

IN THE COURT OF THE COMMISSIONER OF PATENTS /ES

IN THE REPUBLIC OF SOUTH AFRICA

PATENT 90/7136

DATE: 17/2/2010

IN THE MATTER BETWEEN

GLAXO GROUP LIMITED

Applicant (Respondent/Patentee
in the revocation proceedings)

AND

CIPLA MEDPRO (PTY) LIMITED

Respondent (Applicant in the
revocation proceedings)

JUDGMENT

PRINSLOO, J

[1] In these proceedings the applicant launched three applications which came before me simultaneously.

[2] The applicant is the patentee of South African patent 90/7136 ("the patent") and all three the applications arise out of proceedings launched by the respondent to revoke the patent.

[3] The three applications can be described as follows:

1. An application to set aside the respondent's withdrawal, on 17 December 2008, of its revocation application filed on 7 November 2006 ("the first revocation application"), and further to set aside the filing by the respondent of a further application, in substantially the same form and on 19 December 2008, to revoke the patent ("the second revocation application").

This application was called "the abuse application" by the applicant in its papers and during argument, and also by the respondent, and I will use the same terminology.

2. In the event that the applicant succeeds with the abuse application, an application in terms of rule 30A of the Uniform Rules of Court seeking the dismissal of the first revocation application ("the rule 30A application").
3. In the event that the applicant does not succeed in the abuse application, it seeks an application for an extension of time allowing the applicant a further two months in which to file its answering evidence in the second revocation application, or, in the event that the court is not inclined to hear the aforesaid application for an extension of time, a stay of the second revocation application pending the determination of the application for an extension of time.

This application, in one form or the other, was referred to, during the proceedings, as "the stay application". I shall adopt the same terminology for purposes of this judgment.

- [4] Before me, Mr Ginsburg SC, assisted by Mr Marriott, appeared for the applicant, and Mr Puckrin SC, assisted by Mr Michau, appeared for the respondent.

Chronology of events and brief synopsis

- [5] It is plain from the description, *supra*, of the three applications, that they involve procedural issues, rather than matters of substance relating to the validity, or lack thereof, of the patent.

- [6] Indeed, in the founding affidavit to the abuse application, the deponent on behalf of the applicant suggested that the respondent, by withdrawing the first revocation application and filing the second in similar form, had bogged itself down in, rather quaintly described by the deponent, a "procedural quagmire".

In my view, and with due respect to the contesting litigants, the whole dispute as presented to me had the distinct flavour of a "procedural quagmire" and little else.

- [7] The point may be illustrated by briefly listing the chronological sequence of events preceding the hearing of the three applications. In this regard I was

presented with a handy chronology prepared by counsel on behalf of the applicant.

[8] The first revocation application was launched by the respondent on 7 November 2006.

[9] It appears that, at all relevant times, the respondent had a continuing intention to launch onto the South African market a competing product to that of the applicant, which product, according to counsel for the applicant, would fall within the scope of at least claim 1 of the patent.

In the opposing affidavit to the abuse application, the deponent on behalf of the respondent describes the respondent's product as "a pharmaceutical product comprising an inhaler containing a combination of salmeterol and fluticasone propionate, for the treatment of respiratory disorders".

It appears that the respondent submitted an application to the Medicines Control Council ("MCC"), already during 2006, seeking registration of the respondent's product for marketing in South Africa. Respondent had hoped that its product would proceed to registration fairly quickly, but, by the time when the opposing affidavit was deposed to on 23 March 2009, the MCC had not yet registered the respondent's product.

[10] On 19 December 2006, within weeks of the launch of the first revocation application on 7 November 2006, the applicant applied to amend the patent by deleting two claims.

[11] Following the amendment application, the parties agreed to stay the first revocation application pending the determination of the amendment application.

[12] On 11 January 2007 the parties agreed that the respondent would file its founding evidence within two months after the grant of the amendment, if it was granted.

CIPLA Ltd, an Indian company associated with the respondent, opposed the application for amendment.

I add that CIPLA Ltd initially, in opposing the amendment, adopted a process provided for in regulations 82 to 88 promulgated in terms of the Patents Act, Act no 57 of 1978.

I add that a dispute arose between the parties as to whether or not it was procedurally correct for the opposing party (CIPLA Ltd) to adopt the procedure prescribed in terms of the Patent Regulations, rather than the procedure of rule 6 of the Uniform Rules of Court.

