

SOUTH AFRICA / JUDGMENT

Gallo Africa Ltd and Others v Sting Music (Pty) Ltd and Others (40/2010) [2010] ZASCA 96; 2010 (6) SA 329 (SCA); [2011] 1 All SA 449 (SCA); 2010 BIP 256 (SCA) (3 September 2010)

[2010] ZASCA 96

COURT

Supreme Court of Appeal

BEFORE

Harms, Nugent, Lewis, Ponnann, Cachalia

CASE / FILE NUMBER

40/2010

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THE SUPREME COURT OF APPEAL

REPUBLIC OF SOUTH AFRICA

JUDGMENT

Case No: 40/2010

In the matter between:

GALLO AFRICA LIMITED First Appellant

GALLO LICENSING (PTY) LIMITED Second Appellant

MAVUTHELA MUSIC COMPANY (PTY) LIMITED Third Appellant

SM PUBLISHING (PTY) LIMITED Fourth Appellant

ROBERT IAN VON MEMERTY Fifth Appellant

and

STING MUSIC (PTY) LIMITED First Respondent

JT WHOLESALE (PTY) LIMITED Second Respondent JT PUBLISHING Third Respondent

JOHAN (“JOE”) THERON Fourth Respondent

PATRICIA THEMBI NYANDENI Fifth Respondent

GERTRUDE (TODD) TWALA Sixth Respondent

Neutral citation: Gallo Africa v Sting Music (40/10)

[2010] ZASCA 96 (3 September 2010)

Coram: Harms DP, Nugent, Lewis, Ponnann and Cachalia JJA

Heard: 17 August 2010

Delivered: 3 September 2010

Summary: Copyright – jurisdiction – South African court has no jurisdiction to hear copyright infringement claims in respect of foreign copyright – fact that defendant an incola irrelevant.

ORDER

On appeal from: South Gauteng High Court (Johannesburg) (Makhanya J sitting as court of first instance):

The appeal is dismissed with costs, including the costs of two counsel.

HARMS DP (NUGENT, LEWIS, PONNAN and CACHALIA JJA concurring)

- [1] This appeal relates to the jurisdiction of a high court to decide matters relating to foreign copyright. The issue was raised by way of exception by the six defendants, the present respondents. The high court upheld the exception, finding that a local court does not have jurisdiction. This court granted leave to appeal after leave had been refused by the court of first instance (Makhanya J).
- [2] The five plaintiffs (the appellants) issued summons against the defendants in the South Gauteng High Court. They alleged that they were (by assignment or as original authors) the owners of copyright works consisting of musical and literary works which make up a musical known as 'Umoja'. They further alleged that the defendants had infringed their copyright by performing whole or part of Umoja, by making recordings and cinematograph films thereof, and by having it broadcasted.
- [3] Infringement, the plaintiffs said, had taken place in South Africa since 2001. That is the uncontentious part of the claim and is based on the provisions of the Copyright Act 98 of 1978.
- [4] The contentious part of the particulars of claim relates to the allegation that the defendants have also committed acts of infringement in a large number of other countries, 19 in all, from Japan in the east to the USA in the west. It is important to stress that in relation to these infringements the plaintiffs did not rely on our Copyright Act but on the copyright laws of each of these countries. The particulars in relation to each country are in similar terms and it would suffice if one country, say, the United Kingdom, is given as an example. The particulars state the following (albeit not in these terms or sequence): the plaintiffs are the

authors or owners by assignment of the relevant copyrights for purposes of the UK Copyright Act; these rights exist by virtue of the UK Act; the copyrights have not expired due to lapse of time; they have been infringed; and the plaintiffs accordingly are entitled to claim an injunction, damages and/or royalties to which they would be entitled in terms of the UK Act.

