

**PATENTS EXAMINATION BOARD**

**PRACTICAL LEGAL PROBLEMS**

**EXAMINATION: JULY 2016**

**PAPER 2**

EXAMINERS: R BAGNALL  
D DOHMEN

MODERATOR: C.E. PUCKRIN S.C.

DURATION: EXAMINATION TIME – 3 HRS

**NOTES TO CANDIDATES:**

1. Attached to the paper are copies of the following documents:
  - (i) A copy of the Patents Act No. 57 of 1978;
  - (ii) A copy of the Patent Regulations 1978; and
  - (iii) A copy of the Uniform Rules of the High Court under the Superior Courts Act 10 of 2013 (Rules 6, 14, 17, 18, 19, 21, 22, 23, 24, 25, 30, 35, 36 and 37).
2. Each candidate is also allowed access to (1) one dictionary during the exam.
3. This paper comprises of Questions 1 to 4 (100 marks) (9 pages) and Document A (3 pages).
4. Where appropriate reference should be made to case law.

**QUESTION 1:****(40 marks)**

Your client, ABC Healthcare (Pty) Ltd, informs you that it has obtained patent protection for a safety syringe/needle assembly. The assembly includes a sheath mechanism that covers the needlepoint on being retracted from the skin of a patient thereby automatically rendering the needlepoint blunt after use. This avoids inadvertent needle pricks after insertion into a patient in the clinical environment.

Your client introduced its product onto the market three years ago and has, since its introduction, spent over R20 milion on marketing and advertising. The uptake of the product was slow in the first eighteen months but, after that, sales volumes started to increase steadily. Your client has advised you that the demand for the product is high and it is currently close to being considered the gold standard in the industry. Your client expects to have sales volumes of approximately R5 m this year and projects that this will grow to at least R15 m by the end of next year.

Last week your client became aware that a competitor, Sharp Practice CC, has imported 100 000 of its safety catheter units into South Africa from China. It is anticipated that Sharp Practice CC will start selling these products within the next few weeks. Your client advises you that it sells its product to private hospitals in South Africa at R12.00 per assembly and it is expected that Sharp Practice's product will be sold at a price of R2.50 to private hospitals.

You have considered the patent and its validity and you have advised your client that there is a strong likelihood that a Court will find that the sale of Sharp Practice's product will amount to an infringement of at least one of the claims of the patent. Furthermore, you have conducted a thorough validity investigation and, in your opinion, the claims are very likely to be considered novel in light of the prior art of which you are aware. There is a possible argument that the claims may lack inventive step in light of the prior art but this argument is not compelling enough for you to advise your client that they are at considerable risk of a finding of invalidity.

Sharp Practice CC has multiple product ranges in the medical devices field and it is anticipated that the safety catheter in question is likely to only constitute 10% of its total sales volumes per annum. On the other hand, the safety catheter of your client constitutes 70% of its annual turnover.

Your client employs 20 permanent staff members the majority of which have been employed in light of the substantial growth in the safety catheter market. Sharp Practice CC has a very mobile sales force the numbers of which are unclear but it has been established that they work independently on short-term contracts, and on a commission basis.

Furthermore, a search has revealed that Sharp Practice CC does not own any fixed property in South Africa. All of its computers, vehicles, etc. are leased from external suppliers. At any given time the only substantial asset that Sharp Practice own is the current stock on hand.

It is expected that the 100 000 units will be supplied into the market very quickly within the next two weeks and, thereafter, it is anticipated that they have plans to import approximately 50 000 units per month in light of the demand for the product.

Although ABC Healthcare's product is the gold standard in the market, there are many other safety catheters that compete with their product (approximately 8 products) all at differing prices. Although the market share is steadily increasing, it is constantly changing because on some occasions your client increases its market share by taking sales from the other 8 competitors but, from time to time, it does lose sales to one or more of these competitors.

30% of the total sales take place in public hospitals, with the remaining 70% being made to the private hospitals. Your client draws your attention to an article that was written recently where a concern was expressed about the high cost of their product and, as a result thereof, the perceived barrier to access to ABC Healthcare's product for many healthcare professionals in the

public sector. As a result, approximately three months ago, ABC Healthcare took a decision to substantially reduce its product price to the public sector. Its adjusted public sector price is approximately 10% higher than the anticipated price of Sharp Practice's product. The more expensive product that is supplied to private hospitals is covered, in the majority of cases, by the patients' hospital plans.

