

PATENTS EXAMINATION BOARD

PRACTICAL LEGAL PROBLEMS

EXAMINATION: SEPTEMBER 2020

PAPER 2

EXAMINERS: J WHITTAKER
D DOHMEN

MODERATOR: H. MOUBRAY

DURATION: READING TIME – 30 MINUTES
EXAMINATION TIME – 3 HRS
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 of Questions 1 to 4 (100 marks) (11 pages) and Annexures Q.2 (2 pages) and Q.3 (5 pages);
4. Where appropriate, reference should be made to case law.

QUESTION 1:

(25 marks)

You receive the below correspondence from your client.

“Dear Patent Attorney

I refer to my pending South African complete patent application no ZA2019/5678 entitled “Compound and Composition for the Treatment of Cancer” which was filed on 11 November 2019.

As you know the complete patent application claims priority from South African provisional patent application no. ZA2018/6123 dated 14 November 2018. As per your previous advice all formalities for the complete patent application have correctly been complied with and the complete patent application has not yet been accepted by the Registrar of Patents.

The specification of the complete patent application describes each of the compounds A and B as well as their synergistic properties in combination. Examples are also given of pharmaceutical compositions made from each of compounds A and B as well as their combination for use in medicines for the treatment of a range of cancers.

The current claims of the complete patent application are as follows:

- 1. The compound A.*
- 2. The compound B.*
- 3. A combination of the compound of claim 1 and the compound of claim 2.*
- 4. A pharmaceutical composition comprising a compound according to claim 1 or 2, or a combination according to claim 3 and a pharmaceutically acceptable carrier, adjuvant, or vehicle.*
- 5. A method of treatment of cancer in a patient comprising administration to the patient of a pharmaceutical composition according to claim 4.*
- 6. A method of treatment according to claim 5 wherein the cancer is selected from brain cancer, breast cancer, colon cancer and liver cancer.*

During online patent searches I recently came across the following two patent applications:

- a. PCT/US2017/03859 entitled "Advances in Gastric Cancer" which has an international filing date of 12 December 2017, claims priority from US60/721,213 of 14 December 2016 and which was published on 24 June 2018; and*
- b. PCT/EP2018/03859 entitled "New Compounds of Interest" which has an international filing date of 5 May 2018, claims priority from JP2017-0500015 of 6 May 2017 and which was published on 22 November 2019.*

PCT/US2017/03859 discloses the use of compound B in medicines for the treatment of colon cancer and PCT/EP2018/03859 discloses compound A and compound B as two of more than 30 new compounds of possible interest in medicines. No mention is made of a possible combination of compound A and B.

I am concerned about the validity of the current claims of the complete application in light of the above two PCT publications.

Please let me know what the impact of these publications are on the validity of the current claims of the complete patent application, what, if anything, should be done to improve the validity of the claims of the complete patent application and when and how such actions should be taken."

You can assume that all claims to priority of the current claims are valid and that the current claims are fairly based on the disclosures in the complete patent specification.

Advise your client accordingly.

QUESTION 2:

(25 marks)

You receive the below letter from your client.

“Dear Sir/Madam

We refer to your email of 3 September 2020 advising us that our South African patent no. 2013/1234 has lapsed as a result of our failure to pay the 2018 renewal fees.

As requested, we have investigated the matter. Our previous financial director, Mr Lazy Pants handled all aspects of our global patent registration process and was responsible for making the necessary arrangements for the payment of all patent renewal fees. Mr Pants has left our employment earlier this year under a cloud during a financial mismanagement investigation. We are currently involved in a damages suit against Mr Pants and our relationship with him has completely broken down.

We have a large patent portfolio and family patent members related to this South African patent was filed in a number of other jurisdictions including the USA, Europe, ARIPO, OAPI, China, Australia, India and Brazil. The patent relates to one of our most profitable and popular mine props.

During the second and third quarters of 2018 we had cashflow problems as a result of overruns on the construction of our new manufacturing plant in Australia. From our company records we could ascertain that Mr Pants instructed a local Pittsburgh patent firm, US Patents Inc. to attend to the renewal of the South African patent in 2016 and 2017. On 16 June 2018, Mr Pants instructed US Patents Inc. not to renew the South African patent for the time being as we had cashflow problems and that we would let them know if the position changed. We understand that it was under these circumstance that US Patents Inc. informed you in 2018 not to pay the annual renewal fees for that year.

