

Patents

Contributing editor
Richard T McCaulley Jr



2018

GETTING THE
DEAL THROUGH 

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Patents 2018

Contributing editor
Richard T McCaulley Jr
Ropes & Gray LLP

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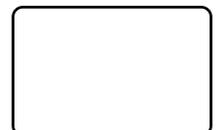


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CONTENTS

Global overview	7	Japan	106
Richard T McCaulley Jr Ropes & Gray LLP		Masayuki Yamanouchi and Makoto Ono Anderson Mōri & Tomotsune	
Austria	8	Korea	112
Peter Israiloff Barger, Piso & Partner		Yoon Suk Shin, Eun-Young Park and Gon-Uk Huh Lee International IP & Law Group	
Bahamas	16	Malaysia	120
Rodger S Outten Outten Intellectual Property Law		Bong Kwang Teo, Min Lee Boo and Yen Cheng Koo Wong Jin Nee & Teo	
Brazil	21	Mexico	127
Philippe Bhering, Giuliano Maurer, Flavia Merola and Rafael Tögel Bhering Advogados		Eugenio Pérez and José Luis Ramos-Zurita Uhthoff, Gómez Vega & Uhthoff, SC	
Chile	29	Nigeria	133
Andrés Grunewaldt and Sebastián Alvarado Silva		Florence Atuluku Aliant Law Nigeria	
China	35	Norway	138
Matthew Murphy and Xia Yu MMLC Group		Kyrre Tangen Andersen Kluge Advokatfirma Kristen Mangersnes Håmsø Patentbyrå	
Colombia	41	Pakistan	144
Carlos R Olarte, Alexander Agudelo and Liliana Galindo OlarteMoure		Ali Kabir Shah and Hanya Haroon Ali & Associates	
Ecuador	48	Peru	151
María Rosa Fabara Vera and Gerardo Naranjo Fabara & Compañía Abogados		Maria del Carmen Arana Courrejolles Estudio Colmenares & Asociados	
El Salvador	55	Philippines	161
Manuel Francisco Telles Suvillaga, Nelson Rigoberto López and Andrea Cuéllar Mayora & Mayora/Mayora IP		Mila Federis and Caesar J Poblador Federis & Associates Law Offices	
France	61	Portugal	170
Benjamin May, Louis Jestaz and Marina Jonon Aramis		António Andrade Vieira de Almeida	
Germany	67	Russia	175
Henrik Holzapfel and Martin Königs McDermott Will & Emery		Vladimir Biriulin and Nikolay Bogdanov Gorodissky & Partners	
Guatemala	73	Saudi Arabia	180
Hugo L Rivas Gálvez and Santiago Mayora Bascañana Mayora IP		Mohammad Jomoa and Asif Iqbal Kadasa Intellectual Property	
Honduras	79	South Africa	186
Ricardo A Mejía Bufete Mejía & Asociados		Russell Bagnall Adams & Adams	
India	85	Switzerland	193
Archana Shanker and Gitika Suri Anand and Anand		Rudolf A Rentsch IPrime Rentsch Kaelin AG Andrea Carreira and Demian Stauber Rentsch Partner AG	
Italy	98		
Stefania Bergia Vanzetti e Associati			

Taiwan	200	United Kingdom	219
Yulan Kuo, Frank Lu and Charles Chen Formosa Transnational, Attorneys at Law		Richard T McCaulley Jr Ropes & Gray LLP	
Turkey	207	United States	227
Elvan Sevi Fırat and Tuğçe Avcısirt Geçgil Fırat İzgi Attorney Partnership		Richard T McCaulley Jr Ropes & Gray LLP	
Ukraine	212	Vietnam	238
Oleksandr Mamunya and Yulia Chyzhova Aequo		Pham Vu Khanh Toan Pham & Associates	

Preface

Patents 2018

Fifteenth edition

Getting the Deal Through is delighted to publish the fifteenth edition of *Patents*, which is available in print, as an e-book and online at www.gettingthedealthrough.com.

Getting the Deal Through provides international expert analysis in key areas of law, practice and regulation for corporate counsel, cross-border legal practitioners, and company directors and officers.

Throughout this edition, and following the unique **Getting the Deal Through** format, the same key questions are answered by leading practitioners in each of the jurisdictions featured. Our coverage this year includes new chapters on The Bahamas, El Salvador and Guatemala.

Getting the Deal Through titles are published annually in print. Please ensure you are referring to the latest edition or to the online version at www.gettingthedealthrough.com.

Every effort has been made to cover all matters of concern to readers. However, specific legal advice should always be sought from experienced local advisers.

Getting the Deal Through gratefully acknowledges the efforts of all the contributors to this volume, who were chosen for their recognised expertise. We also extend special thanks to the contributing editor, Richard T McCaulley Jr of Ropes & Gray LLP, for his continued assistance with this volume.