- [5] The exception by the defendants raised the question of jurisdiction squarely. It stated that proceedings for infringement of copyright instituted in a local court may only be founded on the provision of our Copyright Act and that in so far as the plaintiffs seek to apply the relevant copyright legislation of foreign states their claim is bad. As mentioned, the court below upheld the exception and set aside the particulars of claim to the extent that they are based on copyright legislation of other countries.
- [6] Jurisdiction means the power vested in a court to adjudicate upon, determine and dispose of a matter. Importantly, it is territorial.¹ The disposal of a jurisdictional challenge on exception entails no more than a factual enquiry, with reference to the particulars of claim, and only the particulars of claim, to establish the nature of the right that is being asserted in support of the claim. In other words, jurisdiction depends on either the nature of the proceedings or the nature of the relief claimed or, in some cases, on both. It does not depend on the substantive merits of the case or the defence relied upon by a defendant.²
- [7] The plaintiffs argued that the high court had jurisdiction to hear the foreign infringement claims because (a) the relief sought, namely interdicts and damages, are within the high court's competence; (b) the plaintiffs are incolae of the court below; (c) the defendants are domiciled or resident in South Africa and within the jurisdiction of the court below;
- (d) s 19(1)(a) of the Supreme Court Act 59 of 1959 confers jurisdiction on a high court 'over all persons residing or being in its area of jurisdiction; (e) a court can grant an effective interdict against someone residing within its jurisdiction; and
- (f) a court can determine through expert evidence what the relevant foreign law is. Some point was also made in relation to the inconvenience of an incola who has to sue in 20 jurisdictions.
- [8] In so far as point (b) is concerned, the domicile of the plaintiff never determines jurisdiction and, as to point (f), a court does not necessarily require evidence of foreign law – it may take judicial notice of foreign law 'in so far as such law can be ascertained readily and with sufficient certainty'.³ The inconvenience of having to sue in multiple jurisdictions can also be discounted at this early stage because the rule of jurisdiction

for which the plaintiffs contend would also apply in the case of a single infringement by a local incola committed in another country; and the plaintiff may not even be an incola. This is illustrated by the facts in *Lucasfilm Ltd v Ainsworth*

[2009] EWCA Civ 1328, a judgment of the Court of Appeal (England and Wales).

[9] The defendants relied heavily on the judgment in that case in which the plaintiff, a US corporation, sued an incola of the UK for a breach of American copyright. The acts were committed in the UK but were considered for purposes of US law to have been committed in the USA. The court refused to entertain the matter, holding that UK courts do not have jurisdiction to hear such a case. I shall revert to this judgment. Although our law relating to jurisdiction is based on Roman-Dutch law as amplified by statute, and not on English common-law this judgment is important because it is recent and also dealt with the issue comprehensively and from a wider perspective. I accordingly do not intend to repeat everything said in that judgment.

[10] Section 19(1)(a) of the Supreme Court Act provides that a high court has jurisdiction ‘over all persons residing or being in and in relation to all causes arising . . . within its area of jurisdiction and all other matters of which it may according to law take cognizance.’ The section has a long history, which need not be related. However, our courts have for more than a century interpreted it to mean no more than that the jurisdiction of high courts is to be found in the common law.⁴ For purposes of effectiveness the defendant must be or reside within the area of jurisdiction of the court (or else some form of arrest to found or confirm jurisdiction must take place). Although effectiveness ‘lies at the root of jurisdiction’ and is the rationale for jurisdiction, ‘it is not necessarily the criterion for its existence.’⁵ What is further required is a ratio jurisdictionis.⁶ The ratio, in turn, may for instance be domicile, contract, delict and, relevant for present purposes, *ratione rei sitae*. It depends on the nature of the right or claim whether the one ground or the other provides a ground for jurisdiction. Domicile on its own, for instance, may not be enough. As Forsyth (p 164) rightly said:

‘First there is the search for the appropriate ratio jurisdictionis; and then the court asks whether it can give an effective judgment. . . . [and] neither of these is sufficient for jurisdiction, but both are necessary for jurisdiction.’

[11] The point may be illustrated with reference to *Eilon v Eilon* 1965 (1) SA 703 (A). It was a marital dispute. This court held that since the defendant was not domiciled in South Africa, local courts had no jurisdiction to grant a divorce. However, since he was resident in the country a local court had jurisdiction to grant a judicial

separation. A claim for maintenance, being one *ad pecuniam solvendam*, was permitted because such an action is justiciable where the defendant resides. The claims in relation to property situated in South Africa were also justiciable. However, in relation to the claims relating to property situated in Israel, the court held, South African courts had no jurisdiction. The reason was that in relation to real actions directly raising the title of property the *forum rei sitae* has exclusive jurisdiction.⁷ The court rejected the view that the court of the defendant’s domicile had any jurisdiction to determine the rights to immovable

property situated in Israel. (At 726H-727B.)

