McKelvey and others v Deton Engineering (Pty) Ltd and another
[1997] 3 All SA 569 (A)

Division:	Supreme Court of Appeal
Date:	28 May 1997
Case No:	657/95
Before:	EM Grosskopf, Nienaber, Harms, Schutz and Plewman JJA
Sourced by:	JJF Hefer and I Potgieter
Summarised by:	S Moodliar
Parallel Citation:	1998 (1) SA 374 (SCA)

. Editor's Summary . Cases Referred to . Judgment .

Patents - Conflicting claims - Approach to be adopted - "Prior claim" approach compared with "whole contents" approach - Section 25(7) of Patents Act 57 of 1978 adopting "whole contents" approach.

Patents and trademarks - Conflicting claims - Approach to be adopted - "Prior claim" approach compared with "whole contents" approach - Section 25(7) of Patents Act 57 of 1978 adopting "whole contents" approach.

Interpretation of statutes - Section 25(7) of Patents Act 57 of 1978 - Approach to be adopted where conflicting applications filed - Use of word "matter" in subsection - "Whole contents" approach adopted and not "prior claim" approach.

Editor's Summary

The issue before the Court was the approach to be adopted when conflicting patent applications were filed.

Held - The Court set out the two basic approaches:

(i) in the "prior claim" approach, the *claims* of the later application were compared with the *claims* of the earlier one;

(ii) in the "whole contents" approach, the *claims* of the later application were compared with the *disclosure* or contents of the later one.

The Court considered the history of the South African legislation relating to patents. Section 25(7) of the Patents Act 57 of 1978 provided that the state of the art of an invention comprised "matter" contained in an application for a patent. In several provisions of the Act, there was a clear dichotomy between the invention claimed and the "matter" supporting the claim. The use of the word "matter" indicated that the subsection was not restricted to the claim of an application. The Court concluded that the Act adopted the "whole contents" approach. This approach had not been replaced with the "prior claim" approach when the Act was amended in 1983.

The appeal was upheld with costs.

Notes

For Patents, see *LAWSA* (Vol 20, paragraphs 1-67)

For the Patents Act 57 of 1978, see *Butterworths Statutes of South Africa* 1996 (Vol 1)

Cases referred to in judgment

("**C**" means confirmed; "**D**" means distinguished; "**F**" means followed and "**R**" means reversed.)

B-M Group (Pty) Ltd v Beecham Group Ltd 1980 (4) SA 536 (A)

Beecham Group Ltd v The B-M Group (Pty) Ltd 1977 BP 14 (C of P)

Fundstrust (Pty) Ltd (In Liquidation) v Van Deventer [1997] 1 All SA 644 (A); 1997 (1) SA 710 (A)

Gentiruco AG v Firestone SA (Pty) Ltd 1972 (1) SA 589 (A)

Jaga v Dönges NO and another 1950 (4) SA 653 (A) - **F**

Mitsui Petrochemical Industries v Solvay et Cie 1974 BP 24 (C of P)

The B-M Group (Pty) Ltd v Beecham Group Ltd 1978 BP 373 (T)

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Judgment

HARMS JA

A patent application becomes available for public inspection, generally speaking, within 18 months from the date of

the application. During that time a conflicting concurrent patent application may be filed by the same or another inventor. The question that arises is the extent to which the validity of the later patent application is affected by the earlier application, bearing in mind that it was not available to the public on the date of the later application.

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In the so-called Banks report[1] the following was said in this regard (para 304-306):

> "304 There are two basic approaches to the problem. The first, which for convenience we shall refer to as the 'prior claim' approach, depends upon a comparison of the *claims* of the later application with the *claims* of the earlier. The second, which we refer to as the 'whole contents' approach depends upon a comparison of the *claims* of the later application with the *disclosure* or contents of the earlier one.
>
> 305 The philosophical approach is different in the two cases. The prior claim approach is based upon the premise that the Crown cannot grant the same monopoly twice and since the monopoly is delineated by the claims it should be the claims of the two conflicting applications which are compared, and then only when a patent has been granted on the earlier application. With this approach it does not matter that the invention claimed in the later claim has already been disclosed, but not claimed, in the earlier application.
>
> 306 The philosophy behind the whole contents approach is not only that the Crown should not grant the same monopoly twice but also that it is against the public interest to grant a patent for subject matter which has already been publicly disclosed in an earlier application, notwithstanding that the disclosure was not public until after the priority date of the later application or that no patent may be finally granted on it. In other words, only the first person to take steps to disclose such subject matter to the public by means of a patent application has the right to a monopoly for it."

