

Before: Justice E. Rubinstein
Justice Y. Danziger
Justice Z. Zylbertal

The Appellants: 1. Safecom Ltd
2. David Zilberberg

v.

The Respondent: Ofer Raviv

Appeal against the Haifa District Court's judgment of August 28, 2011 in CF 542-04-09, given by His Honor Judge Dr. A. Zarnakin

Date of session: Cheshvan 6, 5774 (October 10, 2013)

On behalf of the Adv. Nahum Gabrieli
Appellants:

On behalf of the Adv. Tamir Afori
Respondent:

JUDGMENT

Justice Y. Danziger

This is an appeal of the judgment of the Haifa District Court (His Honor Judge Dr. A. Zarnakin) of August 28, 2011 in CF 542-09-09, dismissing the Appellants' claim against the Respondent for the infringement of copyright in their technical drawings.

Factual Background

1. Appellant 1, Safecom Ltd (hereinafter: "Safecom"), develops and markets products for the electrical backup of cable TV broadcasting systems, and the Appellant 2, David Zilberberg (hereinafter: "Zilberberg") is its manager and one of its shareholders. Zilberberg became acquainted with the Respondent when the latter

sought to market Safecom's products to a company for which he worked, and he also connected Zilberberg to an American company, Innovative Solutions 21, Inc. (hereinafter: "the American company"), which led to the marketing of Safecom products in the USA. On June 18, 2002, an agreement was made between Safecom and the American company according to which the American company would be the exclusive distributor of Safecom products (hereinafter: "the Agreement"). The Agreement provided that ownership of all copyright, patents and other intellectual property rights connected with the products, including graphics, sketches and models, that were developed by Safecom would be retained by it. The Respondent had no formal status in the American company, but he was involved in the technical matters associated with marketing Safecom's products in the USA, and, in that context, he also took part in the preparation of technical drawings of Safecom products. In May 2005, the Agreement was terminated by Safecom, and in 2008, it learned of the filing of a patent application in the USA by the Respondent together with the American company's president, which concerned a voltage backup system for cable systems. In view of Safecom's complaint that the drawings underlying the patent application infringed its copyright in the drawings of its products, it filed suit in the District Court. By consent of the Respondent, the court awarded a provisional injunction. An objection filed against the registration of the American patent registration was dismissed.

2. Safecom asserted that the Respondent had copied 14 original drawings that Zilberberg had prepared as part of a presentation for the Safecom products, which was furnished to the Respondent in 2003, when the agreement was still in force. According to it, the drawings that Zilberberg prepared were protected by copyright and owned by it, while the Respondent's drawings were absolutely identical and had been copied "one to one" and, as such, constituted an infringement of its right of reproduction. In order to emphasize the copying, Safecom pleaded that its drawings contained a mistake in the presentation of the switch box, and that mistake had been copied by the Respondent.

3. The Respondent, for his part, asserted that the claim was governed by American law because the alleged infringement had been committed in the USA, and since that law had not been proven, the claim should be dismissed. According to him, under American law the claim would be dismissed because of the applicable American rules of fair use. In regards the very infringement, the Respondent pleaded that since the act was governed by the Copyright Act, 1911 (hereinafter: "the Old Law") it was first necessary to prove that the alleged infringement also constituted an infringement under the Copyright Law, 5768-2007 (hereinafter: "the New Law"). According to him, under section 21 of the New Law, the copying of a work that is deposited for public inspection constitutes permitted use and no infringement is therefore involved. As

regards the alleged copying, the Respondent pleaded that there was no relevant similarity between the Safecom drawings and his drawings, either visual or substantial. According to him, there are approximately 32 elements in the patent application drawings, while in the presentation there are only 19. This is because of the difference between the technology used in order to manufacture Safecom's products and that presented in the patent application. The Respondent further pleaded that the similarity between the drawings lay in their common functionality in a manner that does not afford protection. The Respondent also pleaded that he was party to making the drawings and therefore had a right of ownership in the Safecom drawings, and that the Agreement did not apply to him because he was not an employee of the American company. The Respondent also filed a counterclaim, but since no appeal has been brought in respect of it, we need not refer to it here.

The District Court's Judgment

4. The District Court first dismissed the Respondent's claim that the matter is governed by American law. The court held that the Respondent had received the presentation in Israel. It was therefore reasonable to assume that the act of copying had also been performed in Israel, and it had not been proven otherwise. In any event, the court held that the Respondent did not dispute the court's jurisdiction to try the matter in accordance with domestic law when the provisional injunction application had been considered, and he was therefore estopped from pleading the same. As regards Israeli law, the court held that the Safecom drawings do indeed amount to a protected work, according to both the Old Law and the New Law. The court dismissed the Respondent's claim that the use he had made was permitted use under section 21 of the New Law since the section treats of the use of works that have already been deposited for public inspection and not use which itself constitutes deposit for public inspection.

5. As regards the alleged copying, the District Court first held that the Respondent was not a joint owner of the rights in Safecom's drawings, because, even if he was not one of the American company's formal officers, he did substantially function as such and the agreement should therefore be applied to him. The court nevertheless dismissed Safecom's claim that the Respondent had admitted copying the drawings. The court emphasized that the Respondent's claim with respect to the difference in the number of elements between Safecom's drawings and the drawings in the patent application had not been rebutted, and a visual similarity had therefore not been established. The court dismissed Safecom's claim with respect to copying the mistake in its drawings because, according to it, no mistake was in fact involved. Finally, the court held that because of the great functionality of the Safecom drawings, some similarity was obliged between

drawings that sought to present a similar product, and Safecom's drawings, or a substantial part of them, had therefore not been copied.

Hence, the appeal.