The decision to adopt the former procedure, was motivated as follows on behalf of the respondent in the latter's opposing affidavit to the abuse application:

"At that stage (that is when the applicant applied to amend the patent), CIPLA was hoping that the MCC registration for its product was imminent. CIPLA was advised that, given Glaxo's application to amend the patent, it would have been very difficult for Glaxo to argue that it had a *prima facie* right for the purposes of obtaining interim relief while it was simultaneously seeking the amendment of the patent. CIPLA was given this advice on certain existing case law. Accordingly, it was very much in CIPLA's interest for the amendment of the patent to be opposed ...

CIPLA was advised by its legal representatives that the manner in which Glaxo advertised its intention to seek the amendment of the patent opened the way for a third party, not party to the 2006 (first) revocation application, to oppose the amendment according to the procedure set out in the Patent Regulations 82 to 88. The procedure of Patent Regulations 82 to 88 was more favourable to CIPLA than the procedure of rule 6 of the Uniform Rules of Court in that, firstly, longer periods are provided for preparing evidence and taking other procedural steps and, secondly, the party opposing the amendment in terms of the Patent Regulations is, as the respondent in the opposition to the amendment, entitled to file replying evidence. Accordingly, CIPLA arranged with CIPLA India to oppose the amendment."

The dispute involving the decision on the part of CIPLA Ltd to adopt the procedure prescribed by the Patent Regulations rather than the rule 6 procedure, came before SOUTHWOOD, J, sitting as Commissioner of Patents, and he set aside the first-mentioned procedure, but he granted CIPLA Ltd leave to intervene in the amendment application.

In my view, it is quite clear from the explanation offered on behalf of the respondent, that the lengthier procedure was adopted on legal advice, and for sound tactical reasons. It was argued on behalf of the applicant that the respondent (CIPLA India in this case) was using the opposition to the amendment as a mechanism to achieve a delay. In rejecting this argument, SOUTHWOOD, J found that:

"[5] I cannot agree with this characterisation of the third respondent's application. The third respondent's attorney states that the third respondent filed the notice of opposition P19 and the statement of particulars as required by regulation 82 on the advice of its patent attorney and senior counsel. Even if I consider that advice to be clearly wrong, as I do, I cannot find that it was the product of studied obtuseness and was *mala fide*. The third respondent has correctly taken up the attitude that, if it is correct in opposing in the manner in which it did, the opposition must be dealt with in accordance with regulations 82 to 88 but that, if it is held to be

wrong, it will oppose in the manner provided for in the Uniform Rules of Court. It is a simple procedural issue.

[6] It is clear that the third respondent wishes to oppose the application for amendment and followed the wrong procedure ..."

(Emphasis added.)

The case was reported as *Glaxo Group Ltd v CIPLA Medpro (Pty) Ltd & Others* 2007 BIP 59 (CP).

I emphasise this finding by the learned judge, because the main thrust of the applicant's case in the abuse application amounts to allegations of abuse of the process on the part of the respondent flowing from delaying tactics and the like. These tactics, it is alleged, include the opposition to the amendment application.

[13] The opposed hearing involving the amendment came before RABIE, J, who granted the amendment on 8 November 2007. I add that RABIE, J also did not find any *mala fides* or any abusive conduct on the part of the respondent, or CIPLA Ltd, for that matter.

[14] The period in which an application for leave to appeal against the judgment of RABIE, J could have been filed (but was not) expired on 29 November 2007.

[15] On 29 January 2008, two months later, the respondent's founding affidavit in the first revocation application was due to be filed but was not filed. This evidence was ultimately filed on 28 August 2008.

This delay in filing the founding evidence is another major source of complaint raised by the applicant in the abuse application, and offered by the applicant as an example of abusive conduct on the part of the respondent.

[16] On 7 March 2008, the parties agreed that the respondent would file its founding evidence by 31 March 2008.

[17] On 26 March 2008 the respondent's attorneys wrote to the applicant's attorneys indicating that it was not able to file the evidence yet but would do so as soon as circumstances permitted.

[18] On 4 April 2008, only days after the agreed deadline of 31 March 2008, *supra*, expired, the applicant filed the rule 30A notice. This is the ten day notice which, in terms of rule 30A(1), has to precede the ultimate rule 30A application.

