fine as a percentage of turnover must be withdrawn.

18. No evaluation of the implementation costs of the Tribunal established in terms of Sections 29 to 29H

It is clear from the text of the Bill and its Memorandum that the Tribunal to be reconstituted under an amended Section 29 of the Act will play a significant role in resolving 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 rights of authors and performers. However, we are concerned that no provision has been made for the funding of the Tribunal. The unpublished SEIAS report simply states that “National Treasury would be required to fund the establishment of a Tribunal in terms of human, infrastructural and operational resources”, and there is no budgeted costing.

Since the Copyright Act, when amended by the Bill, will only be able to function once the Tribunal is in place, SAIPL submits that the Bill cannot proceed until such time that a cost assessment for the Tribunal has been undertaken and approved by Government.

SAIPL PRESENTATION 11 AUGUST 2021 – Presented by Stephen Hollis

Mr Chair, thank you for the opportunity for the South African Institute of Intellectual Property Lawyers to make a presentation here today.

The Institute has 300 practising attorneys and other specialist practitioners of intellectual property law as its members.

Mr Chair, the Institute, as we understand the case is with all the participants in these hearings, supports the much overdue reform of South Africa's copyright and performers rights legislation.

The scale of this exercise is vast.

The application of copyright impacts on a **broad range of commercially unrelated industries**, some of which are shown on screen for illustration. Each industry sector and its sub-sectors depend on copyright in different ways to create opportunities for creatives to thrive, thereby creating employment, new investment and trade. Legal certainty, contractual flexibility and freedom to trade in copyright works are vital components of an enabling legislative framework for copyright.

Legislative intervention in one industry needs a **solution that is not replicated** without reason into other industries where the same problems do not exist. Exceptions to the exclusive rights and reversion rights must, by the same token, be applied to specific cases where the need for them exist, to avoid unjustifiable expropriation of rights, which could have constitutional implications or result in breaches of international treaties.

The **international treaties exist** precisely so that the exclusive rights in the works of South African authors, composers, artists, film producers and computer programmers are recognised internationally, in all the other treaty countries, just as the works of authors of treaty countries are recognised here. It is for this reason that all the treaties have the minimum standard, the so-called Three Step Test, for member states to meet when they craft copyright exceptions for their internal needs.

Mr Chair, I will not dwell much on the Institute's written submission. The serious questions of the Copyright Bill's constitutionality and treaty-compliance that it raises are presented in a format that is easy to analyse.

Both Bills suffer from material flaws to which '**quick fixes**' cannot be applied by the mere correction of wording. Even with the limited time allowed for in this consultation, the Institute's submission raises 19 sets of provisions of likely unconstitutionality and non-compliance with the treaties, some having a broad ambit and others very specific, and a word count of the Copyright Amendment Bill shows that these **19 sets of provisions affect up to 50%** of the text that the Bill proposes to introduce into the Copyright Act. It is very likely that the submissions of other stakeholders here will show more, and, even then, I would venture to say that that would not be the sum-total of all the constitutionality and treaty compliance problems.

One has to remember that the Bill as originally introduced in May 2017 was an **expropriative piece of legislation**. The previous Committee wrote out the most egregious expropriative provisions, but as the President's referral-back has shown us, many expropriative provisions still remain and have the result that the Bill does *not* improve the position of creators of copyright works, as it was supposed to do.

The Institute submits that the **National Assembly should not limit its reconsideration** of a bill that is as controversial as the Copyright Amendment Bill to only the reservations raised by the President. This

is not required by Joint-Rule 203. Rule 203 applied to the Portfolio Committee's deliberations on the President's referral decision. That process was concluded when the Committee tabled its final report, which was adopted by the National Assembly. In concluding the Rule 203 process, the National Assembly agreed with the President's reservations, amongst others that the Bills require re-tagging, and referred the Bills back to the Portfolio Committee for further consideration.