The Grounds of Appeal in Brief

6. The Appellants – through their attorney, Adv. Nahum Gabrieli – argue that the District Court erred when it held that there had been no copying in the instant case. According to them, they did not have to adduce direct evidence of copying the drawings because the law makes it possible to suffice with circumstantial evidence to prove copying. The Appellants assert that the access that the Respondent had to the drawings, which is not in dispute, together with the substantial similarity between their drawings and his, leads to the sole conclusion that there was copying. The Appellants emphasize the identical elements between their drawings and those of the Respondent that do not derive from the functional presentation of the products, like the same twists and turns in the lines that are shown on them. According to them, the Respondent himself admitted that there are many ways to draw the products concerned, and he even showed example drawings of similar systems that were different from the drawings in the instant case. Moreover, in principle it cannot be held that when functional technical drawings are involved, copying cannot necessarily be inferred. The Appellants add that the finding that the similarity between the drawings was not the result of copying is inconsistent with the relationship between the parties, as described above. Finally, the Appellants aver that the court was mistaken when it reviewed the substantial similarity on the basis of the number of elements appearing in each of the drawings, rather than a general impression of the substance of the part copied, which according to them, obliged the conclusion that there had been prohibited copying.

The Respondent's Reply in Brief

7. The Respondent – through his attorney, Adv. Tamir Afori – argues that the District Court rightly distinguished between proving a visual similarity and establishing a substantial similarity. According to him, in the instant case there has not been copying, as a matter of fact, because even if it were established that he had access to Safecom's drawings, the court found, as a matter of fact, that there was no visual similarity between the works. According to him, in order to establish such a similarity, the Appellants should have produced an expert opinion insofar as the matter concerns a technical drawing. In any event, the Respondent asserts that there had been no copying of a substantial part that was original to the Appellants, and that the copying of parts of the work that are not original in any event does not amount to copying and to an

infringement of any right of the work's owner. According to him, in the instant case works are involved, only parts of which are original, and it is necessary to carefully analyze whether the original parts that were copied constitute a substantial part of the Plaintiff's work. Since, in the instant case, functional works are involved, the respondent argues that only the identical copying of original parts should be regarded as an infringement of copyright. The Respondent emphasizes that after filtering out all the non-original parts of Safecom's drawings, what remains is at most a "copy" of curved lines that do not constitute a substantial part of the work.

8. The Respondent adds that it was inappropriate to deny his rights in Safecom's drawings since he was a joint author of them because of the Agreement between Safecom and the American company to which he was not party, and it should therefore be held that he is a joint owner and joint author of the Safecom drawings. Furthermore, the Respondent asserts that it was inappropriate to hold that the law governing the infringement is Israeli law since the Appellants had not established that the infringement asserted by them was committed in Israel, and that burden rested with them. According to him, his agreeing to the award of a provisional injunction does not attest to his agreeing to conduct the principal case in accordance with Israeli law. Finally, the Respondent argues that even if he is not the owner of the Safecom drawings, he is still their joint author, and the use that he made of them is therefore a permitted use under section 27 of the New Law, which permits the author of an artistic work to make works that constitute a partial copying or derivative of it, even if he is not the owner of the right. Moreover, according to him, the use that he made of the drawings is also protected by virtue of section 20 of the New Law because it was done in legal administrative proceedings or, in the alternative, it was fair use under section 19 of the New Law.

9. In the hearing before us an attempt was made to bring the parties to an overall understanding that would make the need for our ruling unnecessary, but that attempt was unsuccessful.

Discussion and Ruling

10. This appeal raises questions at the very heart of copyright law, and that, essentially, address the foundations upon which the protection of works is based, and in particular, the matter of the author's originality; the distinction between idea and expression; and infringement of the right to copy the work. These questions are highlighted with regard to the protection of functional works, and they require elucidation and clarification. Having read the parties' summations and listened to their oral arguments in the hearing before us, I have reached the overall conclusion that the

appeal should be allowed and the case should be remanded to the District Court in regard to the matter of relief. I shall also recommend that my colleagues do the same.

The Basis of the Protection of Works – Originality

11. The requirement of originality has been recognized by this Court as a threshold for the existence of copyright in a work [for more on the originality requirement, see: Michael Birnhack, “The Requirement of Originality in Copyright Law and Cultural Control,” 2 *Alei Mishpat* 347, 352-355 (2002) (Hebrew) (hereinafter: “*Birnhack*”). The development of the requirement in Israeli case law has been based on the provisions of the Old Law, despite the fact that the Hebrew version did not mention “originality”, whereas the binding English version provides, in section 1, that copyright will be granted in respect of:

“every *original* literary, dramatic, musical and artistic work...” [emphasis added – YD].

The requirement of originality was anchored in the New Law in section 4(a), which provides:

“Copyright shall subsist in the following works:

(1) *original works* that are literary works, artistic works, dramatic works or musical works, fixed in any form” [emphasis added – YD].

12. This Court reviewed the case law relating to the elements underlying the requirement of originality at length in CA 8485/08 *FA Premier League Ltd v. Israel Sports Betting Regulation Council* (March 14, 2010) (hereinafter: the *Premier League* case) [<http://versa.cardozo.yu.edu/opinions/fa-premier-league-v-israel-sports-betting-council>]. It was held that the requirement of originality is analyzed on the basis of two main criteria – investment and creativity.

In the scope of the *investment criterion*, the author must have invested certain labor in the work in order to gain the right to its rewards, similar to the theoretical basis for recognizing the right to “corporeal” property [see: the *Premier League* case, para. 26; CA 513/89 *Interlego A/S v. Exin-Lines Bros SA*, IsrSC 48(4) 133, 164 (1994) (hereinafter referred to as the *Interlego* case)]. This criterion is based on the labor approach and the theory of natural rights based on the teachings of the philosopher John Locke as theoretical justification for the grant of property rights generally and copyright in particular [for a broader discussion, see: *Birnhack*, pp. 373-375; Guy Pesach, “The Theoretical Basis for the Recognition of Copyright,” 31 *Mishpatim* 359,

386-391 (2001) (Hebrew) (hereinafter: "*Pesach*"); Justin Hughes, "The Philosophy of Intellectual Property," 77 GEORGETOWN L.J. 287, 297-98, 302-10 (1988); Wendy J. Gordon, "A Property Right in Self-Expression: Equality and Individualism in the Natural Law of Intellectual Property," 102 YALE L.J. 1533 (1992)].

