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THE ROLE OF THE JUDICIARY IN ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS; INTELLECTUAL PROPERTY LITIGATION UNDER THE COMMON LAW SYSTEM WITH SPECIAL EMPHASIS ON THE EXPERIENCE IN SOUTH AFRICA

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(1) Contextualising South Africa

Although classified as a developing country within the WIPO, South Africa is otherwise regarded as a developed country. Apart from this dichotomy, it is in part a highly industrialised country and in part one where the majority of its people does not share in its wealth. The contrast between the 'first' and 'third' world, between rich and poor, between educated and uneducated, is stark.

IP legislation in South Africa goes back to 1860, the date of the first Patents Act.¹ In 1916, it adopted the then applicable Commonwealth standards. Since then it has kept up with international developments and its laws have been updated regularly, since the 1990's with

* The views expressed in the Study are those of the author and not necessarily those of the Secretariat or of the Member States of WIPO.

¹ Patent legislation - Cape: 1860; Transvaal: 1887; Natal: 1870.

special reference to EC directives because the EC is its biggest trading partner.²

In addition to the usual IP legislation,³ special anti-counterfeiting legislation has been in existence for more than a century.⁴ A more comprehensive and modern anti-counterfeiting statute was adopted in 1997.⁵

South Africa, in its own right, became a signatory of the Berne convention already in 1928 and of the Paris convention in 1947. Its bilateral agreement with the USA on copyright was concluded in 1924.⁶

IP enforcement in South Africa has a long history. The first reported instance of a copyright infringement interdict was in 1861.⁷ Shortly afterwards, in 1863, we find the first trademark case.⁸ Patent enforcement came to the fore with the discovery of gold and gold beneficiation patents (the cyanide process) were litigated in 1896 in the Transvaal Republic.⁹ Even Edison-Bell sued for patent infringement in South Africa as early as 1899.¹⁰ The basic principles relating to patent law were laid down by its highest court in 1930, once again in a case relating to mining technology¹¹ and the longest appeal was a patent appeal.¹² Between 1970 and 2000, the Supreme Court of Appeal dealt with 94 appeal cases¹³ where IP issues formed the main issue in the case, and in cases involving infringement rights holders were in slightly more than 50% of the cases successful.¹⁴ Statistics about cases in the lower courts are not available but an educated guess is that there are hundreds per year and that at that level right owners are generally successful.

South Africa has a mixed legal system: its 'common' law is uncodified pre-Napoleonic continental (Roman-Dutch) law, heavily influenced by English law;¹⁵ it has adopted the principle of *stare decisis* (the binding force of precedents);¹⁶ its statute law is often based on

² Judgments of the ECJ provide, consequently, useful guidance. The influence of civil law can, for instance be seen in the fact that in SA the concept of copyright was replaced with an author's right in 1979, although the English terminology was retained.

³ The current legislation dealing directly with IP and neighbouring rights consists of: Performers Protection Act 11 of 1967; Registration of Copyright in Cinematograph Films Act 62 of 1977; Patents Act 57 of 1978; Copyright Act 98 of 1978; Trade Marks Act 194 of 1993; Designs Act 195 of 1993. Most of these have last been amended in 2002.

⁴ The Merchandise Marks Act 12 of 1888 (C); Merchandise Marks Law 22 of 1888 (N); Merchandise Marks Ordinance 47 of 1903 (T). These were replaced by the Merchandise Marks Act 17 of 1941 which is, partly, still in force.

⁵ Counterfeit Goods Act 37 of 1997.

⁶ See Proclamation of the President of the USA of 26 June 1924; AJC Copeling *Copyright Law* (1969) 363. This lapsed when the USA joined Berne in 1989.

⁷ *Dickens v Eastern Province Herald* (1861) 4 Searle 33.

⁸ *Mills v Salmon* (1863) 4 Searle 230.

⁹ *Hay v African Gold Recovery Co* (1896) 3 Officiële Rapporten 338.

¹⁰ *Edison-Bell Phonographic Co v Garlick* (1899) 16 SC 543.

¹¹ *Veasey v Denver Rock Drill and Machinery Co Ltd* 1930 AD 243.

¹² *Gentruco AG v Firestone SA (Pty) Ltd* 1972 (3) SA 589 (A). The hearing was for six weeks.

¹³ This is in contrast with the preceding 20 years when there were but 21 cases. The statistics are based on reported judgments. Judgments of the Supreme Court of Appeal and the Constitutional Court can be accessed at www.law.wits.ac.za.

¹⁴ Prof Stacia L Haynie, Louisiana State University, Baton Rouge. Personal communication.

¹⁵ In this regard it is similar to the countries surrounding it and to Sri Lanka. It is not unlike Louisiana and Quebec.

¹⁶ For the swamping of the common law by a torrent of unpublished judgments: *Roberts Petroleum Ltd v Kenny Ltd* [1983] 2 AC 192; *Michaels v Taylor Woodrow Developments Ltd* [2000] EWHC Ch 178.

foreign (particularly English) examples; however, its law of procedure is common law (in the sense of Anglo-American). All of this is now heavily overlaid by a Bill of Rights.¹⁷ The difference between South African law and the common law can best be illustrated with reference to passing-off and the protection of confidential information: South African law, like the civil law,¹⁸ recognises a general delict of unfair competition while the English common law has no general unfair competition tort.¹⁹ However, the approach in South Africa to unfair competition is heavily influenced by common-law precedents.²⁰

It is well to remember, as Roshana Kelbrick²¹ once pointed out, that it is dangerous to assume that South African and English IP law and practice always correspond. Although the relevant legislation bear substantial similarity, the differing common law origins of the two systems can result in different outcomes in any particular case.²²

It follows that (in the present context) South Africa is in many respects representative of the Anglo-American procedural system, operating on the border between the developing and the developed world, and South Africa can hopefully provide some insights on IP enforcement from both perspectives. The discussion is, however, by its very nature, in generalized terms. Each system of law, obviously, has its own history and development which accords with its own legal culture. Statutes and judge-made law must accordingly differ from jurisdiction to jurisdiction and it would be wrong to assume that there is a unified common-law system.

(2) IP rights as basic human rights

Like most (if not all) common law systems, the South African Constitution does not give special protection to IP rights. The trend set by some new democracies has not been followed.²³ But a constitution may prescribe and delimit the power of the legislature in making IP laws. For instance, the US Constitution empowers Congress to adopt laws to 'promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries'²⁴ and federal laws can be tested against this prescript.²⁵

Bills of rights have a potential impact on the enforcement of IP rights, as have international human rights instruments such as the European Convention of Human Rights. IP

¹⁷ Especially because of the Constitution s 39(2): 'When interpreting any legislation, and when developing the common law or customary law, every court, tribunal or forum must promote the spirit, purport and objects of the Bill of Rights.'

¹⁸ Civil countries have, obviously, different laws. Cf Frauke Henning-Bodewig and Gerhard Schricker 'New initiatives for the harmonisation of unfair competition law in Europe' [2002] *EIPR* 271.

¹⁹ Cf Andrew D Murray 'A distinct lack of goodwill' [1997] *EIPR* 345; *Australian Broadcasting Corp v Lenah Game Meats Pty Ltd* [2001] 185 HCA 63.

²⁰ This includes the US Supreme Court's opinion in *International News Service v Associated Press* [1918] 248 US 215.

²¹ 'Damages against the innocent infringer' [1996] *EIPR* 204.

²² But the result may also be the same. Cf *Schlumberger Logelco Inc v Coflexip SA* 2003 (1) SA 16 (SCA) and *Rockwater Ltd v Technip France SA* 2004 EWCA (Civil).

²³ Eg Belarus, Estonia and Macedonia.

²⁴ Art I, para 8, cl 8.

²⁵ The issue is fairly complex: Thomas B Nachbar 'Intellectual property and constitutional norms' [104] 2004 *Columbia LR* 272. For an Australian example: *Grain Pool of WA v The Commonwealth* [2000] 170 ALR 111.

laws have no special status that makes them immune to constitutional challenge. Usually mentioned are the freedom of expression,²⁶ the right of privacy and the right to property.²⁷ In countries such as South Africa and India, which guarantee social rights, the impact may be greater and possible arguments about, for instance, the scope and enforceability of pharmaceutical patents may arise in relation to the right to health care services or children's rights; and copyright claims may have to be tested against the right to education and the right to access of information. Some IP rights, at least, might have to be read down in order to survive a constitutional challenge.

