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The intellectual property (IP) landscape is undergoing rapid transformation, with legal frameworks adapting to the accelerating pace of innovation. Artificial Intelligence (AI) is challenging traditional IP law concepts, particularly in terms of creativity, ownership, and innovation. As AI technology continues to develop, it's likely that IP laws will evolve or new frameworks will be introduced to address these issues. The goal will be to strike a balance between protecting creators, fostering technological progress, and ensuring fair access to AI-driven innovations.

2025 promises to be filled with significant changes across various areas of IP.

Different jurisdictions may have conflicting rules regarding how IP law applies to AI-generated works. This can create enforcement and protection challenges, particularly as data and digital goods are increasingly globalized.

AI is reshaping IP law in numerous ways, bringing both challenges and opportunities. In the case of copyright, one of the key challenges is determining **authorship** and **ownership** of works created by AI. If an AI generates art or a literary work, who owns the rights to it? IP laws in most countries assume that only humans can be creators. For example, copyright law typically requires a human author, which raises questions about whether AI systems can be considered authors and whether their outputs can be copyrighted. Some jurisdictions are starting to acknowledge the role of AI in creative processes, but the question of whether AI itself can hold IP rights remains unresolved.

In the patent landscape, AI is playing a significant role in the **innovation process**, often coming up with novel ideas or solutions, which impacts patent law in several ways.

AI has been listed as the inventor, such as the DABUS inventor-case, where jurisdictionally, the opinions differ. USPTO, EPO and the UKPTO require human inventors, whereas in South Africa and Australia AI is recognised as inventor. This leads to the debate whether AI can be recognised as an inventor. AI's ability to analyse data and generate new ideas with human input, (or not) could lead to a surge of patent applications, raising questions about the standards for patentability and possibly overwhelming patent offices.

AI has an impact on trademarks and brand protection as AI can generate logos, slogans, and other branding elements. This challenges traditional methods of brand creation and raises questions about the validity of AI-generated trademarks and who owns them. AI is able to monitor for trademark infringements online, detecting counterfeits or unauthorised uses of a brand much more quickly and efficiently.

With the rise of AI-generated works, it becomes increasingly complex to navigate licensing issues.

The question remains: who owns the rights to AI-generated content—the creators of the AI or the users who operate it? In addition AI systems often rely on large datasets that may contain copyrighted material. Ensuring proper licensing for these datasets and the AI-generated content is crucial to avoid infringement.

Efforts to navigate the impact of AI on IP protection are multifaceted, with a combination of legal reforms, ethical guidelines, international cooperation, and new industry **practices** emerging. While some countries are adapting existing laws to accommodate AI-generated inventions and creations, others are exploring the introduction of entirely new IP frameworks.

Other than the interplay between IP and AI and emerging AI and Data regulations and laws, other key points of focus would be the Standard Essential Patents (SEPs) licensing "eco-system" as well as the Unified Patent Court (UPC) . In our next edition we will provide an update on the UPC.

"Two things are infinite: the universe and human stupidity; and I'm not sure about the universe."
Albert Einstein

Is the date of assignment of an invention affecting validity of patent rights in South Africa?

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In a recent judgement by the Court of the Commissioner of Patents for the Republic of South Africa in the case Regents of the University of California and Others v Eurolab (Pty) Ltd and Others (**2024-039643** ; 2023-108509) [2025] ZACCP 1 (25 February 2025) the court found that the right to for an applicant to apply for a patent acquired from an inventor must already have been acquired from the inventor(s) **before** making the application for a patent. On the facts presented to the court, it was found that no assignment existed at the time of the application and revoked the patent on the grounds of not meeting the requirements of Section 27(1) of Patents Act 57 of 1978.

Introduction

Section 27 of Patents Act 57 of 1978 sets out who may apply for a patent:

" An application for a patent in respect of an invention may be made by the inventor or by **any other person acquiring** from him the right to apply or by both such inventor and such other person.

In the absence of an agreement to the contrary, joint inventors may apply for a patent in equal undivided shares. Any other person acquiring from [the inventor] the right to apply"

No formalities are specifically required other than that the assignment be in writing[1]. This requirement is generally met if the relevant document of information is in the form of a data message and accessible in a manner usable for subsequent reference[1]. The subject matter of the assignment must be sufficiently apparent *ex facie* the document.

Regulation 22 of the Patent Regulations provides that: An application for a patent shall be made on form P 1 and shall be accompanied by the following documents— Form P 1, in duplicate, one copy of which shall be returned to the applicant as proof of lodging; form P 2 in duplicate; a declaration and power of attorney on form P 3; where the applicant has acquired a right to apply from the inventor, an assignment **or other proof**, to the satisfaction of the registrar, of the right of the applicant to apply.

Case assessment

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA (UC) is the applicant for the South African patent which is the national validation of PCT application PCT/US2006/011417. The invention was a creation out of collaborative medical research between UC and Howard Hughes Medical Institute (HHMI). According to agreements between UC and HHMI all patentable inventions were to be assigned to UC (HHMI and its employees). There are 8 inventors Sawyers, Tran, Wongvipat, Jung, Chen, Ouk, Welsbie and Yoo, all apparently employees of HHMI and UC respectively.

Although detailed heads of argument were presented presenting various agreements and documents to support the assignment, it does not appear (from the judgement itself) that evidence was considered from the US Patent prosecution file. The dispute was specific to at least three of the inventors that were not employed by UC, and allegedly assignment documents flawed in some aspect with the applicant arguing that there was no full assignment from all inventors to the applicant and therefore the applicant was not entitled to apply for the patent.

