

Study unit 5

Infringement of patent rights

Overview

This study unit deals with the infringement of patent rights. We will explore how it is determined whether a patent has been infringed. We will also deal with the revocation of patent rights.

Learning outcomes

After completion of this study unit, you should be able to —

- ☐ explain the scope of a patent monopoly
- ☐ distinguish between the different types of infringing activity
- ☐ explain the role of the claims
- ☐ explain the different tests used to interpret the specification of a patent
- ☐ explain and apply the different defences that may be raised in infringement actions

Setting the scene

Vuzi has now obtained a patent for his cream. He has obtained patent protection for the anti-ageing properties of the cream and the computer program, which controls the manufacturing process. He has started marketing his cream in South Africa. Vuzi markets his cream as “CAT”. He has become aware of another cream, which is marketed by Simon, coined “FIDOL”. In promotional material Simon claims that the manufacturing process that he uses to make FIDOL is “...identical to the so-called patented process used to manufacture CAT and other similar products”.

Discussion

The effect of a patent registration

monopoly

As we have explained in Study Unit 4, the effect of a patent is to confer upon the patentee a monopoly which enables him to exclude others from making, using, exercising, disposing, or offering to dispose of or importing his patented invention. Thus, except where specifically qualified by a statutory provision, any person who performs one of these acts without

the consent of the patentee, infringes the patent, and the patentee is entitled to enforce his patent rights by instituting proceedings against such an infringer.

Acts of infringement

Making

“Making” has the ordinary meaning, and includes fabrication, production, and preparation, doing or performing an act and conversion into something.

intentions

The intentions of the person actually making the patented article are important. Burrell op cit. par 5.5) notes that the making of a patented article for sale, although it is not sold subsequently, is an act of infringement, whereas the making of a patented article solely for the purpose of experimentation is not regarded as an infringing act. He also notes that where a series of steps is required to make a patented article, the “making” occurs when the last or final step is carried out to complete the article.

Using

purpose of use

In its ordinary grammatical meaning the verb “to use” means to put into practice or operation, to carry into action or effect. It should be noted that innocent possession, transport or storage do not constitute infringing acts, but, for example, the mere possession with clear evidence of an intention to use, may justify the grant of an interdict (see Burrell op cit at par 5.7) Burrell notes that the use must be for the purpose for which it was patented.

Similarly, unlicensed possession of patented articles for the purpose of supplying customers wherever they may be constitutes infringement. Bona fide experimental use does not constitute infringement. Burrell (op cit) notes that commercial use by way of demonstration is not mere experimental use and will constitute infringement.

Exercising

The meaning of the term “exercising” is wide and includes “to put into operation, to apply, to make use of”. The principles related to “using” discussed above, apply with equal force to “exercising”. Burrell (op cit at par 5.8) notes that in patent law the term is particularly applicable to an art, process or method which is “exercised” against a machine, manufacture, composition of matter or other physical apparatus or means which is normally “used”.

Disposing of

loss of physical possession

In its ordinary grammatical sense the verb “dispose” means to bestow, make over, deal out, distribute and the term “dispose of” has a corresponding meaning (see Burrell op cit par 5.9). It is noted that any loss of physical possession (including letting, distributing, marketing, donating and the like), including physical destruction, falls into the definition of disposing of (see Burrell op cit).

Offering to dispose of

The act of “offering to expose of” was included in fulfilment of South Africa’s compliance obligations to the TRIPS Agreement (see Intellectual Property Laws Amendment Act 38 of 1997). This followed as in terms of English law the exposure of a patented article for sale was an infringement, although mere offer for sale, unaccompanied by possession, amounted only to a threat to infringe (see *No-Fume Ltd v Frank Pichford & Co Ltd* (1935) 52 RPC 231 at 251-252). As South African courts were likely to follow the English jurisprudence, an amendment was deemed necessary, culminating in the addition of “offering to dispose of” as an exclusive right of the patentee.

Importing

“Importing” was also included in fulfilment of South Africa’s obligations in terms of the TRIPS Agreement (see Intellectual Property Laws Amendment Act 38 of 1997). Burrell (op cit at par 5.11) notes that the South African legislator has made a distinction between on the one hand, good imported, and on the

not goods in transit

other hand goods in transit (see Customs and Excise Act 91 of 1964). The act of importing thus has a limited meaning and does not include goods in transit.