(3) IP rights as statutory rights

Some IP rights had their origin in common law in the context of the struggle for parliamentary supremacy. The common law has, however, been replaced by statutory law – often in consequence of international obligations.²⁸ The original common-law precepts have little, if any, residual value. There is, for instance, no common law patent or common patent law;²⁹ and likewise, there is no copyright (author's right) except to the extent recognised by statute.³⁰ On the other hand, unregistered trademark rights have continued to exist side by side with the system of registration and may trump registered rights.³¹

Competition law is impinging on IP rights and this is an aspect the judiciary is not used dealing with. In any event, competition issues often fall within the province of special courts and tribunals. The full effect of competition principles is still unclear.

(4) Enforcement of IP rights: civil versus criminal

This paper deals with civil enforcement. IP laws themselves do not generally criminalize IP infringement. If they do and there is an overlap between civil and criminal liability, the rights holder in a sense has a choice whether to pursue the one or the other route. About the difference between civil and criminal proceedings and the exercise of the choice of remedy something has to be said.

The exception to the general rule is the Copyright Act³² which criminalizes piracy, i.e., the making of infringing copies with knowledge of the copyright. IP infringement is more generally criminalized by means of anti-counterfeiting laws.³³ Counterfeiting normally

²⁶ Cf *Lange v ABC* (1997) ALR 96 discussed by Megan Richardson 'Freedom of political discussion and intellectual property law in Australia' [1997] *EIPR* 631.

²⁷ Pinto 'The influence of the European Convention on Human Rights on intellectual property rights' [2002] *EIPR* 209.

²⁸ To interpret, for instance, an English statute based on a European convention, in the light of the common law, it is suggested, makes no sense.

²⁹ Cf, however, the debate in the US on the common law defence of 'experimental use': Dr Tim Sampson 'Madedy, Integra and the Wealth of Nations' [2004] *EIPR* 1.

³⁰ At least in SA: Copyright Act s 41(4). For the dismissal of a non-statutory copyright defence of 'public interest': *Hyde Park Residence v Yelland* [2000] EWCA Civ 37 CA).

³¹ *Inter Lotto (UK) Ltd v Camelot Group Plc* [2003] 3 All ER 191 (Ch). It is because IP rights are negative rights.

³² Act 98 of 1978 s 27 (SA). Cf UK Copyright, Designs and Patents Act 1988 s 107-110.

³³ WIPO/CME/3.Prov: 'The judiciary: the responses [from member states] were clear that the judiciary, including magistrates and judges, should be fully aware of the seriousness of intellectual property crimes and how to deal not only with the offenders, but also with the infringing goods and implements used in the

amounts to fraud: a misrepresentation coupled with a criminal intent.³⁴ Anti-counterfeiting laws protect registered trademarks and copyright only and not other IP rights. Although there may be an overlap between, say, trademark infringement and counterfeiting, trademark infringement does not necessarily amount to counterfeiting.

In exercising the choice between civil and criminal proceedings a number of factors have to be considered. First of these is trust in the relevant law enforcement agency which, sadly, is sometimes lacking: Is it willing and able to act? Does it have the necessary resources? Can it act speedily? Does it have powers of search and seizure? Will the prosecutorial staff act? Is the prosecution qualified to prosecute such cases? Are there specialist commercial criminal courts qualified to deal with IP cases?

Next to consider is the relief available to the claimant. If the accused is a street vendor or conducts an organised crime type of operation, civil proceedings make little economic sense. On the other hand, if the accused is a substantial trader, a civil claim resulting in an order for damages and an injunction (interdict) may be preferable. Closely related is the question of legal costs, which may be irrecoverable.³⁵ If the state prosecutes, the rights holder has little, if any, expenses; it is different where the rights holder litigates civilly, especially in a common-law country where legal costs are substantially higher than in civil law countries. (Costs will be discussed later.)

Then there is the onus of proof. At common law civil liability has to be established on a balance of probability, criminal liability beyond reasonable doubt. Methods of proof are also relevant. Copyright may, usually, be established by means of affidavit evidence in civil proceedings but not in criminal proceedings (oral evidence and the right to cross-examine are of the essence of the common law criminal process). With foreign rights holders this creates a real impediment in prosecuting rights. Facts that have to be proved may also be different: criminal liability requires *mens rea*, civil liability not.

Robin Fry³⁶ sees the advantages of criminal proceedings in speed; the fact that the prosecution does not have to prove title; the deterrent effect of a criminal sanction; personal criminal liability of directors who cannot hide behind the corporate veil; and the saving of costs. According to him the disadvantages are: the lack of discovery procedures; the inability to compromise or settle the case; the lack of IP expertise of the judiciary in criminal courts; the lack of effective compensation; and the burden of proof. Some of these factors have been discussed; two require some comment. The rate of progress in the criminal process is in jurisdictions with a high crime rate more of a problem than with civil proceedings.³⁷ Last, plea

[Footnote continued from previous page]

manufacturing thereof. Their judgements should have a deterrent effect and destruction orders will prevent infringing goods finding their way back into the channels of commerce.'

³⁴ The minimum requirement of TRIPs art 61 is the criminalization of wilful counterfeiting. SA went further and criminalized negligent counterfeiting. As to the effect of s 92 of the UK Trade Marks Act 1994: *R v Johnstone* [2002] FSR 56 (CA).

³⁵ As a general rule (save for the USA) the loser has to pay the legal costs of the successful party in common law jurisdictions.

³⁶ 'Copyright infringement and collective enforcement' [2002] *EPIR* 516 522.

³⁷ The speedy trial requirement of the ECHR does not generally form part of the common law and where it has been introduced constitutionally, as in SA, it has limited value: *Sanderson v Attorney-General, Eastern Cape* 1998 1 SACR 227 (CC); 1997 12 BCLR 1075 (CC); *S v Pennington* 1997 4 SA 1076 (CC); 1997 BCLR 1413 (CC).

bargaining does permit of some compromise but this procedure is not generally available in common-law countries. South Africa and the USA are exceptions.

Private, instead of public, prosecution is a possibility but may be subject to serious constraints. In South Africa, the private prosecutor requires a certificate *nolle prosequi* (a refusal to prosecute), which may take some time to obtain, from the director of public prosecutions and has to provide security for the costs of the defendant. The other problems mentioned with criminal proceedings, such as the burden of proof, are all there. In South Africa it has not, to the knowledge of the author, ever been used but in other common-law jurisdictions it has.³⁸

(5) Enforcement of IP rights: Counterfeit Goods Act

The South African Counterfeit Goods Act does not only create criminal liability. A breach of its provisions can also give rise to civil liability.³⁹ The Act introduced measures aimed against the trade in counterfeit goods in order to provide additional protection to owners of registered trade marks, copyright and certain other marks, against (a) the unlawful application, to goods, of the subject matter of their respective IP rights and (b) the release of goods of counterfeit goods into the channels of commerce.

For this purpose it prohibits certain acts in relation to counterfeit goods as well as their possession and it creates offences and prescribes penalties. For instance, counterfeit goods may not be possessed in the course of business for the purpose of dealing in those goods; they may not be made (except for the private and domestic use of the person by whom they were made); and they may not be disposed of in the course of trade.

It confers, in certain circumstances, upon inspectors and the police the power, upon having obtained a warrant, or upon being otherwise authorised by or in terms of this Act, to enter premises and there to search for, and, if found, to seize and remove, counterfeit goods or suspected counterfeit goods for detention pending the finalisation of civil or criminal proceedings to be instituted or any other disposal thereof authorised by or in terms of the Act.

The warrant must be issued in chambers by any judge of the high court or by a magistrate and may be issued only if it appears to the judge or magistrate from information on oath or affirmation that there are reasonable grounds for believing that an act of dealing in counterfeit goods has taken or is taking place or is likely to take place. The execution of the warrant must be conducted with strict regard to decency and order, including (a) a person's right to, respect for and protection of his dignity; (b) the right of a person to freedom and security of his person; and (c) the right to personal privacy.⁴⁰

The owner of an IP right who is aware or has reasonable grounds to believe that an act of dealing in counterfeit goods has taken place or is about to take place may apply *ex parte* to a judge in chambers for an order authorising the search for and attachment of such goods, pending institution of civil proceedings, to preserve evidence relevant to the infringement of its IP right.

