

SOUTH AFRICA / JUDGMENT

Snap-On Africa (Pty) Ltd and Others v Joubert and Others (41993/2012C) [2015] ZAGPPHC 821; 2016 BIP 301 (GP) (7 December 2015) [2015] ZAGPPHC 821

COURT

North Gauteng High Court, Pretoria

BEFORE

Mabuse

CASE / FILE NUMBER

41993/2012C

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IN THE HIGH COURT OF SOUTH AFRICA

GAUTENG DIVISION, PRETORIA

CASE NUMBER: 41993/2012

DATE: 7 December 2015

SNAP-ON AFRICA (PTY) LTD First Applicant

SNAP-ON INC. Second

Applicant

SNAP-ON EQUIPMENT INC. Third

Applicant

SNAP-ON EQUIPMENT EUROPE LTD Fourth Applicant

V

SEAN JOUBERT First Respondent

S O EQUIPMENT GAUTENG NORTH (PTY) LTD Second Respondent

EQUIPMENT AFRICA Third Respondent

INTEGRATED MARKETING (PTY) LTD Fourth Respondent

JUDGMENT: MAIN APPLICATION

MABUSE J:

- [1] This is an application in which the applicants claim relief arising out of the alleged infringements of copyright and alleged trading in counterfeit goods. I will set out the applicants' prayers as they did so in their notice of motion:

"1. Interdicting and restraining each of the Respondents from infringing the Third Applicant's rights of copyright in the aligner

computer programs described in paragraphs 72-74 of the founding affidavit of John Andrew Wilson dated the 13th July 2012, by committing any of the acts defined in Sections 23(1) and/or 23(2) of the Copyright Act 98 of 1978 as constituting infringement of the aforesaid aligner software;

2. infringing the Third Applicant's rights of copyright in the camera software described in paragraphs 77-79 of the founding affidavit of John Andrew Wilson dated the 13th July 2012, by committing any of the acts defined in Sections 23(1) and/or 23(2) of the Copyright Act 98 of 1978 as constituting infringement of the aforesaid aligner software;
3. infringing the Fourth Applicant's rights of copyright in the database as described in paragraphs 80-85 of the founding affidavit of John Andrew Wilson dated the 13th July 2012, by committing any of the acts defined in Sections 23(1) and/or 23(2) of the Copyright Act 98 of 1978 as constituting infringement of the aforesaid aligner software;
4. interdicting and restraining each of the Respondents from infringing the Third Applicant's rights of copyright in the operations manual described in paragraphs 86-91 of the founding affidavit of John Andrew Wilson dated the 13th July 2012, by committing any of the acts defined in Sections 23(1) and/or 23(2) of the Copyright Act 98 of 1978 as constituting infringement of the aforesaid aligner software;
5. the Respondents are ordered to deliver-up to the Third and Fourth Applicants, respectively, infringing copies of the aligner software, camera software, databases and operations manuals;
6. an enquiry is directed into the damages suffered, or the reasonable royalty to be awarded to the Third and/or Fourth Applicants;
7. if the parties cannot agree upon a procedure to be adopted for the foregoing enquiry any party may approach the Court to prescribe such procedures for conducting such enquiry as it considers necessary;
8. it is declared that the First to Third Respondents' EUROPA wheel aligners are counterfeit goods within the meaning of the Counterfeit Goods Act No. 37 of 1997;

9. it is declared that the Fourth Respondent's BRIGHT wheel aligners are counterfeit goods within the meaning of the Counterfeit Goods Act No. 37 of 1997;
10. each of the Respondents are interdicted and restrained from dealing in goods that constitute counterfeits of the Applicants' wheel aligners by doing any of the acts defined in Section 2 of the Counterfeit Goods Act No. 37 of 1997;
11. it is ordered in terms of Section 10(1)(a) of the Counterfeit Goods Act No. 37 of 1997 that the goods referred to above, declared to be counterfeit, be delivered up to the Third and Fourth Applicants as the owners of the intellectual property rights, the subject matter of which have been unlawfully applied to the Respondents' wheel aligners;
12. the Respondents are ordered to disclose the source of any goods found to be counterfeit goods, as well as the identity of the persons involved or ostensibly involved in the importation, exportation, manufacture, production or making, and the distribution, of the aforesaid counterfeit goods and in the channels of distribution of those goods;
13. it is ordered that the Respondent disclose to the Applicants the details, and/or identities of the purchasers of any of the aforesaid counterfeit goods whether before or after the execution of the Anton Piller order;
14. the Respondents are ordered, jointly and severally to pay the Applicants' costs including the costs of the search and seizure proceedings brought by the Applicants under case number 41993/12; including the costs of removal and storage of items, pursuant to the grant of the order in case number 41993/12 dated the 19th July 2012. The Applicants' costs are also to include the costs of two counsel, the costs of the supervising attorneys and the qualifying fees of experts."