[12] It may be mentioned that this rule does not necessarily apply in respect of immovable property situated within South Africa because a distinction is drawn between the jurisdiction of country state courts and that of South African high courts.⁸ The detail is not germane for present purposes.

[13] The position is not necessarily the same for movables. Although the *forum rei sitae* has, in principle, jurisdiction, this jurisdiction is not necessarily exclusive and the court of the domicile of the defendant may also have jurisdiction. This explains, to the extent that it is necessary, the judgment in *Metlika Trading Ltd v Commissioner SA Revenue Services* 2005 (3) SA 1 (SCA). It dealt with a movable, an aircraft, belonging to an *incola*. This court held that a local court had by virtue of that fact jurisdiction to grant an interdict in *personam* relating to the use of the aircraft which was overseas. The discussion relating to effectiveness did not impact on this part of the reasoning.

[14] For purposes of, *inter alia*, jurisdiction in respects of incorporeals our law (like many others), and in spite of possible dogmatic flaws, also distinguishes between movable and immovable incorporeals.⁹ The *situs* of an intangible 'is to be found where the intangible can be effectively dealt with'.¹⁰ Therefore, and by analogy with movable corporeals, the *forum domicilii* has jurisdiction in relation to incorporeals.¹¹ And in relation to immovables the rule laid down in *Eilon* would apply.

[15] Intellectual property rights (IPRs) are territorial in nature.¹² As Prof Alexander Peukert explains in a forthcoming publication:¹³

'To begin with, one has to distinguish different aspects of "the" territorial principle in IP. Its fundamental objective dimension means that an IP right is limited to the territory of the state granting it. The exclusive right can only cover activities occurring within the respective territory. No intangible subject matter is protected by one uniform right covering the whole world. Instead, technical inventions, works of literature and arts, signs, etc. are subject to a bundle of possibly more than 150 territorial rights of national or regional provenance. These rights are independent from each other so that an invention, work, etc. may be protected in one country, but in the public domain in another. . . . A comparative study reveals that this objective territoriality has long been accepted in the EU, its Member States like Germany or the Netherlands, other European countries like Switzerland, common-law countries around the globe, Japan, and not least the U.S.'

[16] Territoriality applies to registered IPRs such as patents¹⁴ and trademarks.¹⁵ It also applies to unregistered rights. For instance, well-known unregistered trademarks are entitled to local protection by virtue of art 6bis of the Paris Convention for the Protection of Industrial Property provided they are locally well known.¹⁶ A comparable instance is goodwill – the plaintiff must have a reputation within the area of jurisdiction of the court.¹⁷

[17] The same applies to copyright.¹⁸ That the plaintiffs appreciated this fact appears from the particulars of claim where the right to copyright and infringement was defined with reference to the laws of each particular jurisdiction. As McEwan J said in relation to the South African copyright in a work authored by an Indian national in India:

‘those rights are property in the Republic created by an Act of the South African Legislature.’¹⁹

The same would, obviously, apply to copyright in the UK.

[18] The Berne Convention for the Protection of Literary and Artistic Works does not affect the position.²⁰ It rests on three basic principles, namely national treatment, automatic protection and independence of protection. National treatment refers to the principle that works originating in one of the contracting states (that is, works the author of which is a national of such a state or works which were first published in such a state) must be given the same protection in each of the other contracting states as the latter grants to the works of its own nationals. Automatic protection means that copyright protection may not be conditional upon compliance with any formality. And independence of protection signifies that copyright protection is independent of the existence of protection in the country of origin of the work. It should also be borne in mind that the convention does not form part of our law but merely places international obligations on governments that have acceded to it. This means that the convention is not directly justiciable in our courts.²¹

[19] This leads ineluctably to the conclusion that IPRs, including copyright, are immovable intangibles and that, according to the principle accepted in *Eilon*, local courts do not have jurisdiction in respect of foreign copyright issues. In addition, the fact that a work was created in this country is beside the point for present purposes.