³⁸ Cf Gwilym Harbottle 'Private prosecutions in copyright cases: Should they be stopped?' [1998] *EIPR* 317.

³⁹ *Berman Bros (Pty) Ltd v Sodastream Ltd* 1986 (3) SA 209 (A) in relation to the Merchandise Marks Act, 1941.

⁴⁰ Similar provisions in other legislation have been found to be constitutional.

The Act also provides that the Commissioner for Customs and Excise, on application by the owner of an IP right, to seize and detain counterfeit goods or suspected counterfeit goods imported into or entering the country during a particular period and calculated to infringe that right.

(6) Enforcement of IP rights: Alternative dispute resolution

By their very nature counterfeiting disputes are not matters for ADR. ADR requires a bona fide defendant willing to be subjected to private litigation. Issues that involve the validity of registrations can also not be the subject of ADR because public interest is involved. An arbitrator cannot, for instance, order the revocation of a patent or the cancellation of a trade mark. In the IP field ADR can only play a significant role in matters such as licensing agreement disputes and can consequently for be discounted present purposes.

(7) Enforcement of IP rights: Quasi judicial *fora*:

Over a period of time the distinction between an administrative forum and a quasi judicial one has become blurred, if not non-existent, in common-law jurisprudence. The registrars of patents and trade marks do act as such *fora* and their decisions may either be taken on review or, sometimes, on appeal to a higher court. These decisions are not concerned with enforcement of IP rights but with the grant.

Whether it is possible to entrust enforcement to such a forum in South African law is a moot question. The Constitution (s 34) namely guarantees the right to have disputes decided before a court or 'where appropriate' before 'another independent and impartial tribunal or forum.' It seems unlikely that a tribunal other than a court can be considered to be an 'appropriate' forum because many of the powers required to enforce IP rights properly belong to the judiciary.

(8) Court structure

Although the South African Constitution has federal elements, courts form part of the national government structure; there is not what one could call 'state' courts; and the territorial jurisdiction of a court may transcend political (provincial) borders. There are three court levels: magistrates' courts; high courts and courts of similar status such as the court of first instance for patent matters (the Court of the Commissioner of Patents); and final courts of appeal (Supreme Court of Appeal and Constitutional Court). IP enforcement, except for criminal prosecutions, does not take place in magistrates' courts.

The general trend of common law jurisdictions is to have IP cases decided at the first instance through the ordinary court system by a single judge.⁴¹ The judge is not necessarily an 'expert' in the IP field but is often 'selected' because of some experience or expertise in the area. Juries are not used, nor are expert advisers (although sometimes statutory provision is made for them, but they may have no vote).

⁴¹ The Registrar of Trademarks, for instance, typically performs some judicial functions but these deal with registration and not enforcement issues.

South Africa has, as mentioned, a Court of the Commissioner of Patents with exclusive jurisdiction in patent matters, and the presiding officer is a high court judge who has some specialized knowledge and experience (usually as a result of practical experience at the patent bar) who is appointed on an *ad hoc* basis to hear a particular patent case. Other IP cases are heard by a high court judge in the general run of things although judges president tend, in settling the court roll, to allocate them to judges with some IP background. In England and Wales,⁴² the system is similar: ‘expert’ judges in the Chancery Court are appointed by the Chancellor to hear patent disputes in addition to other chancery work; other IP cases are not necessarily allocated to specialist judges.⁴³ The alternative venue for patent infringement, namely the Patents County Court, has an expert judge but other IP litigation in county courts is also not inevitably heard by an expert judge.

Appeals, also as a general rule, are heard by the ordinary appeal courts but there is usually at least one judge on the panel who has expert knowledge, especially if it is a patent case. The reason for the special treatment of patent cases is probably their technical or scientific nature.

An exception to the general trend referred to is the USA. There patent cases are heard by a federal judge, with or without a jury. The judge is allocated the case on a rotation or random basis and, in consequence, is as a rule not an expert.⁴⁴ The decision to use or dispense with a jury is that of the parties. Evidence suggests that in a preponderance of cases juries are used,⁴⁵ probably because statistically a patentee has a substantially greater chance of success in a jury trial.⁴⁶ However, the role of the jury has been diminished by rulings that limit the number of jury issues. Patent appeals, on the other hand, are decided by a partly dedicated court, namely the Court of Appeal for the Federal Circuit.⁴⁷ This, it is said, has led to a substantial strengthening of the patent system which was undermined by parallel jurisdiction (which gave rise to forum shopping and conflicting judgments) and an anti-patent attitude in certain federal circuits. The position in relation to other IP litigation and appeals is more intricate and can be discounted for present purposes.

(9) Court procedures

There are two types of civil procedures relevant to enforcement of IP rights. The first is trial proceedings: they begin with a set of pleadings which define the issues; then follow discovery and other pre-trial procedures; and all culminates in a trial where all the witnesses have to give oral evidence and are subjected to cross-examination. The second is application proceedings: these are indicated when no serious factual disputes are anticipated and where the issues are generally of a legal nature. All the evidence is on affidavit, there is generally no

⁴² For particulars of the system: John Lambert ‘IP litigation after Woolf’ [1999] *EIPR* 427 and ‘IP litigation after Woolf revisited’ [2003] *EIPR* 406.

⁴³ For scathing criticism by a disappointed lawyer of the system: Ray Black ‘Baywatch: Sour grapes or justice?’ [1997] *EIPR* 39.

⁴⁴ A court such as that of the Eastern District of Virginia, where many patent cases are heard, may be an exception.

⁴⁵ In 1998, for instance, the relationship was about 60:40.

⁴⁶ One study found that juries find patents valid in 66% of cases, judges in bench trials about 50%, and only 25% on pre-trial disposition: James F Davis, paper read at International Judges’ Conference on IP Law, Washington DC, October 1999.

⁴⁷ Appeals to the US Supreme Court are the exception.

discovery and there is no oral evidence. Trial proceedings are typically used in patent infringement cases and copyright and trademark cases are more often than not on application.

(10) The case for specialist courts

A consultative document prepared by the Secretariat of the WIPO for a meeting that preceded this conference stated as follows:⁴⁸

‘A great number of responses [from member states] promoted the establishment of specialized courts due to the complex nature of intellectual property infringements, particularly patent infringements. It was viewed as a possible solution to achieving cost-effective, efficient and consistent decision making. The effectiveness of specialized courts could also be enhanced by the creation of a modern information technology support structure and a national reference library dedicated primarily to intellectual property law. This system would involve the training of a relatively small group of judges and prosecutors to handle increasingly complex issues.’

The TRIPs agreement does not require of countries to create specialist courts for the enforcement of IP rights⁴⁹ but that does not mean that their creation does not require serious consideration. (We are not here concerned with other specialist IP tribunals that deal with registration and like issues.) A commission in South Africa chaired by Mr. Justice Hoexter, a few years ago, considered the creation of such courts but decided that they were not justified. His view, pithily expressed, is that although the subtleties of IP law are not for the mentally sluggish, they can be mastered by ordinary mortals; that the complexity of patent law resides not in grasping its principles but in arriving at the substratum of facts to which they have to be applied; and that specialization may lead to tunnel vision.⁵⁰

What cannot be disputed is that IP cases in the general court system ought to be diverted to judges with specialist knowledge of the subject. Practical knowledge is preferable but knowledge obtained during training sessions for judges should not be discounted. Although diversion is the practice in South African courts, it sometimes does not occur due to practical reasons. It is not hereby suggested that IP experts do not err – they do – but they are at least able to control the litigation and to steer practitioners with no understanding of the subject in more or less the right direction. Cases before experienced IP judges are shorter and cheaper than those run by novices.

IP lawyers do not have a monopoly on IP litigation and any advantage gained by having expert judges is often diluted when lawyers without a smattering of IP knowledge try their hand at an IP case.⁵¹ On the other hand, general trial lawyers who in ordinary practice conduct

⁴⁸ WIPO/CME/3.Prov para I.

