

PATENT EXAMINATION BOARD

**LEGAL FRAMEWORK FOR THE PROTECTION OF INTELLECTUAL PROPERTY
GROUP 1(A)**

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Time: 4 hours

Total marks: 100

This paper consists of 10 pages (including this cover page)

Instructions:

- Answer all questions
- Write legibly
- The term "TRIPS Agreement" or "TRIPS" refers to the Agreement on Trade-Related Aspects of Intellectual Property Rights of the World Trade Organization (WTO).

Section 1: Trade Marks Act, No. 194 of 1993 (“the Act”)

A new client approaches you for advice. The client is the owner of a florist and nursery business selling flowers, plants and associated goods, and the business has traded under the name **DALLY DAISIES & ALL** for 7 years.

- 1.1 Your client wants to know if they can (now) register their trading name under the Act for their business.
- (a) How does the Act define a “mark”? (5)
 - (b) Does “**DALLY DAISIES & ALL**” fall within the scope of this definition? (2) (7)
- 1.2 How does the Act define a “trade mark”? (5)
- 1.3
- (a) Without repeating the full wording of section 9(1) and/or 9(2) of the Act, explain whether, and why, you consider that “**DALLY DAISIES & ALL**” meets the fundamental requirement (or function) of section 9 to be registrable as a trade mark. (2)
 - (b) In terms of section 9(2), can the client’s history of their trading name assist the client in meeting the fundamental requirement (or function) as set out in section 9(1)? You may assume that client’s above name or trade mark does not fall within, or breach, any of the provisions of section 10 of the Act. (2) (4)
- 1.4 After discussing the above registration issues, client instructs you to file a trade mark application for “**DALLY DAISIES & ALL**”. A few years later, after the trade mark has been registered, client informs you that a competitor business is using a similar trading name.
- (a) Explain, in terms of section 34(1)(a) of the Act, what elements the client will need to prove to the High Court in order to establish infringement of their trade mark registration. (5)
 - (b) Explain the relief that the High Court may grant if the trade mark registration is infringed. (4) (9)

[25]

Section 2: Copyright Act, No. 98 of 1978 (“the Act”)

- 2.1 Define “copyright” differentiating between a positive and a negative definition. (2)
- 2.2 Copyright in a computer program vests the exclusive right to do or authorize the doing of which acts in the Republic (list 4)? (4)
- 2.3 For each of the following “works”, explain who the “author” is of the work:
- (a) a photograph
 - (b) a sound recording
 - (c) a computer program
 - (d) a published edition (4)
- 2.4 Name two of the formalities for a valid exclusive copyright licence under South African law. (2)
- 2.5 Explain what “moral rights” are. (2)
- 2.6 List two of the remedies available under section 24 of the Copyright Act (2)
- 2.7 Mrs Smith is the owner of an online fashion store which sell high-end eveningwear, typically imported to South Africa from Paris. The store has been successful for many years under the **BABY SPICE** trade mark and branding. Mrs Smith is looking to modernise the look-and-feel of the online store, and approaches the design agency Kick-Butt Designs (Pty) Ltd to come up with a new logo for her **BABY SPICE** brand.

Mrs Smith has a good idea of what she wants. In her comprehensive brief, she describes the new logo as “*a classy logo, preferably in gold lettering which gives a feel of exclusivity*” After much toing-and-froing, Kick-Butt delivers to her the following logo [in gold] in electronic form:



There is no written agreement between Mrs Smith and Kick-Butt, but she made an electronic payment of the full design price of R 55 000 as agreed with Mr Aku, who

is the creative director and CEO of Kick-Butt. During the discussions, Mr Aku mentioned more than once that a junior designer in his employ, Ms Dlamini, did the actual work on the design.

Mrs Smith rolls out the new logo with great fanfare, files a trade mark for it and obtains registration.