GETTING THE
DEAL THROUGH 

London
March 2018

South Africa

Russell Bagnall

Adams & Adams

Patent enforcement proceedings

1 Lawsuits and courts

What legal or administrative proceedings are available for enforcing patent rights against an infringer? Are there specialised courts in which a patent infringement lawsuit can or must be brought?

Patent matters are adjudicated in a specialised court: the Court of the Commissioner of Patents. The Commissioner effectively has the powers of a High Court judge and the specialised court functions in a very similar way to a division of the South African High Court. The Commissioner has the power to grant injunctions against infringers as well as to order delivery-up, the payment of damages or the payment of a reasonable royalty.

2 Trial format and timing

What is the format of a patent infringement trial?

A patent infringement trial is commenced by the issuing of summons accompanied by a statement of particulars. The defendant may plead to the statement of particulars and counterclaim for revocation of the patent. Thereafter, the patentee may plead to the counterclaim. Once pleadings have closed, each party is called upon to discover documents that are relevant to any matters in the action, and application is made for a trial date. Before the commencement of the trial, a party who wishes to call an expert witness must notify the other party of its intention to do so and provide a summary of the expert's reasoned opinion. During the trial, oral evidence is heard by the Court of the Commissioner of Patents and each party has the opportunity to cross-examine the other party's witnesses in accordance with the usual High Court Rules of Evidence. A trial usually lasts two to four weeks for complex matters and three to five days for less complex ones. There is no trial by jury.

3 Proof requirements

What are the burdens of proof for establishing infringement, invalidity and unenforceability of a patent?

The standard of proof for establishing infringement and validity of a patent is on a balance of probabilities. The patentee bears the onus of proving infringement and the defendant bears the onus of proving invalidity.

4 Standing to sue

Who may sue for patent infringement? Under what conditions can an accused infringer bring a lawsuit to obtain a judicial ruling or declaration on the accusation?

Proceedings for infringement of a patent may be instituted by the patentee (or joint patentee). In addition, a licensee under a patent endorsed 'licence of right' may call upon the patentee to institute an infringement action and if the patentee does not do so the licensee may institute the proceedings.

The plaintiff must also give notice to every registered licensee under the patent and such a licensee may intervene as a co-plaintiff to recover any damages he or she has suffered as a result of the infringement.

5 Inducement, and contributory and multiple party infringement

To what extent can someone be liable for inducing or contributing to patent infringement? Can multiple parties be jointly liable for infringement if each practises only some of the elements of a patent claim, but together they practise all the elements?

The South African Patents Act provides no specific statutory remedy for contributory infringement. However, it has been recognised, most recently by the Supreme Court of Appeal, that certain acts of contributory infringement (including aiding and abetting an infringement) are actionable in terms of South African common law in the Court of the Commissioner of Patents.

6 Joinder of multiple defendants

Can multiple parties be joined as defendants in the same lawsuit? If so, what are the requirements? Must all of the defendants be accused of infringing all of the same patents?

The statutorily defined acts of patent infringement in South Africa include making, using, exercising, disposing or offering to dispose of, or importing the invention. It is allowable (and indeed in many cases desirable) to join multiple dependants in the same lawsuit if more than one party is carrying out one or more of these activities in relation to the same cause of action (act of infringement). It is not a requirement that all of the defendants be accused of infringing the same patents.

7 Infringement by foreign activities

To what extent can activities that take place outside the jurisdiction support a charge of patent infringement?

Generally speaking, South African courts do not have extraterritorial jurisdiction and, accordingly, may take no action against infringement outside of its borders. However, section 67 of the South African Patents Act provides that a claim in respect of a patent for a process or an apparatus for making any product shall be construed as extending to such product when made by the process or apparatus. Accordingly, the sale of a product made by an infringing process (in another country) could amount to an infringement in South Africa.

8 Infringement by equivalents

To what extent can 'equivalents' of the claimed subject matter be shown to infringe?

The doctrine of equivalents, per se, does not apply when interpreting the scope of a claim. When determining whether a claim is infringed, South African patent law follows a contextual approach to claim construction. Claims must be interpreted in the context of the specification as a whole having regard to, inter alia, any definitions provided in the specification and whether any terms used in the claims have special meanings derived from the art to which they relate. Notwithstanding the context of the specification, expert evidence is admissible in proceedings to assist the court in ascertaining the meaning of terms used in the claims. The patent specification must be interpreted through the eyes of the skilled addressee. It follows that the claims of a patent will

not be interpreted literally and in isolation of the body of the specification if, on a contextual reading of the specification, there is scope for a non-literal interpretation.

9 Discovery of evidence

What mechanisms are available for obtaining evidence from an opponent, from third parties or from outside the country for proving infringement, damages or invalidity?

To obtain evidence, a party seeking discovery may, by written notice, require any other party to make discovery on oath of all documents and tape recordings relating to any matter in question in such an action, which are, or have been at any time, in the possession or control of such a party. Parties in patent infringement matters usually exchange discovery affidavits after the close of pleadings and, depending on the nature and the extent of discovery of each party, the High Court Rules make provision for interlocutory applications to compel further and better discovery.

