

PATENTS EXAMINATION BOARD

PRACTICAL LEGAL PROBLEMS

EXAMINATION: JULY 2017

PAPER 2

EXAMINERS: R BAGNALL
D DOHMEN

MODERATOR: C.E. PUCKRIN S.C.

DURATION: READING TIME – 30 MIN
EXAMINATION TIME – 3 HRS
TOTAL TIME – 3 HRS 30 MIN

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) (X pages) and Document A (Y pages) ;
4. Where appropriate reference should be made to case law.

QUESTION 1:

(15 marks)

Your received the following letter from your client:

“Dear Patent Attorney

We are the owner of South African Patent No. 2009/1234.

*The patent was filed on our behalf by our previous patent attorneys, SA Patent Services, in 2009. The patent was subsequently accepted and granted and we had been keeping the patent in force over the years. For your information we attach here to as **Annexure “A”** an excerpt of the patent registration from the patents register which was taken last week.*

In early 2015 our company experienced serious cash flow issues and almost went into business rescue because of late payments by one of our biggest creditors. At that stage and in order to curb expenses we tried to cut all costs where we can and decided to also defer the payment of the 2015 annual renewal fee for this patent. At the time we understood from SA Patent Services that we could belatedly pay the renewal fee together with a small late payment penalty for every month that the renewal payment is late.

In about September 2015 when our cash flow situation had slightly improved we again contacted SA Patent Services to renew the patent.

At that stage and, to our great surprise SA Patent Services informed us that the patent had apparently “lapsed” and that the reinstatement costs were significantly more than the expected renewal and penalty fees. The estimated costs at that time were simply beyond our means and although we wanted the patent to continue we could not afford the costs at the time.

Over the last few years we have tried to save enough funds to afford the process. Since demand for our products has increased over the last few

months our finances have improved and we are now in the position to pay the additional costs to have the patent reinstated.

Can you please assist in this regard?

*Mr Joe Soap
Managing Director
ABC Products (Pty) Ltd"*

Please advise your client fully on a possible course of action regarding the above query.

QUESTION 2:

(15 marks)

Please draft an affidavit for filing in support of a restoration application based on the above facts. You may omit the closing section relating to the authentication by the Commissioner of Oaths.

QUESTION 3:

(20 marks)

In a subsequent letter your client advises you as follows:

"Dear Patent Attorney

We are arranging for the signing of the affidavit for the restoration application of ZA2009/1234 which you have prepared and the original signed document should be delivered to you within the next day or two.

I now write to you on a related urgent matter.

One of our sales representatives has reported to us that one of our long-standing clients had last week showed her a sample of a vehicle paint

protector product from our main competitor in South Africa, XYZ Products (Pty) Ltd. The composition of XYZ's product is an exact replica of our own product which is protected by our South African patent ZA2009/1234.

Apparently XYZ is in the process of importing a large consignment of the product from Australia where the product has been on the market for a number of years. We do not have an Australian patent and XYZ copied our product and manufacturing techniques in Australia.

We have also heard that XYZ is considering establishing a manufacturing plant for their product in South Africa. The XYZ product can only be manufactured using the method which is also protected by our South African patent ZA2009/1234.

We are very concerned by these developments and we need your urgent advice on what our options are to stop XYZ's products from being sold in South Africa and either imported into South Africa or manufactured in South Africa.

I await your urgent advice.

Yours sincerely

Mr Joe Soap

Managing Director

ABC Products (Pty) Ltd".

Advise your client fully on its rights, obligations and options regarding the above.

QUESTION 4:

(20 marks)

You received the following letter from your client:

“Dear Patent Attorney

I refer to our previous correspondence regarding our paper envelopes division, the infringement of our South African patent no. 2013/0875 and our continued research in and development of tamper-evident envelopes.

As I previously explained we run a national paper milling business and produce printing paper as well as high gloss magazine paper for worldwide distribution. In addition we have two other divisions, the one dealing with cardboard packaging and the other with paper envelopes.

The previous managing director of the envelopes division, Mr John Sly resigned in mid-2016 and subsequently started a competing business.

We are in the process of appointing a new managing director, Ms Susan Slick. Ms Slick has extensive management experience and has worked in the paper and envelopes business in Europe and the USA. In the early years of her career she was also involved with research into and development of envelopes and paper products which are currently in use in the USA and Europe. Ms Slick comes highly recommended.

However, we are concerned that our standard employment conditions do not provide us with adequate protection in the case where Ms Slick contributes to or develops improvements to our existing products or new products. In addition we would like to avoid a repeat of our experience with Mr Sly and need to ensure that she keeps all our information relating to our suppliers, clients, business plans, products, designs, manufacturing plants, suppliers, trade secrets etc confidential and do not use same if she leaves our company.

Since we are focussing in expanding our business in Africa and other developing countries, we also need to ensure that she does not use that which she will learn from us in competition against us in these markets.

Can you please assist and provide us with appropriate clauses to cover the above aspects for insertion in our existing employment agreement.

