

SOUTH AFRICA / JUDGMENT

Alcatraz Intergrated Intelligent Systems (Pty) Ltd v Intergra-Set (Pty) Ltd (4260/2005) [2010] ZACCP 8; 2010 BIP 94 (CP) (8 October 2010)

[2010] ZACCP 8

COURT

Court of the Commissioner of Patents

BEFORE

T M Makgoka

CASE / FILE NUMBER

4260/2005

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NOT REPORABLE
IN THE COURT OF
COMMISSIONER OF PATENTS
FOR THE REPUBLIC OF
SOUTH AFRICA
PATENT
NO: 4260/2005

DATE:

08/10/10

In the matter

between:

ALCATRAZ INTERGRATED
INTELLIGENT SYSTEMS (PTY) LTD.....Applicant
and
INTERGRA-SET (PTY)
LTD.....Patentee

JUDGMENT

MAKGOKA, J:

- [1] This judgment turns on the principle of res judicata. The applicant launched an application in terms of section 61 (1) (c) of the Patents Act 51 of 1978 (the Act). The applicant seeks revocation of the patentee's patent number 4260/2005 titled "security system" (the patent). The revocation is sought on two grounds.

- [2] First, that the invention of the patent is not patentable under section 25 of the Act, in that it was not new immediately before its priority date of the state of the art as made available to the public. Second, that the patent did not involve an inventive step and would have been obvious to a person skilled in the art having regard to the matter which formed part of the state of the art immediately prior to the priority date.
- [3] The parties are competitors, involved in the installation of security, perimeter and access control systems which includes the erection of electric fencing. For convenience, I shall in this judgment refer to the patentee as the respondent.
- [5] A preliminary point of *res judicata* was raised by the respondent. I deem it prudent to consider that point at this stage. The brief factual background giving rise to this point is set out below.
- [6] On 28 September 2006 the applicant commenced proceedings for the revocation of the patent on the grounds of lack of novelty and lack of inventive step. In those proceedings, the applicant was identified as Alcatraz Integrated Systems (Pty) Ltd and the respondent as Automated Identification Technologies (Pty) Ltd. An application was made during those proceedings to substitute the present respondent, as the patent had been assigned to the present respondent. Nothing, however, turns on these apparent discrepancies.
- [7] The revocation application came before Southwood J on 15 August 2008 and judgment was delivered on 25 August 2008. It is the effect of the judgment of Southwood J that forms the basis of the *res judicata* point raised by the respondent.
- [8] The events that preceded the judgment Southwood J are the following: In its statement of particulars, the applicant alleged that the state of the art consisted of-
- (a) PCT- Patent Application Number W099/36647 published on 22 July 1999;
 - (b) an electrified palisade split fence that was installed at Investec Head Office, 100 Grayston Drive, Sandton in 1997;
 - (c) an article titled "The Eskom route to safety" that was published in Eskom News in July 2003; and
 - (d) South African Patent number 2002/6992 in the name of Automated Technologies (Pty) Ltd.
- [9] On 8 January 2008 the applicant amended its statement of particulars to include the prior art consisting of-
- (a) an electrified palisade split fence, as built, that was installed at the Eskom Brits Industrial site in Brits, North West province in 2003;
 - (b) Use of the electrified palisade split fence referred to in paragraph (a) above, by Eskom prior to 26 January 2005.

- [10] There was no objection to the above amendment. However, the amendment was only introduced after the then respondent had filed its answering affidavit. Consequently it was not dealt with by the then respondent in its answering affidavit. The applicant dealt with that newly introduced prior art in its replying affidavit, which was served and filed out of time. Condonation for the late delivery of the replying affidavit was sought but opposed by the respondent. Southwood J refused the condonation application and decided the matter on the evidence contained in the founding and answering affidavits. The application for revocation was subsequently dismissed.
- [11] It is against this background that it is contended by Mr. Bowman SC, on behalf of the respondent, that the issue of the validity of the patent in suit is *res judicata* as the applicant had applied for the revocation of the patent on the same grounds, namely that the patent was not new as it formed part of the state of the art immediately before its priority date and did not involve an inventive step, which issue, so is the contention, had been decided by Southwood J.
- [12] On the other hand, Mr van der Westhuizen SC, on behalf of the applicant, submitted three grounds upon which it was argued that the defence of *res judicata* was flawed. First, that Southwood J in the previous application only considered the issue of novelty in respect of one specific prior art, namely the article appearing in the Eskom News of July 2003. Second, that the court did not consider nor adjudicate upon additional prior art that was dealt with in the replying evidence (ignored by Southwood J as he had refused condonation for the late filing thereof). Third, that no finding was made on the ground of lack of inventive step.
- [13] The law regarding the defence of *res judicata* is trite and settled. The simplest way to put it is this: whether in the previous proceedings, the cause of action concerned the same subject matter between the same parties. In *Custom Credit Corporation (Pty) Ltd v Shembe* 1972 (3) SA 462 (A) at 472A-E, Van Winsen AJA described the rule as follows:

"The law requires a party with a single cause of action to claim in one and the same action whatever remedies the law accords him upon such cause. This is the ratio underlying the rule that, if a cause of action has previously been finally litigated between parties, then a subsequent attempt by one to proceed against the other on the same cause for the same relief can be met by an exception *rei judicatae vel litis finitae*. The reason for this rule is given by Voet, 44.2.1, (Gane's translation, vol 6, p.553) as being

'to prevent inextricable difficulties arising from discordant or perhaps mutually contradictory decisions due to the same suit being aired more than once in different judicial proceedings'.

This rule is part of the very foundation of our law... The rule has its origin in considerations of public policy which require that there should be a term set to litigation and that an accused or a defendant should not be twice harassed upon the same cause".

See also *Horowitz v Brock and Others* 1988 (2) SA 160 (A) at 178H-I; *National Sorghum Breweries Ltd (t/a Vivo Africa Breweries) v International Liquor Distributors (Pty) Ltd* [2000] ZASCA 159; 2001 (2) SA 232 (SCA) at 239F-J; *Rail Commuters Action Group v Transnet Ltd* 2006 (6) SA 68 (C) at 74E; *Man Truck & Bus (SA) (Pty) Ltd v Dusbus Leasing CC & Others* 2004

(1) SA 454 (W) at 464A - 468E and 472B – 474J.

[14] I turn now to consider the three grounds submitted by the applicant in support of the argument against *res judicata*:

[15] The court in the previous application only considered the issue of novelty of the patent in respect of one specific prior art, viz the article appearing in the Eskom News of July 2003. This is correct, but the reason for the court doing so, was its finding that it was common cause that the two patents, PCT Patent Application number W 099/36647 and SA Patent number 2002/6992, and the electrified palisade split fence installed at Investec Head Office, did not disclose integers (vi) and (vii) of claim 1 of the patent.

In my view, reliance upon this ground, in light of the finding by the court in the previous application, is not only misleading, but self-destructing. No significance can be attached to this ground and it is accordingly rejected.

[16] The court did not consider the additional prior art that was dealt with in the replying evidence of the applicant, in view thereof that the applicant for condonation for the late filing of the replying evidence was accordingly not before court.

It appears to me that what the applicant seeks to do with this contention is: because the previous application was considered without the additional evidence (which was ignored as a result of refusal of condonation for late filing thereof) the applicant is entitled to bring this application. The answer to that approach is found in a passage from the judgment of Roper J in *Machinery Company v Cutland* 1896 (1) (Ch) 667 at 672:

"When the question of the validity of a patent is brought for trial by reason of the defendant's contesting that question, he is bound to put his whole case before the Court; and if he does not do so, then it is his own misfortune. He cannot be allowed to put part of his case, or to put his case in an incomplete manner. He is bound when that question is raised, to search and find out all that he intends to rely upon in support of his contention that the patent is invalid. For these reasons, it appears to me that the defendants are not entitled to have this question of validity retried, because, as they say, they have found further materials which would have assisted them if they had known of them at the first trial. The plaintiff are, therefore, right in their contention, and as between these parties the plaintiffs are entitled to say that this patent has been held to be and is valid".

[17] No finding was made on the ground of lack of inventive step.

This is simply not correct. After dismissing both the condonation application and the application for referral to oral evidence, Southwood J considered the merits of the application, during which he discussed both grounds (of novelty and inventive step). Paragraphs 23-26 of Southwood J's judgment are dedicated to a discussion on the proper approach to be adopted in applying the provisions of sections 25 (10) and 25 (6) of the Act. In paragraphs 27-29 the learned Judge concluded as follows:

"27. The law requires only that there be inventiveness. It is not a requirement that the invention involves a large step forward. See Veasey's case *supra* at 282.

28 There is little or no evidence on the issue. The applicant's counsel concedes that he is hard pressed to contend that the applicant has made put a case on this basis. It should be recorded that in the heads of argument filed on behalf of the applicant the applicant made no submissions on this onus.

29 On the facts set out I cannot find that the applicant has discharged its onus"

[16] The application was then dismissed with costs. In my view, the judgment of Southwood J was a final and definitive judgment and order on the merits of the case before him.

