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Who Is A Proper Plaintiff In An Action For The Enforcement Of Copyrights In Nigeria

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Introduction:

The Nigerian Court of Appeal recently ruled [3] on the appeal filed by the Musical Copyright Society of Nigeria (the Applicant at the Federal High Court, Lagos Division and Appellant before the Court of Appeal) seeking the enforcement of the Fundamental Rights of its members as provided for under Sections 40 [4] and 44 [5] of the 1999 Constitution.

Notably, Honourable Justice U.I. Ndukwe-Anyanwu who gave the lead judgment observed that it is improper to bring an application in the name of any person other than the person whose right was breached especially since the Appellant was suing on behalf of some other people who had given it the rights to manage their copyrighted works. The court further stated obiter that it is only the owner of the copyright that can sue on the infringement of their right. [6] Although this statement was not the ratio decidendi of the court, it is our view that the position adopted by the Court of Appeal is a move in the right direction and it is hoped that more cases with the right set of facts and legal questions would be resolved in this emerging and controversial area of law in Nigeria. This review will briefly examine the position of the law of copyright in Nigeria on the proper party to maintain an action for copyright infringement as well as highlight how other jurisdictions have dealt with the issue.

Summary of the Case

The Appellant, as Plaintiff in the lower court, instituted the action under Order 2 Rules 1, 3 & 4 of the Fundamental Right Enforcement Procedure F.R.E.P Rules [7] via an ex parte motion seeking leave to bring an application for enforcement of its Fundamental Rights as provided for under Sections 40 and 44 of the 1999 Constitution and an order that if leave was granted, such leave shall operate as a stay of action on the Respondent pending the outcome of the lawsuit. Leave was granted by the lower court vide an order of Court of 30th of April 2008. Subsequently, when the Appellant brought the suit under the Fundamental Human Right Enforcement Procedure F.R.E.P Rules, the Respondent challenged the application as incompetent. The application was thereafter dismissed by the Federal High Court as lacking any merit.

The Appellant appealed against this decision and formulated 3 issues for determination by the Court of Appeal:

a Whether intellectual property is moveable or immovable property protected by the 1999 Nigerian Constitution or the African Charter of Human & Peoples Rights.

b Whether the Appellant [is required] to be registered or approved by the Respondent as a collecting society before she can exercise her right as owner, assignee or

exclusive licensee of copyright in musical works in her repertoire by controlling their use or imposing conditions including demanding and collecting fees therefore.

c Whether sections 17 [8] & 39 [9] of the Copyright Act 2004 or the respondent's actions violate appellant's fundamental rights under the 1999 Nigerian Constitution or the African Charter of Human & Peoples Rights.

The Respondent raised similar issues as the Appellant but also included an additional issue challenging the procedure adopted by the Appellant in instituting the action as the wrong procedure. Respondent argued that since the main reliefs sought by the Appellant were declaratory in nature, an action for the enforcement of fundamental rights was misconceived. [10]

Although a number of interesting issues were raised in this appeal, the Court of Appeal avoided making clear pronouncements on these issues in favour of a decision that the appeal was incompetent having been brought under the wrong procedure. Since the initial action brought before the Federal High Court was instituted under the wrong procedure, the subsequent appeal was unavoidably afflicted by this fundamental error and the Court of Appeal lacked the requisite jurisdiction to delve into the other issues raised. These other issues include: the question whether copyright as a subject matter was contemplated under the 1999 constitution as moveable or immovable property subject to compulsory acquisition; whether the Appellant must be licensed by the Respondent prior to enjoying the rights assigned to it by members; [11] whether sections 17 and 39 of the Copyright Act violated the Appellant's fundamental rights to freedom of association under section 40 and from compulsory acquisition under section 44 of the Constitution and whether section 17 of the Copyright Act operates as a qualification to section 44 of the constitution as a provision relating to the limitation of actions. [12]

Particularly of interest to this paper is the argument advanced by the Respondent that the Appellant was merely an agent licensed by its members to manage their copyrighted works for a limited period and not actually the recipient of substantial rights. Consequently, no proprietary rights were conferred on the Appellant protectable under section 44 of the Constitution. In addressing this argument, the Court of Appeal observed that the main claim in the motion was not for Fundamental Rights per se, but for certain declaratory reliefs. Honourable Justice U.I. Ndukwe-Anyanwu stated as follows:

> "the main reliefs sought as can be gleaned from the motion are on the Rights of the Appellant to Collect Royalties from the supposed artistes".
>
> "By virtue of O1 R2 1 of the 1979 Fundamental Human Right Enforcement Procedure F.R.E.P , it is the person whose Fundamental Right has been, is being breached or likely to be infringed that has the locus standi to challenge such infringement.
>
> Thus to invoke the jurisdiction of the Court for the protection of any of the Fundamental Rights guaranteed under Chapter IV of the 1999 Constitution, the Applicant must be the actual person whose right has been infringed....The Appellant was suing on behalf of some other people who had given him rights to manage their Copyrights. It is, therefore, improper in law to file an application in the name of any person other than that of the person whose right was breached... The Appellant in his Motion on Notice stated that the Applicant has a right as owner, assignee and exclusive licensee of various authors

and entities. This means that the Appellant is not the owner of the Copyright and therefore cannot sue for infringement on those rights. It is only the owners of the Copyright that can sue on the infringement of their Right." [13]

Therefore the suit brought under the Fundamental Human Right Enforcement Procedure) Rules was held to have been brought under the wrong procedure as it concerns the Appellant and the Rights sought to be protected.

Commentary:

The quoted portion of the Court of Appeal's decision is remarkable for a few reasons. [14] Firstly, it is not clear whether the Court fully appreciated that an assignee of rights to copyrighted material enjoys sufficient proprietary interest in the subject matter thereof and could therefore maintain an action for infringement with or without joining the original copyright owner(s). Secondly, if the Court of Appeal arrived at the conclusion quoted above in full recognition of the implication identified above, then it probably did so on the basis that what was assigned to the Appellant was merely managerial rights over the repertory of works transferred to it by its members and not proprietary interest in the copyrighted works themselves, as argued by the Respondent. [15] It is the opinion of the authors herein that this is indeed the correct position of the law and accords substantially with current practices in other climes.

However, it may be argued that the court was merely alluding to the fact that the enforcement of fundamental human rights is a right personal to the owner thereof and the relevant assignment of rights, no matter how comprehensive, would be insufficient to confer the right to sue for its enforcement. Such an interpretation would be incorrect in our view, considering that the right sought to be enforced by means of the FREP Rules is the intellectual property rights purportedly assigned to the Appellant. If the Court had reached the conclusion that the assignees had transferred all proprietary rights in the IPRs to the Appellant, then barring the finding that the procedure adopted was wrong, the owners of the rights to be enforced would then be the assignor who alleges that its rights have been infringed.

Intellectual Property IP is a term that identifies those rights arising from creations of the mind, such as inventions; literary and artistic works; designs; and symbols, names and images used in commerce. IP could be protected in law by patents, copyright, trademarks, designs and trade secrets by enabling IP owners to earn recognition or financial benefit from what they invent or create. By striking the right balance between the interests of innovators and the wider public interest, the IP system aims to foster an environment in which creativity and innovation can flourish. [16] Accordingly, in the area of copyright management, collecting societies are formed primarily as a convenient point of contact between the owners and users of copyrighted works, by facilitating the monetization of these rights through the negotiation and licensing of desired rights to prospective users. The transfer of rights to the collecting society under current law although described generally as an assignment, is truly not intended as a complete and outright transfer of rights in the strict sense. It is more or less equivalent to a non-exclusive license, with the owners reserving the power to withdraw such rights at any time or to deal directly with third party users, if so desired. [17]

In order to appreciate the reasoning for this, it is appropriate to differentiate between an assignee and a licensee. While an assignee is typically vested with all the rights/interest inherent in an assignor, a licensee only has a portion of such rights with limits that are ordinarily not applicable to an assignee.

In the US case of Waterman v. Mackenzie, [18] the court held thus:

> "the patentee or his assigns may, by instrument in writing, assign, grant, and convey, either 1 the whole patent comprising the exclusive right to make, use, and vend the invention throughout the United States; or 2 an undivided part or share of that exclusive right; or 3 the exclusive right under the patent within and throughout a specified part of the United States... a transfer of either of these three kinds of interests is an assignment, properly speaking, and vests in the assignee a title in so much of the patent itself, with a right to sue infringers. In the second case, jointly with the assignor. In the first and third case, in the name of the assignees alone. Any assignment or transfer, short of one of these, is a mere license, giving the licensee not title in the patent, and no right to sue at law in his own name for an infringement." [19]