Activity 5.1

Vuzi approaches you for legal advice. His invented process for the manufacture of the cream has been patented in South Africa. He tells you that he is concerned about the actions of Leanie, Tanya, Sune, Sonja, Tina and Herman. Consider the following separate situations:

- ☐ Leanie is advertising Vuzi's cream
- ☐ Tanya is the owner of a factory where Vuzi's cream is produced
- ☐ Sune is using Vuzi's process to make the cream for a science project
- ☐ Sonja is importing a better cream manufactured by Tina the US
- ☐ Herman is producing Vuzi's cream and donates it to needy individuals

Advise Vuzi whether each of the above constitutes infringement of his patent and if it does, what specific act of infringement has been committed.

Discussion

Scope of a patent monopoly

The monopoly conferred by a patent is delimited by its claims. The function of the claims is to define the extent of the monopoly conferred by the patent the court must, therefore, as its first duty, determine the nature and scope of the invention claimed.



Reading 5.1

Read *Frank & Hirsch (Pty) Ltd v Rodi & Wieneberger AG* 1960 (3) SA 747 (A)).

The court mentioned important functions which claims fulfil. What are they?



Reading 5.2

Read *Gentiruco AG v Firestone SA (Pty) Ltd*. What guidelines did the court give for the interpretation of claims?

Discussion

Construction of patent claims

essential features

The purpose of construing the claims is to determine what the essential features (the essential integers) of the invention are. Once the court has ascertained that the essential integers of the invention claimed, it compares them with the process or product, which allegedly infringes the patent. It is essential to note that the comparison is between the infringing product or process and **the invention as claimed, not the comparable product or process of the patentee** (*Letraset Ltd v Helios Ltd* (*supra*)). When it makes this comparison, the court will look to essence and not form. The court will thus investigate whether the infringing product or process is substantially the same as the patented invention. Provided the infringer has taken all the essentials of the claim, the patent will be infringed.

"pith-and-marrow" doctrine

Traditionally, infringement will have taken place if the infringer has embodied all of the essential features mentioned in the claim, in his infringing product or process, although he may have omitted a non-essential feature (which is possibly also mentioned in the claim). This principle - that infringement will take place where the infringer has taken all of the essential characteristics of a claim (even though he may have omitted non-essential characteristics) - has become known as the pith-and-marrow doctrine. (It is obvious, of course, that there will *a fortiori* be infringement if an infringer embodies in the infringing

product or process **all** the features mentioned in a claim.)

The classic statement of the pith-and-marrow doctrine in South African law is *Frank & Hirsch (Pty) Ltd v Rodi & Wienenberger AG (supra)* at 762:

“I assume that A, B and C are essential features of an invention as claimed and that D, though mentioned in the claim, is in fact not an essential feature. If the alleged infringer omits A or B or C in his apparatus (whether or not he substitutes something else for what is omitted) he does not infringe the patent. To infringe he must take the whole of the essentials of the invention. So far as D is concerned it does not matter what he does. If he has taken A and B and C he has infringed whether he leaves D out entirely or keeps it in or substitutes a mechanical equivalent for it.”

But in some subsequent decisions the courts deviated slightly from the pith-and-marrow doctrine. Instead of first determining whether or not infringement had taken place according to the literal meaning and interpretation of a claim, and then investigating whether the so-called pith and marrow of the claim had been taken, the courts took a different approach.

The basic premises of the new approach is that a claim need not be interpreted entirely literally; the enquiry should take into account the **purpose and function** of each integer of the invention. It should then be determined whether an integer of the infringing article still fulfils the same purpose, in other words, whether it still achieves the effect of the invention. According to this approach, an integer of the invention will be regarded as essential if a skilled person in that field would regard the integer as essential in the light of the function of the integer as a part of the invention as a whole.

purpose and function

Put differently: according to this approach, the question of whether or not a component is essential is determined by having regard to the purpose and function of that component in practice. The determination is, therefore, whether the patentee could have envisaged that a particular component could in practice easily be replaced by a similar or equivalent component, and this determination is made not with reference to the wording of the claim, but to the purpose and function of

that component.