During the last quarter of 2018 and early 2019 our cashflow position improved significantly and we decided to maintain in force all the worldwide patents in this patent

family. Mr Pants was supposed to make the necessary arrangements in this regard and at the time we believed that he had done so.

As part of the financial mismanagement investigation against Mr Pants we discovered that for some unknown reason he might not have attended to the renewal of this South African patent. It was for this reason that we contacted you directly at the end of August 2020 to confirm the status of the South African patent.

We understand from your email that we can apply for the restoration of this South African patent. Please proceed with the restoration application and let us know if you require any additional documents or information from us in order to do so.

Yours Faithfully

*Mr Pherry Uppsett
Managing Director
Jennmar Corporation."*

A copy of the P2 extract with relevant information taken from the Patent Office Register in respect of ZA2013/1234 is attached hereto marked "**Annexure Q.2**".

Please draft the necessary affidavit(s) in support of the restoration application.

QUESTION 3:

(25 marks)

You receive the below letter from your client. Advise your client accordingly.

“Dear Patent Attorney

As you know we design and manufacture rotary coal mills which we supply to Eskom for use in the grinding down of coal into the fines which are used in the kilns at Eskom's coal fired electricity generation plants.

We are under pressure from Eskom to improve the working life of the working parts in our mills (especially the rotary grinder part) in order to save on repair and replacement costs. In this regard we have decided to collaborate with a Mr Shifty N. Shaky in the development of a new rotary grinder for use in our rotary coal mills.

Mr Shaky is an expert in rotary mills and especially in the design of the grinder parts of rotary mills. He consults internationally with various companies in various different fields where rotary mills are used. However, he has never before worked with any South African company or in coal milling and is not familiar with our unique South African coal composition and quality, our South African environment and working conditions and Eskom's coal milling requirement specifications. These aspects are well known to us and we have over 20 years' experience in the designing and building of rotary coal mills.

*Mr Shaky has provided us with his draft Consultancy Agreement of which we attach a copy marked “**Annexure Q.3**”. We have reviewed the draft Consultancy Agreement and we have little difficulty with most of the provisions. However, we are concerned about Mr Shaky using and disclosing our confidential information, the ownership of any intellectual property which is generated from the collaboration (it is non-negotiable that we own all such intellectual property) as well as the risk that Mr Shaky use what he has learned from us to assist our competitors in the South African coal milling market. In this regard clauses 12 to 18 seem relevant.*

Kindly review the draft Consultancy Agreement and provide us with proposed amendments which would protect our interests as best possible under South African law and practice.

Kind regards

SA Rotary Mills (Pty) Ltd"

QUESTION 4:

(25 marks)

- 4.1 Your client has developed a landmine resistant vehicle and arranges a consultation with you in order to discuss the possibility of obtaining protection for its idea.

Your client emphasises that an important feature of the idea relates to the specific shape, configuration, construction, angles and positioning of a V-shaped deflection plate below the passenger compartment of the vehicle. The plate acts as the chassis for the vehicle and all other vehicle parts are attached thereto. The plate forms the core of the vehicle and is not replaceable. The plate is hidden from view by the outer body parts, vehicle compartments, wheels and other vehicle parts which are attached thereto.

During the consultation your client also advises you that a prototype of the vehicle was tested three months ago in the north of Mozambique. The prototype was subjected to various blasts at a secret camp from where landmine removal operations are being conducted and only your client's employees were present at the tests.

Arising out of the tests your client has made further modifications to the plate, which your client is confident will improve the blast resistance of the vehicle. Your client envisages selling two models, a cheaper version without the modifications, and a more upmarket version that includes the modifications.

Please advise your client on what options are available to it in order to obtain protection in South Africa and the likelihood of it obtaining protection.

(5 marks)

- 4.2 Your client advises you that a scientist in its Research & Development Department left its employment approximately six months ago and has joined a competitor where the employee is the only person at the competitor who conducts new product research and development.