⁴⁹ Art 41(5): ‘It is understood that this Part does not create any obligation to put in place a judicial system for the enforcement of intellectual property rights distinct from that for the enforcement of law in general, nor does it affect the capacity of Members to enforce their law in general. Nothing in this Part creates any obligation with respect to the distribution of resources as between enforcement of intellectual property rights and the enforcement of law in general.’

⁵⁰ Unpublished presentation at a conference of the Federal Circuit Bar Association, Amelia Island, Florida, May 2003.

⁵¹ Cf Michael Landau & Donald E Biederman ‘The case for a specialized copyright court: eliminating the jurisdictional advantage’ (1999) 21 *Hastings Communication & Entertainment LJ* 717. The authors give a number of examples in the USA and in England where lawyers and courts got copyright very wrong.

technical cases (building contracts, professional negligence etc) and have to deal with experts of all kind are often better than IP lawyers or technically trained lawyers in conducting IP trials even though it may take them longer to get a grip on the case. They are experts in court tactics and in examining witnesses.

Specialist IP courts are not always affordable or feasible. In a given country there may be a general lack of resources, a low IP case load and little IP expertise. A centralized IP court may make access to justice illusory. Sometimes common sense may be more important than expertise because it is a moot point of whether all IP work is specialist work. Can a judge, who can read, not see whether one book is a copy of another? Can a judge, who can hear, not find that one piece of music is a copy of another? And can a judge, who lives in a real world, not decide whether or not one trademark is confusingly similar to another?⁵²

(11) Judicial independence

Effective judicial enforcement requires an independent judiciary with moral authority. According to the South African Constitution the judicial authority is vested in the courts; they are independent and subject only to the Constitution and the law, which they must apply impartially and without fear, favour or prejudice. No person or organ of state may interfere with the functioning of the courts. Organs of state, through legislative and other measures, must assist and protect the courts to ensure the independence, impartiality, dignity, accessibility and effectiveness of the courts. An order or decision issued by a court binds all persons to whom and organs of state to which it applies.

To fulfil its constitutional role the judiciary needs public acceptance of its moral authority and integrity, the real source of its power. It is even more important that judges at all times seek to maintain, protect and enhance the status of the judiciary. To that end they should be sensitive to the ethical rules which govern their activities and behaviour both on and off the bench.⁵³

(12) The role of the judiciary in the enforcement of rights

Before turning to the role of the judiciary in enforcing IP rights, it is appropriate to consider its role in the enforcement of rights generally. As mentioned, IP rights have no special status, entitling them to special protection, or granting the rights holder special procedural privileges. They are ordinary (quasi) property rights.⁵⁴

At common law all persons are entitled to a fair hearing before an independent tribunal – something entrenched in constitutional democracies – and, consequently, an IP right holder is not in a stronger position than any other claimant nor is an IP defendant in a weaker position than any other defendant.⁵⁵ There is another dimension: merely because the rights

⁵² Many of the views expressed in this section have been formed during a conference on ‘Judicial capacity regarding intellectual property – enforcement and dispute settlement’ presented by IIPi, Washington DC, Sept 2002. The author expresses his thanks to all the speakers whose ideas have been used and whose ideas he found unconvincing.

⁵³ ‘Judicial ethics in South Africa’ 2000 *SALJ* 377. It contains the ethical guidelines for SA judges.

⁵⁴ The exact nature of these rights need not detain us.

⁵⁵ But see the ‘Directive of the European parliament and the council on measures and procedures to ensure the enforcement of intellectual property rights’ January 2003 for a different trend and the trenchant criticism of

holder is financially strong or a foreigner, and the counterfeiter a citizen eking out an existence, does not mean that the rights holder should procedurally be in a weaker position than the defendant.

In the common-law tradition judges are supposed to adopt a passive role.⁵⁶ This is especially true of civil litigation which is party driven. The parties define the issues between them; they gather the evidence; they decide which witnesses to call; they interrogate witnesses by examining and cross-examining them; and they are said to be ‘bound’ by the evidence of their witnesses. The court, on the other hand, may not investigate the issue itself and, in particular, it may not redefine the issues or call witnesses. One of the worst sin a judge can commit is to ‘descend into the arena’. Judges may not rely on outside advice or advisers (although they may sometimes appoint assessors)⁵⁷ and may only take judicial notice of facts that are notorious.

This all means that the role of the judge in enforcing rights can, with some justification, be described as formal and limited. There is, however, another view. We in South Africa were told, already in 1928,⁵⁸ that:

‘A criminal trial is not a game where one side is entitled to claim the benefit of any omission or mistake made by the other side, and a judge's position in a criminal trial is not merely that of an umpire to see that the rules of the game are observed by both sides. A judge or an administrator of justice, he is not merely a figure head, he has not only to direct and control the proceedings according to recognised rules of procedure but to see that justice is done.’

The same holds for civil litigation. Lord Denning once said that a judge is not a cricket umpire whose only function is to indicate when a player is out and who does not regulate the flow of the game.⁵⁹ The present author argued previously, in a different context,⁶⁰ the following:

‘If we look for the truth, do we look for the objective truth or do we look for a sanitised truth? Continental jurists believe that one should determine the ‘material truth’ or actual facts. In order to find this truth, the matter cannot be left in the hands of the [parties]. If it is, a skewed picture is presented to the court. Evidence, which is material, is not led. Agreements on fact do not reflect the true facts. In other words, our system permits the parties to determine the facts on which the court has to make a decision. Our judgments

[Footnote continued from previous page]

William R Cornish et al ‘Procedures and remedies for the enforcing IPRs: The European Commission’s proposed directive’ [2003] *EIPR* 447.

⁵⁶ This may be a relic from the jury system. The jury decided the facts and since the jurisdiction did not belong to the judge, the judge had to be passive.

⁵⁷ This power must have a statutory basis. An assessor is a lay member of the court and has, on factual issues, the same judging powers as a judge. See Peter Heerey ‘Expert evidence in intellectual property cases’ (1998) 9 *Australian IP Journal* 92. It seems possible in the US to appoint an expert as an independent tutor for the court who then performs the function of a law clerk for technological matters: Marvin J Garbis, paper read at International Judges’ Conference on IP Law, Washington DC, Oct 1999.

⁵⁸ *R v Hepworth* 1928 AD 265.

⁵⁹ *Jones v National Coal Board* [1957] 2 All ER 155 (CA) 159B.

⁶⁰ ‘Demystification of the inquisitorial system and international criminal courts’, a paper read at a conference on criminal procedure, Pretoria, October 2003.

are based on assumed facts; on part of the facts; on sanitised facts – make-belief, an Alice in Wonderland story. We formalise truth and we know it. On the other hand, it is a myth to believe that in any system the material truth can always or even usually be established. The process of finding ‘truth’ must also be reasonable, fair and cost-effective; truth must be found within a reasonable time; it must be presented within a trial of manageable proportions.’

Some judges stick to the orthodox approach, whether from philosophical or pragmatic⁶¹ considerations; others take a more active role in managing the proceedings, an art well developed within the US court system⁶² and something being practised by English patent judges. It does, however, require a measure of confidence.

(13) The role of the judiciary in the enforcement of IP rights

The role of the judiciary in the enforcement of IP rights should, for the reasons already given, be no different from its ordinary role. There are, nevertheless, some features of IP rights that may impact on the judge’s role in enforcement because a judge is not an automaton that, when fed with certain information, will spew out a predetermined result.

IP rights internationally and statutorily recognized rights and must be respected, irrespective of their exclusivity, and judges with an anti-monopolistic mindset should beware that it does not contaminate their attitude towards rights holders. Judges should be aware that IP litigation –

‘presents a significant direct link between judicial system performance and economic development. That is to say, the validity of intellectual property protection depends heavily on judicial system performance. . . . [F]or intellectual property rights to serve their purpose, effective judicial support is needed. . . . [A] right without a remedy turns out to be an expensive fantasy. When judicial support for these specialized rights is feeble, mobilization of that natural resource falters, with considerable losses to the country.’⁶³

Judges are not always aware. At an IP conference, it is said, judges from one country stated that they could not understand how pharmaceutical patents could be justified and judges from another felt that copyright protection for computer software was stopping children from learning.⁶⁴ Norman L Balmer⁶⁵ explains why they are wrong:

⁶¹ The cynic may argue that to be passive is easy and not stressful; one does not have to concentrate; make few decisions; blame it all on the lawyers; and no reprimands from courts of appeal.