[20] The conclusion finds support in Antipodean jurisprudence. In *Potter v Broken Hill Pty Company Ltd* [1906] HCA 88 the High Court of Australia had occasion to consider whether a patentee could institute action in the Supreme Court of Victoria by the appellant against a company incorporated and registered in Victoria for the infringement in New South Wales of a New South Wales patent. In order to determine whether the court in Victoria had jurisdiction the High Court considered the nature of the patentee’s right. The court held that a patent right was incorporeal personal property and that since a patent monopoly has no effective operation beyond the territory of the state under whose laws it is granted and exercised ‘it partakes of the nature of an immoveable as distinguished from a moveable’. Because of this the court held that the *forum rei sitae* had exclusive jurisdiction to decide cases relating to patent infringement. The analogy has been extended to copyright by courts in Australia and New Zealand.²²

[21] The fact that copyright exists without registration is without consequence. Prof Austin explained that

‘intellectual property rights exist at the sufferance of the domestic sovereign. With respect to patents and trade marks, whose existence depends on bureaucratic action, this characterisation is fairly clear. Individual copyrights do not depend on state action to come into existence. However, individual domestic copyright statutes still define the circumstances in which copyrights come into existence and the nature and content of authors’ rights.’²³

The first sentence requires some modification. As was mentioned in *Lucasfilm*,²⁴ ‘[s]overeignty in any realistic sense does not come into’ registered rights. There is no difference between the grant of a trading licence and a patent or trade mark registration. They are all bureaucratic acts by administrative staff in terms of generally applicable laws. Copyright, which does not involve administrative intervention, exists naturally by virtue of local legislation.

[22] *Lucasfilm*, as mentioned, dealt with exactly the same issue that concerns this court. Although UK courts had personal jurisdiction, the question was whether they had subject-matter jurisdiction, ie, whether there was a *causa jurisdictionis*. It is not necessary to traverse all the reasoning which led the court to the conclusion that a UK court did not have jurisdiction to decide a matter involving the infringement of foreign copyright. For present purposes it suffices to point out that the court applied a jurisdiction rule applicable to immovables, which is for all intents and purposes the same as the rule in *Eilon*, to copyright. The rule derives from *British South Africa v Companhia de Moçambique*

[1893] AC 602 in which the House of Lords drew a distinction between ‘matters which are transitory and those which are local in nature’, holding that English courts did not have jurisdiction over the latter.²⁵ In this regard it mentioned that its approach coincided with the position under Roman law (at 623-624).

[23] The rule was affirmed in *Hesperides Hotels v Aegean Turkish Holidays* [1979] AC 508 where the rule was said to be that an English court has no jurisdiction to entertain an action for (1) the determination of the

title to, or the right to the possession of, any immovable situate out of England (foreign land); or (2) the recovery of damages for trespass to such immovable.²⁶

[24] Although *Laddie J27* was not prepared to accept that it was correct to describe IPR as immovables and although the court in *Lucasfilm* did not in so many terms mention that copyright is an incorporeal immovable, such a finding is a necessary corollary of the ratio of this judgment in the context of our law, which is a fusion of Roman and Germanic law.²⁸

[25] The court in *Lucasfilm* also had regard to practical considerations as to why a local court should not exercise jurisdiction over foreign copyright.²⁹ In other words, the court was able to justify its conclusion not only on principle but also on the grounds of convenience and common

sense.³⁰ These considerations include the fact that enforcement may involve a clash of the IP policies of different countries; that extra-territorial jurisdiction involves a restraint on actions in another country – an interference which prima facie a foreign judge should avoid; and that it will create too much room for forum-shopping. In addition,³¹

‘it is quite clear that those concerned with international agreements about copyright have refrained from putting in place a regime for the international litigation of copyrights by the courts of a single state. . . . A system of mutual recognition of copyright

jurisdiction and of copyright judgments could have been created but it has not.’

Plaintiffs’ counsel did not even attempt to refute the validity of any of these propositions.

[26] It follows that the appeal must be dismissed with costs, including the costs of two counsel, and it is so ordered.

L T C HARMS

DEPUTY PRESIDENT

APPEARANCES

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1 Ewing McDonald & Co Ltd v M&M Products Co [1990] ZASCA 115; 1991 (1) SA 252 (A) 256G-H.

2 Makhanya v University of Zululand 2010

(1) SA 62 (SCA) paras 28-36 and 54 read with Estate Agents Board v Lek 1979 (3) SA 1048 (A) 1063F-G, Steytler NO v Fitzgerald 1911 AD 295 at 314-315, 346-347 and Gcaba v Minister for Safety and Security 2010 (1) SA 238 (CC).

3 Law of Evidence Amendment Act 45 of 1988 s 10(1).

4 "> 4 C F Forsyth Private International Law 4 ed p 167 fn 64 and 65 for the cases.

