



THE SUPREME COURT OF APPEAL
REPUBLIC OF SOUTH AFRICA

JUDGMENT

Reportable

SCA CASE NO: 72/06
PATENT CASE NO 97/10535

In the matter between :

SUNSMART PRODUCTS (PTY) LTD

Appellant

and

**FLAG & FLAGPOLE INDUSTRIES (PTY) LTD
t/a NATIONAL FLAGS**

Respondent

SCA CASE NO: 72/06
TPD CASE NO 7385/04

In the matter between :

SUNSMART PRODUCTS (PTY) LTD

Appellant

and

**FLAG & FLAGPOLE INDUSTRIES (PTY) LTD
t/a NATIONAL FLAGS**

Respondent

Before:	STREICHER, FARLAM, NUGENT, CLOETE & PONNAN JJA
Heard:	16 MARCH 2007
Delivered:	3 APRIL 2007
Summary:	Patents Act 57 of 1978 – novelty – obviousness – infringement. Designs Act 195 of 1993 – novelty.
Neutral citation:	This judgment may be referred to as <i>Sunsmart v Flag and Flagpole Industries</i> [2007] SCA 50 (RSA)

STREICHER JA

STREICHER JA:

[1] An action in the Court of the Commissioner of Patents and an action in the Pretoria High Court were, by agreement between the parties, heard together by Southwood J. The action in the Court of the Commissioner of Patents was for an interdict restraining the respondent from infringing patent 97/10535 while the action in the High Court was for an interdict restraining the respondent from procuring or inducing the infringement of a design with registration number A97/1155. Both actions were dismissed by the court a quo which subsequently granted the appellant leave to appeal to this court.

THE PATENT

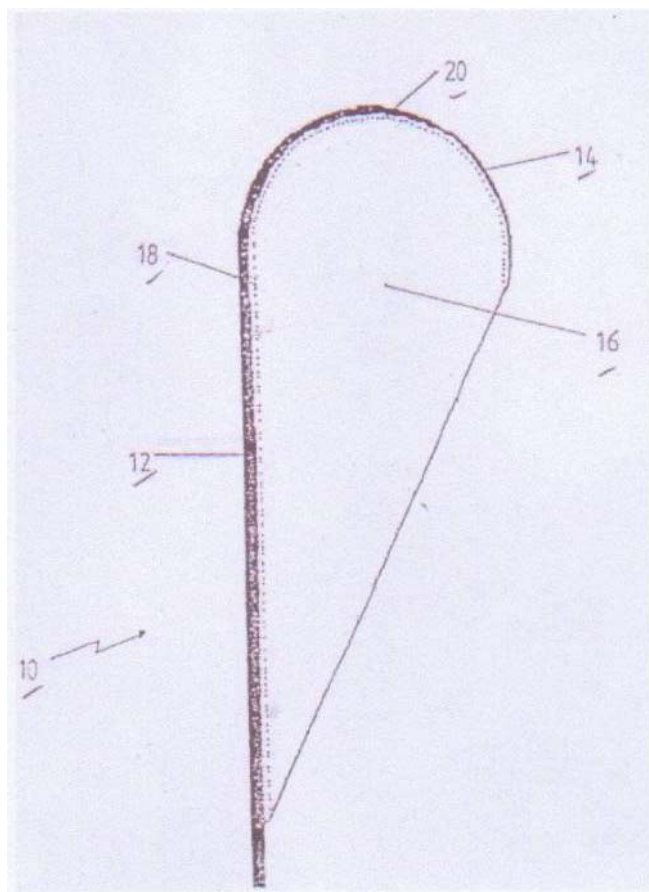
[2] The appellant is the proprietor of patent 97/10535 (the patent). The respondent denied that it was infringing the patent and claimed by way of a defence that the patent was in any event invalid for lack of novelty and for being obvious. The court a quo held that the patent was not being infringed by the respondent as the alleged infringing article did not contain one of the essential integers of the claims thereof. As a result of this finding the court a quo found it unnecessary to deal with the defence of invalidity of the patent.