⁶² But not practiced by all, as the statistics show.

⁶³ Robert M Sherwood ‘The economic importance of judges’, paper read at International Judges’ Conference on IP Law, Washington DC, Oct 1999. There are a number of studies on this aspect published by the World Bank and the International Finance Corporation.

⁶⁴ Reported: www.foundation.org.uk/801/27202.pdf. This perception is a common one: cf Lawrence Lessig’s ‘Free Culture’ and see Stephen Breyer ‘The uneasy case for copyright: a study of copyright in books, photocopies and computer programs’ 84 *Harvard LR* 281 (1970). For a response see Tyerman ‘The economic rationale for copyright protection for published books: a reply to Professor Breyer’ 18 *UCLA Law Rev* 1100 (1971).

⁶⁵ Paper read at International Judges’ Conference on IP Law, Washington DC, October 1999.

‘Just as a donkey will not chase after a carrot on a stick unless he is allowed to catch it once in a while, innovators will not invest in inventing, development, implementing and marketing new technology unless they believe the patent promise to be real. If innovators find that patents are only licences to spend money in pursuing court actions, patents will fail to fulfil their promise to stimulate innovation. Properly granted patents must inherently have respect. This respect is achieved by courts upholding properly granted patents, finding infringement where there is infringement and, most significantly, assessing substantial and appropriate damages. Prospective infringers should know that infringement does not pay.’

Exclusive rights are the exception, not the rule, and they need to be justified.⁶⁶ What this means in real life is that the party relying on the exclusivity of an IP right must bring itself within the strict rules governing the area.⁶⁷ Some of the rules, for instance those relating to establishing copyright, are said to be technical since a claimant is obliged to provide evidence to cover all the points necessary to establish ownership. These, for the uninitiated, can be a minefield.

The impression is often that IP enforcement is about a conflict between the strong and the weak, the rich and the poor. In civil enforcement it is seldom the case:

‘This is not a moral tussle between the good and the bad, the small and the large. It is a fight over profits by competitors.’⁶⁸

Some IP rights relate to technological areas, and few judges are technically trained – some also suffer from technophobia. The relevant technology may overawe the unskilled judge. If not properly instructed, the judge may misunderstand its impact and err easily. Unduly impressed, the judge may find rights that cannot be justified. It is probably fair to state as a general observation that the more inexperienced a judge is, the easier the judge will find merit in the alleged rights holder’s claim.⁶⁹

Technological development has the habit of outstripping legal development. The result is that judges have to apply ‘old’ laws to ‘new’ situations, laws adopted without the foresight of how technology will develop. Examples are the development of computer programs (before copyright laws were amended to provide for this)⁷⁰ and video games.⁷¹ Others, such as the

⁶⁶ *Wagamama Ltd v City Centre Restaurants Plc* [1995] FSR 713 (Ch D) 728–729 quoted in *Cadbury (Pty) Ltd v Beacon Sweets & Chocolates (Pty) Ltd* 2000 (2) SA 771 (SCA).

⁶⁷ Sometimes a ‘monopoly’ may exist in more than one field and sometimes sought in a field which was not intended for it. An example is the debate on design copyright where the SA court (*Klep Valves (Pty) Ltd v Saunders Valve Co Ltd* 1987 (2) SA 1 (A)) reached a conclusion different from that of the UK court (*British Leyland Motor Corp Ltd v Armstrong Patents Co Ltd* [1986] 1 All ER 850; (1986) 2 WLR 400 (HL)). The latter was pragmatic, the former dogmatic. The SA legislature has since intervened.

⁶⁸ Per Laddie J in *Boehringer Ingelheim KG v Swingward Ltd* [2000] FSR 529 para 9.

⁶⁹ As mentioned, it is true of juries and they are lay judges.

⁷⁰ *Northern Office Micro Computers (Pty) Ltd & Others v Rosenstein* 1981 (4) SA 123 (C); *Payen Components SA Ltd v Bovis CC & Others* 1995 (4) SA 441 (A).

⁷¹ *Golden China TV Game Centre v Nintendo Co Ltd* [1996] 4 All SA 667; 1997 (1) SA 405 (A): ‘As with many definitions in the [Copyright] Act and its antecedents, very wide terms have been employed. The only reason for this can be an intention to cover future technical innovations by using general words. Legislative inertia ought not to impede human ingenuity and the reasonable protection thereof.’

patenting of higher forms of life, raise not only legal but also ethical questions on which courts may reasonably disagree.⁷²

Determining the scope of rights often involves questions of interpretation and there is a difference in this regard between common and civil law: The common law, traditionally, is more literally minded than the civil law. An attempt to bridge the divide is to be found in the Protocol on Interpretation of art 69 of the European Patent Convention but even a document such as the Protocol does not cause courts to reach the same conclusion on the meaning of, say, patent specifications.⁷³ However, common law courts are becoming more flexible in their approach to interpretation.⁷⁴

Deciding the validity of rights often requires difficult value judgments: Is the trademark distinctive? Is the invention obvious? Is the defendant's work a copy of the plaintiff's? Is there equivalence between the claimed invention and the infringing article?⁷⁵ These judgments have to be made through the eye of the ordinary consumer, the typical artisan, etc.

(14) Litigation costs

The general common law rule is that the award of litigation costs are within the court's discretion.⁷⁶ This means that the court may order one party to pay the legal costs of the other. Generally, the unsuccessful party has to pay the costs of the successful party. It serves as a disincentive to proceed with litigation lacking merit. But a costs order does not recompense the successful party fully. The costs have to be taxed according to a tariff and the tariff more often than not bears little relationship to what lawyers actually charge their clients.

Costs of litigation under a common law procedure are substantially higher than in civil law litigation. The problem is not that easy to address since the form of litigation is a matter of legal culture and legal cultures are not readily subject to change.

Costs of IP litigation are higher still. It is said that a typical patent trial in the USA would cost between \$1m to \$3m. In a recent four-day trial in England on an 'apparently simple' infringement question the costs were £850 000.⁷⁷ As long ago as 1892 Lord Esher vented his irritation and it is useful to quote what he had said since it is as true then as now:⁷⁸

⁷² *Commissioner of Patents v President and Fellows of Harvard College* 2002 SCC 76; Grant of European patent No 0 169 672 (Onco-mouse/Harvard) (1992) OJ EPO 588; cf *Diamond v Chakrabarty* 447 U.S. 303 (1980). The Canadian court denied patentability whereas the US court accepted it. For the debate in Europe: Duncan Curley and Andrew Sharples 'Patenting biotechnology in Europe: The ethical debate moves on' [2002] *EIPR* 565. A similar ethical debate surrounds cloning and the patenting of embryonic stems cells. Also David Thomas and Georgina A Richards 'The importance of the morality exception under the European Patent Convention: The oncomouse case continues . . .' [2004] *EIPR* 97.

⁷³ B Sherman 'Patent Claim Interpretation: The Impact of the Protocol on Interpretation' [1991] 54 *Modern Law Review* 499.

⁷⁴ *Aktiebolaget Hässle v Triomed (Pty) Ltd* [2002] 4 All SA 138; 2003 (1) SA 155 (SCA).

⁷⁵ Cf *Festo Corp v Shoketsu Kinzoku Kogyo Kabuhiki Co Ltd* 122 S Ct 1831 (2002).

⁷⁶ The position in the USA is different. Special factors have to be present before attorneys' fees can be awarded to the other party.

⁷⁷ Noted in BJ Berwin's *Patentupdate* (Jan 2004).

⁷⁸ *Ungar v Sugg* [1892] RPC 113.

“It used to be said that there was something catching in a horse case: that it made the witnesses perjure themselves as a matter of course. It seems to me that there is something catching in a patent case, which is that it makes everybody argue, and ask questions to an interminable extent – a patent case with no more difficult question to try than any other case instead of lasting six hours is invariably made to last at least six days, if not twelve. I am sure there ought to be some remedy for it.’ (At 116.)
‘Well, then, the moment there is a patent case one can see it before the case is opened, or called in the list. How can we see it? We can see it by a pile of books as high as this [holding up the papers] invariably, one set for each Counsel, one set for each Judge, of course, and by the voluminous shorthand notes: we know “Here is a patent case.” Now, what is the result of all this? Why, that a man had better have his patent infringed, or have anything happen to him in this world, short of losing all his family by influenza, than have a dispute about a patent. His patent is swallowed up, and he is ruined. Whose fault is it? It is really not the fault of the law; it is the fault of the mode of conducting the law in a patent case. That is what causes all this mischief.’ (At 116-117.)