[19] On 18 April 2008 the respondent's attorneys, in reaction to the rule 30A notice, wrote a letter to the applicant's attorneys, explaining that the founding evidence will be filed by the respondent as soon as it is able to do so.

I consider the contents of this letter to be of the utmost importance when it comes to deciding whether or not there is any merit in the applicant's complaint of abusive conduct on the part of the respondent and, consequently, whether there is any merit in the abuse application.

It is convenient, and necessary, to quote the contents of this letter of 18 April 2008, addressed to the applicant's attorney by the respondent's attorney:

- "1. We refer to your client's notice in terms of rule 30A.
2. We have not been able to finalise and file our client's evidence in this case as called for in the notice within the time set out in the notice.
3. As we previously indicated in our letter of 26 March 2008, our client will file its evidence as soon as it is able to do so, as it is in our client's own interest to expedite this matter. However, counsel have as yet been unable to settle the voluminous evidence already provided to them, and one of our client's expert witnesses will be unavailable to finalise his evidence until the second week in May.
4. Whatever the case may be, our client will be in the position to file its evidence long before there is any prospect of an application in terms of rule 30A being heard.
5. As we have previously stated, we will at the time of filing request the Registrar in terms of regulation 99 to extend the time period to allow the filing of our client's evidence. We believe that it will be

abundantly clear from the volume and nature of the evidence itself that any delay in filing this evidence is not unreasonable, and we expect that the Registrar will agree to our request. Failing such agreement by the Registrar, we shall apply to the Commissioner for condonation of the late filing.

6. We have continuously argued in our previous correspondence that your client suffers no prejudice whatsoever as a result of the delay in our client filing its evidence, and you have persistently refused to advance any basis for any such prejudice to your client.
7. Nevertheless, given your client's apparent clients (*sic*) eagerness to face the application for revocation of its patent, we point out that the refusal to allow the late filing of our client's evidence would only delay the matter further, as our client would then simply withdraw the present application and file a fresh application.

Yours sincerely"

(Emphasis added.)

I add that even earlier, on 26 March 2008, the respondent's attorney wrote a letter to the applicant's attorney, expressing similar sentiments:

- "2. Although we also do not wish to prolong this correspondence unnecessarily, we note that you have not suggested that your client has suffered or will suffer any prejudice by virtue of any delay there may be in our client filing its evidence. It is entirely in our

own client's interest to file its evidence and have the matter heard as quickly as possible.

3. In this regard, however, it has become apparent that it will not be possible to have the evidence settled by counsel and finalised by the witnesses concerned by 31 March 2008. Nevertheless, as previously indicated, we shall file our client's evidence as soon as we are able to do so. At that time, we shall request your client's agreement to the necessary extension, failing which agreement we shall request the Registrar and/or the Commissioner to grant such extension, in terms of regulation 99."

It is also convenient to quote what the deponent on behalf of the respondent said in the opposing affidavit to the abuse application when explaining why the founding evidence could not be filed earlier:

"37.2 I admit that CIPLA filed its evidence in the 2006 revocation application on 28 August 2008.

37.3 Although I respectfully submit that any explanation for the additional delay referred to is irrelevant in light of CIPLA's withdrawal of the 2006 revocation application, I nevertheless state that the additional delay was caused by the difficulties in co-ordinating the availabilities of CIPLA's UK-based expert

witness, Prof Page, and that of counsel. Prof Page was unavailable for extended periods on a number of occasions. Ultimately, the signed copy of Prof Page's affidavit was received at the end of July 2008, at which time I was about to go overseas. I was unable to sign my affidavit before I left, and I accordingly only did so on 20 August 2008, upon my return. In light of the volume of the evidence and the number of copies required for the parties and counsel, it was a number of days before the evidence was ultimately filed."

In its replying affidavit, the applicant, understandably, had to concede that it had no knowledge of these allegations. The best it could do was to offer a submission that the allegations are "extremely vague". I disagree. I consider the explanation to be eminently reasonable and acceptable in the circumstances. In my view, such a conclusion is fortified by the fact that the applicant, throughout the correspondence, failed to claim or motivate any possible prejudice caused by the delay and, moreover, by the fact that in the end the evidence was supplied a mere five months after expiry of the 31 March deadline which had earlier been agreed.

[20] Despite the explanations advanced on behalf of the respondent, in particular in the letter of 18 April 2008, *supra*, the applicant filed the rule 30A application on 23 May 2008. The main relief sought, apart from an order for costs, is for an

order: "Striking out the application for revocation of South African patent 90/7136."