[3] In the specification of the patent it is stated that the ‘invention’ relates to a flag construction. As background to the invention it is stated that flags and banners are commonly used for advertising purposes but that both have certain drawbacks. Flags require sufficient wind before the material spreads out and in windy conditions the flapping of the material may make reading difficult. Banners on the other hand can be utilised in low or no wind conditions but are difficult to secure in strong winds which may cause them to tear. It is stated that the object of the ‘invention’ is ‘therefore . . . to provide a flag which does not suffer the above disadvantages and which is eminently suitable for transportable advertising’.

[4] The 'invention' itself is defined in the claims as follows:

- '1 A flag construction comprising a pole which includes, at least at the top end thereof, a flexible section which is adapted to be bent into a substantially U-shaped section and being adapted to engage at least a portion of the upper periphery of a piece of material and to maintain it under tension at least in the area defined by the pole, the U-shaped section and a line between a point towards the tip of the flexible section and a point along the length of the pole.
- 2 The flag construction according to claim 1 in which the top end of the pole includes a flexible section of fibreglass or the like which tapers to a narrow diameter.
- 3 A flag construction according to claim 2 in which the tapered section is integral with the pole.
- 4 The flag construction according to claim 3 in which the material includes a seam or sleeve along one edge, into which the tapered end of the pole is slid.
- 5 A flag construction according to any of the above claims including the combination of an inverted U-shaped section with an inverted tear-drop-shaped piece of material.
- 6 A flag construction according to any of the above claims in which the pole is adapted to rotate about its own axis.
- 7 A flag construction substantially as described with reference to the accompanying drawing.'

[5] The accompanying drawing is depicted below:



[6] The description with reference to the drawing reads as follows:

‘In the drawing a flag construction 10 comprises a fibreglass pole 12 the top end 14 of which tapers almost to a point rendering it flexible.

A piece of cloth 16 is provided in the shape of an inverted tear drop having a seam 18 running along one side and over the curved upper edge 20 of the inverted tear drop.

The inherent resilience of the fibreglass pole maintains the cloth under tension rendering any advertising material printed therein visible even in calm conditions.’

Infringement

[7] The photograph below depicts the product manufactured by the respondent, being the flag which gave rise to these proceedings.



[8] The court a quo described the flag as follows:

‘The defendant’s banner or flag (exhibit C) consists of a glass fibre pole which tapers to a point at and can be bent into an inverted U at its upper end. Onto this pole, under the inverted U, is attached a piece of yellow material in the shape of an inverted teardrop. This piece of material has a sleeve which runs up one side and over the top of the inverted U. The material is attached to the pole when the pole is inserted into the sleeve. In order to be fully inserted the pole must bend to follow the sleeve around the U-shaped material. The natural tendency of the pole is to straighten and this creates tension in the material which prevents the pole from straightening. A cord is attached to the bottom of the sleeve near the base of the pole. This is used to pull the sleeve towards the base of the pole so that it cannot slide up the pole and reduce the tension in the material. Another cord runs along the other side of the material from the end of the pole at the point of the U to the bottom of the sleeve near the base of the pole. This cord assists in maintaining the tension of the whole construction including the tautness of the material. The lower end of the pole is inserted into a stand which enables the construction to rotate on its axis. The yellow material bears the marketer’s message. The

construction is intended to be used as an alternative, easily transportable, advertising medium.’

[9] In order to determine whether the respondent’s flag infringes the patent it is necessary to determine what the essential integers or features of the abovementioned claims are. If all the essential integers of a claim are present in the respondent’s flag it infringes the patent.¹ The court a quo identified, among others, the following two integers as being essential integers of claim 1 (for ease of reference I shall retain the court a quo’s numbering):

‘(b)(iii) (a pole) being adapted to engage at least a portion of the upper periphery of a piece of material; and

(iv) (a pole) (being adapted) to maintain it (ie the material) under tension at least in the area defined by the pole, the U-shaped section and the line between the point towards the tip of the flexible section and a point along the length of the pole.’

