

SOUTH AFRICA / JUDGMENT

Trustco Group International (Pty) Ltd v Vodacom (Pty) Ltd and Another (82/2015) [2016] ZASCA 56; 2017 (5) SA 283 (SCA); 2016 BIP 27 (SCA) (1 April 2016)

[2016] ZASCA 56

COURT

Supreme Court of Appeal

BEFORE

Navsa, Wallis, Petse, Tsoka, Kathree-Setiloane

CASE / FILE NUMBER

82/2015

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THE SUPREME COURT OF APPEAL OF SOUTH AFRICA

JUDGMENT

Reportable

CASE NO: 82/2015

In the matter between:

TRUSTCO GROUP INTERNATIONAL (PTY) LTD

APPELLANT

and

VODACOM (PTY) LTD

FIRST RESPONDENT

THE REGISTRAR OF PATENTS

SECOND RESPONDENT

Neutral Citation: Trustco Group International (Pty) Ltd v Vodacom (Pty) Ltd (82/2015)

[2016] ZASCA 56 (1 April 2016).

Coram: Navsa ADP, Wallis, Petse JJA and Tsoka, Kathree-Setiloane AJA

Heard: 18 March 2016

Delivered: 1 April 2016

Summary: Power of Registrar of Patents to extend time periods within which any act or thing is required to be done in terms of the Patents Act 57 of 1978 – provisions of s 16(2) of the Act not limited by Regulation 83, which sets the times for filing a counterclaim in relation to an application for restoration of a patent.

ORDER

On appeal from: Gauteng Division of the High Court, Pretoria (Makgoba J sitting as court of appeal).

1. The appeal is upheld with costs including the costs of two counsel.
2. The decision of the court below is set aside and substituted as follows:

‘The appeal against the second respondent’s decision to grant the appellant an extension of time for the filing of its counter-claim is dismissed with costs.’

Navsa ADP (Wallis, Petse JJA and Tsoka, Kathree-Setiloane AJJA concurring):

- [1] This appeal concerns the discretionary power of the Registrar of Patents to grant extensions of time in relation to time periods

within which any act or thing is required to be done in terms of the Patents Act 57 of 1978 (the Act). The discretionary power to grant an extension of time is set out in s 16 of the Act,[1] the provisions of which I shall discuss in due course. First, the background culminating in the present appeal.

- [2] The appellant, Trustco Group International (Pty) Ltd (Trustco), the holder of South African Patent no 2010/03199, failed to timeously pay prescribed patent renewal fees. The failure to pay the fees resulted in the lapsing of the patent on 26 November

2011. Trustco applied for the restoration of the patent in terms of s 47(1) of the Act, which reads as follows:

‘Where a patent has lapsed owing to non-payment of any prescribed renewal fee within the prescribed period or the extended period referred to in section 46(2), the patentee may in the prescribed manner and on payment of the prescribed fee, apply to the registrar for the restoration of the patent.’

- [3] The restoration application was advertised in the Patent Journal on 26 June 2013, as required by s 47(2) of the Act read with regulations 49 and 50 of the Patent Regulations (the Regulations).[2] Section 47(2) reads as follows:

‘If the registrar is satisfied that the omission was unintentional and that no undue delay has occurred in the making of the application, he shall advertise the application in the prescribed manner, and thereupon any person (hereinafter in this section referred to as the objector) may within such period as may be prescribed, give notice in the prescribed manner of opposition to the restoration of the patent.’

[4] The restoration application was opposed by the first respondent, Vodacom (Pty) Ltd (Vodacom). It filed its notice of opposition on 26 August 2013. Regulation 83 promulgated in terms of the Act, which was central to Vodacom’s submissions before us, provides as follows:

‘Within two months of the filing of service of the notice of opposition the applicant shall file and serve a counterstatement in the form of a plea. If such counterstatement is not lodged within the said period or within such further period as the registrar may allow the application shall be deemed to be abandoned and the opponent may apply to the commissioner for an order as to costs.’ (my emphasis.)

[5] Thus, the appellant’s counterstatement would ordinarily have been due on 26 October 2013. As this was a Saturday, the

counterstatement was due for filing on or before 28 October 2013. [3]

[6] On 30 October 2013 the appellant’s former attorneys requested a two-month extension of time from the registrar within which to file the counterstatement. The registrar granted the extension. The first respondent appealed against this grant of time to the Commissioner of Patents (Makgoba J).

[7] The request for an extension of time was made within two days of the expiry of the two-month period referred to in regulation 83 and no prejudice was alleged by Vodacom. It is now necessary to have regard to the provisions s 16(2) of the Act where the registrar’s

discretionary power is located, it reads as follows:

‘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.’