- [21] On 26 June 2008, the applicant's rule 30A application was set down for hearing during the week commencing 1 December 2008.

The allocation of a date for the hearing of this application long after the respondent had filed the founding evidence on 28 August 2008 vindicates the prophetic words recorded by the respondent's attorney in his letter of 18 April 2008, *supra*:

"Whatever the case may be, our client will be in a position to file its evidence long before there is any prospect of an application in terms of rule 30A being heard."

The filing of the evidence did not deter the applicant from pressing on with the rule 30A application.

- [22] Also on the 28 August 2008, the respondent applied to the Registrar of Patents for condonation of the late filing of its founding evidence in the revocation application.

Part of the letter addressed to the Registrar on behalf of the respondent reads as follows:

- "5. The preparation of the applicant's evidence was not completed by 31 March, and the applicant advised the patentee's attorneys accordingly.
6. Nevertheless, the patentee has not agreed or consented to any further extension of the time for filing the applicant's evidence.
7. As will be apparent (from?) an inspection of the accompanying evidence, this evidence is voluminous and complex. It has taken a considerable length of time to prepare. Additionally, it has been exceptionally difficult to co-ordinate the schedules of the applicant's foreign expert witness (who has been travelling in various countries during this time) and that of counsel and the writer.
8. We draw it to your attention that the patentee has launched an application to the Commissioner, purportedly in terms of rule 30A of the Uniform Rules of Court. In its papers in the rule 30A application (which are, of course, available to you) the patentee accuses the applicant of abusing the court's process with 'delay tactics'. We respectfully submit that there can be no swifter end to any purported delay than by allowing the filing of the accompanying evidence."

It will be recalled from a reading of the letter of 26 March 2008, *supra*, written to the applicant's attorney by the respondent's attorney, that already on that occasion

it was stated on behalf of the respondent that "it is entirely in our own client's interest to file its evidence and have the matter heard as quickly as possible". Already in that letter, the respondent warned the applicant that it would ask the Registrar and/or the Commissioner to grant an extension for the filing of the evidence. This warning was repeated in the letter of 18 April, *supra*. In the last-mentioned letter it was also stated that failure to obtain an extension for the late filing of the evidence would inspire the respondent to withdraw the first revocation application and file a fresh revocation application.

It is common cause that the respondent did not give the applicant written notice of the fact that it had applied to the Registrar for an extension. This "failure" is another source of indignation to the applicant, and was advanced by the latter, in the abuse application, as another example of abusive behaviour on the part of the respondent. In the founding affidavit to the abuse application, the deponent puts it as follows:

"Mr Ball (CIPLA's attorney) did inform Mr Bagnall (Glaxo's attorney) telephonically of the fact that he intended to file the form P4 on behalf of his client prior to 4 September but no formal notice was given and Glaxo was not aware of the nature of the request which Mr Ball had said he intended making. The first time that Glaxo or its attorneys had sight of the P4 form was on 4 September 2008, by which time the Registrar had already granted CIPLA the relief that it sought."

To these allegations, the deponent to the answering affidavit on behalf of the respondent in the abuse application says the following, after admitting that he did not serve a copy of the request to the Registrar on the applicant's attorney:

"However, I deny that no notice of CIPLA's request was given to Glaxo's attorneys. In this regard, I point out that Ms Quillan (my note: the deponent on behalf of the applicant) refers to a telephone conversation between Mr Ball and Mr Bagnall (the attorneys dealing with the matter on behalf of CIPLA and Glaxo respectively), in which Mr Ball told Mr Bagnall that CIPLA would file its evidence with the request to the Registrar on form P4. Although Ms Quillan states that 'Glaxo was not aware of the nature of the request which Mr Ball had said he intended making', I respectfully submit that Glaxo could not have been under any illusions as to the nature of the request to the Registrar. The indication to Mr Bagnall by Mr Ball that CIPLA would file its evidence with the request to the Registrar on form P4 was not intended to be in any way cryptic, and Mr Ball believed (and continues to believe) that Mr Bagnall understood exactly what was meant. This indication was given in the context of the rule 30A application and communications leading to that application in which Mr Ball had indicated that CIPLA would, upon filing, request the Registrar and/or the Commissioner to grant an extension to allow the filing in terms of Patent Regulation 99 ... I respectfully submit that it must have been clear to Mr Bagnall that the reference to a request to the Registrar on form P4, in the context of the late filing of CIPLA's

evidence, could only have been an indication that CIPLA had elected to seek the intimated extension from the Registrar."