It is interesting that the Court did not consider the inventions to have already been assigned to UC under the 1986 patent agreement in view of the employee status of some of the inventors which would by operation of law have been assigned to HHMI when employment agreements were signed. The agreement between UC and HHMI wherein an undertaking for employees to directly assign the inventions to UC, may not have been executed effectively, the documents on the USPTO prosecution file of the priority applications appears to have affected the inventor assignments already on application for priority. It is the view of the authors that assignment has taken place already before the application was filed at PCT and subsequently in South Africa the 4.17 declaration could be relied upon and the priority applications P1, P2 and P3 is deemed to have been assigned on the Declaration of inventorship (Rules 4.17(iv) and 51*bis*.1(a)(iv)) for the purposes of the designation of the United States of America on applying for the PCT application in the USA (and South Africa).

Considering the patent prosecution reality

The following timelines are relevant to this analyses:

Document	Date	Relevant Party	Invention
Collaboration Agreement	Nov-86	UC and HHMI	Addressed in the Patent Agreement
Patent Agreement	Nov-86	UC and HHMI	All patentable inventions of HHMI
IP Statement of Agreement (IP assignment included)	02-Jan-03	Swayers, Tran and Wongvipat (HHMI employees) and HHMI	P1, P2, P3 and RD162
Assignment Agreement	27 July 2005 and 11 August 2005	Swayers, Jung, Chen, Ouk and Welsbie and UC	P1
Swayers Assignment	17-Aug-05	Swayers and HHMI	P1
Swayers Agency Appointment	31-Aug-05	Swayers and HHMI	P1
Priority Applications Flied (USA)	13 May 2005 (P1) 15 December 2005 (P2) 6 January 2006 (P3)	UC	RD162
Principal Assignment	24 May – 12 June 2006	Sawyers, Tran, Wongvipat, Jung, Chen, Ouk, Welsbie and Yoo and UC	P1, P2, P3 and RD162
Patent Application (also the PCT International filing date)	29-Mar-06	UC	RD162
PCT National Phase entry	13-Dec-07	UC	RD162
POA	23-Apr-08	UC	RD162
Assignment	07-Oct-08	Tran and HHMI	RD162
Assignment	14-Oct-08	Wongvipat and HHMI	RD162
Agent Assignment Agreement	29-Nov-09	Sawyers and UC	P1, P2, P3 and RD162

The priority patent applications were filed on 13 May 2005 (P1), 15 December 2005 (P2) and 6 January 2006 (P3) respectively and completed as a single PCT application filed on 29 March 2006.

In accordance with US Patents Invents Act, any entity can file an application on behalf of an inventor **who assigned** or is **under an obligation to assign** the invention rights to the entity (or if the entity otherwise has financial interest in the invention), without seeking the inventor's execution of the application. However, any patent that issues belongs to the inventor, absent a written assignment from the inventor or inventor's estate to the entity.

The US priority (Provisional applications) were filed in the name of the inventors and as is evident from the USPTO public records the assignment of P1, P2, P3 and RD162 was already on file on 29 August 2005 as confirmed on the PCT application form Sawyers, Jung, Chen, Oak, Welsbie (employees of HMMI) assigned invention directly to UC during July and August 2005 and Tran, Wongvipat and Yoo assignment by law as employees of UC.

In the case of a national phase entry in South Africa of a PCT application, Rule 4.17 of the WIPO Rules provides as follows:

4.17 *Declarations Relating to National Requirements Referred to in Rule 51bis.1(a)(i) to (v)*

The request may, for the purposes of the national law applicable in one or more designated States, contain one or more of the following declarations, worded as prescribed by the Administrative Instructions:

(i) a declaration as to the identity of the inventor, as referred to in Rule 51*bis*.1(a)(i);

(ii) a declaration as to the applicant's entitlement, as at the international filing date, to apply for and be granted a patent, as referred to in Rule 51*bis*.1(a)(ii);

(iii) a declaration as to the applicant's entitlement, as at the international filing date, to claim priority of the earlier application, as referred to in Rule 51*bis*.1(a)(iii);

(iv) a declaration of inventorship, as referred to in Rule 51*bis*.1(a)(iv), which shall be signed as prescribed by the Administrative Instructions;

(v) a declaration as to non-prejudicial disclosures or exceptions to lack of novelty, as referred to in Rule 51*bis*.1(a)(v).

In South Africa, under Practice Note from the Registrar of the South African Patent Office

published in 2023 (effective as of 25 January 2023) the formality requirements for assignments in patent applications were amended . Previously, where an International PCT application claims priority from an earlier filed application in a Convention country, assignments were not required for filing in the South African PCT national phase application if the applicant in the international PCT application was identical to the applicant in the priority application. This exemption no longer applies, and assignments are to be filed unless suitable PCT 4.17 (ii) and (iii) declarations have been filed in the international PCT application, **and** a PCT IB306 published in the international PCT application exists that shows suitable chain of transfer.

The notice included an added an exemption, that for all patent applications, assignments will not be required where a transfer of rights has occurred by operation of law, in which instance the name of the applicable legislation and section thereof will need to be included in a declaration contained in the Form P.3.

It is clear from the judgment that the court did not consider the relevant evidence with regards to the assignment of inventors' rights to the Applicant at the time the PCT International Application was filed i.e. the deemed filing date of the South African patent application, and in our view this judgement should be appealed even on this ground alone. If we are to assume that the judgment is correct in interpreting the law that an assignment is required before an application is made, then on the facts of the case, the judge has erred, as the title to the invention was already assigned in 2005 before the filing date of the PCT International Application and thus the deemed filing date of the South African patent application. Some questions remain regarding the facts of the case and judgment:

(1) Is the interpretation of the court correct in this instance on the meaning of **acquiring,** i.e. that the process of acquiring must be complete before the application, or is the correct interpretation that the assignment must be completed before the acceptance of the patent?