Now that the Bills are re-tagged as Section 76 Bills, the restriction of scope no longer applies. All the flaws of the Bills will be raised before the Provinces in the next part of the Section 76 process, and it therefore follows that *all* those flaws, at the very least those that have constitutional implications, in addition to those that raise matters of treaty compliance, should be raised here too. Parliament's conduct in these circumstances will be considered by the Constitutional Court if the Bill is ultimately challenged, as appears from the judgment by Judge Cameron in the *Liquor Bill* case shown on screen.

The Institute is aware of a number of documents that are being touted as research supporting the Copyright Amendment Bill, but having reviewed those documents, it is clear that they either pre-date the Bill and therefore do not relate to its provisions or that they are completely inadequate, like the DTI's unpublished SEIAS report.

The Bill has not benefitted from independent legal analysis or proper impact assessment and therefore the Institute submits that the National Assembly should engage independent Senior Counsel who are experienced in constitutional law and intellectual property, to prepare the comprehensive legal opinion that this consultation deserves if this Bill is to be proceeded with. Submissions from interested parties in this round of hearings will not provide a sufficient basis on which the Portfolio Committee could make an accurate assessment of the legal questions raised in the Call for Comments.

We have read with interest the document presented by an interest group titled "**Joint Academic Opinion**", who will present after tea, and individual co-authors of which will present immediately after me and also tomorrow. We find the Joint Academic Opinion to be *unpersuasive*, not so much for what it says, as for **what it does not say**.

On **fair use**, both the Joint Academic Opinion and the October 2018 opinion by Dr Schonwetter to the previous Committee, skirt around the material differences between the fair use provisions in the USA and new section 12A of the Bill. The 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 "impact on the market" in US law.

In arguing that **the education exceptions** are treaty-compliant, the Opinion does not analyse the specific provisions, but simply references the monumental work on education exceptions by Professor Daniel Seng for the World Intellectual Property Organization. But that is not the point. Do *any* of the education exceptions *in the Bill* look anything like any of the exceptions found in Professor Seng's study? With the intrusive nature of the Bill's exceptions, especially in Section 12D, I would venture to say that most probably do not.

An obvious treaty compliance issue is with **Schedule 2 of the Bill**. It is simply not compliant with the Berne Convention. Had the text of Schedule 2 been written in a compliant manner, there would be no issue with it. It's not that the authors of the Joint Academic Opinion don't know about the Convention's requirements – Professor Beiter wrote about it in the *Journal of World Intellectual Property* and the *Buffalo Human Rights Law Review* and concluded that the Convention's provisions are ineffective in helping developing countries. Why does this Opinion not suggest how to make Schedule 2 compliant, or suggest removing Schedule 2 because it's non-compliant and would be ineffective even if it were, and why does this Opinion not even mention it at all?

Instead of legal analysis, the Opinion and the writings of some of its co-authors repeatedly appeal to **political sympathies** by linking the existing Act to apartheid and discrimination, and introduce every discussion of the Bill with the claim that its new exceptions are, and I quote, “**reasonable, justifiable and necessary, and reflect those contained in many open and democratic societies around the world**”, unquote, as a lead-in to an argument that any constitutional issues can be cured by the application of Section 36 of the Constitution. This line of argument is unpersuasive, since it impliedly admits from the outset that provisions of the Bill are expropriative, but by not identifying which ones they are, they hide the constitutional flaws as if Section 36 can be used as a blanket to conceal them.

The Copyright Act was introduced in 1978 to bring South African law up to date with the standard of copyright legislation in other Common Law countries at the time *and* to introduce the Stockholm Text of the Berne Convention. The Stockholm Text allows member states to legislate copyright exceptions along the flexible standards of the Three-Step Test. **The only provision to support apartheid institutions was a sanctions-busting provision in Section 45.** The Institute contends that Section 45 is contrary to the WIPO Copyright Treaty and notes that it is not repealed by the Bill, nor is it raised by any of the Bill’s supporters. Considering their argument, how can the authors of the Joint Academic Opinion condone a provision that was meant to preserve the economy of a sanctioned regime and not even comment on it? All of this exposes its arguments in support of the Bill as pure politicking and unhelpful for serious legal analysis.