I fail to see how this approach adopted on behalf of the respondent can be seen as abusive of the rules or improper in any way. At the very least, I fail to see how this approach can be classified as being so abusive that it justifies the granting of such drastic relief as is claimed in the abuse application and the rule 30A application.

I add that the applicant also adopted the stance that it was not open to the respondent to apply for an extension of time after the expiry of the deadline, but such an extension had to be applied for before the expiry. This argument is not in line with the provisions of section 16(2) of the Patents Act no 57 of 1978 which reads as follows:

"(2) Whenever by this Act any time is specified within which any act or thing is to be done, the Registrar or the Commissioner, as the case may be, may, save where it is otherwise expressly provided, extend the time either before or after its expiry."

(Emphasis added.)

With reference to the provisions of section 16(1) of the Act, which provides that the Registrar or Commissioner should not exercise "any discretionary power" conferred on him or her without giving an interested party or objector an

opportunity of being heard, the parties before me made conflicting submissions. On behalf of the respondent it was submitted that the duty to notify the applicant of the request for an extension rested on the Registrar and not on the respondent. The opposite argument was advanced on behalf of the applicant. In my view nothing turns on this. I have already expressed the opinion that the respondent was not guilty of conduct so abusive as to justify an order for the relief sought in the two applications.

[23] Against this background, the applicant, nevertheless, on 25 September 2008, noted an appeal against the decision by the Registrar to grant the extension.

[24] On 6 October 2008 and 7 November 2008 the parties, in correspondence, agreed to an extension in favour of the applicant for the filing of its answering evidence in the revocation application to a date two months after the later of either the determination of the rule 30A application or the final determination of the appeal against the Registrar's decision.

[25] On 17 December 2008 the respondent withdrew the first revocation application. It was done by formal notice, reading as follows:

"Take notice that the applicant for revocation hereby withdraws its application for the revocation of the above patent filed on 8 November 2006.

Take notice further that the applicant hereby tenders the Patentee's party-and-party costs as agreed between the parties or, failing any such agreement, as taxed by the Registrar of Patents."

This notice was served on the applicant's attorney on 18 December 2008.

[26] The next day, on 19 December 2008, the respondent filed the second revocation application setting out substantially the same case as it had advanced in the first (now withdrawn) revocation application.

[27] It is also necessary to interrupt the account of the chronological sequence of events, by recording that the rule 30A application had to be postponed early in December 2008, because it had been rendered moot by the Registrar's decision to grant an extension of time for the filing of the evidence. It would only be "revived" if the Registrar's decision were to be reversed on appeal.

[28] On 16 February 2009 the applicant launched the abuse application.

The main relief, barring a costs order, sought in the notice of motion is for an order:

"1. Setting aside the notice of withdrawal of the respondent's application for revocation of South African Patent 90/7136, which application was instituted on 7 November 2006;

2. Setting aside the filing of the respondent's application for revocation of South African patent 90/7136, which application was instituted on 19 December 2008."

[29] On 25 February 2009 the respondent filed its founding evidence in the second revocation application. This was done in essentially the same form as the evidence which had been filed in the first (now withdrawn) revocation application.

[30] On 3 March 2009 the respondent refused to agree to a stay of the second revocation application, or to grant the applicant an extension of time within which to file its answering affidavit in the second revocation application. The applicant had requested this relief in view of the pending abuse application.

[31] On 24 March 2009 the applicant launched the application to stay the second revocation application ("the stay application").

[32] In my view, the elements of a "procedural quagmire" are clearly evident from this chronology of events and synopsis of the disputes between the parties.

[33] I now turn to the three applications.

The abuse application

- [34] I have quoted the terms of the notice of motion illustrating the relief sought.
- [35] What the applicant seeks to do, is to "revive" the first revocation application (despite the fact that it had been withdrawn with an appropriate tender as to costs), thereafter have the second revocation application set aside and then hope to also have the first revocation application struck out by means of the rule 30A application.
- [36] In lighter vein, I proposed to counsel during the proceedings before me that this was akin to a situation where the helpers of a battered boxer throw the towel into the ring, signaling the surrender of their charge, only to have the towel thrown back at them with the referee insisting that the battered boxer is not allowed to surrender, but has to soldier on so that he can be properly knocked out.