The Banks Report opted for the "whole contents" approach and recommended that the state of the art against which the novelty *and* obviousness of an invention claimed ought to be judged should include the contents of prior complete specifications published on or after the priority date of the invention in suit (para 340). According to the Strasbourg Convention[2] any member of that convention could adopt either approach. The European Patent Convention accepted, in relation to European patents, the "whole contents" system in a diluted form. In particular, it does not apply in relation to obviousness. The limitations concerning novelty are technical and largely the result of the peculiar nature of European patents.[3]

The British Patents Act 1977 was promulgated in the context of the Banks Report and the United Kingdom's accession to the European Patent Convention. Also relevant is the fact that the 1949 Patents Act, in relation to prior claiming, had "bred highly recondite judicial decisions" (Cornish, *Intellectual Property: Patents, Copyright, Trade Marks and Allied Rights*, 2nd ed, p 120; cf. *Gentiruco AG v Firestone SA (Pty) Ltd* 1972 (1) SA 589 (A) 653C-D). The 1977 Act did not follow the mentioned Banks recommendation concerning obviousness. It is, however, said that the "whole contents" approach was adopted in relation to novelty (e.g. by Cornish *loc. cit.*) but whether that view is correct, depends upon an interpretation of the British Act, something I

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decline to do in the absence of judicial authority (cf. *Fundstrust (Pty) Ltd (In Liquidation) v Van Deventer*[4] 1997 (1) SA 710 (A) 731H-732E).

The South African Patents Act 57 of 1978 is in some respects the same or similar to the British Act, but differs in other respects textually, if not materially. Van Dijkhorst J, sitting as Commissioner of Patents, found that our Act adopted the prior claim approach, and it is especially against that finding that the appellants appeal with his leave.

Van Dijkhorst J interdicted the third appellant from infringing the claims of patent ZA 90/5999 owned by the first respondent. I shall refer to this patent as the Deton patent. The sole defence to the infringement application persisted in is that certain claims of Deton lack novelty. The only prior art relied upon is that contained in patent ZA 89/4136, owned by the second respondent and hereinafter referred to as the CMI patent. Both patents are concerned with methods of producing wear-resistant inner linings for pipes.

It is undisputed that the invention claimed in claims 1, 2, 4, 5 and 7 of Deton is disclosed in the body of the CMI patent specification. The priority date of CMI precedes that of Deton, but it became open to public inspection only after the Deton priority date.

An invention, to be patentable, must be "new" within the meaning of that term in the Act. Section 25 provides in this regard the following:

> "(5) 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 any claim to that invention.
>
> (6) The state of the art shall comprise all matter (whether a product, a process, information about either, or anything else) which has been made available to the public (whether in the Republic or elsewhere) by written or oral description, by use or in any other way.
>
> (7) The state of the art shall also comprise matter contained in an application, open to public inspection, for a patent, notwithstanding that that application became open to public inspection on or after the priority date of any claim to that invention, if -
>
> (*a*) that matter was contained in that application both as lodged and as open to public inspection; and
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> (*b*) the priority date of that matter is earlier than that of the relevant claim.

(8) An invention used secretly and on a commercial scale within the Republic shall also be deemed to form part of the state of the art for the purposes of subsection (5)."

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In finding that the descriptive part of CMI could not destroy the novelty of Deton, Van Dijkhorst J held that the object of section 25(7) was to avoid double patenting; that only *claimed* matter can have a priority date (relying on section 33(1)(*b*) with which I deal later), and that the reference to "the priority date of the *matter*" in section 25(7) was a reference to the priority date of the *claims* of the prior patent (in this case, CMI). Consequently, he found that in order to anticipate the invention *claimed* in Deton, it had to be found in the *claims* of CMI.