[10] Counsel for the appellant and the respondent in argument in the court a quo as well as before us accepted that these two integers were essential integers of claim 1 but differed as to the meaning to be ascribed to them.

[11] The court a quo held that integer (b)(iii) was not present in the respondent’s flag and that the flag, therefore, did not infringe the patent. It reasoned as follows:

‘The key words are “adapted” and “engage”. The appropriate meaning of “adapt” in the Shorter Oxford English Dictionary is “to make suitable for” and of “adapted” is “fit for” or “altered so as to fit”. The appropriate meaning of “engage” in the SOED is “to fasten, attach”. The construction of the defendant’s flag has already been described. No part of the pole is adapted to engage the material in the sense that it has been made suitable for fastening or attaching. On the contrary, it is the material which has been adapted to engage the pole. The addition of the sleeve makes this possible.’

¹ *Stauffer Chemical Co and Another v Safsan Marketing and Distribution Co (Pty) Ltd and Others* 1987 (2) SA 331 (A) at 347A-D

[12] Expanding on this reasoning of the court a quo the respondent submitted that a flat piece of material cannot be engaged by the pole used in the construction of the respondent's flag because the pole used by the respondent has not been adapted to engage a piece of material as required by the claims. It is the material that has been adapted by working a sleeve into it so as to adapt the pole. The draughtsman, according to the respondent, made a mistake by requiring the pole to be adapted to engage the material.

[13] It is well settled that the claims in a specification should be given a purposive construction so as to extract from them the essence or the essential elements of the invention.² In this case the essence of integer (b)(iii) is that the pole and the material be attached to one another (that they 'engage' one another) at least in respect of the upper periphery thereof. It can make no difference whether a pole as initially manufactured is suitable for engaging material or whether it was subsequently made suitable for that purpose. For this reason Claim 1, in so far as it requires 'a pole being adapted to engage' was probably intended to, and should therefore be interpreted so as to simply require a pole that is suitable for engaging (in the sense of attaching) at least the upper periphery of a piece of material. In the case of the respondent's flag the material and the pole are attached to one another. The pole is, therefore, suitable for engaging the material. But, according to the submission by counsel for the respondent and, by implication, the reasoning of the court a quo, the pole must not only be suitable for engaging material - it must be suitable for engaging a flat piece of material ie a piece of material without a sleeve. However, that requirement is not to be found in claim 1 and there seems to be no reason to interpret the claim so as to include such a requirement. The manner of attachment is not specified, indicating that it is the attachment as such which is essential, not the manner of attachment.

² See *Aktiebolaget Hässle and Another v Triomed (Pty) Ltd* 2003 (1) SA 155 (SCA) at 159F-H and the cases there referred to.

[14] The above construction gives effect to the requirement that ‘claims should be construed as a whole so as to give, as far as their language permits, a sensible consistent meaning to every claim and its integers . . .’³ Claim 2 incorporates claim 1 but adds a limitation to it, claim 3 adds a further limitation to claim 1 and claim 4 adds yet another limitation to claim 1. Claim 1 is therefore the broadest claim. The restriction introduced by claim 4 is the requirement that the material should include a seam or a sleeve along one edge into which the tapered end of the pole is slid. To interpret claim 1 so as to require the pole to engage a piece of material without a sleeve would be inconsistent with claim 4.

[15] For these reasons I am of the view that integer (b)(iii) is present in the respondent’s flag.

[16] Counsel for the respondent submitted that the court a quo erred in holding that integer (b)(iv) was present in the respondent’s flag. The court a quo held in this regard:

‘[I]t is clear that the pole is tapered so that it will follow the bend in the material but it will still tend to straighten and this produces tension in the material. It is this feature that maintains the tension in the material in the area described in the integer. The pole is therefore adapted to maintain the material under tension in the area described.’