To me this seems to be legally untenable. The respondent's deponent, in the opposing affidavit to the abuse application, puts it as follows:

"I respectfully submit that it is manifest that it is Glaxo that is perpetrating the abuse. What Glaxo is attempting to achieve is a delay of CIPLA's access to Court. Nothing less. Why it wishes to reinstate it to have it struck has never been explained. It cannot be explained. There is no question of "due process" not being followed as a result of CIPLA withdrawing the allegedly procedurally flawed 2006 revocation application. Faced with the allegations of procedural irregularities,

CIPLA withdrew the 2006 revocation application. There is no reason why this court should be burdened with hearing an uncontested dispute on procedural flaws."

With these sentiments I agree.

[37] The deponent on behalf of the applicant, in the abuse application, appears to blame the respondent for withdrawing the first revocation application. She says:

"A *bona fide* litigant in the position of CIPLA would not have sought to do so by simply skirting the issues. It would have confronted the procedural difficulties facing it and dealt with them. If CIPLA was of the view that the decision of the Registrar granting it an extension of time was wrong, then it could have abandoned that decision and proceeded to deal with the rule 30A application. What it cannot do is avoid the possible consequences of the rule 30A application by withdrawing the first revocation application, depriving Glaxo of the procedural remedies available to it to dispose of the first revocation application in the most expeditious manner possible."

[38] The respondent's answer to these allegations is as follows:

"I admit that CIPLA withdrew the 2006 revocation application in order to extricate itself from a procedural quagmire. I deny, however, that there was anything improper about this. CIPLA did not want to waste time and

money on peripheral issues such as alleged procedural irregularities. In fact, I am advised that the position is quite the contrary; and that withdrawing proceedings is an entirely appropriate response to a procedural objection to those proceedings. It is a proper, expedient and cost effective way of dealing with the issues. The course of conduct of Glaxo is prodigal of the court's time and, with respect, vexatious. It is otherwise inexplicable."

In my view there is much to be said for these submissions.

- [39] The applicant also blames the respondent for "repudiating" the November 2008 agreement, *supra*, which provided that Glaxo's answering evidence would be filed two months after the later of either the determination of the application in terms of rule 30A or a final determination of the appeal against the decision of the Registrar.

In response, the respondent denies the alleged repudiation. The agreement related to a postponement of the rule 30A application and an extension of time for the filing of the applicant's answering affidavits. The agreement related to the manner in which the 2006 revocation application was to proceed in light of the procedural disputes. By 7 November 2008, when the agreement was reached, the applicant had taken the position that the decision of the Registrar fell to be set aside as improper. Unless and until set aside, the Registrar's decision stood. Both

parties agreed that the Registrar's decision rendered the applicant's rule 30A application moot. The purpose of the rule 30A application was to have the first revocation application set aside. Accordingly, so it was argued on behalf of the respondent, the withdrawal of the first revocation application gave the applicant the relief sought in the rule 30A application, and obviated the need for any appeal against the Registrar's decision. With these submissions I also agree.

I add that, as an apparent precautionary measure, the respondent filed a conditional counter-application to the abuse application. This counter-claim was conditional upon a finding that the respondent was not entitled to withdraw the first revocation application. In that event, the respondent would abandon the decision of the Registrar extending the time for filing the founding evidence (thereby rendering the appeal moot), withdraw the application for an extension of time and tender the applicant's costs. Pursuant thereto, the respondent, in the conditional counter-claim, requested this court to condone the late filing of the founding evidence in the first revocation application for the reasons set out in the affidavits, *supra*, and already referred to by me in some detail earlier in this judgment.

- [40] The argument advanced on behalf of the applicant, was that success by the applicant in both the abuse application and the rule 30A application, namely the setting aside of the second revocation application and the striking out of the first revocation application, would signal the end of the road for the respondent. The

door would be closed to the respondent to ever again moving for the revocation of the patent.

In dealing with this argument, counsel on behalf of the respondent, firstly, pointed out that the patent is one of questionable validity, having been revoked both in Ireland (by CHARLETON, J) and in the United Kingdom (by PUMFREY, J). PUMFREY, J found the case of the invalidity of the patent in the UK to be "overwhelmingly strong" and, in fact, the court of appeal refused leave to appeal. These facts, in so far as they relate to the results of the cases in the two foreign jurisdictions, which were also mooted in the opposing affidavit on behalf of the respondent, were not disputed by the applicant in its replying affidavit.