The Patents, Designs, Trade Marks and Copyright Act 9 of 1916 in its original form had no provision relating to double patenting. During 1947, however, section 27(1)(*h*) was added as a ground of opposition (and revocation), namely -

"that the invention has been claimed in any complete specification for a Union patent which, though not available to public inspection at the date which the

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patent applied for would bear if granted, was deposited pursuant to an application for a patent which is or will be of prior date to such patent."

The definition of "new" in section 1 of the Patents Act 37 of 1952 was to a similar effect. An invention was not new if -

"(*e*) claimed in any complete specification for a Union patent which, though not available to public inspection at the effective date of the application, was deposited pursuant to an application for a patent which is, or will be, of prior date to the date of any patent which may be granted in respect of the said invention."

The latter provision did not prevent all double patenting. There were special circumstances of the facts in *Mitsui Petrochemical Industries v Solvay et Cie* 1974 BP 24 (C of P); there was the fact that prior claiming could not be raised in relation to specifications available to public inspection before the effective date of the application (*Beecham Group Ltd v The B-M Group (Pty) Ltd* 1977 BP 14 (C of P); *The B-M Group (Pty) Ltd v Beecham Group Ltd* 1978 BP 373 (T) 392D-395B); there was the case of dependent patents (section 49), and, related thereto, selection patents (*B-M Group (Pty) Ltd v Beecham Group Ltd* 1980 (4) SA 536 (A) 558C-E).

It is not without significance that while the Legislature in the quoted provision of the repealed Acts explicitly directed the inquiry to a comparison between the (claimed) invention and the prior claims, there is no reference to the prior *claim* in the current section 25(7). Instead, it refers to *matter*. Additionally, the 1952 Act deals with the claims of the "complete specification" whereas section 25(7) is concerned with the matter "contained in an application ... for a patent".

An application for a patent is made on a prescribed form and must comply with the provisions of section 30. In particular, it must be accompanied by either a provisional or a complete specification (section 30(1)). A provisional specification must describe the invention fairly (section 32(2)). It does not have to have claims, it need not describe the invention fully, or disclose the invention fully nor the best method - these are requirements for a complete specification (section 32(3)). What becomes open to public inspection after the acceptance of a complete specification, is the patent, the "application" and all documents lodged in support thereof (section 43(1)).

Section 25(7) uses the "application" as the point of reference. It is not concerned with the validity of the first patent in the sense that even if the first patent is invalid, whether revoked or not, it can still be cited under subsection (7) against the later patent. So, too, can a lapsed patent application (section 42(3) read with

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section 43(3)). Selection patents are presumably still permissible.5 Dependent patents are sanctioned (section 55). It is therefore an oversimplification to say that the object of section 25(7) is to prevent double patenting. The object is rather to extend the scope of the "state of the art" beyond that defined in subsection (6), as does subsection (8). In the result double patenting may be prevented by the application of subsection (7), but whether it does so, depends upon the circumstances of the case. Any other construction renders subsection 7(*a*) redundant, because, if the object were the

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prevention of double patenting, there would be no reason to have regard to matter contained in the "application" and not limit the inquiry to the matter claimed in an accepted complete specification open to public inspection. I therefore conclude that the learned Commissioner's point of departure relating to the objection of subsection (7) was not correct. On the contrary, as would appear later, his interpretation can give rise to unacceptable double patenting while the whole contents approach by its very nature prevents such double patenting.

Section 25(6) defines the state of the art to comprise "matter", and "matter" may be "a product, a process, information about either, or anything else". This matter must have been made available to the public. Subsections (7) and (8) qualify subsection (6) - the latter extends the state of the art to include use of an invention not available to the public, namely secret use on a commercial scale within the Republic. Subsection (7) is to a similar effect, extending the state of the art for purposes of novelty to "matter" - in context, "information" - also not publicly

available at the date of the second patent.