[17] Relying on the evidence of Mr J W Bailey, the managing director of the appellant, who was called as an expert witness by the appellant, counsel for the respondent submitted that the tension in the respondent’s flag was not maintained by the pole but was maintained by three factors, namely the flexible pole, the cord pulling the material towards the bottom of the pole and the cord running along the edge of the material from the tip of the pole to the base.

³ *Netlon Ltd and Another v Pacnet (Pty) Ltd* 1977 (3) SA 840 (A) at 857G-H.

[18] I do not understand Bailey's evidence to be to the effect that the cord along the edge of the material is partly responsible for maintaining the tension in the material. As I understand the evidence the material will remain taut if the cord is removed. The function of the cord is to preserve the integrity of the trailing end of the flag. The tension in the material is created when the material is pulled down and fastened to the bottom of the pole. When the piece of rope tying the material to the bottom of the pole is released the whole flag goes limp.

[19] In my view the court a quo correctly held that it is the pole and not the string attached to the bottom of the pole which maintains the tension in the material. Once again a purposive construction must be given to the claim. Tension can only be created if there is resistance. The resistance is provided by the material being attached to the bottom of the pole or in the language of the claim by the pole engaging the material at the bottom of the pole. To read the claim as requiring that the pole and only the pole must provide the tension in the material is quite unrealistic.⁴

[20] All the essential integers of claim 1 are present in the respondent's flag. It follows that, subject to the validity of the patent, infringement of the appellant's patent by the respondent has been established.

Validity

[21] The respondent attacked the validity of the patent by way of defence on the ground that the appellant's 'invention' is not new and that it did not involve an inventive step.⁵ Having found that the respondent's flag did not infringe the

⁴ See *Codex Corporation v Racal-Milgo Ltd* [1983] RPC 369 at 382 where May LJ equated a purposive construction with a realistic construction.

⁵ In terms of s 65(4) a defendant in proceedings for infringement may by way of defence rely upon any ground on which a patent may be revoked and in terms of s 61(1)(c) a patent may be revoked if the invention concerned is not patentable under s 25. Section 25 provides that a patent may subject to the provisions of the section be granted for any new invention which involves an inventive step and which is capable of being used or applied in trade or industry or agriculture.

appellant's patent the court a quo considered it unnecessary to deal with the question of validity. Before us the respondent persisted with this defence.

Novelty

[22] In terms of s 25(5) of the Patents Act 57 of 1978 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'. The state of the art comprises all matter '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'.⁶ The prior publication 'describes' the 'invention' if 'it sets forth or recites at least the latter's essential integers in such a way that the same or substantially the same process or apparatus is identifiable or perceptible and hence made known or the same or substantially the same product can be made from that description in the prior publication; if the description in the prior document differs, even in a small respect, provided it is a real difference, such as the non-recital of a single essential integer, the anticipation fails'.⁷ In *Synthon BV v SmithKline Beecham plc* [2005] UKHL 59 Lord Hoffmann, dealing with the question of anticipation, referred to *Hill v Evans* (1862) 31 LJ(NS) 457 at 463 and *General Tire and Rubber Co v Firestone Tyre and Rubber Co Ltd* [1972] RPC 457 at 485-486 and said in para [22]:

'If I may summarise the effect of these two well-known statements, the matter relied upon as prior art must disclose subject matter which, if performed, would necessarily result in an infringement of the patent.'