A third party's attendance at trial may be secured by subpoena. The subpoena may require that the witness bring to court certain specified documents for inspection.

A court may also, on application in any matter where it appears convenient or necessary for the purposes of justice (eg, in circumstances in which the witness is not able to travel), make an order for taking the evidence of a witness before or during the trial before a commissioner of the court. Evidence on commission can be taken within South Africa or beyond its borders.

10 Litigation timetable

What is the typical timetable for a patent infringement lawsuit in the trial and appellate courts?

The procedure for patent infringement actions is as follows:

- the action is commenced by the issue of a combined summons (including a statement of particulars);
- within 10 court days (which excludes Saturdays, Sundays and public holidays) or 21 days from the service of the combined summons (depending on the location of the defendant), the defendant must deliver a notice of intention to defend;
- within 20 court days after the delivery of the notice of intention to defend, the defendant must deliver a plea setting out its defence, for example, non-infringement and invalidity of the patent plus any counterclaim, such as revocation of the patent;
- within 15 days after delivery of the defendant's plea or counterclaim the plaintiff must deliver a replication or plea to the counterclaim; and
- within 10 days from the delivery of the plaintiff's replication or plea, the defendant must file its replication in reconvention.

Once pleadings are closed, each party calls on the other to discover documents that are relevant to any matters in the action, and the possibility exists for the filing of one or more interlocutory applications relating to further and better discovery or inspection. Further, an application for a trial date is made, which, depending upon the availability of a court, may be set between 18 and 24 months from the date of issuance of summons. It is also necessary for the parties before the trial to file a notice of their intention to lead expert evidence and a summary of the experts' reasoned opinion. Thereafter, the trial is held in which the parties have an opportunity to cross-examine the other party's witnesses and the Court of the Commissioner of Patents hands down its judgment, usually within one to three months from the conclusion of the hearing. There is no automatic right of appeal. A party wishing to appeal a judgment needs to apply to the Court of the Commissioner of Patents for leave to appeal (within 15 days from the date of judgment).

If the court is satisfied that there is a reasonable prospect that another court may arrive at a different finding, leave to appeal will be granted. In patent matters, leave to appeal is usually granted directly to the Supreme Court of Appeal (the highest court in patent matters in South Africa), which comprises a five-judge bench. No further evidence is led during the appeal procedure. The record of appeal is filed before the Supreme Court of Appeal and each party is given an opportunity to file heads of argument setting out the basis for its appeal or opposition thereto. An appeal usually takes 12 to 18 months to conclude.

11 Litigation costs

What is the typical range of costs of a patent infringement lawsuit before trial, during trial and for an appeal? Are contingency fees permitted?

The costs of patent infringement actions are difficult to quantify since the costs will be affected by factors such as the volume and technical complexity of the evidence, the number of expert witnesses, the number of interlocutory applications and, in particular, whether or not both a junior and a senior barrister are instructed. In a complex matter in which both a junior and senior barrister are appointed, costs of US\$300,000 to US\$600,000 could be expected. In less complex matters in which only a junior counsel is instructed costs of US\$100,000 to US\$300,000 could be expected. Generally speaking, 30 to 40 per cent of these costs would be incurred before the trial with the remainder of the costs being incurred shortly before and during the trial, although this may vary depending on the length of the trial. The costs of an appeal are substantially less than the costs of a trial and usually are of the order of US\$100,000 to US\$300,000. Contingency fees are permissible in South Africa but very restrictive rules are applied to the amount of contingency fees. As a result they are rarely if ever applied in patent matters.

12 Court appeals

What avenues of appeal are available following an adverse decision in a patent infringement lawsuit? Is new evidence allowed at the appellate stage?

There is no automatic right of appeal from the Court of the Commissioner of Patents. A party seeking leave to appeal needs to apply to the Court of the Commissioner of Patents. Leave to appeal will be granted if the court is satisfied that there is a reasonable prospect that another court will arrive at a different finding. Although it is, in principle, possible to obtain leave to appeal to a full bench of the relevant High Court Division (consisting of three judges) or the Supreme Court of Appeal (the highest court in patent matters in South Africa consisting of five judges), it is normal practice in patent matters for leave to appeal to be granted directly to the Supreme Court of Appeal, which is the final court in patent matters in South Africa. New evidence is not permitted on appeal except in exceptional circumstances, which rarely apply.

13 Competition considerations

To what extent can enforcement of a patent expose the patent owner to liability for a competition violation, unfair competition or a business-related tort?

South Africa has well-developed antitrust laws that are governed by statute: the South African Competition Act. It is possible for a patent holder to contravene the provisions of this Act by, for example, abusing a dominant position. In particular, it is prohibited for a dominant firm, *inter alia*, to charge an excessive price to the detriment of consumers, to refuse to give a competitor access to an essential facility when it is economically feasible to do so and to require or induce a supplier or customer to not deal with a competitor.