The Act draws a clear distinction between "matter" and the claimed invention. "Matter", in general, refers to the disclosure in the body of the specification that *can* support a claim, whether or not there is a claim based thereon. The dichotomy between the invention claimed and matter appears from the following provisions in the Act: section 26(*a*), section 31(3), section 32(4), section 33(1)(*b*), (2), (3) and (8), section 51(5), (6) and (8) and section 61(1)(*f*). An illustration will explain why I have stressed the word "can". A specification may disclose two inventions, say two new chemical compounds, A and B. The patentee may consciously or inadvertently claim A only, even though the disclosed matter comprises A and B. He may subsequently amend his patent to claim both A and B, or to claim B only (cf. section 51(6)). "Matter" may also be added by way of a supplementary disclosure (section 51(8)). It would thus be wrong to equate the "matter" of section 25(7) with the claimed invention.

This brings me back to my earlier statement that the prior claim approach may lead to unacceptable double patenting. If in the circumstances of this case CMI had done what the inventor in the example did and if Deton, before the amendment, had claimed B, there would have been two valid patents, each with a claim B on the register. It goes further. The same inventor could patent his invention twice and thereby effectively extend his monopoly.

Section 1 has a definition of "priority date", but the definition is of limited scope because it is only the priority date "in relation to any claim accompanying an application for a patent" that is defined. This wording bears no resemblance to the wording used in section 25(7). In any event, the definition proceeds to state that the priority date in that sense, unless the context otherwise indicates, means "the date specified in section 33 as the date from which such claim shall have effect". It does not purport to define the priority date of "matter". Section 33

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was therefore designed to deal with priority dates of claims. Before its amendment in 1983 - something to which I shall return - it did just that. There was no reference therein to the priority date of "matter". That is to be found, at least implicitly, in section 31: it is, broadly stated, the date of application in a convention country,

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or the date of the provisional or of the complete specification, whichever is the earlier. The priority date of a claim is the same as that of the matter on which it is fairly based. But that does not mean that unless matter is reflected in a claim, it has no priority date. As a general rule, the priority date of a claim depends upon the pre-existing or coexisting priority date of the matter on which it is based.

It follows from this that there can hardly be any doubt that the Act as originally formulated, adopted the "whole contents" approach. That brings me to the question whether the Patent Amendment Act 67 of 1983, in amending *inter alia* section 33(1) of the Act, intended to replace the "whole contents" with the "prior claim" approach. It now reads:

> "33. (1)(*a*) Every claim of a complete specification shall have effect from the date prescribed by this section in relation to that claim.
>
> (*b*) The priority date of any matter contained in a complete specification shall be the same as that of the claim with the earliest priority date in which that matter has been included: Provided that the priority date of any matter contained in a supplementary disclosure in terms of section 51(8), shall be the date of the application for the amendment concerned."

Van Dijkhorst J held that (1) "(t)his means that only matter included in a claim is referred to in the context of priority dates", reasoning that (2) "(i)t is the invention (and therefore the matter as set out in the claim) which requires a date of commencement of its protection - the priority date", and that (3) "(m)atter which is redundant to the claim is not part of the invention and is in a sense irrelevant. It requires no priority date". I have already indicated with reference to my examples that the reasoning in (3) cannot be sustained. The reasoning is further refuted by the proviso to section 33(1)(*b*). Concerning (2), priority dates have nothing to do with the date of commencement of protection because protection runs from the date of publication of the acceptance of the patent application (section 44(3)).

As to the first point, section 33(1)(*b*) is concerned with the priority date of matter in a complete specification and not of matter in an application. It does not deal with the priority date of unclaimed matter - the subject of the present dispute. What the paragraph essentially does is to provide that the priority date of a claim cannot be different from the priority date of the supporting matter. What the paragraph does not do is to provide that the assumption in section 25(7) that matter has a priority date, is baseless. I have already indicated that such date can be found in at least section 31(1). Accepting that section 33(1)(*b*) is not happily worded and that its object is not immediately clear, it appears to have been introduced because of the amendments to the related provisions of section 51(6) and (7) simultaneously effected by the 1983 Act.