And added in para [25]:

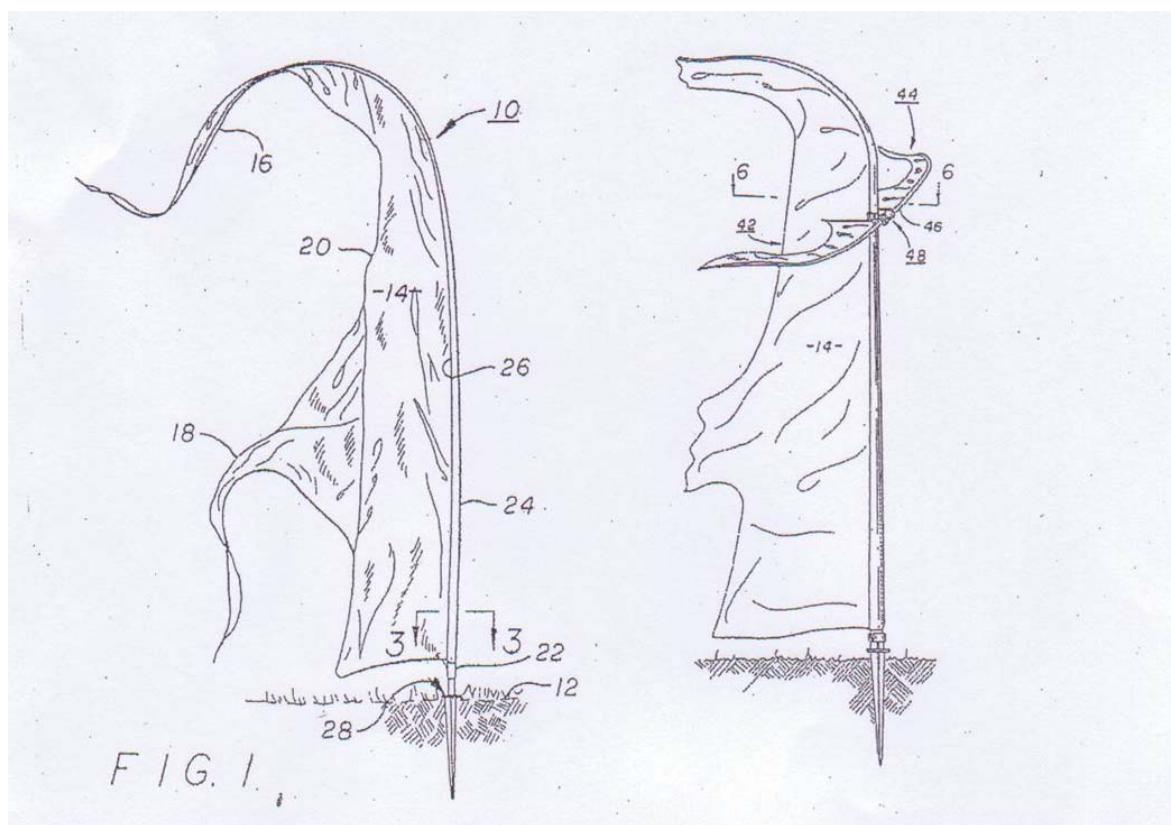
'[I]t is this requirement that performance of an invention disclosed in the prior art must necessarily infringe the patent which distinguishes novelty from obviousness.'

[23] The respondent contended that US Patent 5,572,945 (the Eastaugh patent) anticipated the appellant's 'invention' in that each of the essential

⁶ Section 25(6).

⁷ *Netlon Ltd and Another v Pacnet (Pty) Ltd* 1977 (3) SA 840 (A) at 861H-862B.

integers of at least claim 1 of the appellant's patent was disclosed therein. The Eastaugh patent is in respect of an omni-directional wind indicator for providing a skydiver with an indication of the direction and strength of wind in the vicinity of a target area. Figure 1, depicted below, is a perspective view of the invention with the mast inserted into the ground. The figure next to it is a similar view of the invention with a wing assembly attached to it but without the tails (16) and (18).



[24] In the abstract to the Eastaugh patent the invention is described as follows:
 ‘An omnidirectional wind indicator. An elongated mast is rotatable about its axis with respect to a base support. The mast is of tapered design and flexible, resilient composition with flexibility increasing with distance above the base support. A three-sided flag includes a curvilinear leading edge. A sleeve is formed along the curvilinear edge for receiving the mast. When inserted, the upper end of the mast follows the curvilinear shape of the sleeve. The resulting configuration spring-loads the flexible upper portion of the mast to maintain the flag in taut alignment. Wind velocity is indicated by tails sewn to the trailing

edge of the flag and by wings pivotally mounted transverse to the plane of the flag.’