In the context of the *creativity criterion*, which is based on the rationale according to which the purpose of copyright law is to enrich the creative world and the range of expressions available to the public, the nature of the investment, independently of its quantity, must be considered in order to show that it contributes to that purpose [see: *Premier League*, para. 27; *Interlego*, pp. 164-165]. This approach is based on a more social concept of copyright but, nevertheless, also on a utilitarian-economic approach, according to which a balance should be made between the cost – the incentive to be given to the author in the form of the monopoly granted to him in respect of the use and control of his work -- and the benefit of safeguarding the public domain for future work [see: *Pesach*, pp. 361-374; William M. Landes & Richard A. Posner, "An Economic Analysis of Copyright Law," 18 J. LEGAL STUD. 325 (1989)].

I would add that, in my opinion, in the scope of the originality requirement three subordinate elements should be identified, and in addition to the investment criterion and the creativity criterion, the *origin criterion* should be analyzed. By this I mean a requirement that the work should originate in the author and that it should not be based on another work – or in the words of my colleague Justice E. Rubinstein "original, meaning independent" [see: CA 3422/03 *Krone AG v. Inbar Reinforced Plastic*, IsrSC59(4) 365, 378 (2005); CA 360/83 *Strosky Ltd. v. Whitman Ice Cream Ltd.*, IsrSC 40(3) 340, 346 (1985) (hereinafter: the *Strosky* case). For further on originality as origin, see *Birnhack*, p. 355-372].

13. This Court has also considered the question of the nature and quantity of the originality requirement's elements that suffice to realize it. In respect of the investment criterion, it has been held that all that needs to be proven is a minimal investment of some human resource [see: *Interlego*, p. 173; *Premier League*, para. 34]. On the other hand, a quantitative definition of the requisite creativity is somewhat more complex and it appears that this Court has not yet fashioned a single formula for its realization. Nevertheless, the definition of the requisite creativity for the protection of a work has been delineated in case law by a process of elimination. Thus, it has been held that the creativity criterion does not impose a particularly high threshold for the author, and that slight and even worthless creativity might sometimes suffice [see: *Interlego*, p. 173; CA 23/81 *Hirschco v. Orbach*, IsrSC 42(3) 749, 759 (1988) (hereinafter: the *Hirschco* case); CA 2687/92 *Geva v. Walt Disney Co.*, IsrSC 48(1) 251, 257 (1993)

(hereinafter: the *Geva* case)]. It has also been held that the work need not be novel in comparison with existing works in the same sphere [see *Strosky*, p. 257; *Geva*, p. 257].

14. Because of the lack of any cohesive definition of the creativity requirement, and because of the absence of any controversy with regard to the definition of the investment necessary for the protection of a work, the possibility has been raised that a substantial investment in a work can compensate for a lack of creativity in such a way as will meet the requirement of originality and establish protection for the work. However, that approach was rejected by this Court long ago in *Interlego*, in which the approach of American law was adopted, as expressed in the American Supreme Court's judgement in *Feist Publications, Inc. v. Rural Telephone Service Company, Inc.*, 499 US 340 (1991) (hereinafter: the *Feist* case), according to which mere investment is not sufficient for the copyright protection of a work [see: *Interlego*, p. 165, 169; *Premier League*, paras. 36-38].

15. To sum up the foregoing, the case law laid down by this Court is that for the grant of copyright protection in respect of a work, it must be established that an original work is involved, three subsidiary elements being ~~analysed~~analyzed – *the origin criterion, the investment criterion and the creativity criterion* – the existence of only one element being insufficient for the purpose of establishing originality.

The Protected Part of the Work – The Idea/Expression Dichotomy

16. Before I move on to discuss the originality required for the protection of functional works, I wish to consider another basic rule concerning the copyright protection of works – the distinction between idea and expression. A basic principle of copyright law is that the idea that underlies a work will not be protected by the right, and that the protection is afforded only to the way in which it is expressed. This rule is embodied in section 7B of the Copyright Ordinance, which governs the instant case, and was subsequently anchored in section 5 of the New Law, which provides:

"Copyright in a work as provided in section 4 shall not extend to any of the following, but copyright shall apply to the way in which they are expressed:

(1) an idea ..."

17. This Court has consistently emphasized the said distinction in its case law [see, for example: CA 10242/08 *Mutzafi v. Kabali*, (October 10, 2012), para. 24 (hereinafter: the *Mutzafi* case); CA 2173/94 *Tele Event Ltd. v. Golden Channels & Co.*, IsrSC 55(5)

529, 544 (2001) (hereinafter: as the *Tele Event* case); *Strosky*, p. 346; CA 139/89 *Harpaz v. Achituv* IsrSC 44(4) 16, 19 (1990)]. This distinction is based on the concept that the grant of protection to mere ideas would frustrate one of the major purposes of copyright law – the encouragement of creation and leaving sufficient "raw material" in the public domain [see: Tony Greenman, *Copyright*, vol. I, 75 (second ed., 2008) (hereinafter: "*Greenman*")]. The distinction between idea and expression, in the context of textbooks for example, has sometimes led to the conclusion that the author's right has been infringed because of the fact that the expression of the method of study created by him (which constitutes a mere idea) has been copied [see, for example: *Hirschco*], but also sometimes to the opposite conclusion that all that has been "copied" is the actual idea that underlies the work [see, for example: *Mutzafi*].

18. The rule that an idea is not protected and only the way in which it is expressed is protected overlaps the rule that facts *per se* are not protected. This rule finds expression when compilation works are involved, and it has been held that such works will only be protected insofar as the choice and arrangement of the raw materials – which constitute unprotected facts – meet the requirement of originality (see: *Interlego*; CA 2790/93 *Eisenman v. Kimron*, IsrSC 54(3) 817 (2000); *Tele Event*). This requirement is expressed in section 4(b) of the New Law, which provides:

"... originality of a compilation means the originality of the selection and arrangement of the works or of the data embodied therein".

However, in view of the rising status of the creativity requirement and the determination that investment does not suffice to prove originality, it has been held that, in certain cases, a "compilation work" will not be sufficiently original and will therefore not gain protection [see: *Premier League*, paras. 51-54]

19. We can see that the distinction between idea and expression is of major importance in copyright law, and that, in certain senses, it also overlaps the requirement of originality that underlies the copyright protection of works. The overlap between these two basic principles of copyright law is particularly relevant when functional works are involved, as will be explained below.