14 Alternative dispute resolution

To what extent are alternative dispute resolution techniques available to resolve patent disputes?

South Africa has alternate dispute resolution techniques available. However, these are rarely, if ever, made use of in patent matters.

Scope and ownership of patents

15 Types of protectable inventions

Can a patent be obtained to cover any type of invention, including software, business methods and medical procedures?

A discovery; a scientific theory; a mathematical method; a literary, dramatic, musical, or artistic work or any other aesthetic creation; a scheme, rule, or method for performing a mental act, playing a game or

doing business; a program for a computer; or the presentation of information are not patentable in South Africa.

However, these exclusions apply only to the extent to which a patent or an application for a patent relates to that thing as such. It is the widely held view that technical aspects relating to computer- and software-related inventions are patentable (in accordance with principles developed in the UK and European Patent Office), but this has not been the subject of judicial interpretation in South Africa.

Subject matter that encourages offensive or immoral behaviour, as well as any variety of animal or plant or any essentially biological process for the production of animals or plants, not being a microbiological process or the product of such a process, are not patentable.

Section 25(11) excludes from patentability a method of treatment of the human or animal body by surgery or therapy, or of diagnosis practised on the human or animal body. However, second medical uses of known substances are patentable by way of a Swiss-type claim.

Further, section 25(9) states that, in relation to an invention consisting of a substance or composition for use in a method of treatment of the human or animal body by surgery or therapy or of diagnosis practised on the human or animal body, the fact that the substance or composition forms part of the state of the art immediately before the priority date of the invention shall not prevent a patent being granted for the invention if the use of the substance or composition in any such method does not form part of the state of the art at that date. A section 25(9)-type claim is allowable in relation to the first medical use.

16 Patent ownership

Who owns the patent on an invention made by a company employee, an independent contractor, multiple inventors or a joint venture? How is patent ownership officially recorded and transferred?

Inventions made by an employee that are made within the course and scope of the employee's employment with a company are automatically owned by the company by operation of the law. The Patents Act provides that any condition in a contract of employment that requires an employee to assign to his or her employer an invention made by the employee otherwise than within the course and scope of employment or restricts the right of an employee in an invention made by him or her more than one year after the termination of the contract of employment shall be null and void. There is no provision in the South African Patents Act governing the rights of independent contractors or parties to a joint venture agreement that would provide the party instructing the independent contractor or parties to the joint venture with rights in and to the invention, absent any assignment of the invention or an agreement to assign the invention. In each case the rights to the invention would lie with those individuals that contributed inventively to the invention, unless by operation of the law such rights pass to their employee, or by agreement there is a transfer of rights to another party. Patent ownership takes place by way of written assignment. In order for the assignment to be valid against third parties, it is necessary that the assignment be recorded in the patent office register on application to the registrar.

In the absence of an agreement to the contrary, joint applicants for a patent have equal and undivided shares in the application and none of them may, without the consent of the other joint applicants, deal in any way with the application except to save the application from becoming abandoned. In the absence of an agreement to the contrary, joint patentees for a patent have equal and undivided shares in the patent and none of them may, without the consent of the other joint patentees, make, use or exercise the patented invention, grant a licence or assign rights in respect thereof and take any steps or any proceedings relating to the patent except to save the application from lapsing by virtue of non-payment of renewal fees. A joint patentee may institute infringement proceedings but must give notice to the co-patentees, who may join the proceedings.

Defences

17 Patent invalidity

How and on what grounds can the validity of a patent be challenged? Is there a special court or administrative tribunal in which to do this?

The validity of a patent may be challenged if:

- the patentee is not entitled under section 27 to apply for the patent (section 27(1) states that an application for a patent in respect of an invention may be made by the inventor or by any other person acquiring from the inventor the right to apply or by both such inventor and such other person);
- the grant of the patent is in fraud of the rights of the applicant or of any person under or through whom he or she claims;
- that the invention concerned is not patentable under section 25 (see questions 15, 18 and 19);
- the invention as illustrated or exemplified in the complete specification concerned cannot be performed or does not lead to results and advantages set out in the complete specification;
- the complete specification concerned does not sufficiently describe, ascertain and, where necessary, illustrate or exemplify the invention and the manner in which it is to be performed in order to enable the invention to be carried out by a person skilled in the art of such invention;
- the claims of the complete specification concerned are not clear, or fairly based on the matter disclosed in the specification;
- the prescribed declaration lodged in respect of the application for the patent contains a false statement or representation that is material and that the patentee knew to be false at the time the declaration was made;
- the application for the patent should have been refused under the terms of section 36 (ie, if the application is frivolous on the ground that it claims anything obviously contrary to well-established natural laws, or if the invention will encourage offensive or immoral behaviour); or
- the complete specification claims as an invention a microbiological process or a product thereof and that the provisions of section 32(6) have not been complied with (ie, samples of any micro-organism must be made available before acceptance).