[17] In supplementary heads of argument filed on behalf of the applicant on *res judicata*, two further grounds are contended. First, reliance is sought on the provisions of section 74 (2) of the Act, and second, on exceptions to the application of the *res judicata* rule.

[18] Section 74 (2) of the Act provides as follows:

"(2) If in any subsequent proceedings the validity of that claim is unsuccessfully attacked by any party, that party shall unless the commissioner or the court, as the case may be, otherwise directs, pay to the party his full costs, charges and expenses as between patent agent or patent attorney or attorney and client so far as that claim is concerned."

[19] In this regard it was argued on behalf of the applicant that "any party" referred to in the sub-section is wide enough to include a party who had previously unsuccessfully applied. I do not agree. On a proper construction of the sub-section, I conclude that "any party" refers to a third party. Should the Legislature had intended otherwise, it would have made it clear that such party includes a previously unsuccessful party. In any event, I am of the view that the position contended on behalf of the applicant, would lead to absurd results, in that there could be no finality of the questions in an action as between the parties.

[20] With regard to the exceptions to the application of the *res judicata* rule, counsel for the applicant argued that the circumstances of the present case, justify the court to invoke such exceptions. The general principle is that "exceptional circumstances" may warrant a deviation from the application of rule. See *CTP Ltd and Others v Independent Newspapers Holdings Ltd* 1999(1) SA 452 at 464H, where Cloete J held that it is only the interests of public policy that should constitute such "exceptional circumstances".

- [21] In this regard, the following were put forth as relevant for deviation from the res judicata rule: (a) that the previous judgment, order and pleadings do not support a finding of res judicata; (b) that the "new" prior art relied upon was available, however the court in its discretion did not permit reliance thereon; (c) that the court did not consider or adjudicate upon that evidence and (d) that the issue of inventive step was not adjudicated upon.
- [22] It hardly needs mention that the above is a regurgitation of the points already dealt with elsewhere in this judgment. None of them were found to have merit. As a result I conclude that there are no exceptional circumstances to warrant deviation from application of the res judicata rule.
- [23] To sum up: I find that the order of Southwood J in the previous application, patent case number 6992/2002 was a final and definitive judgment and order on the merits of the case before him, concerning the same parties, on the same cause of action and subject matter. The issue of the validity of the patent in suit of therefore res judicata between the parties.
- [24] There remains the issue of costs, an aspect to which I now turn. The respondent, in its answering affidavit, as well as in its heads of argument, argued for the dismissal of the application with costs on a punitive scale of attorney and own client scale. This was persisted in by Mr. Bowman SC, counsel for the respondent, during argument. The argument is that the bringing of the present application constitutes an abuse of the process of this court by the applicant. I think there is merit to this submission, for the reasons that follow.
- [25] First, the evidence relied upon by the applicant in the present case, is essentially the same put forth in the previous application, which was dealt with by Southwood J in his judgment. Second, in the statement of particulars in the present matter the applicant relies on each of PCT patent application no W099/96647 and SA Patent No 2002/6992 in support of the alleged lack of novelty attack on the patent, when it was common cause before Southwood J, that neither of these prior art documents disclosed neither of the integers (vi) or (vii) of claim 1 of the patent. Third, is the inclusion of irrelevant portions in the bundle in the present application by the applicant, for example the whole (save for the notice of motion) application which was made to permit the supplementing of the founding papers as part of the evidence filed in the replying affidavit.
- [26] In totality, regard being had to the history of the matter, in particular the sheer dilatoriness and neglect on the part of the applicant and / its attorney as fully set out in Southwood J's judgment on the condonation to admit new evidence and the attempt by the applicant to re-argue aspects already dealt with in a judgment (which borders on recklessness, in my view) justify this court to demonstrate its displeasure by ordering costs to be paid on a punitive scale. I however, do not think the attorney and own client scale is called for in the circumstances of the case. Costs on the scale as between attorney and client would be appropriate.

[27] In the circumstances I make the following order:

1. The application for revocation of SA Patent number 4260/2005 is dismissed with costs, such costs to be taxed on the scale as between attorney and client.

T M MAKGOKA

JUDGE OF THE HIGH COURT

DATE HEARD: 10 MAY 2010

JUDGMENT DELIVERED: 8 OCTOBER 2010

FOR THE APPLICANT ADV C J VAN DER WESTHUIZEN SC

INSTRUCTED BY BOWMAN GILLFILLAN INC,

JOHANNESBURG AND SAVAGE JOOSTE & ADAMS, PRETORIA

FOR THE DEFENDANT ADV LG BOWMAN SC

INSTRUCTED BY HAHN & HAHN INC, PRETORIA

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