Three years later Mrs Smith and Mr Aku have a commercial dispute about an unrelated matter, and Mr Aku now threatens to “make life difficult” for Mrs Smith and her use of the new **BABY SPICE** logo. She tries to get hold of Ms Dlamini, but she has since moved on and now works for a New York based design agency. (9)

With reference to the Copyright Act and relevant case law:

- a) What type of “work” are we dealing with? (1)
- b) Who is the copyright owner of the work in the circumstances? In your answer, consider the Copyright Act, the fact that there was no written agreement between Mrs Smith and Kick-Butt, as well as the fact that Mrs Smith described the logo to the design agency in her brief and she paid for the deliverable in full. For purposes of this answer, assume there was an employment agreement in place between Kick-Butt and Ms Dlamini at the time of executing the mandate. (6)
- c) Irrespective of your answer in question (b), assume for the purposes of this question that Ms Smith may not be the owner of the work. What steps can be put in place between the current owner and Ms Smith for the rights to vest in her or her company? List any formalities required in this step. (2)

(9)

[25]

Section 3 – Plant Breeders’ Rights

- 3.1 Name the forms of protection that Article 27(3)(b) of the TRIPS Agreement says that Member countries must provide for the protection of plant varieties. (2)
- 3.2 Name the five requirements for applying for a Plant Breeders’ right for a variety of plant in South Africa, provided for in terms of Section 15(1) of the South African Plant Breeders’ Rights Act No. 12 of 2018. (5)
- 3.3 What is the duration of a Plant Breeders’ Right:
- (a) granted prior to 1 June 2025 (i.e. in terms of Section 21 of the Plant Breeders’ Rights Act No. 15 of 1976); and
 - (b) granted on or after 1 June 2025 (i.e. in terms of the Plant Breeders’ Rights Act No. 12 of 2018)? (6)
- 3.4 List five of the six acts that others are prohibited from performing without prior authorisation from the holder of a Plant Breeders’ Right of a protected variety, in terms of Section 7(1) of the Plant Breeders’ Rights Act No. 12 of 2018. (5)
- 3.5 Sections 10(1)(d) and (2) of the new Act allow certain categories of farmers to use protected varieties of specified categories of plants without infringement under certain conditions. Name five of the six categories of farmers defined in terms of Regulation 5(2) of the new Act. (5)
- 3.6 In terms of Section 55 of the South African Plant Breeders’ Rights Act No. 12 of 2018, infringement of a Plant Breeder’s Right is a criminal offence. What is the penalty for such an offence? (2)

[25]

Section 4: International Agreements, Conventions and Treaties

4.1 Choose the most correct answer from the options provided (1 mark each):

(i) The WTO package of instruments can be grouped into four categories. Which of the following is NOT one of those categories?

- A. The WTO Agreement, establishing the World Trade Organisation
- B. Multilateral agreements on trade
- C. Bilateral investment treaties between individual member states
- D. Plurilateral trade agreements

(ii) For purposes of the implementation of WTO agreements, countries are divided into three categories. How is South African categorised?

- A. Developed country
- B. Developing country
- C. Emerging-market country
- D. Least developed country (LDC)

(iii) TRIPS attempts to harmonise the protection and enforcement of IP rights across member states, in order to:

- A. Eliminate all barriers to trade in goods and services
- B. Promote technological innovation and the transfer and dissemination of technology, to the mutual advantage of producers and users of technological knowledge
- C. Ensure that developed countries compensate developing countries for the use of their natural resources
- D. Eventually, establish a single global patent office

(iv) Which of the following is NOT a requirement for a valid patent under TRIPS?

- A. Novelty
- B. Inventive step
- C. Industrial application
- D. Commercial viability

(v) Article 9.2 of TRIPS records a fundamental principle of copyright law. Which of the following best describes that principle?

- A. Copyright protection shall extend to all original ideas, whether or not they are expressed in a fixed form
- B. Copyright protection shall extend to expressions, and not to ideas, procedures, methods of operation or mathematical concepts *as such*
- C. Copyright protection shall be available only to works that have been registered with a competent authority
- D. Copyright protection shall extend to both expressions and the underlying ideas on which they are based

(vi) In terms of Article 29.1 of TRIPS, what must an applicant for a patent disclose?

- A. The best embodiment of the invention known by the inventor(s)
- B. The invention in a manner sufficiently clear and complete for it to be carried out by a person skilled in the art
- C. All prior art that it knows of, which is related to the invention
- D. The identity of the funder of the research leading to the invention

(vii) According to TRIPS, what are the requirements for limitations or exceptions to copyright infringement?