As a footnote, it must, I think, be acknowledged that the Legislature in adopting the phrase "priority date of ... matter" in section 25(7)(*b*) without at the same time providing a definition of that concept to parallel the definition of "priority date" in relation to claims, created a problem for persons seeking to construe the section. These words inevitably direct all but those who are forewarned to section 1 and section 33 of the Act. As is clear this is a frustrating and

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fruitless exercise. It led Van Dijkhorst J to the conclusion that the subsection contained a "fiction".

The change in philosophy brought about by the repeal of the 1952 Act and the enactment of the 1978 Act compels a construction of section 25(7)(*b*) which is consistent with the new direction. It is a well-established rule that interpretation of statutory provisions is not limited to the ascertainment of the strict literal meaning of the words but involves the determination of the Legislature's intention in using these words. In the case of *Jaga v Dönges NO and another* 1950 (4) SA 653 (A) at 662G Schreiner JA said:

> "Certainly no less important than the oft repeated statement that the words and expressions used in a statute must be interpreted according to their ordinary meaning is the statement that they must be interpreted in the light of their context. But it may be useful to stress two points in relation to the application of this principle. The first is that 'the context', as here used, is not limited to the language of the rest of the statute regarded as throwing light of a dictionary kind on the part to be interpreted. Often of more importance is the matter of the statute, its apparent scope and purpose, and, within limits, its background."

(Cf. also *Fundstrust* at 726H-727B.)

The conclusion is therefore that section 25(7) does apply the whole contents approach and that claims 1, 2, 4, 5 and 7 of Deton are, on the agreed facts, invalid.

Counsel for the appellants argued further that the said claims were in any event invalid on the prior claim approach if regard is had to claim 17 of CMI. This aspect of the case was not pertinently argued before Van Dijkhorst J and is in the light of my conclusion moot.

Infringement by the third appellant of Deton claims other than those found invalid is not disputed. That raises the question whether the third appellant in these circumstances can be interdicted from infringing any valid claim. This legal issue was before Van Dijkhorst J because of the second respondent's application for an interdict restraining infringement of the CMI patent. Having found that some of the CMI claims were invalid and others valid and infringed, he held that the Commissioner of Patents is "not empowered to grant relief in infringement proceedings where one or more of the claims of a patent are invalid unless and until the defect has been rectified by proper amendment". No interdict was issued in consequence at the behest of the second respondent and no cross-appeal lodged. The second respondent did also not appear on appeal. Mr *Beasley*, counsel for the first respondent, refrained from attacking this finding and accepted its correctness.

In the premises the appeal, which was directed against para 3 (the interdict) and 4.1 to 4.4 (costs) of the order of the court below, must succeed and the following order is made:

1. The appeal is upheld with costs. Such costs include the costs of two counsel and are to be borne by the first respondent only.
2. Paragraph 3 of the order of the court *a quo* is substituted with the following:

   "In case number 90/5999 the application for an interim interdict or interdict is refused."
3. Paragraph 4.2 to 4.4 thereof is substituted with the following:

   "The applicants are ordered to pay, jointly and severally, the costs of the respondents."

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4. For the sake of convenience, paragraph 4.5 thereof is renumbered to paragraph 5.

(EM Grosskopf, Nienaber, Schutz and Plewman JJA concurred in the judgment of Harms JA.)

For the appellants:

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For the respondents:

DN Beasley SC and *JR Peter* instructed by *DM Kisch Incorporated*, Pretoria and *Naudes*, Bloemfontein

Footnotes

1 Report of the Committee to Examine the [British] Patent System and Patent Law, July 1970.
2 A convention of the Council of Europe, on the unification of aspects of patent law in Europe.
3 Art 54(3) and (4) and see Singer, *The European Patent Convention* (1995 Lunzer ed) pp 165-166.
4 Also reported at [1997] 1 All SA 644 (A) - Ed.
5 Cf. Singer *op. cit*. pp 159-164; *CIPA Guide to the Patents Acts*, 4th ed, para 2.17-2.21.