Charles Dickens even wrote a short story entitled ‘A Poor Man's Tale of a Patent’ on the subject.⁷⁹ More recently Lord Woolf proposed special remedial steps for England and Wales.⁸⁰ His suggestions have been accepted and new procedural rules for patent cases have been introduced.⁸¹ Experience in South Africa is that the problem is not limited to patent cases; it extends to IP litigation generally.⁸² The reasons are manifold and the solution is not simple.

Recently, the author asked of counsel why so many unnecessary documents were before court in the particular case and the answer was that the client insisted. The future of a whole business enterprise may depend on the economic value of a particular IP right and parties to the litigation are often involved in a mortal combat and no weapon is left unused. In the same case, for instance, where the recoverable damages were R10 000, the costs of one of the parties exceeded R600 000 and there is no reason to believe that the costs of the other party were less.

Practitioners, too, may be guilty of excesses, sometimes because they realise the importance of the matter for the client and they do not wish to run the risk of professional liability. Then there is the unpredictability of courts which has to be taken into account. What the practitioner may regard as a good point, the court may think is a bad point and vice versa, and so the practitioner tends to throw in all points, good or bad. In fairness, the practitioner is not the judge of the client’s case; at best he can offer advice.

Last and important, the nature of the subject matter of the case often determines costs. Technical experiments may be necessary, or public opinion surveys. Expert witnesses have to qualify themselves and have to spend an inordinate amount of time at court. Witnesses may have to travel from abroad, especially if the necessary scientific expertise is not readily

⁷⁹ It can be read at www.readbookonline.net/readOnLine/2530.

⁸⁰ This section of his report is to be found at <http://www.dca.gov.uk/civil/final/sec4d.htm>.

⁸¹ To be found at http://www.dca.gov.uk/civil/procrules_fin/pdf/practice_directions/pd_part63.pdf.

⁸² Eg *Blue Lion Manuf (Pty) Ltd v National Brands Ltd* 2001 (3) SA 884 (SCA): ‘A record of 720 pages and heads of argument totalling 57 pages have been placed before us in order to allow us to decide whether the wrapping of its coconut biscuits used by one manufacturer passes itself off as the wrapping of another manufacturer of similar biscuits.’

available. Discovery of documents, especially in some common law jurisdictions, has a major impact on costs.

Can courts play a role in limiting costs? The answer, as appears from the next section, is a qualified yes.

(15) Managing IP litigation

Mention has been made of the passive role of a judge in civil litigation in common law countries. That passivity, however, is or ought to be limited to taking over the parties' cases. It does not prevent a judge from managing the litigation:

'Fairness of court proceedings requires of the trier to be actively involved in the management of the trial, to control the proceedings, to ensure that public and private resources are not wasted, to point out when evidence is irrelevant, and to refuse to listen to irrelevant evidence. A supine approach towards litigation by judicial officers is not justifiable either in terms of the fair trial requirement or in the context of resources.'⁸³

Procedural court rules are a major restraint on judges. They quite often incorporate ample procedural rights, including long time limits, for the usually recalcitrant defendant. However, the rule are for the court and not the court for rules. In many common law countries the judge only becomes aware of the case when it is before court, ready for trial. Only then is the judge seized with the matter and can the judge take control.

The value of some of these procedural rights is being questioned and as a result rules of court are changing. The court of the Eastern District of Virginia, for instance, introduced what is colloquially known as the 'rocket docket' which enables it to complete all IP cases within 6-8 months. Mention has also been made of the implementation of the Woolf recommendations in England and Wales. South Africa is busy with a pilot programme, introducing a case flow management scheme. Although to be welcomed, there may be a downside. A recent experiment in one high court in South Africa involving the judiciary at an early stage had to be abandoned because, inter alia, costs skyrocketed. But it cannot be doubted that procedures have to be developed –

'which go further than existing ones in providing rapid resolution of disputes, with a strict timetable and a trial limited in time, and a fixed budget for costs.'⁸⁴

The object of such rules has to be to deal –
'with a case justly [which] includes handling it so as to ensure that, so far as is practicable, the parties are on an equal footing, and handling it in ways which are proportionate to the amount of money involved, the importance of the issues and the parties' financial position.'⁸⁵

⁸³ *Take & Save Trading CC v The Standard Bank of SA Ltd* (judgment of the SA Supreme Court of Appeal, March 2004. See www.law.wits.ac.za).

⁸⁴ Woolf report para 17 at <http://www.dca.gov.uk/civil/final/sec4d.htm>.

⁸⁵ *Ibid* para 16.

The problem with the ordinary common-law procedure is identified, ironically enough, in the the rule relating to a streamlined procedure in the English Patents Court Guide which was issued on 12 November 2003. A streamlined procedure is one in which (a) all factual and expert evidence is in writing; (b) there is no requirement of full disclosure of documents; (c) there are no experiments; (d) cross-examination is limited; and (e) the total duration of the trial is fixed in advance.

Although judges normally do not have the power to amend procedural rules because that has been reserved for some other body, they have at common law an inherent jurisdiction (which is now constitutionally entrenched in South Africa) to control proceedings in their courts, and they may make rulings to expedite and shorten matters. Without rules judges may, for instance, limit the scope of the trial; decide matters separately that may bring an early end to the proceedings; require of parties or experts to meet; limit the number of expert witnesses; request a summary of the technical evidence, and an agreed bundle of documents; limit cross-examination; limit the number of experts, etc. But most of this is only possible if the case is allocated to the court at an early stage, preferably not later than the commencement of proceedings.

(16) Rules of evidence

It is notorious that the common law has a body of rules of evidence which developed with jury trials in mind. Some kinds of evidence, it is believed, juries or judges should not hear because the evidence is inherently unsafe or unreliable. A typical example, which leads to longer trials, is the rule against hearsay. Clearly, hearsay is generally unreliable but it is not always and any sensible person is able to discern when reliance can be placed on hearsay and when not. Civil law judges have been able to handle the issue without rules and there is no reason why common law judges should not be able to do so.

Some common law countries, including South Africa, have taken legislative steps to remedy the situation but these have not been particularly successful.⁸⁶ As long as this body of law exists in its present form litigation will remain expensive. All relevant evidence ought to be admissible and it should be left the judiciary to determine whether it is credible or reliable.

(17) Legal remedies

At the end of the proceedings the court has to make an order that will do justice to the rights holder without doing an injustice to the infringer. Without effective legal remedies available, a court cannot enforce IP rights effectively. It is consequently necessary for the sake of completeness to consider them.

(18) Interim measures

TRIPs (art 50) provides:

'1. The judicial authorities shall have the authority to order prompt and effective provisional measures:

⁸⁶ The SA Law Reform Commission has a pending project relating to rules of evidence. The main issue, again, is the reform of the hearsay rule since its earlier reform has not been a success.

(a) to prevent an infringement of any intellectual property right from occurring, and in particular to prevent the entry into the channels of commerce in their jurisdiction of goods, including imported goods immediately after customs clearance;

(b) to preserve relevant evidence in regard to the alleged infringement.

2. The judicial authorities shall have the authority to adopt provisional measures *inaudita altera parte* where appropriate, in particular where any delay is likely to cause irreparable harm to the right holder, or where there is a demonstrable risk of evidence being destroyed.’

Common law jurisdictions comply with these requirements by providing for interim interdicts or injunctions and for so-called Anton Piller orders.

(19) Interim interdicts

One of the most important civil remedies for the breach of IP rights is the interim interdict pending the full ventilation of the dispute (usually at a trial) which in common-law countries it is referred to as a temporary or interim injunction. The interdict in South African law has its origin in Roman law and it differs somewhat from the common-law injunction.