Should the patentee actually have foreseen such a replacement, and should the skilled addressee so understand the invention that the replacement of the component would, in his opinion, still fall within the ambit of the claim, that component will be non-essential.

doctrine of purposive construction

This new approach became known as the doctrine of purposive construction. The term "purposive construction" was first used by Lord Diplock in *Catnic Components Ltd v Hill & Smith Ltd* [1982] RPC 183 (HL) at 242–243:

“A patent specification should be given a purposive construction rather than a purely literal one derived from applying to it the kind of meticulous verbal analysis in which lawyers are often tempted by their training to indulge. The question in each case is: whether persons with practical knowledge and experience of the kind of work in which the invention was intended to be used, would understand that strict compliance with a particular descriptive word or phrase appearing in a claim was intended by the patentee to be an essential requirement of the invention so that any variant would fall outside the monopoly claimed, even though it could have no material effect upon the way the invention worked.”

Purposive construction is an aid to determine whether a particular integer is essential. To do this, the specification must be read with the understanding of someone who has practical knowledge and experience of the kind of application for which the invention is intended, and in the light of what is generally known to such person at the date of the patent, which in terms of South African law is the priority date of the claim.

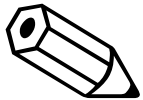
In *Raubenheimer v Kreepy Krauly (Pty) Ltd* 1987 (2) SA 650 (A) the then Appellate Division was asked to take a closer look at the pith-and-marrow doctrine. The appellants alleged that the manufacture and sale of Kreepy Krauly devices infringed their patent. It was clear that the Kreepy Krauly achieved the same result as the patented device, and that the fundamental hydraulic function that enabled the Kreepy Krauly to move over the surface to be cleaned was the same as that in the patented device (at 656).

Nicholas AJA held that such similarity had no bearing on the issue of infringement (at 656). He applied *Rodi & Wieneberger AG v Henry Showell Ltd* [1966] RPC 441 (CA), where Lord Diplock held (at 467) that where the claims, upon their true construction, specify a number of elements or integers as the essential features of the invention, the monopoly is only for that specified combination of elements so acting in relation to one another, that there is no infringement of the monopoly unless every element is present in the process or article that is alleged to infringe the patent, and that such elements also act in relation to one another in the manner claimed.

specific combination of elements

Thus, to speak of the "pith and marrow" of an invention should not mislead one to suppose that the patentee is entitled to a monopoly of the mechanical or other principle which his invention uses or of the result which his invention achieves, regardless of the precise language in which the claims are framed (*ibid*). Nicholas AJA accordingly held that there was no infringement, since one of the integers of claim 1 of the specification was not present in the respondents' device (it was common cause that such integer was an essential one).

South African courts thus give a specification a purposive construction rather than a purely literal one (see for example *Sappi Fine Papers (Pty) Ltd v ICI Canada Inc (Formerly CIL Inc)* 1992 BP 165 (A)).



Activity 5.2

Indicate the two main features of the "pith-and-marrow" doctrine and the doctrine of purposive construction.

Discussion

Infringement proceedings

General

nine months

Without the special leave of the commissioner on good cause shown, infringement proceedings in respect of a patent may not be instituted within a period of nine months from the date of

its sealing (sect 44(4)).

The patentee or an exclusive licensee (sects 65(1), 53(3) and 56(1)) may institute infringement proceedings in the prescribed manner. Where the plaintiff is the patentee, he must give prior notice to all registered licensees who may join the proceedings as co-plaintiffs (sect 65(5)).

Civil remedies

For a discussion of the general civil remedies available in the event of the infringement of a patent, see Study Unit 6 below.

Defences to patent infringement actions

revocation

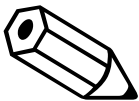
There can be no infringement of invalid patents or patent applications. The defendant may by way of defence rely on any ground on which a patent may be revoked, and may counterclaim for the revocation of the patent (sect 65(4)). Where a patent has expired no action for infringement may be brought, but an action may be brought to recover damages in respect of acts of infringement committed before the date of expiration (see Burrell op cit at par 5.13).