Your client is very concerned about these recent developments to the extent that it may need to consider drastically reducing its price in the private sector to protect its business. If it does so it will obviously see a dramatic drop off in sales volumes which will be concerning because of the considerable costs spent in advertising and marketing in order to develop the market for the product. Your client is also concerned that, should it decide to reduce its product price, it would be very difficult in the future to increase the product price.

Taking into consideration all of the above, please advise your client on what appropriate legal steps should be taken to prevent Sharp Practice CC from selling their product in South Africa. In doing so, please focus on the requirements for such legal proceedings, with specific reference to the facts that have been provided to you in this case.

**QUESTION 2:**

**(20 marks)**

Your client, a German renewals agency, informs you that patent no. 2013/2222, which belongs to one of their mayor clients, lapsed owing to the non-payment of renewal fees. You obtain a copy of an extract of the Patent Register and confirm that this is indeed the case. The first page of the patent certificate and form P2 are **attached** hereto marked Document A.

Your client provides you with the following explanation.

*"We are an annuity agency and attend to the renewal of patents on behalf of patentees globally. The patentee is responsible for all aspects of the filing and prosecution of the patent. Once the application is filed and/or granted the patentee will provide us with the biographic details of the patent which we capture into our records.*

*Our annuities programme then generates renewal reminders and requests for instructions which are sent to the patentee at various intervals prior to the renewal due date as well as a final lapse reminder on the actual renewal due date if no prior instructions were received. If and when we receive renewal instructions from a patentee we instruct in-country firms like yours to attend to the renewal payment on our behalf.*

*Often patentees instruct us to automatically renew their more important patents in which case we will automatically attend to the renewal of the patent at about one month prior to the annual renewal due date. We will then simply report to the patentee that the renewal was paid and invoice the patentee accordingly.*

*The patentee (Global Cement Inc.) of South African Patent No. 2013/2222 contacted us earlier today regarding the non-renewal and lapse of the patent. The patentee is highly upset as they learnt of the lapse yesterday during pre-litigation preparations in South Africa. A South African competitor has apparently built a production plant in South Africa and has commenced production of cement and the sale of cement in South Africa using the protected process of the patent. Apparently the cement which is being sold by the competitor also falls within a number of product claims of the patent.*

*On investigation we found that the biographic information which the patentee sent to us did not include the PCT or priority information and simply indicated that the patent was applied for on 1 September 2013. The patent was entered into our annuity records as a South African Convention patent application with a filing date of 1 September 2013. As*



*we now understand the patent did have an earlier priority claim and was in fact a national phase patent application in South Africa based on an earlier international (PCT) patent application.*

*In this case we hold instructions from the patentee to automatically renew the patent but since our annuity programme calculated the first annual renewal to be due on 1 September 2016 we did not take any action in respect of the first renewal fee.*

*For obvious reasons the patentee is extremely concerned. Please advise what, if anything, can be done to salvage the situation and reinstate the patent. If something can be done, please explain in detail what can be done and how, and also whether the lapse of the patent will have any effect on the patentees intended infringement proceedings against the South African infringer.*

*We await your urgent response."*

Please advise your client fully.

**QUESTION 3:**

**(15 marks)**

Please draft the necessary affidavit(s) for filing in support of a restoration application based on the facts in Question 2. Please also include the appropriate heading to the affidavit(s).

**QUESTION 4:**

**(Total 25 marks)**

Please advise your client on each of the below separate questions.

- 4.1 *"I confirm that I have received the final version of my replying affidavit in the pending patent revocation application brought by SA Litigator (Pty) Ltd against your client SA Patentee (Pty) Ltd. As you know I live in Liverpool, England and will have to sign the affidavit here in England*

*and courier it back to you. Please confirm how I should go about in order to have the affidavit correctly signed."*

How would your answer differ if the expert witness lived in Germany and had to sign the affidavit in Germany?