The court held further that:

> "whether a transfer of a particular right or interest under a patent is an assignment or a license does not depend upon the name by which it calls itself, but upon the legal effect of its provisions" [20]

In Abbot Laboratories v. Diamedix, [21] it was held that a licensee may only pursue an infringement action against a third party only if the owner of the IPR is joined in that action. Similarly, a grant by the owner of an IPR of the sole and exclusive right and license to manufacture and sell an IPR article does not include the right to use such article, and is therefore a mere license and does not give the licensee the right to sue alone, either at law or in equity, for its infringement. [22]

From the foregoing, it is clear that the courts recognise a clear distinction between the effect of an assignment and that of a license in a contract for the transfer of IP rights. As regards suing to enforce an IPR, the assignee need not join the assignor in an action against a third party for infringement. Whereas, a licensee must of necessity join the licensor as party to the action as the presence of the licensor as a party to the suit is indispensable.

The rationale for joinder of the owner of an IPR where limited rights are transferred are:

> To prevent the possibility of two suits on the same IPR against a single infringer; [23]
> Where complete relief cannot be accorded among those who are already parties;
> If the disposition of an action may leave persons already parties subject to a substantial risk of incurring double, multiple or otherwise inconsistent obligations.

This right of an owner to be joined where his licensee seeks to enforce an infringement is not undercut where the licensing agreement has transferred sufficient rights to the licensee with the effect that he could be treated as an assignee with standing to sue alone. [24] In Vaupel Textilmaschinen KG & Anor. vs. Meccanica Euro Italia S.P.A. & Anor, it was held that the District Court did not clearly err in finding that the subject IPR had been infringed and that

the court was correct in concluding that Vaupel had standing to sue for infringement without the joinder of Marowsky to the action, as the contractual documents executed by the parties constituted a transfer of all substantial rights under the patent. As the agreements expressly granted Vaupel the sole right to sue for all infringements, past, present and future together with the transfer of other substantial rights, it permitted Vaupel to sue for infringement.

Although assignees and exclusive licensees are generally viewed as exercising similar rights for most practical purposes, an assignee (properly so called) need not join the original copyright owner in order to maintain an action for infringement. Alternatively, a non-exclusive licensee may not maintain an action either with or without joining the copyright owner in any event.

In the recent Court of Appeal case under review, [25] where the Appellant was suing on behalf of some persons who had given the rights to manage their copyrights, the Court's remark that it was improper in law to file an application in the name of any person other than that of the person whose right was breached is in accord with acceptable practices in other jurisdictions and is an accurate statement of the law. [26] Consequently, the action which was brought under the Fundamental Rights Enforcement Procedure) Rules was brought under the wrong procedure as it relates to the Appellant and the rights which it sought to protect. [27]

Based on the foregoing it is safe to conclude that it is improper in law to file an application in the name of any person other than that of the person whose right was breached, where there is no absolute transfer of ownership rights in a copyrighted material. [28] Thus, while owners of copyrights can sue for the infringement of their rights, certain other persons with varied interests in these IPRs may only sue to enforce these rights, subject to common law provisions, the agreements between parties or other requirements imposed by statutes.

Footnotes

1. John Onyido, Partner and Head IP & Technology Law Department, SPA Ajibade & Co., Lagos, Nigeria.

2. Yetunde Okojie and Olalekan Ikuomola are Associates in the Intellectual Property Department at SPA Ajibade & Co., Lagos Office.

3. Ruling delivered on October 21st 2016.

4. Section 40 of the Constitution provides that "Every person shall be entitled to assemble freely and associate with other persons, and in particular he may form or belong to any political party, trade union or any other association for the protection of his interests..."

5. While relevant portions of Section 44 1 of the Constitution provide that "No moveable property or any interest in an immovable property shall be taken possession of compulsorily and no right over or interest in any such property shall be acquired compulsorily in any part of Nigeria except in the manner and for the purposes prescribed by a law that, among other things-

(a) requires the prompt payment of compensation therefore...

2 Nothing in subsection 1 of this section shall be construed as affecting any general law-

(c) relating to leases, tenancies, mortgages, charges, bills of sale or any other rights or obligations arising out of contracts".