(2) Which evidence is conclusive in determining the factual assignment? The documents lodged with the patent office by the applicant and inventors, or external evidence available and potentially contradicting the documents submitted to the patent office.

(3) Even if the Court was correct in its finding that assignment had not taken place, should the Court not then have directed that the patent be granted in the name of the inventors rather than revoking the patent? [3]

Considerations for applicants and inventors

From a practical experience the following scenarios need to be considered if the judgement is not appealed or is upheld on appeal.

1. Provisional Application

a. Single inventor non-employee

A provisional application can be filed directly by the applicant/inventor, or by a patent attorney. In the event a provisional application is filed, it serves as the priority application. Where the applicant/inventor is not employed, there cannot be an assignment of the invention to an employer or other entity as it may not be possible to identify a future applicant at any date before applying for the patent. As this priority application is the base right to which a complete and/or convention application claims priority, is the absence of an assignment at the date of filing the complete or convention

[3] Section 63 of the Patents Act provides that : 63. After revocation on ground of fraud inventor may obtain patent in certain circumstances. Where a patent is revoked on the ground of fraud, or a patent fraudulently obtained has been surrendered and revoked, the commissioner may, on the application of the inventor of the relevant invention or his assignee or legal representative, made in accordance with the provisions of this Act, direct the grant to him of a patent for the whole or any part of the invention, bearing the same date as the patent so revoked.

application in an assignee's name, rendering the priority claim, and thus the complete/convention application invalid?

Furthermore, a single inventor could be engaged as an independent consultant or could be the employee of a third party entity engaged for delivery of a service or related commercial transaction to the non-employer party. In this instance consulting/contracting agreements with non-employer clients should be concluded prior to any inventions conceived and include a clear and precise assignment of inventions from the potential inventor identifying the subject matter that is assigned with a specific right to the non-employer client with regards to application for patents resulting from the engagement. It is advisable that these agreements include a warrantee and indemnity that no earlier assignment to the same subject matter, or entitlement to claim ownership of any inventions made by the inventor to a third party, exists, and to the extent that it does, recall all earlier assignments[4]. If the invention is the result of collaboration between parties and the applicant is the non-employer, of the inventor, the necessary assignment between the applicant entities are to be addressed. Such an assignment should be cognisant of the operation of law that automatically assigns ownership of an invention, such as the Intellectual Property Rights Act of Publicly funded research institutions Act 2008 of 2010 where it is assumed that the IP so created belongs to the research institution and an assignment is a mere confirmation of the operation of law upon application for a patent.

b. Multiple inventors, non-employees

Section 27(2) of the Patents Act states that, in the absence of an agreement to the contrary, joint inventors may apply for a patent in equal undivided shares. The same challenges as discussed in a. above apply here. In the case of multiple inventors the additional complexity arise that there are different aspects of the invention as claimed that could have been created by the different inventors. The case may also arise that one of the inventors may not be interested in, or unwilling to participate in the application of the patent, refusing to sign an assignment document for example. Section 28(2) of the Patents Act state that if the commissioner is satisfied that a person, not being obliged thereto, is unable or unwilling to exercise his right to participate in an application for a patent, the commissioner may order that person to execute an assignment, in order that the application may be made without such participation: Provided that where it appears to the commissioner to be just and equitable, he may order the payment of compensation to the non-participating person. Section 28(3) provides that in any order declaring that a person has a right to the exclusion of any other person to apply for a patent, the commissioner may direct that such other person execute any deed of assignment that may be required and that such deed of assignment extend to countries outside the Republic. On a literal interpretation of clause 28, it appears that this assignment is required **before** the application for a patent is made. On a practical interpretation of clause, to not miss a priority date, it is possible that the intent of this provision is to address such dispute after the application has been made. It would make no sense to interpret it any differently. If however the interpretation as viewed by the court in the present case, patent applicants that rely on an assignment of rights from multiple inventors would have to seek written assignment from all inventors

[4] Unilateral contract revocation is enforceable where there is a legitimate ground, such that the earlier contract is no longer valid, or contained misrepresentation and fraudulent undertakings. It is essential to manage contracts and be fully aware of their contents and implications and not simply sign agreements without proper understanding of the limitations that may affect freedom to contract in any particular case.

before any application of a provisional application may be brought.

c. Inventors who are publicly funded research institutions employees such as CSIR

The Publicly Financed Research and Development Act No. 51 of 2008 implemented since August 2010 (the "IPR Act"). The IPR Act provides that any Publicly financed research and development undertaken and resulting in IP, by using any funds allocated for R&D by a funding agency, be it State, a state agency or an organ of State but excluding funds allocated for scholarships and bursaries, , such IP is owned by the recipient of said funding. The IPR Act further applies to any Higher Education Institution, any Science Councils, any institution identified as such by the Minister of the Department of Science and Technology.

If a recipient does not wish to retain ownership of its IP may, after notifying NIPMO[5] of its decision and furnishing full reasons therefor, afford the IP creator an opportunity to own the IP unless NIPMO elects to own and seek statutory protection of the IP. Where a private entity has co-financed the R&D, such private entity shall first be offered such opportunity to own the IP. A private entity may become a co-owner of the IP if it contributed to the resources, such as relevant background IP; if jointly created the IP; if appropriate arrangements are in place for IP benefit sharing with IP creators; and if the institution and the private entity conclude an agreement for the commercialisation of the IP.

In the case where a private entity fund such R&D on a full cost basis, as defined in regulations to the IPR Act, the IP is not deemed to be publicly financed R&D and the Act does not apply.