**(5 marks)**

4.2 *"I refer to our consultation last week regarding the new provisional patent application which we intend to file for the new chicken feed product which our employee and research head Mr Andy Smit developed over the last two years.*

*Mr Smit resigned today with immediate effect and apparently intends to enter into competition with us in the chicken feeds business. There is no specific provision in his employment contract regarding intellectual property or a restraint of trade provision.*

*We have also now learnt that Mr Smit had applied for a patent in his own name for the chicken feed and unbeknown to us had disclosed the chicken feed formulation last week at a Farmers' Day in Pietermaritzburg!*

*What can we do to secure our rights in the chicken feed?"*

**(5 marks)**

4.3 Your client has filed a patent application in South Africa that includes the following claims:

- 1. A compound of Formula A.*
- 2. Use of the compound of Formula A as claimed in claim 1 for the treatment of anxiety.*

After the filing of the application your client advises you that, following the examination of corresponding applications in examining countries, it

has emerged that the compound of Formula A forms part of the state of the art prior to the priority date of your client's patent application. Furthermore, it was also known prior to the priority date of your client's patent application that the compound of Formula A was used in the treatment of insomnia. In the circumstances, please advise your client on what amendments to the claims would be advisable prior to the grant of the South African patent application.

**(5 marks)**

- 4.4 Your client files a patent application in South Africa, on 1 June 2016, claiming priority from a previously filed South African provisional application, dated 2 June 2015. Assume that the claim to priority is a valid one. The specification includes a single claim, namely, "*An oral dosage composition comprising in combination compound A and compound B*". Your client advises you that it has recently become aware of a South African patent which bears a priority date of 1 May 2014. This patent was granted and became open to public inspection on 25 July 2016. The prior filed South African patent application discloses one example with an oral dosage formulation comprising Compound A only and another example with an oral dosage formulation comprising Compound B only both of which examples were included in the specification as filed. Please advise your client what impact this disclosure may have on the novelty and inventiveness of its claim.

**(5 marks)**

- 4.5 "*Our biggest client has received a Letter of Demand from our competitor ABC Products (Pty) Ltd. In the letter ABC Products makes false claims that our product infringes their US patent. ABC Products also claims that they have a South African patent on their own competing product and has a patent number on their product.*

*Over the years we have done numerous searches at the South African Patent Office and know for a fact that ABC Products' US patent was*



*never extended to the South Africa and that they have no patent rights in South Africa on their own product.*

*Our customer is not interested in getting involved in any patent disputes and is in the process of cancelling all our pending and future orders. As we understand they will in future only order from ABC Products.*

*We are very concerned and require your advice on what we can do to stop ABC Products from competing in this underhand manner and to recover any damages we may suffer."*

**(5 marks)**

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**TOTAL: 100 marks**

REPUBLIC OF SOUTH AFRICA



Document A

REPUBLIEK VAN SUID AFRIKA

PATENTS ACT, 1978

## CERTIFICATE

In accordance with section 44 (1) of the Patents Act, No. 57 of 1978, it is hereby certified that

**Global Cement Inc.**

has been granted a patent in respect of an invention described and claimed in complete specification deposited at the Patent Office under the number