The requisites for the right to claim an interim interdict are: (a) a prima facie right;⁸⁷ (b) a well-grounded apprehension of irreparable harm if the interim relief is not granted and the ultimate relief is eventually granted; (c) that the balance of convenience favours the granting of an interim interdict; and (d) that the applicant has no other satisfactory remedy. In view of the discretionary nature of an interim interdict these requisites are not judged in isolation and they interact.

Countries that tend to follow English precedents apply the *American Cyanamid*⁸⁸ test for determining the entitlement to an interim injunction: First, it must be established that there is a threatened or an apprehended injury; then, that there is a serious question to be tried; last, that the balance of convenience favours the grant of an injunction. The requirement of a serious question to be tried is not the same as that of a prima facie right, although the court must be satisfied that the claim is not frivolous or vexatious.⁸⁹

Apart from restoring the status quo and halting the allegedly infringing act, interim interdict proceedings usually provide parties with a preview of the opponent’s case. As a result, cases are often settled or concluded without a trial. Interim interdicts are cost effective because they are decided on affidavit.

⁸⁷ See, however, *Australian Broadcasting Corp v Lenah Game Meats* [2001] 185 ALR 1, 5: ‘when a plaintiff applies to the court for an interlocutory injunction, the first question counsel may be asked is: what is your equity? If a plaintiff, who has commenced an action seeking a permanent injunction, cannot demonstrate that, if the facts alleged are shown to be true, there will be a sufficiently plausible ground for the granting of final relief, then that may mean there is no basis for interlocutory relief.’ Case note in [2002] *MULR* 36 (Melbourne University Law Review).

⁸⁸ *American Cyanamid Co v Ethicon Ltd* [1975] AC 396 (HL). It has been adopted in Canada: *RJR-MacDonald Inc v Canada (AG)* [1994] 1 SCR 311 at 348; Australia: e.g. *Australian Coarse Grain Pool Pty Ltd v Barley Marketing Board of Queensland* (1983) 57 ALJR 425;

⁸⁹ *Beecham Group Ltd v B-M Group (Pty) Ltd* 1977 1 SA 50 (T).

From the vantage point of the judiciary, there is often the temptation to grant interim relief provided the claimant provides some security without considering whether the claimant's claim has any validity at all. This is not justifiable.⁹⁰ An interim interdict has far-reaching commercial consequences and it is seldom that the innocent respondent will be able to prove or recover its loss. A court always has a wide discretion to refuse an interim interdict even if the requisites have been established. This means that the court is entitled to have regard to a number of disparate and incommensurable features in coming to a decision, and not that the court has a free and unfettered discretion. The discretion is a judicial one which must be exercised according to law and upon established facts. The refusal of an interim interdict can be appealed, its grant cannot.

(20) Anton Piller orders:⁹¹

It is an order directed at the preservation of evidence. The need to attach and preserve evidence for trial purposes has grown to such an extent that Anton Piller orders are used, not only in the various branches of intellectual property law, but in general. An Anton Piller is sought by way of an *ex parte* application *in camera*.

To obtain the order an applicant must *prima facie* establish that: (a) it has a cause of action against the respondent that it intends to pursue; (b) the respondent has in its possession specific (and specified) documents or objects that constitute vital evidence in substantiation of the applicant's cause of action; and (c) there is a real and well-founded apprehension that this evidence may be hidden or destroyed or in some manner spirited before discovery or by the time the case comes to trial.⁹²

Courts have to ensure that the procedure is not used indiscriminately or as an instrument to harass defendants. To prevent abuse courts insist on safeguards. These may include an explanatory notice to the respondent and the presence of both a supervising attorney and the sheriff at execution. Where the execution of the order is seriously flawed the court may show its displeasure by setting the order aside. On the other hand, a respondent who does not comply with an Anton Piller order is in contempt of court.

(21) Final interdict

An interdict is final if the court order is based on a final determination of the rights of the parties to the litigation. The normal way to apply for the grant of a final interdict is by way of action but it may be granted on application if no bona fide factual dispute exists.

The requisites for the right to claim a final interdict are: a clear right; an injury actually committed or reasonably apprehended; and the absence of similar protection by any other ordinary remedy.

It is the last requirement that needs some elucidation. In general, an applicant will not obtain an interdict if it can obtain adequate redress through an award of damages. The choice

⁹⁰ Cf *Series 5 Software v Clarke* [1996] FSR 273.

⁹¹ LTC Harms *Interdicts* in 11 *The Law of SA* (first re-issue) para 328. What follows sets out the SA common law. Much of this is now covered by the provisions of the Counterfeit Goods Act discussed above.

⁹² *Shoba v Officer Commanding* 1995 4 SA 1 (A) 15G-J.

between an interdict and an action for damages involves the exercise of the court's discretion. In exercising it the court will, as a general rule, have regard to whether: an action for damages provides ample compensation; the injury is one which is capable of being estimated in money; and, importantly, the claim for damages does not in fact compel the applicant to part with his rights. Because of the last consideration, final interdicts are granted as a matter of course (if the claimant has otherwise established its entitlement) in IP cases in South Africa. Otherwise it would amount to granting the defendant a compulsory licence.⁹³ It is nevertheless foreseeable that in, say, pharmaceutical patent cases, where public health concerns or the constitutional rights to health care arises, a court may have to consider whether or not to leave the rights holder to a damages claim instead of a final interdict.

In English law, for instance, the court has a general discretion to award damages in substitution for an injunction.⁹⁴ The issue has already arisen in copyright cases but it seems to an outsider that the approach of the English courts in this regard is no different from the South African approach set out earlier: a party is not to be denied its rights through the exercise of a discretion unless there are special circumstances present.⁹⁵

(22) Damages

TRIPs (art 45) provides in this regard:

- '1. The judicial authorities shall have the authority to order the infringer to pay the right holder damages adequate to compensate for the injury the right holder has suffered because of an infringement of that person's intellectual property right by an infringer who knowingly, or with reasonable grounds to know, engaged in infringing activity.
2. The judicial authorities shall also have the authority to order the infringer to pay the right holder expenses, which may include appropriate attorney's fees. In appropriate cases, Members may authorize the judicial authorities to order recovery of profits and/or payment of pre-established damages even where the infringer did not knowingly, or with reasonable grounds to know, engage in infringing activity.'

This recognises the fact that the measure for damages in the case of the infringement of IP rights is often to be found in the relevant IP statute and that the law of each country may make the payment of damages dependent on knowledge of infringement or on negligence. Unless a statute provides otherwise, the ordinary rules of law that determine the quantification of damages for statutory wrongs apply. This was explained by the South African Appeal Court in these terms:

'Since the wrong is a species of delict, the measure will be delictual; it will be aimed at compensating the proprietor for his patrimonial loss, actual or prospective, sustained through the infringement.'⁹⁶

⁹³ There is authority to this effect in Canada: *R v James Lorimer & Co* [1984] 1 FC 1065 (CA) 1073.

⁹⁴ Supreme Court Act 1981 s 50.

⁹⁵ For a discussion of the case law: Gwilym Harbottle 'Permanent injunctions in copyright cases: When will they be refused?' [2001] EIPR 154.

⁹⁶ *Omega Africa Plastics (Pty) Ltd v Swisstool Manufacturing Co (Pty) Ltd* 1978 (3) SA 465 (A) 471.

In the mentioned consultative document of the WIPO it was pointed out that, in the majority of Member States, the ordinary civil courts have difficulty in determining compensation for infringements of patent rights.⁹⁷ The problem is not limited to ‘ordinary civil courts’ – specialist IP courts are probably less qualified to determine questions relating to damages. And in the USA there is a right to a jury trial to quantify damages.⁹⁸ The problem is also not peculiar to patent or other IP litigation. In many fields (such as damages for personal injuries, professional negligence, loss of profit and the like) quantification is a problem not only for the judiciary but also for the parties (who have to present proof of damages suffered). In spite of the burden of proof, courts have a duty to assess damages even if it means that they have to make an estimate. The claimant has a duty to adduce the best available evidence of quantum and if that has been done, the court must apply the best estimate rule.⁹⁹ Unfortunately one finds quite often that the claimant grossly over-estimates the size of its loss with disastrous litigation costs consequences.¹⁰⁰

As an IP right is income earning, the measure of damage is typically the loss of profits the proprietor sustained in respect of those infringing articles that he could and would have made and sold. Loss of profit is usually due to the fact that the owner sells fewer products, charges lower prices in order to compete with the infringer or has increased production costs.¹⁰¹ What a claimant ordinarily has to prove is (a) the extent of the infringement (usually the quantity of infringing articles sold); (b) the proportion of them that the claimant could and would have sold but for the infringement; and (c) the profit the claimant would have made on the sale of those articles.¹⁰² Sometimes the rights holder does not market the goods but holds the rights as negative rights; sometimes the right relates to something that is not sold, such as a manufacturing method. In these cases the matter becomes even more complicated.