Patent applicants that wish to own the IP emanating from Publicly funded research should include full cost provisions in the R&D agreements and clearly address the assignment of IP in the R&D contracts including the full assignment of the inventor researchers. This is especially so where researchers are not necessarily employed by the institution contracted with. Care should be taken on visiting researchers that may be subject to their institution's IP policies regarding IP assignment, or even more complex from another country where legislation to automatic IP rights exists, or IP laws that has specific requirements for a valid assignment for inventors from the country[6]. R&D contracts with entities that are subject to the application of the IPR Act should include provisions for

d. Inventors with employment contract

There is no explicit provision in the South African Patents Act that an invention created by an employee necessarily belongs to the Employer.

There is however a deemed provision in view of Section 59:

(1) Subject to the provisions of section 39 (7)[7], the rights vested in a patentee or an applicant for a patent shall be capable of assignment and of devolution by operation of law.

(2) Any condition in a contract of employment which— (a) requires an employee to assign to his employer an invention made by him otherwise

[5] The National Intellectual Property Management Office

[6] Some countries such as Italy requires a foreign patent license where a national inventor assigns rights to a non-Italian applicant **prior** to an application being filed; other jurisdictions requires an application to be filed in the country of nationality of the inventor with waivers to be requested **prior** to any such "foreign" application being made.

[77] A patent for a main invention and its patent of addition shall not be capable of assignment apart from one another.

than within the course and scope of his employment; or restricts the right of an employee in an invention made by him more than one year after the termination of the contract of employment, shall be null and void.

The approach of the legislature is that an invention made by an employee within the course and scope of employment would rightfully be the property of the employer. According to Burrell[8] the inquiry is two-fold: (1) was the invention made by the employee in the course and scope of employment; and (2) is there a contractual relationship between the employee and the employer entitling the employee to any rights in respect of the invention. The contract need not be in writing, it can be an oral agreement.

Employers should thus be very clear on any entitlement that an employee may have or retain in the event of a patent application. Although not required, it is advisable to have the IP assignment and full title transfer addressed in the agreement and specifically consider including clear definitions of what is considered or deemed to be in course and scope of employment. No other assignment is required and any invention made in course and scope of employment is deemed to have been assigned by operation of law. Assignment documents filed at the South African patent office should reflect a "confirmation" of assignment and should clearly indicate in the assignment confirmation that the right of assignment was acquired before the application date as a consequence of employment.

2. Complete Application

a. Claims priority from Provisional application

Section 31(1) of the Patents Act provides that "An application accompanied by a complete specification may claim priority from— (a) the date of the lodging of a prior application relating to the same subject-matter, accompanied by a provisional specification; or … (c) the date of an application in a convention country relating to the same subject-matter, provided— (iv) the applicant in the application claiming priority is the proprietor of the prior application referred to in paragraph (a) … or of the application in the convention country referred to in paragraph (c), or the applicant has acquired the right to claim priority in the Republic.

Following the judgment a quo, if the assignment is flawed at the provisional stage it holds that the application on completion will not comply with the requirement of an assignment before the application is made and therefore the applicant would not be able to claim priority. It is thus essential that applicants ensure that inventions are properly assigned **before** application of the complete application, or that the priority right is assigned to the applicant prior to application for a completed application.

b. Convention Application (in another jurisdiction - their laws of IP ownership)

According to the Patents Act, a "convention application" means an application for a patent made in the Republic which claims priority from a

[8] Burrell, T.D. (2016) *Burrell's South African Patent and design law*. Durban: LexisNexis Chapter 6.22, p 277

relevant application in a convention country; and "convention country", in relation to any provision of this Act, means any country, including any group of countries and any territory for whose international relations another country is responsible, which the President has with a view to the fulfilment of any treaty, convention, arrangement or engagement, by proclamation in the Gazette declared to be a convention country for the purposes of such provision; and the expressions "convention aircraft", "convention land vehicle" and "convention vessel" have corresponding meanings.

Section 31 (1) (c) of the Patents Act states that an application accompanied by a complete specification may claim priority from the date of an application in a convention country relating to the same subject-matter, provided—in the case of an application claiming priority in terms of paragraph (a) or (b) the prior application was lodged not earlier than one year before or, on payment of the prescribed fee, not earlier than 15 months before, the date of the application claiming priority; and in the case of an application claiming priority in terms of paragraph (c) the application in the convention country was lodged not earlier than one year before the convention application and was the first application in any convention country in respect of the relevant invention; **and the applicant in the application claiming priority is the proprietor of the prior application** referred to in paragraph (a) or (b) or of the application in the convention country referred to in paragraph (c), or the applicant **has acquired the right to claim priority** in the Republic.

Although there is continuous attempts to harmonise patent laws internationally, countries patent laws do vary and particularly requirements for assignment, including whether assignment of right to ownership of an invention is by operation of law, required to be in writing, timing of assignment before or after filing of an application and the provisions for employer-employee relationship with regards to assignment of inventions differ from country to country.

Where the legal requirements for the assignment of rights are different in the priority country the application is at risk if it does not meet the South African requirements. This is even more so if the inventors are from different countries with different laws to South Africa. The requirement of assignment and clear entitlement to ownership of the invention before application for a patent will have severe legal and commercial impact, which could not have been the intent of the law.

c. Other aspects to consider:

(1) Added inventors

Where inventors are added due to added matter since the priority application, a specific assignment of the added matter by the inventor creating the added matter must be obtained before the complete application, or patent of addition is filed.