Moreover, so it was argued on behalf of the respondent, where patents are rights *in rem*, granting a monopoly to the patentee to the exclusion of all others, it is the duty of the Commissioner of Patents and the South African courts to ensure that invalid patents do not remain on the patent register. The public has a right that questions of the invalidity of patents be decided by the courts and that the doors of the courts not be shut to a litigant who wishes to attack the validity of a patent, particularly where it has been found to be invalid in a jurisdiction whose judgments have often been held to be persuasive in South Africa in patent matters.

It was argued on behalf of the respondent that the applicant's submission that the effect of success in the rule 30A application would bring an end to all revocation

proceedings between the respondent and the applicant, effectively meaning that the respondent would be unable to challenge the registrability of a patent of dubious validity, has no merit: it was submitted on behalf of the respondent, correctly in my view, that rule 30A is clearly aimed at procedural irregularities and striking a claim for non-compliance with a procedural requirement does not mean that a litigant is non-suited from bringing the identical action for the identical relief in instances where none of the procedural irregularities are present. It was submitted on behalf of the respondent that the logical conclusion of the stance adopted by the applicant is that the issue of the validity of the patent is *res judicata* between the parties and that the respondent can never challenge the validity of the patent again. This is untenable.

Counsel for the respondent also reminded me, correctly, that the applicant was unable to provide any authority in support of its argument, *supra*.

- [41] It was also submitted on behalf of the applicant that the respondent was guilty of abusive conduct by adopting a deliberate delaying strategy, firstly to oppose the amendment application and secondly to delay the filing of the founding evidence. It was submitted on behalf of the applicant that the respondent's motive for doing so stem from the decision in *Deton Engineering (Pty) Ltd & Another v John Paul McKelvey & Others* 1995 BP 228 (CP) 238D-G where it was held that a patentee could not be granted injunctive relief while one or more of the claims of its patent were invalid. Such relief was only competent after the invalid claim or claims

had been rectified by proper amendment. It was argued that the respondent sought to delay the amendment proceedings because it knew that while they were pending, the applicant would be powerless to enforce its patent, thereby giving the respondent free reign in the market for so long as the amendment proceedings remained pending.

I have already referred to the respondent's explanation for the decision to oppose the amendment and also for the explanation for the inability to file the founding evidence by 31 March 2008. I have expressed the view that these explanations are eminently convincing, and do not, in my view, reveal any semblance of improper conduct.

Moreover, counsel for the respondent pointed out that even if there were no amendment or revocation proceedings pending, a respondent faced with interdictory proceedings aimed at restraining it from introducing a competitive product into the market, is in any event at liberty to raise the alleged invalidity of the patent of the applicant as a defence. In this regard, I was referred to the provisions of section 65(4) of the Patents Act, which read as follows:

"(4) In any proceedings for infringement the defendant may counter-claim for the revocation of the patent and, by way of defence, rely upon any ground on which a patent may be revoked."

[42] Counsel for the applicant sought to persuade me that the respondent, in so many words, admitted "that the opposition to the amendment was nothing more than an attempt to delay the amendment proceedings for as long as possible ...", thereby conceding improper conduct. I see nothing of the sort in the papers offered on behalf of the respondent. I have already quoted, in detail, the explanation offered by the respondent as to how, on proper legal advice, it adopted the particular and lengthier procedure when opposing the amendment. I have also pointed out that neither SOUTHWOOD, J nor RABIE, J found any improper conduct on the part of the applicant. For all the reasons mentioned, I see no basis for me to come to a different conclusion.

[43] The courts have been slow in non-suiting a plaintiff or applicant accused of dragging his or her feet when it comes to prosecuting the application or action.