Activity 5.3

List the grounds on which a patent may be revoked in terms of your Patents Act. Compare that with the list of grounds upon which a patent may be revoked in terms of South African law.

Refer to Study Unit 3 for the list of grounds upon which a patent may be revoked.



Activity 5.4

Vuzi approaches you for legal advice regarding Simon's alleged infringement of his patent. Advise Vuzi on the significance of each of the following separate situations:

- ☐ Vuzi tells you that although Simon is not using his

patented process, Vuzi's cream and Simon's cream are made of identical substances

- ❑ Vuzi tells you that he has become aware of a similar manufacturing process for cream which had been in use for five years in Japan prior to the lodging of Vuzi's patent application
- ❑ Vuzi tells you that Thandi claims that she is the true inventor of the computer program and that Vuzi had no right to include it in his patent application.

Discussion

Leave and licence

leave and licence

The patentee bases the defense of "leave and license" on alleged grant of a license under the patent. The "leave and license" granted by a patentee may be express, implied, or restricted. Whether a "leave and license" has actually been granted will depend on the particular circumstances of each case.

Exhaustion of rights

sold with consent

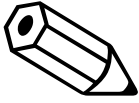
The defense of "exhaustion of rights", to the effect that once an article covered by a patent has been sold anywhere with the consent of the patent holder or his licensee, the article may later be dealt with by any other party as though it was not covered by a patent (see Burrell op cit at par 5.35), is also applicable here. Thus for example, where an article has been sold abroad it may be freely imported into South Africa.

Other defences

Other defences available to the defendant include acquiescence, election, waiver, and estoppel. Burrell (op cit at par 5.36) notes that acquiescence and election are normally treated as waiver.

Neither ignorance of the existence of the plaintiff's patent, nor a lack of intent may be raised as a defence in a patent infringement action (see Burrell op cit at par 5.39-par 5.40).

However, as will be seen in Study Unit 6, no damages may be claimed where the defendant can prove that he was not aware and had no reasonable means of making himself aware of the existence of the patent.



Activity 5.5

Vuzi approaches you for legal advice regarding Simon's alleged infringement of his patent. Advise Vuzi on the significance of each of the following separate situations:

- ☐ Vuzi tells you that he has known of Simon's infringement of his patent the past five years and that he has said nothing because he liked him. However, he has now decided to sue Simon for patent infringement for the past four years.
- ☐ Vuzi tells you that he has become aware of a exportation of his cream to Japan by Simon, who also acts as one of his retail sellers.
- ☐ Vuzi tells you that Simon enquired about the patent registration. Vuzi told Simon that he has not patented the process, as it is a century-old family secret.
- ☐ Vuzi tells you that he allowed Simon to sell the patented cream at Sim's, one of Simon's retail outlets, but that he has never given him any verbal or written licence to act as his distributors.

Discussion

The "threats provision"

unjustifiable threats

Section 70(1) provides that where any person, by means of circulars, advertisements or otherwise, threatens any other person with an action for the infringement of a patent, the wronged person may bring an action and obtain a declaration to the effect that such threats are unjustifiable, and an interdict against the continuance of such threats, and may recover such damages as he has sustained as a result of such threats. The threats will, however, be regarded as justifiable if it can be

proved that the acts in respect of which the proceedings are threatened constitute an infringement of a valid claim. Furthermore, a circular, advertisement or communication comprising merely a notification of the existence of a particular patent will not be deemed to constitute a threat (see also sect 70(2)).

Declaration of non-infringement

A declaration that the use by any person of any process, or the making or use or sale by any person of any article does not or would not constitute an infringement of a patent, may be made by the commissioner in proceedings between that person and the patentee or an exclusive licensee, despite the fact that no assertion to the contrary has been made by the patentee or licensee (sect 69(1)). To obtain a declaration of this nature, it should be proved (1) that such person has applied in writing to the patentee or licensee for a written acknowledgement to the effect of the declaration claimed, and has furnished him with full particulars of the process or article in question; and (2) that the patentee or licensee has failed to give such an acknowledgement.

Conclusion

You should now appreciate the importance of the role and function of claims. You should also be able to understand the effect and scope of the patent monopoly.