6. Ruling of the Court of Appeal at p. 30.

7. Fundamental Rights Enforcement Procedure) Rules of December 1st 2009, made under Part IV of the 1999 Constitution.

8. This section provides that no party may maintain an action for copyright infringement if it is engaged in the negotiation and licensing of copyrighted works or the collection and distribution of royalties, if it has not been licensed as a collecting society under section 39 of the Copyright Act.

9. This section provides inter alia for the requirements for obtaining a license to operate as a collecting society.

10. Under this issue the Respondent also contended that the action was commenced beyond the statutorily prescribed 12 month period; that claims under the African Charter of Human and Peoples Rights cannot be brought under the FREP Rules but only matters falling under Chapter IV of the 1999 Constitution, and that failure to join the Attorney General of the Federation was fatal to the action.

11. See MCSN v. Adeokin Records 2007 13 NWLR Pt. 1052 CA pp 628 para E, where the Court of Appeal had previously held that.... "In effect for a person to be a legal owner of copyright for the purpose of vesting requisite locus, such must fall into any of the following categories, namely, the author of the work himself; the assignee; the licensee. It is therefore only any of these legally authorized or accredited owners that can seek redress in copyright in the court of law".

12. See Compact Disc Technologies Ltd. v. Musical Copyright Society of Nigeria Ltd/Gte. Appeal No. CA/L/787/2008, where the court decided that under the amendments to the Copyright Act in 1992 and 1999 a collecting society must obtain the approval of the Copyright Commission evidenced by the issuance of a license to operate as a collecting society before it can institute any infringement action.

13. Ruling of the Court of Appeal at pp. 30 31.

14. And in light of earlier decisions of the court referenced below. See nn. 11 and 12 supra.

15. See section 6 of the Copyright Act listing the various exclusive rights of copyright owners. These rights include the rights of reproduction, distribution, public performance, public broadcast and the right to make derivative works etc.

16. This definition of intellectual property is culled from the World Intellectual Property Office WIPO available at http://www.wipo.int/about-ip/en/., accessed on 10th December 2016.

17. See Regulation 7 of the Copyright Collective Management) Regulations 2007. Furthermore, Regulation 5 2 stipulates that collecting societies may not demand for the transfer of exclusive rights from members.

18. 138 U.S. 252, 11 S.Ct. 334, 34 L.Ed. 923 1981 p. 334. The Court found that "By the Deed of assignment..., the plaintiff assigned to Mrs. Waterman the entire patent-right. That assignment vested in her the whole title in the patent, and the exclusive right to sue, either at law or in equity, for its subsequent infringement... The license agreement between them... by which she granted to him 'the sole and exclusive right and license to manufacture and sell fountain pen-holders containing the said patented improvement throughout the United States'... did not include the right to use such pen-holders... and was therefore a mere license, and not an assignment of any title, and did not give the licensee the right to sue alone, at law or in equity, for an infringement of the patent."

19. Waterman v. Mackenzie, 138 U.S. 252, 11 S.Ct. 334, 34 L.Ed. 923 1981 p. 335.

20. This appears to be the position in the United Kingdom as well. See for instance Messager v. British Broadcasting Company, Limited 1929 A.C. 151. See also JHP Limited v. BBC Worldwide Limited, 2008 EWHC 757 (Ch), [2008 F.S.R. 29.

21. 47 F.3d 1128 Fed. Cir. 1995 .

22. Waterman case (supra).

23. Independent Wireless Tel. Co. v. Radio Corp., 270 U.S. 84 1926 .

24. Vaupel Textilmaschinen KG & Anor. v. Meccanica Euro Italia S.P.A. & Anor. 994 F.2d 870 Fed. Cir. 1991 .

25. CA/L/575/2009 Musical Copyright Society of Nigeria Ltd v. Nigeria Copyright Commission (unreported) judgment delivered on 21st October 2016.

26. In the United States, Performing Rights Societies are only authorized to obtain non-exclusive rights from members and therefore may not sue for copyright infringement in their own name. This restriction was imposed by the Department of Justice primarily as a safeguard against antitrust tendencies. See Ocasek v. Heglund, 116 F.R.D. 154 D. Wyo. 1987 at 157. See also 17 USC § 501(b).

27. The finding by the Court that the wrong procedure was employed was more explicitly premised on the nature of the reliefs sought which were declaratory in nature and not properly couched in terms of an action for the enforcement of fundamental rights.

28. See Asemota v. Yesufu 1981 1 NCLR p. 420.

The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.