This application is opposed by the first to the third respondents who are collectively known as "the respondents". Any reference to the fourth respondent in the course of this judgment will be specific.

[2] The applicants are all companies;

2.1 the first applicant, registered in terms of the company statutes of this country and having its principal place of business at [...], River Horse Valley, Durban;

2.2 the second and third applicants, registered with limited liability in terms of the company laws of the State of Delaware in the United States of America, both having their principal places of business at [...], Wiscosin, United States of America;

2.3 the fourth applicant, incorporated and registered with limited liability in terms of the company laws of Ireland and having its principal place of business at [...], County Cock in Ireland.

[3] It is of supreme importance to point out that the bulk of the facts relating to this application are contained in the applicants'

application for the Anton Piller order. Rather than simply duplicating the allegations necessary to support the relief sought in the notice of motion of the main application, John Andrew Wilson, who deposed to the founding affidavit in this matter, made reference to his affidavit in the Anton Piller application. The Anton Piller order, consisting of 20 pages and quite voluminous to be cited in this judgment, was granted on 19 June 2012 by Van der Merwe J. Following the granting of the said Anton Piller order, the applicants were obliged to launch their application not later than 13 August 2012, which they did.

[4] The first, second and third respondents have delivered their answering affidavits to both the Anton Piller application and to the main application. Their answering affidavit to the Anton Piller order was preceded by an attack on the manner in which the applicants brought their Anton Piller application. I will deal with this attack when I deal, in a separate judgment, with the respondents' application to set aside the Anton Piller order. In view of the similarities of the responses in their affidavits, I will deal with the main issues contained in both the main application and Anton Piller application in one swoop.

[5] All the applicants conduct business in the following manners:

5.1 the first applicant, a wholly owned subsidiary of the second applicant, as a reseller of tools and equipment necessary for motor vehicles' wheel alignment and balancing;

5.2 the second applicant, the holding company, and third applicant, a wholly owned subsidiary of the second applicant and the fourth

applicant also the Irish subsidiary of the second applicant, all three conduct their business as manufacturers, developers and

resellers of tools and equipment necessary for wheel alignment and balancing.

[6] The first respondent is an adult male and the sole member of the second respondent, who is duly employed by the second respondent at its principal place of business. The second respondent is a company duly registered in terms of the company laws of this country.

Its principal place of business is situated at [...], Hennops Park in Centurion. The second respondent conducts business as a reseller of wheel service equipment. The third respondent, a firm as contemplated in Rule 18, conducts business as a reseller of wheel service equipment at its place of business being [...], Hennops Park, Centurion, Gauteng. The fourth respondent is a company registered according to the South African company statutes, which conducts business as a reseller of wheel service equipment at its place of business located at [...], Isando, Gauteng.

[7] As the matter between the applicants and the fourth respondent has been settled, the order sought is accordingly against the remaining respondents. In this judgment, unless they impact directly on the respondents, the facts relating solely to the fourth respondent will be left out.

- [8] At the commencement of argument, Mr. Morley, who was duly assisted by Mr. Wallis, put certain matters on the record. In the first place he placed it on the record that the applicants' condonation application in respect of the late filing of their replying affidavit to the first to third respondents' answering affidavits in the main application had been granted.

Accordingly the need to be detained by the said application has since fallen by the wayside. Secondly, he informed the Court that the applicants' application for condonation in respect of the late filing of their answering affidavit to the first, second and third respondents' application to set aside the ex parte Anton Piller order was not opposed. The application was, for that reason, granted. Thirdly and finally, he told the court that, the parties had agreed that the first, second and third respondents' application to strike out certain portions of the applicants' replying affidavit in the main application, should not be argued separately but should instead be argued in the course of the main application.

- [9] Accordingly this matter conflates four applications, the first an application by the applicants in which the applicants seeks certain Anton Piller-type relief and an application for certain ancillary relief in terms of the Counterfeit Goods Act 1997 ("the main application"); the third, arising from the first application, an application by the respondents to strike out certain portions of the applicants' replying affidavit ("the strike out application") and the fourth, an application by the respondents to set aside the Anton Piller Order ("the application to set aside"), applied for and granted on 19 July 2012. A separate judgment in this respect will be handed down at the same time with the judgment in the main application.