The competitor has just published an article on its website claiming that it has filed for patent protection for a new product together with a detailed description of the new product. The new product is almost identical to an important new product that your client's research team has been working on for about two years and which your client had continued to keep secret with a view to shortly filing a patent application. The previous employee played a key role in this development.

The description of the new product from the competitor includes a description of a development and improvement to your client's new product, which is very interesting, and which your client advises you had formed part of the previous employee's scope of work.

Your client's Human Resources Department confirms that the previous employee was subject to an employment contract that was drafted many years ago and did not include any specific details regarding the ownership of intellectual property rights. It simply states, "All IP created in the course and scope of employment during and for a period of 1 year after employment by the employee is owned by the company."

Please advise your client on the ownership position and what options are available to it in order to protect its interests.

(5 marks)

- 4.3 Your client, SA Packers, runs a fruit packaging, transport and storage business and has a number of pack houses, and storage hubs across the country. One of your client's major competitors is Fruit Logistics which runs a similar business. SA Packers and Fruit Logistics compete for contracts with fruit and vegetable growers. The produce from the growers are packed, transported, stored and sold under contract and SA Packers and Fruit Logistics retain an agreed percentage of the proceeds from the sale.

SA Packers has developed a unique Avocado packaging line assembly which allows it to wash, grade and pack into transport boxes about 20% more Avocados within the same time frame and using the same number of employees as previously used packaging lines. SA Packers filed an international patent application (PCT application) for the invention and the international search and examination reports issued by the European Patent office in its capacity as international search and examination agent, found no relevant prior art and by all accounts the claimed invention is new and inventive. Accordingly, SA Packers has entered a number of regional and national phase patent applications based on the PCT application, including a South African national phase patent application which remains pending.

SA Packers has now started operating its new packaging line and the productivity reports are even better than expected. The new packaging line will be a real game changer for SA Packers in its very competitive market. An article on this new packaging line was also recently published in the Farmer's Weekly magazine.

SA Packers has just received a non-threatening letter from Fruit Logistics explaining that it holds a South African patent for a scanning and sorting arrangement for fruit, and since Avocados are fruits and based on the Farmer's Weekly article and the description in the international publication of SA Packers's PCT application of its new packaging line it would seem that Fruit Logistics's patent might be relevant to SA Packer's new packaging line.

Please advise SA Packers on what options are available to it to ensure its continued use of its new packaging line and what the best course of action would be in the circumstances.

(5 marks)

- 4.4 Your client is the applicant of a South African complete patent application which has not yet been accepted and remains pending. The complete patent application has the following current claims:

1. *A laundry detergent comprising a cleaning agent A, a surfactant B and a foaming regulator C.*
2. *A laundry detergent according to claim 1 which includes an optical brightener D.*
3. *A laundry detergent according to claim 1 or 2 which includes a dye transfer inhibitor E.*

There are some concerns about the inventiveness of all the claims.

Your client informs you that it intends to launch a first detergent for use with white fabrics which is a combination of the cleaning agent A, surfactant B, foaming regulator C and optical brightener D. It will also launch a second detergent for use with coloured fabrics which is a combination of the cleaning agent A, surfactant B, foaming regulator C, optical brightener D and the dye transfer inhibitor E.

Both these products are equally important for your client and it wants the best protection for both.

Please advise your client on the best course of action under the circumstances as well as any new claim formats which you would recommend.

(5 marks)

- 4.5 Which factors should be taken into account as part of the Court's general discretion to be exercised in an application for an interim interdict? How should public interest be dealt with as part of this enquiry?

(5 marks)

TOTAL: 100 marks

"Annexure Q.2"