The Merger Doctrine and Functional Works

20. Having regard to the distinction between idea and expression, the concept has developed whereby, insofar as a particular idea can be expressed in only a single way, then protection will not be given to a work that constitutes that expression. This concept has been called the "merger doctrine". The merger doctrine has received little

reference in the case law of this Court [see: *Geva*, p. 262; CA 2682/11 *Petach Tikva Municipality v. Zissu* (May 20, 2013), para. 49]. The doctrine originates in American law, and its application in modern case law is based on the judgement in *Baker v. Selden*, 101 US 99 (1880) (hereinafter: the *Baker* case). In the *Baker* case, consideration was given to whether a book that presents a new method of bookkeeping and also includes blank forms that make it possible to implement the method, grants its author an exclusive right to use *the actual method*. The American Supreme Court laid down a rule in that case for use in analyzing works, the only or main use of which is utilitarian. The Court in that case held that:

"... where the art it teaches cannot be used without employing the methods and diagrams used to illustrate the book, or such as are similar to them, such methods and diagrams are to be considered as necessary incidents to the art and given therewith to the public" [*ibid.*, p. 103].

The federal courts in the USA have relied on this statement in order to develop the merger doctrine. The best-known judgment, which most broadens that doctrine, is *Morrisey v. Procter & Gamble Co.*, 379 F.2d 675 (1st Cir. Mass. 1967) (hereinafter: the *Morrisey* case). In that case, it was held that when a single idea has a very narrow range of possible expressions, a work that constitutes one of the expressions is not to be granted copyright protection (*ibid.*, pp. 678-679)]. Numerous federal courts have supported the rule in *Morrisey*, but dissenting opinions have also been aired [see: Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 2.18[C] (2002) (hereinafter: *Nimmer*)].

21. *Baker* and its development in case law have been strongly criticized [see: *Nimmer*, § 2.18[C]. *Firstly*, it has been argued that in *Baker* itself, the American Supreme Court restricted the rule cited above solely to the right *to use* the method or idea given expression in the work, and that the use of the expression in order to present the method will constitute an infringement of the copyright, or in the words of the American Supreme Court:

" The use by another of the same methods of statement, whether in works or illustrations, in a book published for teaching the art, would undoubtedly be an infringement of copyright" [*ibid.*, p. 103].

Secondly, it has been argued that the distinction between copying the expression for the purpose of *using* the method (or idea), compared with copying the expression for the purpose of *showing* the method (or idea) is artificial. It has therefore been proposed to determine that copying for the purpose of using the idea will also

constitute copyright infringement, and that all that should be permitted is the use of the method or idea for functional needs [see: *Nimmer*, § 2.18[C]-[D]]. This proposal is based on the understanding that copyright does not preclude reliance upon a work that constitutes a certain expression of an idea and presents a particular method in order to turn the method into a product. Such protection is only granted by patent law. For the purpose of demonstration, let us assume that a company manufactures a particular electrical product that is not *per se* protected by copyright. For the purpose of manufacture, the company produces drawings that constitute a protected work (as detailed at length below). In view of the proposition presented above, a competing company will not be able to copy the drawings, but assuming that the product itself is not protected by a patent or design, the competing company will be able to manufacture the product on the basis of the drawings without infringing copyright. I would immediately say that I accept this latter distinction, and in my opinion, it should be adopted.

22. Despite the criticism that has been presented, it does appear that when there is a complete merger between the idea and its expression, and when there is only one way to express the idea, a consensus does exist that the work that gives expression to that idea will not gain copyright protection [see: *Greenman*, p. 83; *Nimmer* § 2.18[C][2]; Paul Goldstein, *Copyright* § 2.3.2 1 (1989)]. However, opinions are divided on the question when there are just a few possibilities of expressing the idea. According to one approach, as held in *Morrissey*, in such a case, copyright protection should also not be granted, but according to another approach, the work will be granted copyright, but it will only be infringed when there is absolute or almost absolute similarity between the works [see: *Greenman*, p. 83; *Geva*, p. 262]. This controversy is relevant, because, in the instant case, it is asserted by the Respondent that Safecom should have proven exact copying because its drawings constitute an idea that can only be expressed in limited ways (para. 12 of the Respondent's summations). In order to decide this controversy, in my opinion, reference may be made to the fundamental rule of copyright law presented above – the requirement of originality.

23. Issues concerning the merger doctrine arise in many cases in respect of certain types of work. Thus, in the modern era, the question arises in respect of computer programs [see: *Greenman*, p. 81]. In addition, it has been asserted that the courts in the USA are expanding the application of the doctrine to visual works [for more on this, see: Michael D. Murray, “Copyright, Originality and the End of the Scenes a Faire and Merger Doctrines for Visual Works,” 58 BAYLOR L. REV. 779 (2006)]. Another area in which the work, by its nature, raises issues concerning the merger doctrine is that of functional works. The instant case involves a functional work that is also a visual work. In fact, the merger doctrine can be well understood not only on the basis of the

distinction between idea and expression, or to be more accurate, the merger between them, but also on the basis of the originality requirement, in particular insofar as it concerns functional works.

24. In *Interlego*, President M. Shamgar considered at length the difficulties that the requirement of originality raises as regards functional works. One of President Shamgar's most important findings in this respect was that, in principle, a work is not to be denied copyright protection merely because it is functional [*ibid.*, p. 160]. Nevertheless, President Shamgar held that in respect of these works the Old Law applies a filter in addition to the requirement of originality, which he called "the artistry criterion" [*ibid.*, p. 173]. I would immediately explain that President Shamgar based the reference to that criterion on section 35(1) of the Old Law, which defines *artistic work* as works of painting, drawing, sculpture and *artistic craftsmanship*, and architectural works of art, and engravings and photographs [emphasis added – YD]. In the instant case, Safecom's drawings meet the exact definition of a "drawing" as an artistic work in accordance with section 35(1) of the Old Law, and on the face of it, the artistry criterion therefore does not apply to them directly. However, in my opinion, inspiration may be drawn from that criterion in order to interpret the application of the merger doctrine to Safecom's drawings, and to analyze their originality as a functional work.