The section is clear. The registrar has the power to extend any time provided in the Act or the regulations and may do so either before or after its expiry. It is only if it is ‘otherwise expressly provided’ that this power is restricted.

[8] Vodacom’s case before Makgoba J was relatively straightforward. It contended that the provisions of regulation 83, set out above, were peremptory and that failure to comply with the time limits set thereby resulted in the deeming provision being triggered. When that happened the application for restoration could rightly be considered to have been abandoned. It submitted that the deemed abandonment precluded the registrar from exercising the power of extending the time limit in regulation 83.

[9] Makgoba J construed s 16(2) of the Act as follows:

‘This section authorises the registrar to extend the time either before or after the expiry of the specified time, save where it is otherwise expressly provided in the Act and/or the regulations.

The provisions of section 16(2) are therefore in the nature of a general provision. This would mean that the registrar is not given an unfettered discretion to extend the time periods. If there is a specific provision to the contrary in the Act and/or regulations, he is not entitled to grant an extension.’[4]

[10] The court below went on to say the following:

‘This is where the deeming provisions of regulation 83 come into the picture. The regulations promulgated under the Patents Act are to be read conjunctively and not disjunctively with the Patents Act. Reading section 16(2) of the Act conjunctively with regulation 83 would then mean that the registrar cannot just grant an extension of time in terms of section 16(2) without having regard to the peremptory and deeming provisions of regulation 83.

Consequently, the discretion conferred upon the registrar to extend a time period in terms of section 16(2) cannot override a specific declaration of abandonment as set out clearly in regulation 83. Counsel for the appellant submitted that if that were not so, an application like that of the respondent in casu could be extended indefinitely with no certainty as to the end thereof. I agree.’[5]

[11] The Commissioner rejected Trustco’s reliance on *Lunt v Minister of Health for the Union of South Africa NO* (Lunt 1) 1959 BP 1 at 3F-4A, in which, as a result of the striking out of a counterstatement, the applicant asked for a further time within

which to file a counter-claim. The applicant in that case had made the request after the two month period provided for in regulation 83 had already expired. Makgoba J considered that case to be distinguishable on the basis that the counterstatement there

was initially filed within the prescribed time period even though it was struck out later.

[12] Makgoba J referred with approval to the decisions in *Kaltenbach Thuring Société Anonyme v Grande Paroisse Société* 2001 BIP 62 at 65A; *Weekly Property Trader v L S Erasmus & another* 2002 BIP 303 at 306C; *Gateway Communications (Pty) Ltd v Gateway Data Communications & another* 2005 BIP 186 (TPD) para 14-15; and *University of Pretoria v Registrar of Patents & others* 2011 BIP 41 (CP) para 59 and 61. In those cases it was held that it was not competent to grant an extension of time after the two month period.[6] The Commissioner considered himself bound by these decisions and consequently upheld Vodacom’s appeal with costs and declared the application by Trustco for the restoration of the patent to have been abandoned. [7] It is against those orders that the present appeal, with the leave of the court below, is directed.

[13] In my view, the court below erred in its reasoning and conclusions referred to above. First, regulation 83 as could be expected, does not, in express terms or otherwise, limit or in any way impinge on the registrar's express remedial power as provided for in s 16(2) of the Act. Simply put, it does not otherwise expressly make provision in relation to the exercise, or for that matter, the prevention of the exercise of a remedial discretionary power. It provides for the registrar to extend the time limit for the filing of a counterstatement and is silent on when that power may be exercised. Far from expressly providing otherwise it leads directly to s 16(2). Thus, the regulation does not fall within the proviso in s 16(2). It is doubtful that it could.

[14] In *Rossouw & another v Firststrand Bank Ltd* [2010] ZASCA 130; 2010 (6) SA 439 (SCA) para 24, this court said the following:

‘. . . [I]t is generally impermissible to use regulations created by a minister as an aid to interpret the intention of the legislature in an Act of Parliament, notwithstanding that the Act may include the regulations, . . .’ (Footnote omitted.)

[15] Furthermore, as correctly pointed out on behalf of Trustco, a remedial power, such as the power to extend time periods aimed at avoiding harsh results should be extended as far as the wording of a statutory provision will admit. In this regard, see *Slims (Pty) Ltd & another v Morris NO* 1988 (1) SA 715 (A) at 734D-F and the authority cited therein.