It has been said that pre-established or statutory damages might offer
‘an alternative and perhaps more effective way to compensate right holders and . . .
provide them with an expedient and economical way to prove and recover the damage
suffered through counterfeiting and piracy.’¹⁰³

Some lawgivers in an attempt to assure that rights holders receive their just recompense have done just that. These measures are not always a success and may in any particular case lead to the over- or under-compensation of the plaintiff. For instance, the US Copyright Act (s 504(c)) gives the court a discretion to award a plaintiff up to \$30 000 with respect to one copyrighted work and \$150 000 if the court finds that the infringement was wilful. In the Napster case one commentator estimated that Napster’s potential liability could have been as much as \$7,5 trillion.¹⁰⁴ In *Playboy Enterprises Inc v San Filippo* the plaintiff sought, using the formula, damages of \$285m for the sale of a few thousand CD’s with infringing

⁹⁷ WIPO/CME/3.Prov para I.

⁹⁸ *Feltner v Columbia Pictures Television Inc* (1998) 118 SC 1279.

⁹⁹ SA: *De Klerk v Absa Bank Ltd* [2003] 1 All SA 651 (SCA); England: *Chaplin v Hicks* [1911] 2 KB 786; Canada: *Penvidic Contracting Co. Ltd. v. International Nickel Co. of Canada Ltd* (1975) 53 DLR (3d) 748.

¹⁰⁰ *Omega Africa Plastics (Pty) Ltd v Swisstool Manufacturing Co (Pty) Ltd* 1978 (3) SA 465 (A); *General Tire v Firestone* [1976] RPC 197; *Celanese International Corp v BP Chemicals Ltd* 1999 RPC 203.

¹⁰¹ John W Schlicher *Patent law: Legal and economic principles* § 9.04.

¹⁰² *Omega Africa Plastics (Pty) Ltd v Swisstool Manufacturing Co (Pty) Ltd* 1978 (3) SA 465 (A) 472. For the position in England: *Gerber v Lectra* [1995] RPC 383.

¹⁰³ ‘Synthesis of issues concerning difficulties and practices in the field if enforcement’ WIPO/CME/3 para 55.

¹⁰⁴ Doug Isenberg ‘Why the music industry must settle with Napster’ at GIGALAW.com.

photographs, and the court awarded \$3,7m.¹⁰⁵ On the other hand, in a recent IP related case, which dealt with plant breeders' rights in South Africa, the maximum the plaintiff could recover, in the absence of other evidence, was the prescribed R10 000 or about \$1 500.¹⁰⁶

There is a downside to pre-estimated damages. Prescribed amounts seldom keep track with inflation and it is difficult if not impossible to determine in advance an amount of damages that will be fair to both parties. It also raises the question of the function of civil remedies. Some seem to believe that civil remedies should also deter parties from infringing IP rights.¹⁰⁷ From a legal philosophical point of view it is not easy to subscribe to this. Deterrence is a function of criminal law; the function of civil law is to restore a balance – the imbalance caused by a wrong must be put right. In other words, as a general principle, a party wronged civilly cannot claim to be put in a better position than if the wrong had not been committed. Philosophical considerations often have to yield to practical ones, however, and if the new 'principle' becomes one of general application there can be not much objection to it. Punitive damages are in some common-law jurisdictions common against a deliberate infringer who has behaved in a particularly appalling manner.¹⁰⁸ In Canada, it is said, the range was during 1997 between \$20 000 and \$ 50 000 but in an instance where of the disregard of interlocutory injunction the award was \$15m.¹⁰⁹

Another device is to permit the plaintiff to claim a notional royalty from the defendant. The US Patent Act, for instance, provides that a claimant is entitled to damages that are not less than a reasonable royalty.¹¹⁰ In South African law until legislative intervention a reasonable royalty was not an option because the underlying principle of general application is that a plaintiff is only entitled to recover its actual loss because that is its damages. In order to succeed, a plaintiff is obliged to prove what in commercial practice a reasonable royalty rate is while in some industries licensing is uncommon and it is difficult to determine such a rate.

The profit made by the defendant is also seldom equivalent to the plaintiff's loss. Some common law jurisdictions allow a claimant to claim the infringer's loss by means of an account of profits. The defendant is treated as if it conducted its business on behalf of the rights holder. The claimant has to make an election between this remedy and claiming its actual loss.¹¹¹ The maximum payment that can be ordered is the total profit made by the defendant.¹¹² But then it remains necessary to prove causation, ie, that the profit was made as a result of the infringement. This remedy is not available in South Africa.¹¹³

Typical in common law countries is a provision in copyright laws that provides for additional damages. Section 24(3) of the South African Act, for example, provides:

¹⁰⁵ (1998) 46 USPQ 2d 1350 (SD Cal).

¹⁰⁶ *Keith Kirsten's (Pty) Ltd v Weltevrede Nursery (Pty) Ltd and another* [2002] 3 All SA 624 (C); 2002 (4) SA 756 (C). The plaintiff lost on appeal.

¹⁰⁷ The issue was raised by some member states: 'Synthesis of issues concerning difficulties and practices in the field of enforcement' WIPO/CME/3 para 21-24, 54.

¹⁰⁸ David Vaver *Intellectual Property Law* (1997) 263.

¹⁰⁹ Set aside on appeal on other grounds. David Vaver *Intellectual Property Law* (1997) 263.

¹¹⁰ 35 USC § 284.

¹¹¹ *Monsanto Canada Inc v Schmeiser* 2004 SCC 34 (Canadian Supreme Court).

¹¹² In England: *Celanese International Corp v BP Chemicals Ltd* [1999] RPC 203 218 et seq. In Canada: *Imperial Oil v Lubrizol* [1996] 71 CPR (3d) 26.

¹¹³ *Montres Rolex SA v Kleynhans* 1985 (1) SA 55 (C).

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

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

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

To date it has found very little application¹¹⁴ and is not regarded as permitting punitive or exemplary damages.¹¹⁵ US law, which is not typical in this regard, permits a court to increase the award up to three times the actual damages.¹¹⁶

(23) Conclusion

This broad overview attempts to show that the judiciary in a developing country, operating under common-law procedures, is able to enforce IP rights effectively within existing structures and rules. The fact that the South African judiciary has been able and willing to give effect to IP rights and the country’s international obligations, it is submitted, has given an added impetus to investment, both foreign and local, and a high level of IP activity. There is scope for improvement, no doubt, especially in relation to court access, simplified procedures and case management. The judiciary can take a more active and lead role although it has all along been intimately involved in the statutory advisory committee on IP, especially by chairing it and by being involved in drafting recommendations to government. Complacent it cannot be and broadly based continuous judicial training especially in the IP field, which is presently in the making, is necessary.

The comparative exercise points to the fact that, within the common-law based countries, there are few differences that are of any moment when it comes to IP enforcement. There appears to be a realisation that IP rights are important and that special procedures and special remedies are sometimes called for. Although much has been done to curb litigation costs, more must be done.

Because of the universality of IP rights, judges are becoming more and more aware of the fact that they are judging an issue that is of more than parochial interest; indeed, every IP judgment has international ramifications and the world – legal and commercial – keeps looking over the judge’s shoulder, evaluating the performance, keeping score, and making important financial decisions in the light thereof.

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¹¹⁴ *Priority Records (Pty) Ltd v Ban-Nab Radio and TV* 1988 (2) SA 281 (D) 292-294; *SA Music Rights Organization Ltd v Trust Butchers* 1978 (1) SA 1052 (E) 1057-1058.

¹¹⁵ *CCP Records Co (Pty) Ltd v Avalon Record Centre* 1989 (1) SA 445 (C) 449-450.

¹¹⁶ Eg 35 USC § 284.