(2) PCT Application National Phase

A PCT national phase application is a one-time submission to apply for a patent through member states of the Patent Cooperation Treaty (PCT). This streamlined process provides patent protection while adhering to each nation's individual requirements. A South African patent application which is a PCT national phase application is deemed to have as its filing date, despite the actual date of lodging of National Phase entry documents being later, the date of the PCT application filing date.

As mentioned earlier, in terms of South African patent law, assignment of an invention is not required where a transfer of rights has occurred by operation of law, in which instance the name of the applicable legislation and section thereof will need to be included in a declaration contained in the Form P.3 or where under PCT 4.17 (ii) and (iii) declarations have been filed in the international PCT application, **and** a PCT IB306 published in the international PCT application exists that shows suitable chain of transfer.

(3) Same applicant as priority application

Where the applicant is the same applicant for the complete application as for the priority application, and provided that the applicant has acquired its rights by assignment of the priority application, no additional proof of entitlement should be required.

(4) Different applicant than priority application

Where the applicant differs from the priority application, evidence of the assignment of the priority rights and entitlement to the invention **prior** to application for a complete application should be in place.

(5) Same applicant as PCT

Where the applicant is the same applicant as for the PCT application no additional proof of entitlement should be required provided that the PCT 4.17 (ii) and (iii) declarations have been filed in the PCT application.

(6) Different applicant from PCT applicant i.e. assignment during international Phase

Where the applicant in the national phase application differs from the applicant of the PCT application, evidence of the assignment of the rights and entitlement to the invention as filed under the PCT application **prior** to application for a national validation in South Africa should be in place.

3. Other factors

a. IP Policies

Many companies and research institutions have implemented IP Policies that defines the ownership of IP Rights. Often these policies provide for IP to automatically reside with the company or institution, whether employed or not. By accepting the terms and conditions of engagement, these policies are accepted and no further IP assignment is required. The mere acceptance of these policies is an assignment of any IP created by an inventor engaged under the standard terms. IP Policies will have to be carefully drafted to ensure that an opt out or opt in completes the assignment.

b. Assignment documents with an "effective date"

Many Deeds of Assignment and Assignments of Invention have a clause or statement that the effective date thereof is prior to the signing thereof. Where this "effective date" predates that filing date of the patent application (whether a PCT National Phase, a Convention Application, or a First Instance Application) it remains to be seen whether this will be held to satisfy the requirement that the rights are to be assigned before the application is filed, should the position in the present judgement under discussion be final.

c. Commercial contracts between business partners with respect to IP assignment and patent prosecution in particular.

Assignments are perfectly valid and legally enforceable without being recorded at the PTO. It is, however, crucial that inter partes the assignment is executed. A patent assignment document must comprise certain crucial elements to effectively convey the intent to transfer patent rights, including a clear description of the patent rights being assigned, the identities and capacities of the assignor and assignee, and the terms and conditions governing the assignment. The document should accurately identify the parties involved, specifying their capacities and designations, and describe the patent rights being transferred, including the patent number, title, and relevant details. It is necessary to include the effective date of the assignment and the consideration, if any, exchanged for the transfer of rights. Leveraging standardized assignment templates can help guarantee that all necessary elements are included. Additionally, the use of electronic signatures can facilitate the execution of the assignment document, providing a secure and efficient means of authentication. The assignment document should be drafted in a clear and concise manner, avoiding ambiguity and certifying that the parties' intentions are accurately reflected. By including these crucial elements, the patent assignment document can effectively convey the transfer of patent rights, providing a clear and binding agreement between the parties involved.

Recordal of the assignment at the patent office is not a legal requirement and does not affect the validity of the patent but it does provide public notice of the change in patent ownership.

As these rights come into effect generally after patent application, the case a quo should have no bearing on assignments between owners post application.

d. Exchange Control – South African Reserve bank (SARB)

Since 2011 any IP transferred from a South African entity (or individual) to a foreign entity requires SARB approval failing which the transaction would be considered void.

In March 2017 the South African Reserve Bank (SARB) proposed certain new exemptions relating to the sale and licensing of Intellectual Property (IP) from South African residents to foreign entities. These exemptions are well received and indeed a relaxation toward stringent exchange. These requirement were relaxed through Exchange Control Circular no. 7 of 2017 and no. 8 of March 2017 consequently issued by Financial Surveillance Department of the South African Reserve Bank (FinSurv) providing that *"Authorised dealers may, however approve the outright sale, transference and assignment of intellectual property by a South African resident, excluding mandated state owned companies as defined in schedule 2 of the Public Finance Management Act, 1999 (Act no. 1 of 1999) to unrelated non-resident parties at an arms' length and a fair and market related price, provided that authorised dealers view the sale, transfer or assignment agreement and the provision of an auditor's letter or intellectual property valuation certificate confirming the basis of calculating the sale price. The abovementioned dispensation excludes sale and lease back agreements.*

In many instances the assignment of IP rights are addressed and formalised after the filing of a patent application pending the outcome of the authorised dealer's decision on the IP assignment and thus not practical for an assignment to be effective until the required authorisation has been obtained.

As the application to SARB, or its authorised dealer, requires the existence and identification of the relevant IP before any assignment will be considered, the judgment has the consequence that any patent application which entails a foreign assignment will be invalid as in most cases prior assignment won't be practical due to the SARB approval process requirements. Surely this cannot be the intent.

4. **What is acceptable evidence of assignment of rights by an inventor or the automatic right to the invention of an employee (or in case of a consultant)**

   The patent act is explicit on the requirements to be met on application for a patent. Section 30(4) states that "Any person other than the inventor making or joining in an application for a patent shall in the prescribed manner furnish such proof of his title or authority to apply for a patent as may be prescribed."