[25] The appellant contended that integer (b)(vi) ie ‘a pole (being adapted) to maintain it (ie the material) under tension at least in the area defined by the pole, the U-shaped section and the line between the point towards the tip of the flexible section and a point along the length of the pole’, had not been anticipated by the Eastaugh patent.

[26] Bailey testified in respect of the Eastaugh patent that the tautness in the material caused by the mast would be from about the arrow (10) in figure 1 to the tip of the pole ie the point where the tail (16) is attached. His evidence was not to the effect that there would be a U-shaped section under tension. Mr Clingman, the managing director of the respondent who was called as an expert witness by the respondent, referred to a passage in the specification where, by reference to figure 1, it is stated ‘the mast 22 is bent into a “question mark” shape’ and testified that he understood a question mark to be the same shape as an inverted U.

[27] Clingman may understand the shape of a question mark to be the same as an inverted U but what is meant by ‘a question mark’ shape in the specification appears from the drawing of the invention without the addition of the tails. The ‘question mark’ shape depicted in the drawings cannot be equated to an inverted U. The Eastaugh patent therefore does not recite integer (b)(iv) of the ‘invention’. It follows that the attack on the ground of lack of novelty must fail.

Obviousness

[28] The only evidence adduced in support of the contention that the appellant's invention was obvious was that it would have been a simple matter to mount the sail flag disclosed in US patent no 5,167,199 (the Rehbein patent) onto the top of a pole. However, at the time it was wrongly assumed that the sail flag disclosed in the Rehbein patent had a teardrop shape similar to the respondent's flag whereas it in fact has the shape of a semi-circle. In any event, as was testified by Bailey, it does not follow from the fact that it would have been a simple matter to do as the evidence suggested that the appellant's 'invention' would not have required inventive ingenuity. Not even Clingman, the respondent's managing director and expert witness, was prepared to say that the 'invention' was obvious. Apart from relying on the abovementioned evidence based on the wrong assumption as to the shape of the sail flag in the Rehbein patent, no argument was advanced by the respondent in respect of the contention that the 'invention' was invalid for being obvious. I am, therefore, not persuaded that it was obvious. It follows that the appeal against the dismissal of the appellant's action in respect of the infringement of the patent should be upheld.

THE DESIGN

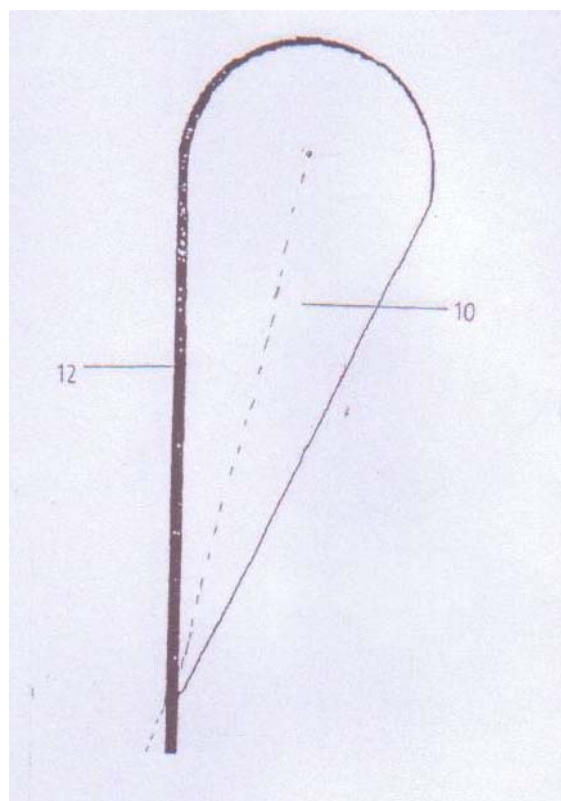
[29] The appellant is the registered proprietor of design A97/1155 (the registered design) which is registered in terms of s 15 of the Designs Act 195 of 1993 as an aesthetic design in class 20 being the class 'sales and advertising equipment'. An aesthetic design 'means any design applied to any article, whether for the pattern or the shape or the configuration or the ornamentation thereof, or for any two or more of those purposes, and by whatever means it is applied, having features which appeal to and are judged solely by the eye, irrespective of the aesthetic quality thereof'.⁸ In the application for registration it is stated that the design is to be applied to flags.