[16] In addition as submitted further, the rule of statutory interpretation, that a specific provision overrides a general provision, applies to provisions within the same legislative instrument. A specific provision in a regulation cannot override a general provision in a statute. To read the Act

‘conjunctively’ with the Regulations and to construe the Regulations in the manner resorted to by the court below is in effect to have the tail wag the dog.

[17] I now turn to deal with the cases referred to by the court below. In *Lunt v Minister of Health for the Union of South Africa No* (Lunt 2) 1959 BP 18 the court was rightly concerned about the ‘drastic result’ of the deeming provision of the applicable rule. This caused it to hold that the language of Patent Rule 31(2), which was similar to the wording of regulation 83, was not to be extended to a case where an applicant had in fact timeously lodged a counterstatement which, subsequently, by operation of the rules of pleading, was found to be defective. The court in Lunt 2 had regard to prior authorities from which ‘it seems that where no counterstatement is lodged within the prescribed period, or an extension thereof by the registrar under order 31(7) [of Patent Rules, 1953], no relief from the consequences of his failure can in any circumstances be granted to an applicant’.[8] However, it did not engage with the issue before it in the manner discussed earlier in this judgment. In *Gateway* the court was dealing with a repealed provision of the Trademarks Act 194 of 1993 that contained a deeming provision and was not confronted with what is presently being considered.

[18] In University of Pretoria, the court was dealing with the refusal of an application for the rectification of the register of patents. That case dealt with

lapsing in terms of ss 40 and 42 of the Act. It was not dealing with a situation such as the present nor did it have regard to what is set out earlier in this judgment. The concern expressed by the court below, that, to reason otherwise, is unwarranted and would enable a defaulting patent holder to extend the application for restoration indefinitely is without merit. The discretion has to be exercised judiciously and with due regard to the rights of both the applicant and the objector.

[19] It was submitted on behalf of Vodacom that a finding that the registrar's discretionary power, as provided for in s 16(2) of the Act, was not limited by the provisions of regulation 83 would lead to uncertainty and hardships for those who 'infringed'

a patent during a period that might extend indefinitely. It was contended that this was especially so if regard is had to the provisions of ss 45, 46, 47 and 48 of the Act. These provisions deal with the effect of the grant of a patent, its duration, the

restoration of a lapsed patent and the rights of patentees after a patent is restored. Sections 47 and 48, which relate to the

restoration of a patent due to non-payment of prescribed fees, have within them safeguards such as obliging an advertisement of the application and protecting the rights of interested parties during intervening periods. Thus, the fear of applications extending

indefinitely is more imagined than real. Moreover, s 66 of the Act restricts recovery of damages for infringement of a patent. It provides that a patentee shall not be entitled to recover damages from a defendant who proves that at the date of the infringement he was unaware and had no reasonable means of making himself aware of the existence of the patent.

[20] The court below, for the reasons set out earlier, erred in its reasoning and in its conclusion.

[21] The following order is made:

M S NAVSA

Acting Deputy President

APPEARANCES:

FOR APPELLANT:

G Hoffman SC (with him K P Iles)

Instructed by:

Adams and Adams, Pretoria

Honey Attorneys, Bloemfontein

FOR FIRST RESPONDENT: C J Van der Westhuizen SC

D M Kisch Inc., Pretoria

Webbers, Bloemfontein

[1] Section 16 of the Act in whole provides the following: '16 Exercise of discretionary power by registrar and commissioner

(1) Whenever any discretionary power is conferred by this Act upon the registrar or the commissioner, he shall not exercise that power adversely to an applicant or an objector or other person who according to the register appears to be an interested party, without (if so required by the applicant or objector or other interested party within a time fixed by the registrar or the commissioner, as the case may be) giving that applicant or objector or interested party an opportunity of being heard.

(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.'

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(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.'

[2] Patent Regulations, GN R2470, GG 6247, 15 December 1978 (as amended), promulgated in terms of s 91 of the Act.

[3] Section 88(2) of the Act, relating to the computation of time periods under the Act provides: 'Whenever the last day on which, in terms of this Act, any act may or is required to be done or any document may or is required to be lodged, falls on a day on which the patent office is closed, that act may be done or that document may be lodged on the next following day on which the patent office is open for the transaction of business.'

[3] Section 88(2) of the Act, relating to the computation of time periods under the Act provides:

‘Whenever the last day on which, in terms of this Act, any act may or is required to be done or any document may or is required to be lodged, falls on a day on which the patent office is closed, that act may be done or that document may be lodged on the next following day on which the patent office is open for the transaction of business.’

[4] Paragraph 11.

[5] Paragraphs 12 and 13.

[6] Paragraph 22.

[7] Ibid.

[8] At 22A.

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