   Regulation 22 (d) prescribes that where the applicant has acquired a right to apply from the inventor, the requirements are to furnish an assignment or other proof, to the satisfaction of the registrar, of the right of the applicant to apply;

   Regulation 23 defines that for a convention application, if not made by the applicant in the convention country, shall also contain an assignment or other, of the applicant's right to claim priority.

   Regulation 24 defines that an application claiming priority under the Act from any prior application to the patent office shall contain a copy, in duplicate, on form P 2 of such prior application as well as the specification lodged in support of such prior application.

   Regulation 58 that addresses Title to and interest in inventions, patent applications and patents requires that an application for the recording of an assignment, to be made in duplicate on form P 16 accompanied by proof of title of such assignment.

   It is apparent that the evidence required is the evidence submitted by the applicant in support of the assignment to the patent office. What **constitutes "proof, to the satisfaction of the registrar, of the right of the applicant to apply" should be based on acceptable and current practice at the patent office**.

   Advice to clients is that care should be taken that contradictory assignments, or multiple assignments of the same subject matter does not exist and where it does so, to address such discrepancies by a confirmation of assignment of the earlier assignment, rather than a fresh assignment.

Brazil – injunctions and judicial balance in SEP disputes

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Brazil has become a key jurisdiction for Standard Essential Patent (SEP) litigation, drawing global attention due to its vast digital market and legal framework that permits early injunctive relief. With an expected 200 million mobile connections by 2025, Brazil is among the top five smartphone markets, driving investment in telecommunications, consumer electronics, and streaming services.

The country's Digital Transformation Strategy and growing mobile infrastructure present both challenges and opportunities, making Brazil an attractive venue for SEP disputes. Courts offer strong enforcement mechanisms, including preliminary injunctions, while maintaining checks and balances through appellate courts and antitrust authorities.
This article examines Brazil's SEP litigation framework, including state and federal court roles, injunctive relief, case law developments, and regulatory considerations, offering insights into the nation's evolving SEP landscape.

CHARACTERISTICS OF THE BRAZILIAN PATENT SYSTEM FOR PATENT LITIGATION

Brazil's patent litigation follows a mixed bifurcated system rooted in Continental European civil law. State courts handle infringement and compensation claims, while federal courts address validity, because the Brazilian PTO (INPI) needs to be involved. Besides invalidity lawsuits that are filed before the Federal Courts, invalidity can also be raised as a defense in state courts, though it applies only to the parties involved.

Unlike in some jurisdictions, filing an invalidity claim does not automatically suspend infringement proceedings in Brazil. The killing rate of patents during administrative post-grant opposition is low in Brazil, with only around 20% of patents being invalidated on such procedures. There is a strong presumption of validity of the patents granted, and due to this, courts require substantial evidence before granting a stay, allowing enforcement to continue unless clear invalidity is demonstrated.

PROCEDURAL ASPECTS OF PATENT LITIGATION IN BRAZIL

Patent litigation in Brazil is conducted through bench trials, as there are no jury trials in civil or commercial cases. Judges, selected through competitive public exams and promoted based on seniority, rely primarily on documentary evidence and expert opinions rather than US-style discovery or depositions. Technical disputes are resolved under a "battle of the experts," with court-appointed specialists analyzing infringement claims. Electronic filings and remote hearings further streamline proceedings.

For process patents, Article 42(2) of the Brazilian IP Law (Law 9279/96), shifts the burden of proof to the defendant, requiring them to demonstrate that their method differs from the plaintiff's patented process. Article 373(1) of the Code of Civil Procedure allows judges to assign the burden of proof to the party best positioned to provide evidence, enhancing judicial efficiency.

While Brazil does not recognize punitive damages, Article 44 of the Brazilian IP Law ensures patent holders receive compensation for unauthorized use. Compensation can be claimed from the date of application publication under the most favorable criteria available to the injured party (Article 210).

AVAILABILITY OF PRELIMINARY AND PERMANENT INJUNCTIONS

A key advantage of Brazil for SEP cases is the availability of preliminary injunctions. Under Article 209(1) of the Brazilian IP Law and Article 300 of the Code of Civil Procedure, these injunctions prevent ongoing infringement and protect patent holders from irreparable harm. They are granted quickly, often within days. For example, in DivX v. Netflix, the injunction was issued 15 days after the lawsuit was filed and upheld on appeal shortly after.
Preliminary injunctions in Brazil are not limited to IP cases but are a fundamental aspect of civil procedure. Given Brazil's vast size, they serve as essential tools for ensuring timely judicial relief, preventing enforcement delays that could render financial compensation ineffective. Article 300 of the Civil Procedure Code sets the standard for interlocutory relief, requiring proof of a claim's probability and the risk of harm.

Brazil's system ensures balance through interlocutory appeals. Article 1.015(I) of the Civil Procedure Code allows appeals against provisional relief, ensuring appellate review of injunctions beyond just their issuance or revocation, also assessing proportionality and enforcement adequacy. Decisions from courts on appeals, including interlocutory appeals, are rendered publicly after oral hearings, with deliberations and votes made openly. This structure strengthens procedural fairness and judicial efficiency.

CASE LAW

Brazil has already received a considerable number of cases regarding SEP disputes in the past 10 to 15 years, with over 30 cases being filed during this period. Since the beginning, in cases such as Ericsson v TCT (2012-2014) and Vringo v ZTE (2014), the courts have already granted the patent owners preliminary injunctions. This trend has never stopped, and in most cases, preliminary injunctions have been handled. Even in recent cases from 2024, preliminary injunctions were issued and upheld in the appellate cases of Nokia v. Amazon (H.264/AVC standard), Mitsubishi Electric v. SEMP TCL (HEVC standard), and NEC v. SEMP TCL (HEVC standard), among others. In the evolution of the SEP-related cases in Brazil, several lessons can be taken regarding the characteristics of the jurisdiction.