Any party may apply for revocation any time after the patent has been granted. The Patents Act provides a specific procedure for applying for revocation. This procedure involves the filing of a statement of particulars to which the patentee has an opportunity to respond with a counter statement. Thereafter, the applicant is required to file its founding evidence in the form of one or more affidavits and the patentee has an opportunity to file answering evidence. Thereafter, the applicant has an opportunity to file replying evidence limited to matters strictly in reply. It is possible for the parties to apply to refer the application to oral evidence in circumstances in which a dispute of fact has arisen on the papers. As indicated above (see question 2), it is also possible to attack the validity of a South African patent by way of counterclaim in an infringement action.

18 Absolute novelty requirement

Is there an 'absolute novelty' requirement for patentability, and if so, are there any exceptions?

There are absolute novelty requirements in South Africa. Section 25(5) states that 'an invention shall be deemed to be new if it does not form part of the state of the art immediately before the priority date of the invention.' Section 25(6) defines the state of the art:

to comprise all matter (whether a product, a process, information about either, or anything else) which has been made available to the public (whether in South Africa or elsewhere) by written or oral description, by use or in any other way.

Section 25(7) provides that the state of the art shall also comprise matter contained in an application open to public inspection for a patent, notwithstanding that the application was lodged at the patent office and became open to public inspection on or after the priority date of the relevant invention, if the matter was contained in that application

both as lodged and as open to public inspection and the priority date of that matter is earlier than that of the invention. An invention used secretly and on a commercial scale within South Africa also forms part of the state of the art for the purposes of evaluating the novelty of an invention.

The exceptions to the above are found in section 26 of the Act, which states that a patent shall not be invalid by reason only of the fact that the invention in respect of which the patent was granted, or any part thereof was disclosed, used or known before the priority date of the invention if:

- the patentee or his or her predecessor in title proves that such knowledge was acquired or such disclosure or use was made without his or her knowledge or consent, and that the knowledge acquired or the matter disclosed or used was derived or obtained from him or her, and, if he or she learnt of the disclosure, use or knowledge before the priority date of the invention, that he or she applied for and obtained protection for his or her invention with all reasonable diligence after learning of the disclosure, use or knowledge; or
- as a result of the invention being worked in South Africa by way of reasonable technical trial or experiment by the applicant or patentee or the predecessor in title of the applicant or patentee.

19 Obviousness or inventiveness test

What is the legal standard for determining whether a patent is 'obvious' or 'inventive' in view of the prior art?

An invention shall be deemed to involve an inventive step if it is not obvious to a person skilled in the art, having regard to any matter that forms, immediately before the priority date of the invention, part of the state of the art.

In order to consider the question of inventive step a South African court will have regard to the following four questions:

- What is the inventive step said to be involved in the patent in suit?
- What was at the priority date the state of the art relevant to that step?
- In what respect does the step go beyond or differ from the state of the art?
- Having regard to such development or difference, would the taking of the step be obvious to the skilled person?

South African courts have held that the question to be determined is whether or not what is claimed as inventive would have been obvious, not whether or not it would have been commercially worthwhile.

The emphasis must lie on the technical features. However, the courts do still have regard to secondary evidence relating to commercial success. In evaluating the question of inventive step the courts will invariably require the assistance of expert evidence. The evidence will be that of properly qualified expert witnesses who will say whether or not in their opinions the relevant step would have been obvious to a skilled person with regard to the state of the art.

20 Patent unenforceability

Are there any grounds on which an otherwise valid patent can be deemed unenforceable owing to misconduct by the inventors or the patent owner, or for some other reason?

A patent can be revoked on the basis that a material misrepresentation was made (see question 17). A patent can also be revoked if the grant of the patent is in fraud of the rights of the applicant or any person under or through whom he or she claims (see question 17). Inequitable conduct is not per se a specific ground for revocation of a South African patent.

21 Prior user defence

Is it a defence if an accused infringer has been privately using the accused method or device prior to the filing date or publication date of the patent? If so, does the defence cover all types of inventions? Is the defence limited to commercial uses?

Prior use has been recognised in terms of South African law as an available defence. It sometimes manifests itself as the *Gillette* defence. Our courts have held that raising prior use or the *Gillette* defence amounts

to nothing more than an attack on the novelty of the claimed invention on the basis that the invention has been made available to the public before the relevant date on account of its prior use. Generally speaking, because the invention must have been made available to the public by such prior use, any use of the invention that is private in nature would not provide a suitable defence. However, the South African Patents Act provides that an invention used secretly and on a commercial scale within the Republic of South Africa shall also be deemed to form part of the state of the art for the purposes of evaluating the novelty of an invention. Thus, it is widely accepted that such secret use (ie, on a commercial scale within South Africa) could be relied on to raise a prior use defence.

Remedies

22 Monetary remedies for infringement

What monetary remedies are available against a patent infringer? When do damages start to accrue? Do damage awards tend to be nominal, provide fair compensation or be punitive in nature? How are royalties calculated?