- [10] The following matters are common cause between the applicants and the respondents:

10.1 that the applicants' product is a John Bean 3D Wheel Aligner;

10.2 that the Joubert respondents' equipment is a Europa Wheel Aligner;

10.3 that the applicants' aforementioned Wheel Aligner and the Europa Wheel Aligner have identical similarities and both perform the same functions;

10.4 that the applicants' manufacture, sell and service their own product;

10.5 that the Respondents imports the Europa equipment from China.

- [11] What is then the dispute between the parties?

The battlefield between the parties is:

11.1 whether or not the applicants have established copyright in respect of their equipment;

11.2 whether or not the respondents have knowingly infringed the applicants' copyright in respect of their John Bean 3D Wheel Aligner;

11.3 whether or not the goods that have been delivered up are counterfeit goods; and

11.4 whether or not the respondents were engaged in unlawful competition.

[12] The source of the applicants' gripe that led to both the Anton Piller application and the main application was that the second respondent so directed by the first respondent was offering for sale certain goods which infringed on the rights of the applicants. These goods were not sold by the applicants, were not sourced from the applicants and were not the applicants' products. The relevant goods that were sold by the second respondent were counterfeit goods.

[13] This application concerns a machine of a type more fully described as a wheel alignment machine, manufactured and sold under the applicants' brand name, John Bean 3D Wheel Aligner ("the equipment"). The equipment is manufactured by the third respondent and sold by the first applicant. The purpose of the said machine is to ensure that the four wheels on a motor vehicle are directed and shown in such a manner as to prevent and even to allow a motor vehicle to handle at its best capacity. A modern computer-based 3D alignment system will include the following components:

- (a) a camera;
- (b) targets to be fitted to the wheel which the camera can use as a sight; and
- (c) computer system

[14] The following products within the Visualiner 3D range are protected by copyright:

14.1 the software that integrates the visual, the various physical components for the purposes of calculating calibration and displaying the remedial measures required;

14.2 the database that underpins the software, the camera which includes certain EEPROM chips which are programmable and store software that records USB ID's calibration settings and calibration records for each camera;

14.3 generated security code bit map and also records a unique identifier with a fixed pattern and sequence; and

14.4 operations manual.

The aforementioned products within the Visualiner 3D range are consequently protected from copyright infringements and from infringement by counterfeit goods and furthermore are prohibited from unlawful competition generally.

[15] The version of the third applicant's software which it is contended was unlawfully copied by the respondents was version

4.6.0. The person who, on behalf of the third applicant, exercised control over the making of the computer programs specified

on the 'GAW7' was George Michael Gill ("Gill"). At all material times he was an employee of the third applicant and was a citizen of the USA, resident and domiciled in that country.

[16] It was averred by the applicants that the computer programs comprising the computer system as listed in annexure 'GAW7'

are a set of instructions fixed or stored and which when used directly or indirectly in a computer, direct its operation to bring

about a result. It is a computer programme within that meaning of the definition of computer program in s. 1(1) of the Copyright Act No. 98 of 1978 ("the Copyright Act"). It is contended by the applicants furthermore that the computer programs are original and in terms of the provisions of

s. 2(1)(i) of the Copyright Act are eligible for copyright; that Gill was at all material times the author of the computer programs and that he was the person who exercised control over the making or creation of the computer programs within the definition of "author" in terms of s. 1(1) of the Copyright Act and that in terms of General Notice No. 136 of 1988, read with schedule 1 thereto, the United States of America ("the USA") is listed as a Berne Convention country. Accordingly the provisions of the Copyright Act apply to persons who at the material times are citizens or subjects of the USA inasmuch as they apply in relation to persons who, at such times are South African ("SA") citizens. The provisions of the Copyright Act also apply in relation to persons who at all material times are domiciled or resident in the USA in equal measures as they apply in relation to persons who at such times are domiciled or resident in the Republic of South Africa ("RSA").

[17] In terms of s. 3(1) of the Copyright Act, copyright is conferred on the computer programs comprising the computer system in as much as the computer programs are eligible for copyright and the said Gill is "a qualified person" within the meaning of s. 3(1) of the said Copyright Act read with General Notice No. 136 of 1989. He, being a person who was a citizen of the USA at all material times and resident and domiciled in the USA. By virtue of the fact that, when the said Gill made the computer programs he did so in the course of his employment by the third applicant under a contract of service, the third applicant is the owner of the copyright subsisting

in the computer programs listed in annexure 'GAW6'.