25. In *Interlego*, the difficulty that functional works pose for the requirement of originality was described in a way that very much brings to mind the principles of the merger doctrine. In President Shamgar's words:

"When the form is dictated by the function, namely when the function limits the possible forms in which the product can be designed, then there is no justification for granting copyright to the form that is a product of functional-artistic judgement, since the protection that is given protects the function, not the author's original choice of the specific form. This is a circumstance in which the product's form is determined *because of its functional task*" (*ibid.*, p. 177) (emphasis original – YD).

In fact, the words "function" and "form" can be substituted for the words "idea" and "expression". In order to resolve this problem, President Shamgar proposed six possible criteria for identifying the "artistry" of a work: the choice criterion; the author's intention criterion; the public acceptance criterion; the public's willingness to pay criterion; the minimal aesthetic standard criterion; and the art for art's sake criterion (*ibid.*, p. 179). After a detailed discussion, President Shamgar proposed the "choice criterion" as the test appropriate to the examination of whether or not a work's expression derives solely from its functionality. He defined the criterion as follows:

"The choice criterion: one of the characteristics of art is that it reflects the ability to express an idea in a variety of ways. As far as we are concerned here, this is a very broad criterion since it will be fulfilled whenever the creator of the functional product has the ability to choose between several options (*ibid.*, p. 179).

And following:

"It appears that in view of the purposes of copyright as indicated, and in light of the principles for the solution as formulated, the choice criterion should be regarded as a proper one in the context of examining the final product. That is to say, as long as the form obtained is one of several alternatives. The alternatives should be effective. An effective alternative is one that not only performs the functional task of the product but also meets the limited options of form existing in respect of future works deriving from the connection between function and form. There should be alternatives which, in addition to the functional task, meet the restriction of form that derives from the product's functional task or in other words, there should be several alternatives that all meet the restrictions of form that derive from the functional task" (*ibid.*, p. 181).

26. Applying the choice criterion can be of help in determining the proper protection of work regarding which it is asserted that its great functionality limits the ways for expressing the idea it represents. According to the choice criterion, the function or purpose for which the work is intended should be sought and an examination made as to whether the form of presenting that purpose – the expression – is accompanied by the author's choice from among several options that could achieve the same purpose. The application of this criterion might certainly lead to different conclusions with regard to different elements of the work. One can think of a functional work, some of the elements of which constitute essential expression of the purpose for which it has been created and therefore do not require the author to choose from alternatives when creating them, while at the same time, other elements are not dictated by its purpose, and it is clear that the author had a large range of possible choices with respect to the mode of expression. In view of this, one can again enquire into the controversy existing with regard to the relevance of the merger doctrine. As aforesaid, in my opinion when there is a solitary option for the expression of a particular idea, it is inappropriate to grant protection to that solitary mode of expression. However, when there are several possible expressions of a particular idea, even if they are very few, then in my opinion, having regard to the choice criterion, the

author does have a choice among those possible expressions, and it is therefore inappropriate to deny copyright protection to the expression chosen. Nevertheless, I am willing to accept the approach that in such cases, when the number of options is very limited, then in order to prove copyright infringement, it will be necessary to apply the copying criteria strictly, and require that the work that is alleged to be an "infringing work" be *almost absolutely the same as* the protected work [see: *Geva*, p. 262; *Strosky*, p. 357; *Greenman*, p. 83].

Copying a Functional Work

27. The question of the criteria for copying in copyright law is an elusive one. Nevertheless, in the early 1970s, this Court laid down standards for the test in CA 559/69 *Almagor v. Godik*, IsrSC 24(1) 825 (1970) (hereinafter: the *Almagor* case). The standards that were laid down in *Almagor* are still in use and were recently summed up by Justice Y. Amit in *Mutzafi* as follows:

"(–) It has to be proven that the defendant copied real and substantial parts of the plaintiff's work, the quality rather than the quantity being decisive.

(–) Copying can be inferred when the defendant had access to the plaintiff's work and the similarity between the works is of such an extent that it is unreasonable to suppose that it is the hand of chance.

(–) The accumulation of points of similarity is of importance. The more there are, the greater the concern that copying is involved.

(–) The question whether the similarity between the two works is sufficient to determine that copying of a real and substantial part is involved is one of fact and degree. The answer to the question should be given not on the basis of a mechanical comparison of a number of words or lines that are similar in the particular works, but in accordance with the judge's impression of the works as a whole" (*ibid.*, para. 26).

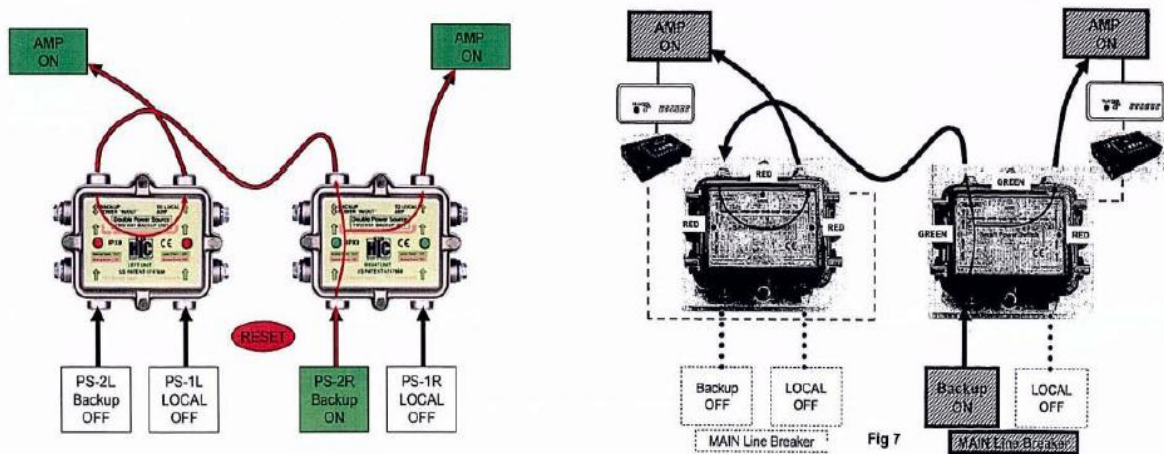
28. Do these standards change when the protected work is a functional one? In my opinion, that question should be answered in the negative. As I have described above, functional works raise various difficulties at the stage of analyzing the requisite originality for the purpose of recognizing them as copyrighted works. However, once a functional work has passed the originality requirement stage and the choice criterion, it is a protected work in all respects, and substantial parts of it may not be copied. In this respect, even if only some of the elements that make up the functional work have passed the "choice filter", that does not affect their being work protected against copying.