**2013/2222**

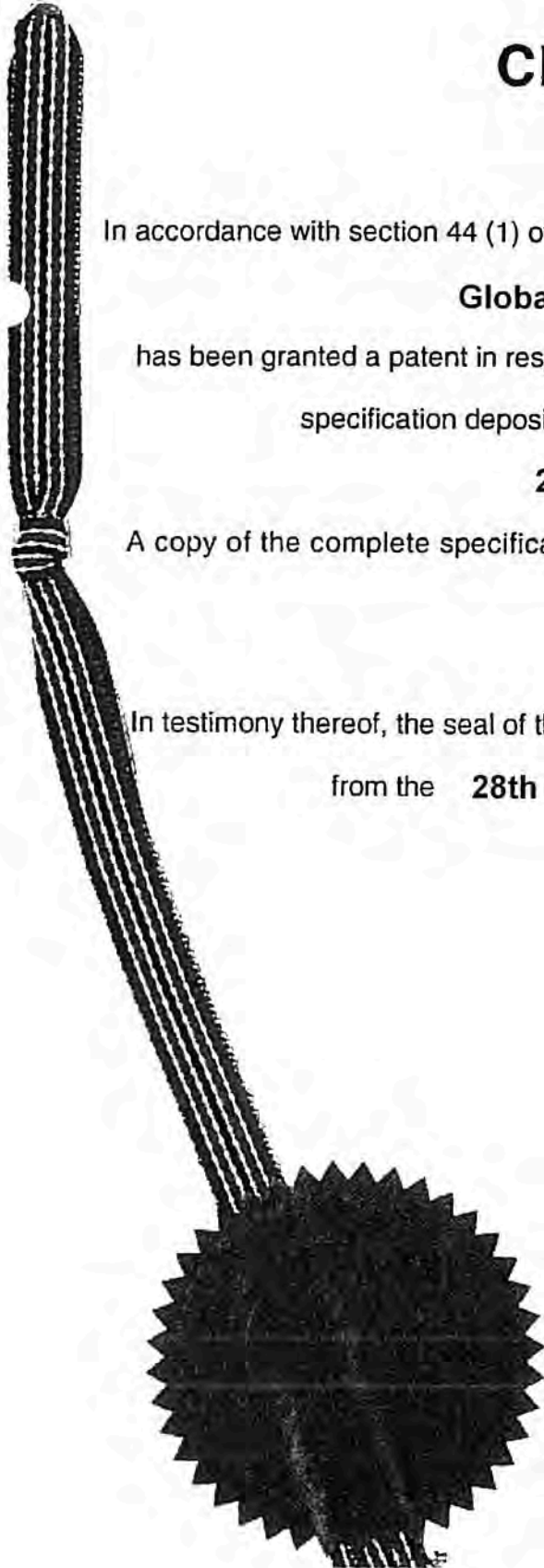
A copy of the complete specification is annexed, together with the relevant Form P2.

In testimony thereof, the seal of the Patent Office has been affixed at Pretoria with effect

from the **28th day of March 2014.**

A handwritten signature in black ink, appearing to be 'S. J. ...', written over a dotted line.

**Registrar of Patents**





REPUBLIC OF SOUTH AFRICA

## REGISTER OF PATENTS

PATENTS ACT, 1978

<b>OFFICIAL APPLICATION NO.</b>		<b>LODGING DATE: PROVISIONAL</b>		<b>ACCEPTANCE DATE</b>			
22	01	2014/2222	22		47	5 January 2014	
<b>INTERNATIONAL CLASSIFICATION</b>		<b>LODGING DATE: COMPLETE</b>		<b>GRANTED DATE</b>			
	F27B		1 September 2013		28 March 2014		
<b>FULL NAME(S) OF APPLICANT(S)/PATENTEE(S)</b>							
71	GLOBAL CEMENT INC.						
<b>APPLICANTS SUBSTITUTED:</b>							
71					<b>DATE REGISTERED</b>		
<b>ASSIGNEE(S)</b>							
71					<b>DATE REGISTERED</b>		
<b>FULL NAME(S) OF INVENTOR(S)</b>							
72	WRITE, Samantha Julia SMITH, John RICHARDS, Adam Scot						
<b>PRIORITY CLAIMED BY PCT INTERNATIONAL APPLICATION</b>		<b>COUNTRY</b>	<b>NUMBER</b>		<b>DATE</b>		
PCT/US2012/064593 FILLED 3 March 2012 (WO2013/026501)							
N.B. Use International Abbreviation for country (See Schedule 4)		33	US	31	11/569,321	32	3 March 2011
<b>TITLE OF INVENTION</b>							
54	LOW EMISSION PRODUCTION PROCESS OF CEMENTITIOUS MATERIAL AND CEMENTITIOUS PRODUCT						
<b>ADDRESS OF APPLICANT(S)/PATENTEE(S)</b>							
7 Clinker Road, Pittsburgh, PA, United States of America							
<b>ADDRESS FOR SERVICE</b>			<b>A &amp; A REF:</b>	P1000ZA00			
74	ADAMS & ADAMS, Pretoria						
<b>PATENT OF ADDITION TO NO.</b>		<b>DATE OF ANY CHANGE</b>					
61							
<b>FRESH APPLICATION BASED ON</b>		<b>DATE OF ANY CHANGE</b>					