[18] Camera Software

The camera includes computer programs comprising certain computer software. Such computer software is original and the product of the skill and effort of the third applicant's employees and has not been derived from other sources. The computer programs comprising the software in the cameras is eligible for copyright in terms of ss. 2(1)(i) and (2) of the Copyright Act. One Hos Hang Shroff ("Shroff") was the person who exercised control over the making of the calibration and security code software for the cameras. His successor within the third applicant is David Jackson ("Jackson") who, along with Gill, has been responsible for the on-going development of the

original software on board the camera to the development state that it is in now. During such times the said Shroff, Jackson and Gill acted in their capacities as employees of the third applicant and in the course and scope of their employment with the third applicant on a contract of service. Accordingly in terms of s. 1(1) of the Copyright Act Shroff, Jackson and Gill are the “authors” of the calibration and security code software as utilised in the camera.

[19] At all material times during the making of the said computer software the said Shroff, Jackson and Gill were resident and domiciled in the United States of America and accordingly, in terms of s. 3(1) of the Copyright Act read with the provisions of General Notice No. 136 of 1989, they are qualified persons. Therefore copyright subsists in the calibration and security code software. Pursuant to the provisions of s. 21(1)(d) of the Copyright Act, the copyright in the calibration and security code software for the cameras is owned by the third applicant.

[20] Database

It is contended that the fourth applicant has compiled, from numerous sources, a database of wheel alignment specification derived

principally from the manufacturers of the vehicles in question. An enormous amount of effort and originality have gone into the compilation of the database. It has taken skill and effort to analyse the information received from manufacturers as to the correct wheel alignment and a considerable amount of effort and skill have thereafter gone into the compilation of the database. On that basis, it is alleged by the applicants that in terms of s. 1(1) of the Copyright Act, “a literally work” consists, inter alia, of tables and compilations, including tables and compilations of data stored or embodied in a computer or a medium used in conjunction with a computer. That database falls within that definition.

[21] The database is “original work” and accordingly eligible for copyright in terms of s. 2(1)(a) of the Copyright Act. The database was created or made by one Jack Samson (“Samson”), who testified that he was an employee of the fourth applicant who was at all material times resident and domiciled in Ireland. In the said capacity he made or created the databases in the course of his employment with the fourth applicant under contract of service. For that reason, in terms of s. 1(1) of the said Act, he was the author of the database in accordance with the definition of “author” in that section. In terms of schedule 1 of General Notice No. 136 of 1989, Ireland is a Berne Convention country and therefore the Copyright Act applies in relation to him. In terms of s. 3(1) of the Copyright Act copyright is conferred in the databases as the said Samson, the author of the databases was a qualified person at all material times. I therefore find that in terms of s. 21(1)(d) of the Copyright Act, copyright in the databases is owned by the fourth applicant as the employer of Samson at all material times.

[22] Operations Manual

In so far as the Operations Manual for the Visualiner equipment consists of text as “a literally work” within the meaning of s. 1(1) of the Copyright Act, the applicants contend that in so far as the Operations Manual consists of “photographs or drawings”, it is “an artistic work” within the meaning of s. 1 of the Copyright Act. In terms of s. 2(1) of the Act the Operations Manual is eligible for copyright as both “a literally work” and “artistic work.” One Mr. Fred Rodgers (“Rodgers”), an employee of the third applicant, was at all material times responsible for the making and creation of the Operations Manual. The Operations Manual is a product of the inspiration, expertise, effort and labour of the said Rodgers and was created as an original work without reference to other sources. In these circumstances “the work” is subject to copyright in terms of s. 2(1)(a) and 2(1)(c) of the Copyright Act. At all material times the said Rodgers was an employee of the third applicant and made and created the Operations Manual in the course of his employment with the third applicant under a contract of service.

[23] In term of s. 3(1) of the Copyright Act the copyright is conferred on the Operations Manual of which Rodgers was the author. During the time in which the work was made or created he was domiciled or resident in the USA. As the said Rodgers was an employee of the third applicant under a contract of service at the material times, the copyright in the Operations Manual is owned by the third applicant pursuant to the provisions of s. 21(1)(d) of the Copyright Act.

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