FORM P.2

REPUBLIC OF SOUTH AFRICA		REGISTER OF PATENTS				PATENTS ACT, 1978	
OFFICIAL APPLICATION NO.			LODGING DATE: PROVISIONAL		ACCEPTANCE DATE		
22	01	2013/01234	22		47	4 MAY 2014	
INTERNATIONAL CLASSIFICATION			LODGING DATE: COMPLETE		GRANTED DATE		
	E21D			15 OCTOBER 2013		27 JULY 2014	
FULL NAME(S) OF APPLICANT(S)/PATENTEE(S)				Intime Innovations Inc			
71	JENNMAR CORPORATION						
APPLICANTS SUBSTITUTED:						DATE REGISTERED	
71							
ASSIGNEE(S)						DATE REGISTERED	
71							
FULL NAME(S) OF INVENTOR(S)							
72	JOHN C. STANKUS and JOHN G. OLDSEN						
PRIORITY CLAIMED BY PCT INTERNATIONAL APPLICATION		COUNTRY		NUMBER		DATE	
N.B. Use International Abbreviation for country (See Schedule 4)		33	US	31	10/687,960	32	17 OCTOBER 2012
TITLE OF INVENTION							
54	YIELDABLE PROP						
ADDRESS OF APPLICANT(S)/PATENTEE(S)			PITTSBURGH, PA, US				
ADDRESS FOR SERVICE				A & A REF:	PA0000ZA00		
74	ADAMS & ADAMS, Pretoria						
PATENT OF ADDITION TO NO.			DATE OF ANY CHANGE				
61							
FRESH APPLICATION BASED ON			DATE OF ANY CHANGE				

“Annexure Q.3”

CONSULTANCY AGREEMENT

between

SA ROTARY MILLS (PTY) LTD

a company duly incorporated under the laws of South Africa,
with registration number 1959/001637/07

Physical address: 89 Main Reef Road, Industries West, Germiston, 1401;

Postal address: PO Box 305, Germiston, 1400; and

Email: stevew@sarm.co.za.

("SA RM")

and

SHIFTY N. SHAKY

An adult male with identity number 640503 5184 082

Physical address: 18 Katheryn Road, Sandton, Johannesburg;

Postal address: PO BOX 1447, Sandton, 2618;

Email: shifty.n.shaky@gmail.com.

("the Consultant")

IN RESPECT OF

Development of a new rotary grinder for use in a rotary coal mill

THE PARTIES AGREE AS FOLLOWS:

1. The Consultant possesses technical expertise and know-how relating to research, development, design and manufacturing of rotary mills and components ("**the Products**") which may be suitable for use in the research, development, design and manufacturing of a new rotary grinder for a rotary mill for use in the milling of coal ("**the Project**").
2. SA RM requires the Consultant, on its behalf, to undertake certain research, development, design and improvement work in respect of the Products for use in the milling of coal in respect of the Project ("**the Services**").
3. The Consultant has agreed to undertake such Services subject to the terms and provisions contained herein.
4. SA RM and the Consultant shall from time to time agree on a written scope of work which will detail the Services which the Consultant is required to provide

on a project by project basis in respect of any particular Product or project and which shall provide a detailed description of the project scope, deliverables, time frames etc.

5. In consideration of the Services to be rendered hereunder, SA RM shall pay the Consultant a fee of 2% (two percent) of the actual sales price received for the sale on an arm's length basis of any Product which results from the Project and which is manufactured and sold by SA RM. This fee is payable for a period of 10 (ten) years following finalisation of the Project.
6. The Consultant shall be entitled to reimbursement for all pre-approved expenses reasonably incurred in the performance of the Services, upon submission and approval of written statements and receipts in accordance with the then regular procedures of SA RM.
7. SA RM shall prepare and provide to the Consultant a monthly schedule of all sales of Products resulting from the Project. The Consultant shall submit to SA RM a monthly invoice of fees due to the Consultant from the Product sales of the previous month. All such invoices shall be due and payable within 30 (thirty) days after SA RM receives payment from its customer for the sale of the relevant Products.
8. The Consultant will at all times work under the control and in close co-operation with authorised representatives of SA RM but nonetheless will be expected to exercise its own initiative while providing the Services subject however to the approval of SA RM.
9. All Services to be provided by the Consultant shall be performed with promptness and diligence in a workmanlike manner and at a level of proficiency to be expected of a consultant with the background and experience that Consultant has represented it has. SA RM shall provide such access to its information, property and personnel as may be reasonably required in order to permit the Consultant to perform the Services.
10. The Consultant shall provide the Consultant's own tools, instruments and equipment and place of performing the Services, unless otherwise agreed between the parties.