Yours faithfully

Mrs P Tshabalala

Chief Executive Officer

SA Paper (Pty) Ltd.”

Please provide your client with the requested contractual clauses.

QUESTION 5:

(Total 30 marks)

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

5.1 Your client advises you that a scientist in its Research & Development Department left its employment approximately six months ago. During a routine review of a well-known technical journal your client surprisingly notices that this employee published a journal article in May 2017. The Journal article discloses the full details of an important 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.

It also includes a description of a development and improvement to the product, which is very interesting, and which your client advises you did not form part of the scope of work on your client’s product.

You become even more concerned when you notice from the research article that mention is made of the filing of a provisional patent application in South Africa by the previous employee’s new employee, a competitor company of your client.

Your Human Resources Department advises you that the 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 is owned by the company".

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

(10 marks)

- 5.3 Your client develops a hull for a speedboat and arranges a consultation with you in order to discuss the possibility of obtaining protection for its idea. Your client emphasizes that an important feature of the idea relates to the specific shape and configuration of the hull profile. During the consultation your client also advises you that the hull was tested during a series of runs that were conducted on a prototype on Kariba Dam in Zimbabwe. The tests were conducted very early in the morning before anyone was present at or near the test site, other than the employees who carried out the tests. Your client conducted the tests approximately two months ago.

Arising out of the tests your client has designed a small modification to the hull, which your client is confident will improve the speedboat although they have not tested it yet. Your client envisages selling two models, a cheaper version without the modification, and a more upmarket version that includes the modification. Please advise your client fully on what options are available to it in order to obtain protection in South Africa and the likelihood of it obtaining protection.

(8 marks)

- 5.4 Your client is the patentee of South African Complete Patent No. ZA 2013/0011. ZA 2013/0011 was filed on 1 December 2013 and claims priority from a previously filed South African provisional application,

dated 1 January 2013. The patent was granted on 25 September 2014. The patent includes two claims:

“Claim 1

A pharmaceutical composition comprising a combination of compound A and compound B.

Claim 2

A composition as claimed in claim 1 for use in treating acute sinusitis.”

Your client draws to your attention the existence of South African Patent No. ZA 2012/0001. South African Patent No. ZA 2012/0001 claims priority from previously filed South African provisional application, dated 1 December 2011. The patent was published on 25 April 2013. The specification discloses a composition comprising, in combination, compound A and another compound (compound C) for use in a composition for treatment of acute sinusitis.

Your client also advises you of South African patent no. 2012/0007, which claims priority from previously filed South African provisional patent application, dated 1 November 2011. The patent was granted on 25 February 2013 and discloses a composition that contains compound B in combination with another compound (compound D) for use in treating acute sinusitis.

Please advise your client whether or not any amendment to the claims would be appropriate and, if so, the nature of such amendments. You may assume all claims to priority are valid.

(8 marks)

- 5.5 After you have advised your client concerning the possible amendments in Question 5.4 above your client contacts you again to advise you that they have just learnt that a product was commercialised and sold in Japan in 2009, which they were not aware of until now.

They have obtained the details of the product from which it emerges that it is a nasal spray composition that contains a combination of compounds A and B, and is used for treating hay fever. In light of the changed circumstances, advise your client on whether or not any steps should be taken to amend the patent specification.

(4 marks)

TOTAL: 100 marks

REPUBLIC OF SOUTH AFRICA		REGISTER OF PATENTS		PATENTS ACT, 1978	
OFFICIAL APPLICATION NO.		LODGING DATE: PROVISIONAL		ACCEPTANCE DATE	
22	01	2009/1234		22	
47		7 October 2009			
INTERNATIONAL CLASSIFICATION		LODGING DATE: COMPLETE		GRANTED DATE	
		1 March 2009		28 December 2009	
FULL NAME(S) OF APPLICANT(S)/PATENTEE(S)					
71	ABC Products (Pty) Ltd				
APPLICANTS SUBSTITUTED:					
DATE REGISTERED					
71					
ASSIGNEE(S)					
DATE REGISTERED					
71					
FULL NAME(S) OF INVENTOR(S)					
72	WRITE, Samantha Julia SMITH, John RICHARDS, Adams Scot				
PRIORITY CLAIMED BY PCT INTERNATIONAL APPLICATION					
NUMBER					
DATE					
PCT/ZA2007/01111 FILED 2 SEPTEMBER 2007 (WO2008/058431)					
N.B. Use International Abbreviation for country (See Schedule 4)		33	ZA	31	2006/4567
				32	6 September 2006
TITLE OF INVENTION:					
54	Method of manufacture and vehicle paint protection composition				
ADDRESS OF APPLICANT(S)/PATENTEE(S)					
7 van Zyl Street, Rosslyn, Pretoria, South Africa					
ADDRESS FOR SERVICE			AGENT REF:		P1000ZA00
74	SA PATENT SERVICES, Pretoria				
PATENT OF ADDITION TO NO.			DATE OF ANY CHANGE		
61					
FRESH APPLICATION BASED ON			DATE OF ANY CHANGE		