In *Sanford v Haley* NO 2004 3 SA 296 (CPD) the following was stated in this regard at 300D-G:

"The pre-requisites for the exercise of such discretion are, first, that there should be a delay in the prosecution of the action; secondly, that the delay is inexcusable and, thirdly, that the deceased is seriously prejudiced by such delay. (*Gopaul v Subbamah* 2002 6 SA 551 (D).) The test for the dismissal of an action enunciated by INNES CJ and reinforced by SOLOMON JA in the case of *Western Assurance Co* (my note: *Western Assurance Co v Caldwell's Trustee* 1918 AD 262 at 273) is whether

plaintiff has abused the process of the court in the form of frivolous or vexatious litigation. Such test formulated by FLEMMING DJP in *Molala's* case [my note: *Molala v Minister of Law & Order & Another* 1993 1 SA 673 (W)] is whether the conduct of plaintiff oversteps the threshold of legitimacy. The test is a stringent one. It is understandable that the relief will not easily be granted. It will depend on the facts and circumstances of each case and on the basis of fairness to both parties."

[44] In *Western Assurance Co, supra*, the following is said at 273:

"Now it is needless to say that strong grounds must be shown to justify a Court of Justice in staying the hearing of an action. The courts of law are open to all, and it is only in very exceptional circumstances that the doors will be closed upon anyone who desires to prosecute an action."

[45] Section 34 of the Constitution, 1996, provides:

"Everyone has the right to have any dispute that can be resolved by the application of law decided in a fair public hearing before a court or, where appropriate, another independent and impartial tribunal or forum."

[46] Returning to the test as applied in *Sanford, supra*, I have pointed out that the applicant was consistently reminded, during correspondence exchanges, that it had failed to show prejudice flowing from the alleged improper delay on the part of the respondent.

I have also expressed the view that I can find no indication on the papers that the delay on the part of the respondent was "inexcusable". Indeed, I came to the opposite conclusion.

[47] For all the reasons mentioned, I have come to the conclusion that the abuse application falls to be dismissed.

The rule 30A application

[48] In view of my finding that the abuse application is to be dismissed, the rule 30A application, targeting the (withdrawn) first revocation application, is rendered moot. For that reason, it also falls to be dismissed.

[49] As to the costs flowing from the rule 30A application, Mr Puckrin, quite properly in my view, conceded that, where the withdrawal of the first revocation application was closely linked to the rule 30A application, the respondent should be liable for the costs of the rule 30A application up to the date of the withdrawal of the first revocation application, which occurred on 18 December 2008. I have already pointed out, *supra*, that, on that date, the respondent also tendered to pay the costs arising from the first revocation application.

Such a costs order would appear to me to be fair and appropriate in the circumstances.

[50] As to the costs of the rule 30A application arising after 18 December 2008, I see no reason why the applicant, as the unsuccessful party to that extent, should not bear those costs.

[51] It was understood, throughout, that costs flowing from all these applications should attract the costs of two counsel.

The stay application

[52] The practical result of my findings with regard to the abuse application and the rule 30A application, is that the second revocation application remains pending and ought to run its normal course.

[53] In these circumstances, the main prayer in the abuse application, namely the stay of the second revocation application pending the outcome of the abuse application, can no longer succeed.

[54] However, a proper case has been made out for the relief in prayer 2 of the stay application which reads as follows:

"Granting the applicant, in the event that the abuse application is finally dismissed, an extension of time in which to file its answering evidence in the second revocation application to two months after the abuse application is dismissed."

[55] Where the stay application is to be upheld to this extent, the costs, in my view, should follow that result and be paid by the respondent. I am in any event not persuaded that the respondent acted reasonably in refusing to agree to this relief in the first place.

The order

[56] I make the following order:

1. The abuse application is dismissed with costs, including the costs flowing from the employment of two counsel.
2. The rule 30A application is dismissed.
3. The respondent is ordered to pay the costs of the rule 30A application up to and including 18 December 2008, such costs to include the costs of two counsel.
4. The applicant is ordered to pay the costs of the rule 30A application incurred after 18 December 2008, such costs to include the costs of two counsel.
5. The applicant is granted an extension of time, and leave to file its answering evidence in the second revocation application within two months from the date of this order.
6. The respondent is ordered to pay the costs of the stay application, including the costs of two counsel.

W R C PRINSLOO
COMMISSIONER OF PATENTS

P90-7136

HEARD ON: 18 OCTOBER 2009

COUNSEL FOR APPLICANT: P GINSBURG SC ASSISTED BY G MARRIOTT

INSTRUCTED BY: ADAMS & ADAMS

COUNSEL FOR THE RESPONDENT: C E PUCKRIN SC ASSISTED BY R MICHAU

INSTRUCTED BY: BRIAN BACON & ASSOCIATES