11. The Consultant represents and warrants to SA RM that it is under no contractual or other restrictions or obligations which are inconsistent with the execution of this Agreement or which will interfere with the performance of the Services.
12. Each party undertakes during the currency of this Agreement not to use nor to disclose to any third party any confidential information of the other party relating to this Agreement, the Products, the Project or the Services which is disclosed to it during the Project.
13. Upon the termination or expiration of this Agreement for any reason, each party undertakes to return to the other party any original documents containing confidential information of the other party which remains in the possession of the party.
14. All intellectual property developed by a party during the Project and the provision of the Services shall remain the property of the party who developed such intellectual property.
15. Each party may protect its own intellectual property in any manner it deems appropriate and the other party undertakes at its own cost to lend to the party such assistance and to sign or procure the signature of all documentation which may be necessary to perfect the party's title to its intellectual property.
16. The Consultant shall at its sole discretion disclose the creation of any intellectual property relating to the Products during Project and the provision of the Services to SA RM.
17. In the event that the Consultant integrates or uses any work or intellectual property of whatever nature belonging to the Consultant and which was previously created by the Consultant into any Project, the Consultant shall grant to, and SA RM is hereby granted, a worldwide, royalty-free, perpetual, irrevocable license to exploit the incorporated items, including, but not limited to, any and all copyrights, patents, designs, trade secrets, trademarks or other intellectual property rights, in connection with the Product, Project or Services in any manner that SA RM deems appropriate. The Consultant warrants that it shall not knowingly incorporate into or use in any Product, the Project or the

Services any material that would infringe any intellectual property rights of any third party.

18. The parties agree that each party shall be entitled to enter into any further agreement in respect of the Products or the Project with any other third party.
19. This Agreement will commence on 1 October 2020 notwithstanding this Agreement being signed on a later date and thereafter will endure indefinitely provided that:
 - 20.1 either party may terminate the Agreement by giving the other party 30 (thirty) day's written notice of termination, and
 - 20.2 if one party is in breach of any provision hereof the other party shall, in addition to any other legal remedy which may be available, and in the event that the breach is not remedied within 30 (thirty) day's after receipt of a written notice calling on the party to remedy such breach, be entitled to terminate this Agreement forthwith by notice to the party in breach.
20. The provisions of clauses 5 to 7 and 12 to 18 hereof shall continue notwithstanding the termination or purported termination of this Agreement for any cause.
21. This Agreement shall not be construed as creating a partnership or employment relationship between the parties or as appointing one party as the agent of the other party.
22. The rights and obligations of The Consultant are personal to the Consultant and may not be transferred to any other person without the prior written consent of SA RM.
23. The parties choose as their *domicilia citandi et executandi* the respective addresses given in the heading to this Agreement. Each party may from time to time vary such address by giving notice thereof to the other party.

24. Any notice to be given in terms of this Agreement shall be in writing, to the *domicilium citandi et executandi* of the addressee, and delivery thereof shall be:
 - 25.1 by hand; or
 - 25.2 by email transmission and shall be deemed to have been received on the first working day of the addressee after the transmission, unless shown otherwise.
25. This Agreement reflects the entire agreement between the parties and supersedes all previous consultancy agreements, undertaking or arrangements between the parties relating to the Services or Project. This Agreement shall only be capable of being added to, subtracted from, varied, modified or consensually cancelled by a written agreement signed on behalf of the parties. The parties shall not be bound by any undertaking, representation, warranty, promise or the like not recorded in the Agreement or made otherwise than in compliance with this provision.
26. No indulgence or relaxation of rights granted by one party to the other party shall be prejudicial to or constitute a waiver of such party's rights under this Agreement or at law and any waiver of rights by a party to this Agreement shall not be construed as such unless such waiver is in writing and signed on behalf of the parties.
27. This Agreement shall be governed by the laws of the Republic of South Africa and any dispute arising from or in connection with this Agreement shall be finally resolved by way of confidential arbitration proceedings in terms of and in accordance with the Rules of the Arbitration Foundation of Southern Africa ("**the Foundation**") by an arbitrator or arbitrators appointed by the Foundation. However, any party may approach any court with competent jurisdiction for any required urgent or interim relief.
28. In the event that any of the provisions of this Agreement are found to be invalid, unlawful or unenforceable, such terms shall be severable from the remaining terms, which shall continue to be valid and enforceable.