Preliminary injunctions

Brazilian courts do not distinguish essential from non-essential patents. The courts have the power to decide about granting ex parte injunctions based exclusively on unilateral reports attesting the essentiality of the patented technology and assessing the existence of infringement. However, with the growing number of cases, the level of complexity is rising. In Dolby v. TCL, a case of a data-hiding technology in the HEVC standard, the court ordered that a simplified expert examination be conducted to confirm the essentiality of Dolby's patent to the HEVC standard. This was the first time that a procedure of this type was carried out in a SEP/tech case, and the expert confirmed the essentiality of Dolby's patent. In this case, this outcome strengthened the preliminary injunction and enabled the patent holder to request stronger enforcement measures.

Fines for noncompliance with court acts

It is important to note that Brazil's preliminary injunction system creates a precedent system for the introduction of fines for non-compliance with court acts. For example, in 2023, the courts granted Ericsson a preliminary injunction against Lenovo and Motorola over two SEPs covering technologies related to security

procedures in 5G networks. The implementers were enjoined from implementing Ericsson's patented technology on their cellular devices compatible with the 5G standard under a daily fine of 100 Brazilian reais (approximately US$20) per act of noncompliance, which includes the manufacture, offer for sale, or commercialization of any product that uses the patented technology. In another 2023 case, in Nokia v. Oppo, a preliminary injunction was granted the following day to enjoin Oppo from commercializing smartphones equipped with its speech codec patent under penalty of a 10,000-reais (US$20,000) daily fine.

BATTLE OF EXPERTS

Brazil's civil procedure provides for a court-supervised technical examination whenever specialized knowledge is needed to decide a case, which is the norm in patent litigation. Judges will appoint a neutral court expert, whose role is to impartially analyze the relevant technical issues of the case. Each party may hire a party-appointed technical assistant to participate in this process, effectively creating a "battle of experts" behind the scenes. Judges heavily rely on neutral court-appointed expert reports, which often dictate case outcomes.

BRAZIL HAS EMERGED AS A SIGNIFICANT PLAYER IN GLOBAL IP DISPUTES IN 2025, PARTICULARLY IN MATTERS INVOLVING **SEPS**. THE COUNTRY IS OFTEN CHOSEN BY RIGHTS HOLDERS WHEN IT COMES TO PROTECTION AND ENFORCEMENT DUE TO ITS ROBUST LEGAL FRAMEWORK.

Recently, some cases have reached the maturity of having their "battle of experts" completed. As of now, the "battle of experts" in Brazil has been ending with a confirmation of infringement. While in cases such as WSOU v ZTE, where after a court-appointed expert report, the parties reached a settlement, in cases such as VoiceAge v HMD et al. and DivX v Netflix, the case matured into a final decision on first instance based on the battle of experts.

FINAL INJUNCTIONS AND SETTLEMENTS

It has recently been that the first final decisions have issued on SEP cases, with final injunctions being confirmed. DivX v Netflix has been ongoing since 2020, but the Fifth Business Court of the Rio de Janeiro State Court handed down a judgment on December 15, 2023, to confirm the preliminary injunction and grant a permanent injunction to enjoin Netflix from violating DivX's patent by making available video content with the HEVC deblocking filter enabled. As mentioned, judges typically handle SEP cases the same way they would any other patent infringement dispute. It is interesting to note here that Netflix raised issues related to FRAND terms during both the trial court and appellate stages. However, the court, in the first instance, did not find that there was anticompetitive conduct or bad faith. In analyzing the infringement, the court considered that "*the confirmation of the infringement by the expert report demonstrates the need to protect the right claimed by the Plaintiff, which has been widely proven, under the terms of the law, and the right to be compensated for the damages resulting from the infringement, which has been verified by extensive evidence*."

While very few cases reached a final decision, most cases were resolved by settlement; usually after the confirmation of the preliminary injunction.

More than 25 cases were settled in Brazil,

where the decisions in Brazil assisted parties in reaching global license agreements. DivX is a SEP owner that is a good example of success in such enforcement efforts, where preliminary injunctions were granted, leading to settlements. In the case of DivX v. Samsung in 2021, a global patent agreement was reached just 17 days after the injunction was issued. Similarly, in the 2022 case of DivX v. TCL, a licensing agreement was established shortly after the preliminary injunction was enforced, requiring TCL to take adequate measures to stop the unauthorized use of DivX's deblocking technology.

Damages

As there are only a couple of final decisions, it is not easy to derive trends. However, in the DivX v. Netflix case explained above, the court also ordered DivX to compensate for the material damages that resulted from the infringement based on Brazilian IP law. According to the courts, the amount due for damages corresponds to what Netflix would have paid to DivX for a license, had it been a willing license agreement. Besides that, the court imposed a US$4 million fine for contempt of court for failing to comply with the preliminary injunction that demanded Netflix to cease making available video content with the HEVC deblocking filter enabled.

In another case that reached a final decision, VoiceAge v. HMD & Multilaser, the courts established that the final damages should be calculated at a later stage, in accordance with the provisions of article 210 of the Brazilian IP Statute. However, although there are no punitive or enhanced damages according to Brazilian statutes, the courts awarded the payment of compensation for moral damages, set at US$ 20.092,43. This makes it clear that moral damages are also available in SEP cases, as we have in any other IP infringement matters.