⁸ Section 1(1).

[30] Regulation 15(1) of the Design Regulations 1999 provides that an application for registration shall contain a definitive statement setting out the features of the design for which protection is claimed and that such definitive statement shall be used to interpret the scope of the protection afforded by the design registration. The definitive statement contained in the application for registration of the design reads as follows:

‘The novelty of the design as applied to a flag, banner or the like lies in the shape and/or configuration thereof, substantially as shown in the accompanying drawing.’

The drawing is depicted below.



[31] The application for registration of the design also contained an explanatory statement. Such a statement may in terms of regulation 15(4) be used to assist in interpreting the scope of the protection afforded by the design registration. The explanatory statement reads:

‘A flag or banner is shaped substantially like an inverted teardrop 10 and is adapted to be engaged by a flexible pole 12.’

[32] The effect of the registration of a design is to grant to the registered proprietor the right to exclude other persons from the making or disposing of any article included in the class in which the design is registered and embodying the registered design or a design not substantially different from the registered design.⁹ The court a quo held that the respondent’s flag is not substantially different from the appellant’s flag. The correctness of this finding was not placed in issue before us.

[33] Like the Patents Act the Designs Act provides that in any proceedings for infringement the defendant may by way of defence rely on any ground on which the registration may be revoked.¹⁰ In terms of s 31(1)(c) any person may apply to court for the revocation of the registration of a design on the ground that the design is not registrable under s 14. An aesthetic design is registrable under s 14 if it is new and original.

[34] The respondent pleaded that the registered design was not new as it formed part of the state of the art immediately before the date of application for registration. The court a quo upheld this defence and the only issue before us is whether it was correct in doing so.

[35] It was submitted by the respondent that the registered design was not new in the light of the sail flag depicted on the first page of the Rehbein patent specification, drawings of Norman shields and of kites depicted in certain publications, drawings illustrating ‘the Calvo patent’ being a patent relating to a ceiling fan and drawings illustrating ‘the Lundell patent’ being a patent relating to a rotary fan.

⁹ Section 20(1) of the Designs Act 195 of 1993.

¹⁰ Section 35(5).

[36] A design is deemed to be new ‘if it is different from or if it does not form part of the state of the art immediately before the date of application for registration thereof . . .’¹¹ As to what comprises the state of the art, s 14(3) provides:

‘14(3) The state of the art shall comprise-

- (a) all matter which has been made available to the public (whether in the Republic or elsewhere) by written description, by use or in any other way; and
- (b) all matter contained in an application –
 - (i) for the registration of a design in the Republic; or
 - (ii) in a convention country for the registration of a design which has subsequently been registered in the Republic in accordance with the provisions of section 44,

of which the date of application in the Republic or convention country, as the case may be, is earlier than the date of application or the release date contemplated in subsection (2).’

[37] The court a quo held that the sail flag illustrated in the Rehbein patent is not substantially different from the appellant’s design and that it ‘therefore destroys its novelty’. The drawing of the Rehbein patent is a drawing of a sail flag in the shape of a semi-circle but viewed from an angle which distorts its actual shape. It is a representation of a flag of which the design differs completely from the registered design. The registered design has therefore not been anticipated by the design of the flag illustrated in the Rehbein patent. Having found that the Rehbein patent anticipated the registered design the court a quo did not consider it necessary to deal with the other items relied upon by the respondent.