4 C F Forsyth Private International Law 4 ed p 167 fn 64 and 65 for the cases.

5 Ewing McDonald & Co Ltd v M&M Products Co [1990] ZASCA 115; 1991 (1) SA 252 (A) 259D-E, 260B-E.

- 6 Veneta Mineraria spa v Carolina Collieries (Pty) Ltd 1987 (4) SA 883 (A) 893E-894B.
- 7 These rules are based on Voet 5.1.77. See Rosa's Heirs v Inhambane Sugar Estates Ltd 1905 TH 11; Welgemoed and another NNO v The Master 1976 (1) SA 513 (T) 522.
- 8 Hugo v Wessels 1987 (3) SA 837 (A) 851D-F, 856H-I.
- 9 Francois du Bois (ed) Wille's Principles of South African Law 9 ed pp 412-413, 419-425 (2007); C G van der Merwe Sakereg 2 ed pp 36-47 (1989).
- 10 Spier Estate v Die Bergkelder Bpk 1988 (1) SA 94 (C) 98G-J. Graham Austin Private International Law And Intellectual Property Rights: A Common Law Overview para 36 available electronically at www.wipo.int.
- 11 MV Snow Delta: Serva Ship Ltd v Discount Tonnage Ltd 2001 (4) SA 746 (SCA) paras 9-14.
- 12 Cornish & Llewelyn Intellectual Property 5 ed p 26 (2003).
- 13 Territoriality and Extraterritoriality in Intellectual Property Law electronically available at <http://ssrn.com>.
- 14 Norbert Steinhardt & Sons Ltd v Meth
- [1961] HCA 33 para 7 (Australia); Plastus Kreativ v 3M [1995] RPC 438 447 (UK); Voda v Cordis Corporation
- [2007] USCAFED 29; 476 F.3d 887 (USA).
- 15 Victoria's Secret Inc v Edgars Stores Ltd [1994] ZASCA 43; 1994 (3) SA 739 (A).
- 16 McDonald's Corporation v Joburgers Drive-Inn Restaurant (Pty) Ltd [1996] 4 All SA 1 (A), 1997 (1) SA 1 (A).
- 17 Caterham Car Sales & Coachworks Ltd v Birkin Cars (Pty) Ltd [1998] ZASCA 44; 1998 (3) SA 938 (SCA) para 20.
- 18 Society of Composers, Authors and Music Publishers of Canada v Canadian Association of Internet Providers 2004 SCC 45; [2004] 2 SCR 427 para 56 (Canada).
- 19 Vagar (t/a Rajshree Release) v Transavalon (Pty) Ltd (t/a Avalon Cinema) 1977 (3) SA 766 (W) 769E. Compare Appleton v Harnischfeger Corporation [1994] ZASCA 141; 1995 (2) SA 247 (A) 257D-258D.
- 20 Christopher Wadlow The Enforcement of Intellectual Property in European and International Law p 11-14 (1998).
- 21 Memory Institute SA CC t/a Memory Institute v Hansen 2004 (2) SA 630 (SCA) para 6.

22 Tyburn Productions v Conan Doyle (1990) 19 IPR 455; Atkinson Footwear Ltd v Hodgskin International Services Limited (1994) 31 IPR 186 (NZ), both referred to in Lucasfilm para 157. See also the views of Justice Gummow, 'Introduction' in Rickett & Austin (eds) International Intellectual Property and the Common Law World 5 (2000) quoted by Prof Graham Austin op cit. The judgment in KK Sony Computer Entertainment v Van Veen (2006) 71 IPR 179 (New Zealand) came to a different conclusion by following Pearce v Ove Arup Partnership Ltd

[1999] 1 All ER 769 but Lucasfilm held that Pearce had been misunderstood.

23 At para 21.

24 At para 182 (iii) and (iv).

25 Lucasfilm para 140 and 175.

26 Lucasfilm para 144.

27 Coin Controls v Suzo International [1999] Ch 33 at 44D-E. See also the similar views of Fawcett & Torremans Intellectual Property and Private International Law p 280-293 (1998).

28 See the references in fn 9.

29 Lucasfilm para 177-181.

30 Compare Sonia (Pty) Ltd v Wheeler 1958 (1) SA 555 (A) 562A.

31 Lucasfilm para 179

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