- A. That exceptions/limitations may be decided freely at the discretion of each member state
- B. That exceptions/limitations shall not conflict with a normal exploitation of the work nor unreasonably prejudice the interests of the copyright owner
- C. That no exceptions whatsoever may be placed on copyright infringement
- D. That exceptions must be approved by the WTO Secretariat before implementation

(viii) Indicate True/False by choosing the correct option below: The DOHA Declaration is a declaration that nothing in the TRIPS Agreement is to be used to address the issue of exhaustion of IP rights for purposes of dispute settlement.

- A. True
- B. False

(ix) Article 40 of TRIPS recognises that certain licensing practices may restrain free competition. What does it require member countries to do to ensure that IP law is not abused at the expense of competition?

- A. Require that all IP licensing agreements include a provision subjecting them to the competition laws of the licensee's country
- B. Adopt whatever measures it chooses to prevent abuse of IP rights which have an adverse effect on competition
- C. Prohibit provisions preventing challenges to validity and coercive package licensing, in all circumstances
- D. Require compulsory licensing of all intellectual property

(x) In terms of Article 61 of TRIPS, member countries must provide for criminal procedures and penalties in cases of:

- A. All forms of IP infringement without exception
- B. Wilful trade mark counterfeiting and copyright piracy
- C. Any unauthorised use of a patented invention
- D. Non-registration of trade marks

(1)

4.2 Why would a group of companies establish a separate IP holding company to own the group's intellectual property?

Give three reasons and briefly explain each.

(3)

4.3 Indicate (yes/no) if South Africa has acceded to the following conventions/treaties:

- a) Rome Convention for the Protection of Performers and Producers of Phonograms and Broadcasting Organisations
- b) Paris Convention for the Protection of Industrial Property
- c) Treaty on the International Recognition of the Deposit of Micro-organisms for the Purpose of Patent Procedure (Budapest Treaty)
- d) WIPO Performances and Phonograms Treaty

(2)

- 4.4 (a) How does our law protect compilations of data? (1)
- (b) Compare our legislation with the TRIPS requirement to give a view on whether it complies with TRIPS in this regard. (1) **(2)**
- 4.5 Article 30 of TRIPS provides that members may provide limited exceptions to the exclusive rights conferred by a patent, provided that such exceptions do not unreasonably conflict with a normal exploitation of the patent and do not unreasonably prejudice the legitimate interests of the patent owner, taking account of the legitimate interests of third parties.
- Explain how the so-called Bolar provision in our Patents Act (s69(A)) restricts the rights of a patentee in this way. **(2)**
- 4.6 SolarTech Inc. holds a patent for an advanced solar panel component in several countries, including China, United States, India and South Africa. SolarTech manufactures the component in China and sells it in the United States for \$500 per unit. The same component is sold in India for \$200 per unit and in South Africa for \$300 per unit.
- SolarTech also distributes products in India via an Indian company, ("SolarResell"), who is authorised to distribute products only in India.
- A South African importer, BrightEnergy (Pty) Ltd, purchases patented products in India and imports them into South Africa to sell them at a lower price than SolarTech's South African price.
- 4.6.1 Assume that BrightEnergy purchased the patented products from SolarTech in India. SolarTech institutes an action against BrightEnergy in South Africa, claiming patent infringement.
- (a) Explain the principle of territorial (national) exhaustion of patent rights. (1)
- (b) If the principle of territorial (national) exhaustion of rights were to apply, would SolarTech's case against BrightEnergy have merit? Explain your answer. (1)

46.2 Now assume that BrightEnergy purchased the patented products from SolarResell in India (i.e. not the patentee). The distribution agreement between SolarTech and SolarResell authorises Solar Resell to sell the patented products in both India and South Africa.

- (a) Explain the principle of international exhaustion of patent rights. (1)
- (b) If the principle of international exhaustion of patent rights were to apply, would SolarTech's case against BrightEnergy have merit? Explain your answer. (1)

(4)

4.7 Article 47 of TRIPS provides that judicial authorities may have the authority to order an infringer to disclose to the right holder the identity of third parties involved in the infringement or the distribution of infringing goods.

Give one example of:

- (a) South African statute that expressly conveys this authority on a judicial authority; and
- (b) a procedure, based on court rules, which has evolved to obtain information from an alleged infringer.

(2)

[25]