A number of co-authors of this Opinion, as well as some of the other persons who will be speaking for the Bill in these hearings - Dr Schonwetter, Professor Ncube, Professor Flynn, Ms Nicholson - have had **preferential access** to the previous Portfolio Committee, with presentations in December 2016 and June 2017, **and yesterday** access that was, despite requests, not afforded to representatives of creators of copyright works or of industries that rely on copyright.

Those presentations spoke of **copyright exceptions** – those situations where there is no permission and no remuneration for copying a copyright-protected work - as so-called “**users rights**”, something that does not exist in South African law, but yet found its way into the text of the Copyright Amendment Bill. Exceptions are not described as a users’ right in any legislation in the world, and fair use is not considered to be a users’ right by the US courts. Indeed, an attempt to promote fair use as a users’ right in Israel was rejected by its appeal court. We therefore question why these academics presented exceptions as users rights in the first place. These presentations also relied on unproven claims that broad exceptions are good for economic development – a contention that has been seriously questioned, but in respect of which there is *no* Government impact assessment, as there should have been.

This *same* group of people reconsidered their strategy from May 2018, and started claiming that the *same* copyright exceptions that they previously described as “users’ rights” would now benefit **recreators and creators of works**. As UCT’s Professor Caroline Ncube – who will be speaking tomorrow – said at a presentation for the American Research Libraries in September 2018 when asked about the narrative to convince South African lawmakers of the merit of the Bill, and I quote:

“There needed to be a readjustment of the narrative to focus perhaps more on creators rather than users and also to convince society at large and policy makers that in fact all users are creators and vice versa and so if that is the narrative that you want to push perhaps you don’t want to latch on to a phrase that seems to generate some concerns, and so in our context we moved away from emphasis on user rights and started to be more inclusive and pay particular attention to the just cause of the struggling creative and I think that has worked particularly well.” End of quote.

This change of strategy was developed by persons who claim academic independence and who have had privileged access to the legislative process at the expense of all other stakeholders. They expect that their contentions will be treated as independent academic opinion, while they *actually* unrelentingly canvas for the introduction of fair use in South Africa and around the world and for the Bill to be passed with the least possible change, at any cost. It is therefore not surprising that when their partisan contentions are presented as academic opinion, they are easily revealed as incomplete and legally unsound.

This is not to say that the Institute opposes the introduction of new exceptions, and the Institute for example recommends two small changes to the disability exception to enable it to pass muster. But the Institute is concerned with the Rule of Law not being followed in the passage of the Bill, hence the concerns about constitutionality and treaty compliance. It is therefore quite possible for a *supporter* of a fair use exception and exceptions to benefit education and persons with disabilities, to *oppose the Bill* for its many flaws. But what I have recounted here clearly underscores the case to have *independent* and *experienced* Senior Counsel undertake the legal analysis, and not to leave it only to the public participation process, and to treat submissions that support the legal grounds for the Bill in its current form with extreme care.

I expect that last week's judgment of the Canadian Supreme Court in *York University v Access Copyright* will be raised in these hearings. The independent legal study that the Institute recommends, should take note that "education", in its own right, is the subject of a fair dealing exception in Canada, and that the Canadian Supreme Court has held that exceptions are "users' rights." The same study should also take into account that Canada is alone in the world for having "education" as the subject of a fair dealing exception and that it has been objected to as being contrary to the Three Step Test, just as the Canadian Supreme Court is alone in the world by interpreting exceptions as *rights* of persons who reproduce copyright works without permission. **This legal framework in Canada has caused enormous personal loss to local authors whose works are reproduced in educational institutions in that country.**

As an independent body of specialist practitioners of intellectual property law, the Institute foresees that persisting with the present Copyright and Performers Protection Amendment Bills will only add more time to the ten years that have already passed since the Copyright Review Commission submitted its very clear directions for the development of the law, that will be at the expense of those who create copyright works for their living.

Thank you, Mr Chair.