The only consequence of a work being functional concerns the standard for the analysis of copying when the protected elements constitute an idea that can only be expressed in a limited number of ways.. In such a case, a higher threshold will be necessary to establish copying, and almost absolute similarity between the protected elements and the allegedly copied elements will be required in order to establish that substantial similarity.

Were Safecom's Drawings Copied?

29. Having considered the elements necessary to establish the protection of a work and prove its protection when the emphasis is on functional works, I shall now analyze whether, in the instant circumstances, Safecom's drawings amount to protected works, and whether the use that the Respondent made of them amounted to copying in infringement of the copyright.

30. Firstly, it should be noted that drawings do generally meet the definition of an artistic work under section 35(1) of the Old Law, and, in any event, the Respondent does not assert that Safecom's drawings do not fall within the scope of the works to which protection is granted. Consequently, an analysis has to be made of whether the drawings meet the requirement of originality and, in such event, because they are functional works, whether they also meet the choice criterion. It is not without reason that it is said that a picture is worth a thousand words, and I shall therefore first present one of the parties' drawings as they appear in the comparative table that the Appellants filed (Exhibit 1 of their exhibits).



* On the left – the Safecom drawing; on the right – the respondent's drawing

The Safecom drawings portray an electrical product whose purpose is to provide electrical backup when there is a malfunction. The drawings show an illustration/photograph of the product with boxes at its sides in which there is text that expresses some electrical function, each of the drawings showing – on the product and between it and the boxes – lines and arrows that describe the electrical function that the drawing seeks to describe by visual expression. I would first state that I accept the Respondent's argument that the boxes, *per se*, like the text within them, do not amount to protected works. I also accept his argument that his drawings show a photograph of a product that is different from Safecom's, and that it is therefore not a copy. Nevertheless, that does not suffice as regards the question of the drawings' originality and the question of copying.

31. It should first be noted that even if each of the elements of the Safecom drawings does not, *per se*, amount to an original work, that does not negate the possibility that the combination of the elements into a single visual work does amount to a compilation that affords protection to the way in which the elements are arranged, as opposed to the protection of each element individually [see: *Greenman*, pp. 119-124]. Nevertheless, even without finding that the Safecom drawings amount to an original compilation, in my opinion it can be found that they do constitute a sufficiently original artistic work.

32. From looking at Safecom's drawings there appears to be no doubt that their purpose is to demonstrate the electrical process and the functions performed by the product that it manufactures. For the purpose of that demonstration, there is no doubt that it is necessary to use predefined expressions, such as the text that describes common electrical functions and such as showing the actual product to which the text relates. Together with that, Safecom's drawings also include lines and arrows that demonstrate the flow process described in the drawing. From looking at the drawings, it appears that this demonstration, which has a functional task, can be expressed in a large number of ways that can achieve the purpose, while Safecom *chose* a particular means of expression according to which the lines and arrows would be of a certain length and certain thickness, taking a winding course appropriate to the way in which *it chose* to position the product and the text boxes on the drawing. It is my opinion that *Safecom's said choice affords it copyright protection in respect to the particular visual element that seeks to "correspond" with those elements that do not amount to a protected work.*

33. Having found that some of the elements of Safecom's drawings do amount to copyrightable artistic work, it remains to determine whether the Respondent's drawings constitute a reproduction of its drawings. I stated above that when a functional work is involved, insofar as there is a limited number of ways in which to express the underlying idea, it will be necessary to show that the work that is allegedly an infringement is almost completely the same as the protected elements in the functional work. I am prepared to assume, for the purpose of the discussion, that whether Safecom's drawings in whole constitute a protected compilation, or whether some of the elements are protected separately as an artistic work, the number of ways to give expression to a demonstration of the product's electrical process is limited. Nevertheless, even working on that assumption, from a comparison between Safecom's drawings and the respondent's drawings it appears that as regards the drawings marked Fig. 2 to Fig. 13, and Fig. 15 and Fig. 16 (Exhibit 1 of the Appellants' exhibits), the Respondent did make an identical (or at least almost identical) copy of the protected elements of the Safecom drawings in the form of the lines that describe the flow process.

34. The Respondent asserts in this regard that filtering out the photograph of the product that was not copied and the elements that are not protected in the form of the boxes and the text on them, "at most what are left are... certain curved lines that describe the connections between the parts of the system. Curved lines in a drawing are not a 'substantial part' of the work. Real *de minimus* is involved" (para. 14 of the Respondent's summations). I cannot accept that argument. The fact that certain elements of the work are not copyrighted, whether because they are unprotected works, mere ideas or a complete merger between idea and expression, leaves those elements in the public domain and thereby permits their free use by anyone so desirous. However, when other elements of the work are copyrighted, it cannot be said that the fact that other elements of the work are not protected makes copying them insubstantial. Such a finding would negate the very protection of those elements, and that cannot be accepted. In my opinion, specifically when substantial elements of the work do not gain copyright protection and remain in the public domain, then copying all those protected elements will attest to the copying of a substantial part of the work, *a fortiori* when there is absolute, or almost absolute, similarity [on the substantiveness of the reproduction having regard to the amount of the copying, see *Mutzafi*, para. 91). This is especially so since there is no dispute that the Respondent did have full access to Safecom's drawings. It should be borne in mind that the Respondent could have made use of those unprotected elements of Safecom's drawings and added different visual descriptions to them that demonstrate the functionality of the drawings, and he could also have arranged the elements of the drawing differently, which would have achieved the functional purpose as well. Since the Respondent made exact use of Safecom's

protected visual resources, he infringed its copyright in those elements. Justice's Netanyahu's statement in *Strosky* is apt in this regard:

"A general inverse relationship equation may be appropriate inasmuch as the less originality and intellectual effort in the work, the more exact the copying that is needed for its copyright infringement. According to this equation, it can be said that the originality and effort in the sign are modest, while the copy is almost exact. That suffices for infringement" (*ibid.*, p. 357).