[38] The design of the blades illustrated in the Calvo and Lundell patents differ substantially from the registered design and do not warrant further consideration. It remains to deal with the Norman shields and the kites.

¹¹ Section 14(2).

[39] In terms of the definitive statement the novelty of the design as applied to a flag, banner or the like lies in the shape and/or configuration thereof. The shape of an article is the external form or the three-dimensional appearance thereof.¹² The respondent attempted to prove that the design was not new by comparing it to two-dimensional representations of the design of shields and kites from which it is not possible to make out their form or their three-dimensional appearance. The fact that a two-dimensional representation of the shape of an article is similar to a two-dimensional representation of the registered design does not prove that the design of the article anticipated the registered design. The question is whether the shape of the registered design ie the three-dimensional form thereof differs from the three-dimensional form of the article the design of which is claimed to have anticipated the registered design. That question was not addressed by the respondent. The respondent therefore failed to prove that the registered design had been anticipated.

[40] It follows that the appeal against the dismissal of the appellant's action in respect of the design should also be upheld. The parties are agreed as to the terms of the order that should in these circumstances have been made by the court a quo.

[41] The following order is made in respect of Patent No 97/10535, case no: 99/3281:

The appeal is upheld with costs, including the cost of two counsel and the order of the court a quo is altered to read as follows:

1. An interdict restraining the first defendant from infringing patent 97/10535 is granted.

¹² See *Burrell's South African Patent and Design Law* 3 ed para 9.23; Laddie, Prescott and Vitoria *The Modern Law of Copyright and Designs* 2 ed vol 1 para 30.6; Fox *Canadian law of Copyright and Industrial Designs* 3 ed p807 and Christine Fellner *Industrial Design Law* (1995) para 2.007.

2. An order is made directing the first defendant to deliver up to the plaintiff any flying banners infringing patent 97/10535 and any article or product of which an infringing banner forms an inseparable part.
3. An order is made for an enquiry to be conducted into the damages suffered by the plaintiff as a result of the infringement of patent 97/10535 and/or for the determination of a reasonable royalty and payment of the amount found to be due to the plaintiff.
4. An order is made that in the event of the parties being unable to reach agreement as to the further pleadings to be delivered or as to discovery, inspection or other matters of procedure relating to the enquiry, any party may make application to the Court for directions in regard thereto.
5. In terms of section 74 of the Patents Act 57 of 1978 it is hereby certified that the validity of all the claims of patent 97/10535 were in issue in the proceedings and that the Court found the claims to be valid.
6. An order is made that the costs of the action be paid by the defendants.

[42] The following order is made in respect of TPD case no 7385/04:

The appeal is upheld with costs, including the costs of two counsel and the order of the court a quo is altered to read as follows:

1. An interdict restraining the first defendant from infringing design registration A97/1155 is granted.
2. An order is made directing the first defendant to deliver up to the plaintiff any flying banners infringing design registration A97/1155 and any article or product of which an infringing banner forms an inseparable part.
3. An order is made for an enquiry to be conducted into the damages suffered by the plaintiff as a result of the infringement of design registration A97/1155 by the first defendant and/or for the determination of a reasonable royalty and payment of the amount found to be due to the plaintiff.

4. An order is made that in the event of the parties being unable to reach agreement as to the further pleadings to be delivered, or as to discovery, inspection or other matters of procedure relating to the enquiry, any party may make application to the Court for directions in regard thereto.
5. In terms of section 41(1) of the Designs Act 195 of 1993 it is hereby certified that the validity of design A97/1155 was placed in issue in the proceedings and that the Court found the registration of the design to be valid.
6. An order is made that the costs of the action be paid by the first defendant.

P E STREICHER
JUDGE OF APPEAL

CONCUR:

FARLAM JA)

NUGENT JA)

CLOETE JA)

PONNAN JA)