

PATENTS EXAMINATION BOARD

PRACTICAL LEGAL PROBLEMS

EXAMINATION: JUNE/JULY 2025

PAPER 2

EXAMINERS: A LEWIS
 T BALL

MODERATOR: J WHITTAKER

DURATION: READING TIME – 30 MINUTES
 EXAMINATION TIME – 3 HOURS
 TOTAL: 3 HOURS 30 MINUTES

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, 37 and 63).
2. Each candidate is also allowed access to (1) one dictionary during the exam.
3. This paper comprises 5 pages in total, made up of Questions 1 to 7 (100 marks).
4. Where appropriate, reference should be made to case law.

QUESTION 1:

(30 marks)

You receive the following letter from New Age Printing Inc

“We are based in San Francisco in the USA. We develop and manufacture 3D printing machines and are the proprietors of South African patents 2015/5498, 2016/2579 and 2017/0783. The 2015 patent has claims to a method of manufacturing articles by 3D printing, the 2016 patent to a composition for use by 3D printing equipment and the 2017 patent to a 3D printing machine. In addition we have extensive know how and trade secrets.

To date we have been supplying customers in South Africa with the composition and machines. However, we have been approached by Futuristic Printers (Pty) Ltd to give them a licence in regard to our IP.

We are considering granting them a licence in respect of the 2015 and 2017 patents and our associated know how and trade secrets and would like to know if the following conditions are permissible:

1. There will be an upfront payment and ongoing royalties.
2. They will be licensed to manufacture and sell the 3D machines.
3. In regard to the composition, they will purchase what they need from us.
4. They may only sell the machines to customers in South Africa, as we have distributors in some other African countries.
5. We would like the contract to be for twenty years.
6. Any improvements must be ceded to us.
7. In order to protect our royalties and minimise the risk of machines being bought by foreign customers to the detriment of our distributors, we want to impose a minimum selling price which will vary from time to time.
8. Futuristic will also be manufacturing and selling certain machine components which are not protected by the patents. We also want royalties in respect of these sales and, furthermore, we want Futuristic to undertake that they will contract with purchasers of the machines that they will only purchase these components from them.
9. There are two other components that are critical to the operation of the machines, which embody our core know how and which are not protected by any of our South African patents. We are not prepared to transfer our know how to Futuristic in respect of these two components and they will have to purchase them only from us, on very favourable terms, and undertake not to manufacture these components themselves.

10. They must mark all machines that they sell with our patent numbers.
 11. Futuristic may not manufacture or sell any competing products.
 12. They may not challenge the validity of any of our patents.
 13. We are very concerned that we will suffer substantial loss in all the other countries where we operate if any of Futuristic's employees disclose our trade secrets and we want to provide that, in such an event, Futuristic will pay us an amount of R10M.
 14. If we sue any infringer we don't want Futuristic to be part of the litigation, except to assist us in quantifying damages.
- We await your response at your earliest convenience."

Advise New Age Printing in response to their queries.

QUESTION 2:

(20 marks)

Your client markets safety harnesses. It is about to start testing a new safety harness for possible marketing in 1 year's time, having integers A, B, C, D and E.

Your client is aware that a competitor has a patent "P" and gives you a copy of the patent specification. You ascertain that the patent application was filed on 31 January 2022 and claims priority from a provisional patent application filed on 5 February 2021. Claim 1 claims the combination of A, B, C and D. Accordingly, your client wants to revoke the patent, if possible.

Your client also gives you a set of experimental results which your client has performed on a safety harness made according to the specification of P. The results clearly show that the safety harness of P has a considerably lower weight-bearing capability than a minimum value specified in P.

You investigate and find:

- (i) A South African patent "X" whose provisional specification was filed on 4 February 2021 and complete specification on 4 February 2022. The complete specification discloses integers A, B, C and D.
- (ii) Two mechanical engineering papers "Y" and "Z" published in 1975, one of which discloses integers A, B and C and the other which discloses integers B, C and D.

Advise your client on how you would go about applying for revocation. What documents and pleadings must be filed and by when must they be filed. In addition

identify the grounds of revocation, with reference to the Patents Act, that can be relied upon in this scenario and indicate what you will need to prove, with reference to applicable case law?

QUESTION 3:

(30 marks)

You receive the following letter from your client.

"Dear Sirs

I have recently formed a new company called New Kid (Pty) Limited. The intention is for New Kid to do research in the fortified foods market, develop a food product which can be made from local low cost products, has a high nutrient value and is storable for long periods.

The further intention is for New Kid to manufacture the food product initially in South Africa and to market it locally and in a number of other countries. We anticipate that we will then licence our IP to offshore entities.

Accordingly, I intend to appoint a number of product researchers and developers as employees of New Kid to do the research and product development. One of these researchers is a German citizen who will be conducting certain project work in South Africa.

I have already taken advice from labour consultants and they have provided me with a standard employment contract for use when employing these researchers and developers.

However, I have noted that there are no provisions in the draft contract which require the employees to keep all research, developments and company information secret.

The formulation and manufacturing process of the new food product are specific concerns.

I also need to ensure that all research and developments which are done by the employees belong to New Kid so that there can be no disputes later about who created what and what belongs to whom.

As I expect that the market for these types of food products will be lucrative, I also need to ensure that the employees do not take New Kid's research or developments to a competitor or use it to start up in competition with New Kid.

Please provide me with appropriate and enforceable clauses which can be incorporated into the standard employment contract which I received from the labour consultants.

We have also considered outsourcing some of the research to a local university and would appreciate your view if this is advisable.

I await your response."

Provide appropriate clauses as requested and also your view whether or not research should be subcontracted to a university, with the reasons therefor.

QUESTION 4:

(5 marks)

Is the conduct of a patentee to allow a patent that is possibly invalid to remain on the register, for example a patentee limiting the claims of foreign patent applications during prosecution to avoid prior art and not amending the corresponding South African patent, relevant to patent litigation in South Africa? If you think it is, explain when it would be relevant together with any appropriate case law.

QUESTION 5:

(5 marks)

What do you understand by "contributory infringement," and is it a part of South African law? Substantiate your answer, with reference to the relevant legislation and case law.

QUESTION 6:

(5 marks)

What does the principle of "exhaustion" of patent rights mean, and does the Patents Act contain this principle?

QUESTION 7:

(5 marks)

Is reasonable technical trial an excusable defence for patent infringement in terms of South African Law? Motivate your answer?