Permitted Uses

35. Having found that the Respondent did infringe Safecom's copyright in its drawings, it remains to discuss the Respondent's arguments that his actions and the drawings that he made constitute permitted use according to the New Law and therefore do not amount to infringement. The Respondent bases his arguments on section 78(c) of the New Law, according to which an act that does not constitute an infringement of copyright in accordance with that Law will not constitute an infringement of copyright under the Old Law, despite its application in the circumstances. In view of that argument, it should first be determined whether the use of the work, in accordance with the uses that are defined in chapter four of the New Law as "permitted uses", constitutes copyright infringement. In my opinion, the answer to that is in the negative. In CA 5097/11 *Telran Communications (1986) Ltd v. Charlton Ltd.* (September 2, 2013) (hereinafter referred to as "*Telran*"), my colleague Justice Z. Zylbertal expressed the opinion that use in accordance with the uses defined in chapter four of the New Law cannot amount to a contravention of that law (*ibid.*, paras. 28-30). That opinion is based both on the wording of the Law and on the perception that there are certain uses that, according to the purposes underlying copyright, amount to a right of the user and not merely a defense against contravention of the Law [for further, see Niva Elkin-Koren, "Users' Rights," in Michael Birnhack & Guy Pesach, eds., *Copyright* (2009) 327 (Hebrew)]. I accept this position both as regards the finding that permitted use, as defined in chapter four of the New Law, does not constitute a contravention of the law, and as regards the finding that permitted use in fact constitutes a right that is granted to the user to make certain types of use of a work. I am conscious of the fact that this position is contrary to the holding of Deputy President E. Rivlin in CA 9183/09 *Football Association Premier League Ltd. v. Anonymous* (May 13, 2012) (hereinafter: the *Anonymous* case), para. 18 of his opinion, and in view of the existing disagreement, the time may have come for an extended bench to address this issue.

36. Having found that permitted use does not amount to a contravention of the New Law, consideration should be given to the types of permitted use that are asserted by the Respondent in the instant case.

Firstly, the argument Respondent raises avers that his use of Safecom's drawings is permitted use under section 20 of the New Law, which permits the use of a work in legal administrative proceedings to the extent justified having regard to the purpose of the use. I cannot accept that argument. I am prepared to assume for the purpose of the discussion that using the work for the purpose of presenting it to the registrar of patents in a particular country does constitute use in legal administrative proceedings, despite the fact that such a finding is not free of difficulties. However, the main element of this permitted use is the extent of the use, having regard to its purpose. In the instant case, the purpose of using Safecom's drawings and presenting them to the American Registrar of Patents in the patent registration application was the registration of a patent in respect of a product that competes with the one that Safecom markets. My opinion is that such use by a direct competitor, using the copyrighted work for the purpose of direct competition with the owner of the work, cannot amount to permitted use under section 20 of the New Law.

37. *Secondly*, the respondent raises an argument that the use that he made of Safecom's drawings amounts to fair use, as defined in section 19 of the New Law. Section 19(a) of the New Law comprises an open list of types of use of protected works that will be permitted and fair. Section 19 (b) of the New Law enumerates four non-exclusive factors that are to be considered in order to determine whether a particular use amounts to fair use, including:

- "(1) the purpose and nature of the use;
- (2) the nature of the work of which use is made;
- (3) the extent of the use, qualitatively and quantitatively, in relation to the work as a whole;
- (4) the effect of the use on the value of the work and its potential market".

This Court has held that "these are not essential or cumulative factors but a non-exhaustive list of parameters that might indicate the fairness of a particular use that is made of a protected work" [*Anonymous*, para. 19 of the opinion of Deputy President Rivlin].

The four subordinate criteria listed in section 19(b) of the New Law are based on the subordinate criteria that have been laid down in the American Copyright Act

[see: 17 USC § 107]. Empirical research that has been conducted attests that although the fourth subordinate criterion – the effect on the potential market – is most often mentioned as the decisive factor regarding the fairness of use, the first subordinate criterion – the purpose and nature of the use – does in fact have the most marked effect on the decision, the most influential factors being the commerciality and transformativeness of the use [see: Barton Beebe, “An Empirical Study of US Copyright Fair Use Opinions,” 1978-2005, 156 U. PENN L. REV., 549 (2008); Neil Weinstock Netanel, “Making Sense of Fair Use,” 15 LEWIS & CLARK L. REV. 715 (2011)]. It appears that these factors were also the most influential in this Court's ruling in *Anonymous* [*ibid.*, para. 20].

In the instant case, it appears that the use that the Respondent made of Safecom's drawings did not meet the standard of fair use. Thus, in the scope of the first subordinate criterion, it is clear that the Respondent's use was commercial because its whole purpose was to bring about the registration of a patent in respect of his product that competes with Safecom's product. Moreover, on analyzing the question of transformative use, it does not appear that the Respondent's use of the Safecom drawings led to the creation of a new expression, different from the original expression embodied in them. As regards the third subordinate criterion – the extent of the use – I have already found above that the Respondent made an exact, or almost exact, copy of Safecom's drawings, and the extent of the use is therefore full. Finally, having regard to the fourth subordinate criterion, it is clear that since the product marketed by the respondent directly competes with Safecom's product, there is no doubt that the use affects the potential market for Safecom's drawings.

Incidentally, I would mention that I cannot accept the Respondent's argument that the American Patent Office has expressed its opinion that the use of a protected work for the purpose of a patent application amounts to fair use. From studying the opinion (which was annexed as Appendix J to the Respondent's volume of supporting documents), it appears that the American Patent Office means that the use of protected works that the *Office itself* makes in its relationship with those filing patent applications amounts to fair use [see: *United States Patent and Trademark Office, USPTO Position on Fair Use of Copies of NPL Made in Patent Examination* (January 19, 2012)].