Successful patentees in infringement actions may recover damages from infringers if they can prove, on the balance of probabilities, that they have suffered as a result of the infringement. Damages in South Africa are not punitive in nature and are limited to the loss of profits suffered by the patentee. In order to prove that it has suffered damages it is necessary for the patentee to show, on the balance of probabilities that were it not for the infringement it would have made the relevant sale or process (whatever the case may be). Traditionally, proving damages has been difficult in South Africa, since the standard requires that each loss of sales must be proved as described above. A patentee in an infringement action is entitled to claim, in lieu of damages, a reasonably assessed royalty that would have been payable by a hypothetical licensee under the patent. Calculating damages based on an account of profits of a defendant does not form part of South African law. Royalties are calculated by having regard to the particular industry norms and evidence of previous arm's-length licence terms that carry evidentiary weight.

23 Injunctions against infringement

To what extent is it possible to obtain a temporary injunction or a final injunction against future infringement? Is an injunction effective against the infringer's suppliers or customers?

It is possible to apply to the Court of the Commissioner of Patents for a preliminary injunction, pending the determination of a patent infringement action. Such an application may also, in the appropriate circumstances, be brought on an urgent basis. In order to succeed with an application for a temporary injunction it is necessary for the patentee to show that:

- the right that is the subject matter of the main action and that it seeks to protect by way of interim relief is clear or, if not clear, is prima facie established, though open to some doubt;
- there is a well-grounded apprehension of irreparable harm if the interim relief is not granted and the ultimate relief is eventually granted;
- the balance of convenience favours the grant of an interim interdict; and
- it has no other satisfactory remedy.

It is also possible to obtain a final injunction. This relief is usually sought in a patent infringement action (ie, a trial), although it is in principle possible to proceed by way of application for a final injunction. In order to be successful with an application or an action for a final injunction it is necessary to establish a clear right.

An injunction (final or preliminary) is only effective against the defendant or respondent in the proceedings. It would in principle be possible to join suppliers and customers as direct or contributory infringers but, in the event that they are not party to the proceedings, the injunction would not extend to these parties.

24 Banning importation of infringing products

To what extent is it possible to block the importation of infringing products into the country? Is there a specific tribunal or proceeding available to accomplish this?

There is no specific tribunal or proceeding available to prevent importation of infringing products into South Africa. The special proceedings for this purpose are regulated by the Counterfeit Goods Act and the provisions thereof do not extend to patent infringement where there are no counterfeiting issues. A patentee would, however, be entitled to bring proceedings in the Court of the Commissioner of Patents to prevent importation, which is a specified act of infringement. In many cases, the most appropriate course of action would be to seek a preliminary injunction against the relevant customs authorities on an urgent basis to prevent release of the goods. The usual requirements for a preliminary injunction discussed above would need to be satisfied.

25 Attorneys' fees

Under what conditions can a successful litigant recover costs and attorneys' fees?

A successful party in litigation is entitled to recover from the unsuccessful party its 'taxed party-and-party' costs. Past experience has shown that these costs usually amount to between 30 and 50 per cent of the total costs incurred. It is usual practice for the successful party, at the conclusion of the litigation, to draw up a bill of costs. In the event that the parties are unable to reach agreement concerning the bill of costs, a taxing master at the South African High Court will adjudicate on the matter.

26 Wilful infringement

Are additional remedies available against a deliberate or wilful infringer? If so, what is the test or standard to determine whether the infringement is deliberate? Are opinions of counsel used as a defence to a charge of wilful infringement?

There are no additional remedies, including any provision for punitive damages, for wilful or deliberate infringement. However, damages may not be recovered from a party if, at the time of infringement, the infringing party was not aware or had no reasonable means of making itself aware of the existence of the patent. If an infringer flagrantly disregards a court order restraining infringement it is possible to bring contempt of court proceedings, which may lead to a fine and imprisonment.

27 Time limits for lawsuits

What is the time limit for seeking a remedy for patent infringement?

A claim for patent infringement prescribes after three years.

28 Patent marking

Must a patent holder mark its patented products? If so, how must the marking be made? What are the consequences of failure to mark? What are the consequences of false patent marking?

A patentee is under no obligation to mark its product. However, the marking of a product with the word 'patent' or 'patented' together with the number of the patent may constitute constructive notice of the existence of the patent for the purposes of determining damages. If the article is marked with the word 'patent' or 'patented' or any word or words expressing or implying that a patent has been obtained for the article, stamped, engraved, impressed on or otherwise applied to the article this shall not be deemed to constitute notice of the existence of the patent unless such word or words are accompanied by the number of the patent. In terms of the Consumer Protection Act, if a product is knowingly labelled with an indication that the product is subject to a patent, when in fact the product is not, the party responsible for applying the indication or any subsequent suppliers or retailers in the supply chain may be liable for a fine of 10 per cent of their annual turnover during the preceding financial year or 1 million rand.

Licensing**29 Voluntary licensing**

Are there any restrictions on the contractual terms by which a patent owner may license a patent?