38. *Thirdly*, the Respondent contends that the use that he made of Safecom's drawings is permitted in accordance with section 27 of the New Law. Section 27 of the New Law provides:

"Making a new artistic work which comprises a partial copying of an earlier work, or a derivative work from an earlier work, as well as any use of the said new work, are permitted to the author of the said earlier artistic work even where said author is not the owner of the copyright in the earlier artistic work, provided the new work does not repeat the essence of the earlier work or constitute an imitation thereof".

In order to fall within the scope of the section, the Respondent must show that he was at least a joint author of the Safecom drawings. The District Court found that the Respondent had waived his rights in the drawings in favor of Safecom in the scope of the Agreement. The Respondent argues in this connection that even if he had waived his rights in the drawings, as regards the New Law he is still the first joint author of them. In my opinion, there is no need to rule on this issue because even if the respondent is a joint author of Safecom's drawings, section 27 of the New Law does not work in his ~~favour~~favor in this case because the use that he made of Safecom's drawings amounts to an absolute, or almost absolute, copy of them. It cannot, therefore, be said that "partial copying" of Safecom's drawings, or a work deriving from them, is involved, and it can easily be found that the Respondent's drawings "repeat the essence of the earlier work or constitute an imitation thereof".

39. Before concluding, I shall briefly consider the Respondent's argument concerning the law governing this case. According to the Respondent, copyright law is naturally territorial, as is the application of the Old Law. Since Safecom's drawings were copied in the USA, the Respondent asserts that the law governing the case is American law, which was not proven by the Appellants, and the appeal should therefore be dismissed. The District Court considered the Respondent's said argument and held that the drawings were not only copied in the context of filing the patent, but that the Respondent had received the presentation containing Safecom's drawings in Israel and copied them on the computer at his home in Israel. Consequently, the District Court held that Israeli law could be applied to the case. Those findings of the District Court are findings of fact, in which I have not found it appropriate to intervene at the stage of appeal. I would merely state that even were it appropriate to find that this case is governed by American law, that would not necessarily lead to the dismissal of the appeal in the absence of proof of the foreign law. This is particularly so when a sphere is involved that is regulated by numerous international conventions, which lead to relatively great conformity among the different state laws [see, for example: CA 169/94 *Werner v. Amorim*, IsrSC 50(3) 119, 124 (1996); CA 1227/97 *Red Rock Quarry and Stone Works Ltd. v. Ibrahim* IsrSC 53(3) 247, 259 (1999); CA 7687/04 *Sasson v. Sasson* (February 16, 2005), para. 10].

40. In conclusion, I would recommend to my colleagues that we find that certain elements of Safecom's drawings amount to protected work, that 13 of the Respondent's drawings amount to an absolute, or almost absolute, copy of Safecom's drawings, and that the use that the Respondent made of the drawings does not amount to permitted use. I would also recommend to my colleagues that we remand the case to the District Court for ruling on the appropriate relief in respect of those infringements, and that the Respondent pay the Appellants' costs in the amount of NIS 40,000.

Justice Z. Zylbertal

I concur.

Justice E. Rubinstein

A. I concur in the illuminating opinion of my colleague, Justice Danziger.

B. My colleague gave thorough consideration to a broad picture of copyright law, with regard to originality as a condition for the protection of a work, the protection of the way in which an idea is expressed, as opposed to the idea itself, and the criteria concerning works of a functional character, which is a complex matter in itself.

C. I would like to add another criterion to all these – *the common sense criterion*, which might sound too broad because it can be said that common sense should guide us in every case, and on the other hand it is not necessarily the same for everyone in individual matters. However, by saying "common sense" in the instant case, I mean the accumulation of all the overall facts before the court. When a work is involved, appearance or *the sight of the eyes* ("better is the sight of the eyes than the wandering of the desire", Ecclesiastes 6:9) is also acknowledged to be a significant parameter in intellectual property law (and see: CA 3422/03 *Krone v. Inbar*, IsrSC 59(4) 365, in respect of drawings as well. See also, *inter alia*, CA 7125/98 *Mipromal v. Kalil*, IsrSC 57(3) 702, 710 *et seq.*). Incidentally, the expression "the criterion of common sense" (in a slightly different sense) can be found in case law. See the statement by then Justice Grunis in ALA 5454/02 *Taam Teva v. Ambrosia*, IsrSC 57(2) 438, 453 (2005) citing this criterion *per* the learned commentator Seligson (*Trademarks and Similar Law*, (5733), 80-81 (Hebrew)) as regards the comparison of a conceptual message. And

in the instant case, in preparing the file, when we – the bench – inspected the drawings involved, in our eyes there was a great similarity that was immediately conspicuous. Consequently, as I see it, the result that we have reached was required not only by common sense but also by the sight of our own eyes.

D. Intellectual property law does, indeed, in many cases involve subtle nuances in respect of which it is frequently difficult to separate the wheat from the chaff, and much has been written about the difficulties of litigation in this sphere (see: D. Freiman, *Patents* (second printing, 2008) 7); but in my opinion, the case before us is not one of the difficult ones and anyone looking at the drawings that my colleague presented in his opinion (para. 30) needs no arcane language and can take them at face value, almost like the well-known definition by US Supreme Court Justice Potter Stewart concerning pornography, who said that it is perhaps difficult to define but "I know it when I see it".

E. As aforesaid, I concur with my colleague's review, together with his cataloguing and arrangement of the matter.

F. Before concluding, I would mention that Jewish law, especially in its modern embodiment, but even long ago, has considered the matter of intellectual property rights; see my opinion in CA 9191/03 *V&S Spirt Aktiebolag v. Absolute Shoes*, IsrSC 58(6) 869, 888-892, which also discusses (at p. 890, para. 18(3)) the Jewish law foundations of enforcement in intellectual property matters, and I would here emphasize the approaches of Jewish law that concern a another's craftsmanship, trespass and theft, and more; in *Krone, supra* (at p. 379), I also considered the matter of a graphic pattern (or drawings) as a cause of action in Jewish law, and also see my opinion in ALA 7774/09 *Weinberg v. Weissshof* (2012) paras. 9 to 12 and the authorities cited there.

Decided as stated in the opinion of Justice Y. Danziger.

Given this 15th day of Kislev 5774 (November 18, 2013)

Justice

Justice

Justice