Restriction is any condition in a contract relating to the sale of a patented article or to a licence under a patent of which the effect will be:

- to prohibit or restrict the purchaser or licensee from purchasing or using any article or class of articles, whether patented or not, supplied or owned by any person other than the seller or licensor or a nominee;
- to prohibit or restrict the licensee from using any article or process not protected by the patent;
- to require the purchaser or licensee to acquire from the seller, licensor or a nominee any article or class of articles not protected by the patent;
- to require or induce the purchaser to observe a specified minimum resale price in respect of any article or class of articles protected by the patent; or
- to prohibit or restrict the making, using, exercising or disposing of the invention concerned in any country in which the invention is not patented shall be null and void.

30 Compulsory licences

Are any mechanisms available to obtain a compulsory licence to a patent? How are the terms of such a licence determined?

An interested party who can show that the rights in a patent are being abused may apply to the commissioner of patents for a compulsory licence under the patent. The rights of a patentee shall be considered to be abused in circumstances in which:

- the patented invention is not being worked in South Africa on a commercial scale or to an adequate extent after the expiry of a period of four years subsequent to the date of the application for the patent or three years subsequent to the date on which that patent was sealed, whichever period last expires, and there is, in the opinion of the commissioner, no satisfactory reason for such non-working;
- the demand for the patented article in South Africa is not being met to an adequate extent and on reasonable terms;
- by reason of the refusal of the patentee to grant a licence or licences upon reasonable terms, the trade, industry or agriculture of South Africa or the trade of any person or class of persons trading in South Africa or the establishment of any new trade or industry in South Africa is being prejudiced, and it is in the public interest that a licence or licences should be granted; or
- the demand in South Africa for the patented article is being met by importation and the price charged by the patentee, his or her licensee or agent for the patented article is excessive in relation to the price charged in countries where the patented article is manufactured by or under licence from the patentee or a predecessor or successor in title.

A compulsory licence may also be granted in respect of a dependent patent (ie, where the working of a patent is dependent upon obtaining a licence under a prior patent). The commissioner will determine the conditions of such a licence, and include a condition that such a licence shall be used only for the purpose of permitting the dependent patent to be worked.

Patent office proceedings**31 Patenting timetable and costs**

How long does it typically take, and how much does it typically cost, to obtain a patent?

A patent application claiming priority from a South African provisional application or a convention application will typically be granted between 9 and 12 months from the time of filing of the complete specification. Acceptance and publication may be delayed at the request of the patentee. A national phase patent application based on a PCT application usually takes 12 to 24 months to be granted.

Update and trends

Further developments regarding wide-reaching changes to the South Africa patent system are still awaited, which changes will include the implementation of substantive examination. A new draft IP policy document has been published, and interested parties were invited to comment by 17 November 2017. In parallel, candidate examiners are in the process of being trained with a view to implementing a trial period, which will probably initially go live with only a small percentage of South African applications (ie, applications filed by local applicants). However, in the short to medium term, the existing non-examining system is expected to remain in place.

There have been a few case law developments, which are summarised below.

In *Orica Mining Services v Elbroc Mining Products* (233/2016) [2017] ZASCA 48 (31 March 2017), the court reaffirmed its purposive approach to claim construction. The claim in issue included 'a pair of spaced apart telescopic props with a carriage between them'. In the allegedly infringing product, the carriage was offset perpendicularly from the notional line joining the two props. The alleged infringer argued that the word 'between' required the carriage to be linearly between the two props. In support of its argument, it relied on a dictionary definition of the word and further argued that it was only permissible to consult the body of the patent specification if the claims were ambiguous or had a peculiar technical or scientific meaning. The court confirmed that the dictionary meaning of a word is only to be used as a guide and is not decisive. The court further found that 'there is nothing in claim 1 of the patent to show that Orica intended that a drill carriage located only linearly between the props was essential to its invention, or that a person skilled in the art would understand that the word "between" was intended to be used as a "word of precise meaning"'. The court therefore found that there was infringement.

In *Cipla Agrimed v Merck Sharp Dohme Corporation* (972/16) ZASCA 134 (29 September 2017), the court, interestingly, held that an interim interdict does not necessarily have final effect if the subsequent action for infringement were only to be heard after expiry of the patent. As a result, it followed that the interim interdict granted by the Court of the Commissioner of Patents in this matter

was not appealable, since only judgments that are final in effect may be appealed.

In *Bayer Pharma AG and another v Teva Pharmaceutical (Pty) Ltd v Another CP* (14 December 2017), the Court of the Commissioner of Patents granted an interim interdict (preliminary injunction) to the patentee restraining the defendants from infringing its two patents with their sale of its generic oral contraceptive products MAYA and YADE. The defendants had obtained marking registration but had not yet launched the products before the hearing of the application. The approved package inserts did not explicitly disclose all of the features of the relevant claims. Thus, the applicants invited the defendants to provide samples to the patentee and/or to challenge the allegations. The defendants did not deny that the products infringed the patents, nor did they offer samples of their products for analysis. The defendants only alleged invalidity on the grounds that the inventions as claimed had been anticipated by clinical trials conducted in the United States before the priority dates and that the prescribed declaration as filed by the patentee at the South African patent office contained a false and material misrepresentation as stipulated in section 61(1)(g) of the Patents Act.

The court found that on both grounds of validity that no serious doubt had been cast on the validity of the patents. The court also found that the applicants would suffer irreparable harm (on account of the difficulty it would have in proving damages) given the range of oral contraceptives already on the market. Although the respondents contended that a reasonable royalty would constitute an adequate alternative remedy to the granting of the interdict, the court reaffirmed that the legislator's intention was not to equate damage with a reasonable royalty, since the Act expressly allows a patentee to elect to seek a reasonable royalty in lieu of damages. In the circumstances, the court decided that the harm to the patentee if the interim interdict was refused (and was found to be wrongly refused at a later date) outweighed the harm the defendants would suffer were the interdict to be granted (and found later to have been wrongly granted).

This case reaffirms what is now a long-standing trend in South Africa to favour the patentee in interim injunction proceedings.

The cost of filing a complete patent application at the South African Patent Office is typically in the region of US\$1,300 to US\$2,200. The costs of renewing a patent for its full life of 20 years are unlikely to exceed US\$3,500.

32 Expedited patent prosecution

Are there any procedures to expedite patent prosecution?

It is possible to make application to the registrar of patents to expedite the grant of a South African patent. Provided the application is in formal order for acceptance, the registrar usually grants such an application within two to three months from the date of the request.

33 Patent application contents

What must be disclosed or described about the invention in a patent application? Are there any particular guidelines that should be followed or pitfalls to avoid in deciding what to include in the application?

Every specification shall indicate whether it is a provisional or complete specification and shall commence with a title sufficiently indicating the subject matter of the relevant invention. A provisional application shall fairly describe the invention. A complete specification shall sufficiently describe, ascertain and, where necessary, illustrate or exemplify the invention and the manner in which it is to be performed in order to enable the invention to be performed by a person skilled in the art of such an invention. The specification must also end with a claim or claims defining the invention for which protection is claimed. Claims or claims of a complete specification shall relate to a single invention, shall be clear and shall be fairly based on matter disclosed in the specification. If the invention relates to a microbiological process or a product thereof, the deposit system in terms of the Budapest Treaty is recognised in South Africa. Thus, there are no requirements peculiar to South Africa. A specification that has been prepared to meet international standards of fair basis, enablement and clarity of claiming will suffice. South Africa also abolished the 'best mode' requirement.

34 Prior art disclosure obligations

Must an inventor disclose prior art to the patent office examiner?

An inventor does not have an obligation to disclose prior art to the South African Patent Office.

35 Pursuit of additional claims

May a patent applicant file one or more later applications to pursue additional claims to an invention disclosed in its earlier filed application? If so, what are the applicable requirements or limitations?

It is possible to file one or more divisional applications in South Africa up until the date of acceptance. It is also possible to obtain protection for any addition to, improvement in or modifications to an invention by way of a patent of addition. A patent of addition cannot be invalidated on the ground of lack of inventive step having regard to the main invention. A patent of addition endures for the remaining life of the main invention and is incapable of assignment independently of the main invention.

36 Patent office appeals

Is it possible to appeal an adverse decision by the patent office in a court of law?

There is no substantive examination in South Africa. A patent will be granted if all the formal requirements are met.

Appeals lie from the registrar of patents to the commissioner, but are, in practice, limited to procedural issues, since the registrar does not make any decisions relating to substantive issues of patentability.

37 Oppositions or protests to patents

Does the patent office provide any mechanism for opposing the grant of a patent?

There are no opposition proceedings in South Africa. However, it is possible to apply for revocation after grant of a patent.

38 Priority of invention

Does the patent office provide any mechanism for resolving priority disputes between different applicants for the same invention? What factors determine who has priority?

South Africa adopts a first-to-file system as opposed to a first-to-invent. The Patent Office does not provide any mechanism for resolving priority disputes between different applicants for the same invention. However, it is possible to apply to the Court of the Commissioner of Patents in disputes arising between persons as to their rights to obtain a patent.

39 Modification and re-examination of patents

Does the patent office provide procedures for modifying, re-examining or revoking a patent? May a court amend the patent claims during a lawsuit?

As discussed in question 16, a patent can be revoked any time after grant of the patent.

It is possible to amend a South African patent during court proceedings. Such an application to amend is made directly to the Court of the Commissioner of Patents. An amendment is permissible in terms of South African law provided that the amendment:

- would not introduce new matter or matter not in substance disclosed in the specification before amendment;
- would not include any claim not fairly based on matter disclosed in the specification before amendment; and
- would not include any claim not wholly within the scope of a claim included in the specification before amendment.

40 Patent duration

How is the duration of patent protection determined?

The duration of a patent shall be 20 years from the date of application.



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Private Client
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Product Recall
Project Finance
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