Bonds

In the same point of finance related to SEP cases in Brazil, the same provision that deals with the issue of preliminary injunctions also deals with bonds and counter-bonds. In DivX v. Gorenje, another case covering video technology used in the HEVC standard. A preliminary injunction was initially granted to DivX, but later, the court lifted it and allowed the implementer to continue the alleged infringing activities by posting a court bond amounting to 10M Brazilian Real (US$ 1,800,000). In a similar situation, in Dolby v. TCL, the appellate court allowed, on a decision of an Interlocutory Appeal, the defendant to continue selling smartphones using the AAC standard by posting a quarterly bond amounting to a percentage of the relevant sales stating that even though the requirements for a preliminary injunction were found, the payment of the counterbound by the defendant lowered the risk of irreparable harm on the plaintiff.

Declaratory lawsuits

Another tool that has been used by some implementers in Brazil is declaratory lawsuits. Since the second half of 2022, two implementers have filed declaratory judgment lawsuits, seeking non-infringement rulings based on non-essentiality. Disney filed a DJ suit against DivX concerning its Disney+ streaming service. It sought a declaration that "Disney's use of the HEVC standard, including on its streaming platforms, does not violate PI 0506163-6 [a DivX Brazilian patent]" soon after DivX launched three successful infringement campaigns based on this same patent. Disney decided to settle shortly after the suit, but it did not move forward. In another case, TCL filed a declaratory judgment lawsuit against three licensors from Access Advance's HEVC patent pool.

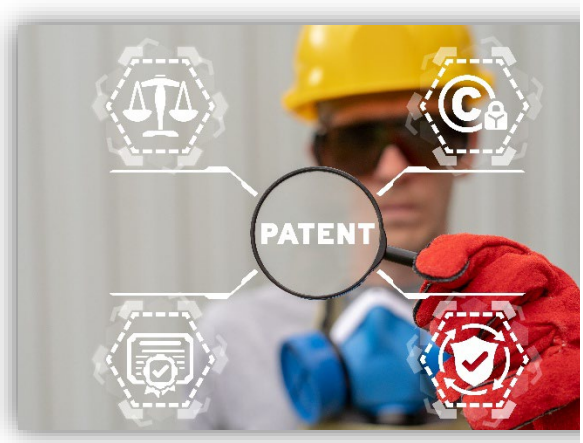
COMPETITION LAW AND CADE'S ROLE IN SEP LITIGATION

The Administrative Council for Economic Defense (CADE), Brazil's antitrust agency, has addressed Standard Essential Patent (SEP) disputes but does not directly regulate patent enforcement. It has ruled that SEP enforcement is lawful as long as negotiations are conducted in good faith.

In TCL v. Ericsson, CADE determined that SEP enforcement is a private matter and does not justify government intervention. It ruled that patent owners who solely license technology do not compete with implementers, as they do not sell products.

The court upheld Ericsson's SEP assertion, given the long, unsuccessful negotiations and existing industry licensing agreements.
CADE's jurisprudence confirms that SEP enforcement is primarily a matter of contract and patent law, with antitrust concerns arising only in exceptional cases.

This reinforces Brazil's stance that patent assertion, even in SEP cases, is legally valid when conducted under fair and reasonable terms.



CONCLUSION

Brazil has become a key jurisdiction for SEP litigation, offering strong enforcement and procedural protections. Its legal system fosters stable licensing negotiations while ensuring effective patent rights enforcement.
The judiciary readily grants preliminary injunctions, safeguarding SEP holders while allowing interlocutory appeals. Court-appointed expert examinations and legal precedents reinforce Brazil's commitment to fair enforcement. Recent developments, including bond requirements and antitrust considerations, further balance disputes.
As SEP litigation grows, Brazil emerges as a strategic forum, balancing enforcement and negotiation while protecting technological innovation. Its legal landscape is efficient yet nuanced, requiring both patent owners and implementers to navigate a sophisticated system where enforcement is swift but judicial scrutiny remains thorough.

VALUE CHAIN LICENSING AND THE ETSI IPR POLICY

A New Approach to the Licensing Debate

Christian Loyau

Christian is a graduate of the University of Paris in business, corporate and IP law. After 5 years practicing in law firms in Denmark and France, Christian joined Digital Equipment Corporation, and Cap Gemini in France. He served for 12 years as Legal Director for International Affairs for the French telecommunications company Matra Communication and was involved in the IPR group of ETSI from 1993 to 1996. He then served as General Counsel and Secretary of the Board of the French IT quoted company Bull for 14 years. Christian was formerly Director for Legal Affairs and Governance of European Telecommunications Standards Institute (ETSI). The author takes no position on the level of licensing issue presented in the article and has provided only historical data on the ETSI IPR policy.

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The European Telecommunications Standards Institute (ETSI) has been leading the development of international standards in a number of areas related to telecommunications for several decades. In particular, cellular standards that are widely adopted, and that billions of people and businesses rely upon have been developed by ETSI under the umbrella of the 3G Partnership Project (3GPP).

Because of the broad adoption of its standards, the ETSI Intellectual Property Rights (IPR) policy has come under scrutiny in recent years, and its interpretation has been the focus of commercial disputes and numerous legal cases.

One of the questions in these disputes concerns the requisite licensing attachment point in the value chain. Some have argued that commercial norms (and the alleged intent of the IPR policy) mandate licenses on Fair, Reasonable, and Non-Discriminatory (FRAND) terms only to upstream players in the value chain like module and chip makers, and only they should be granted licenses. Thus, the longstanding practice in the telecommunications sector of licensing to device manufacturers would be limited or even prohibited.

This argument is contrary to industry practices, and it also violates the ETSI IPR policy, as we will explain later in this essay. The fact that some device manufacturers have relied in the past on indemnification clauses by module and chip suppliers is irrelevant as to the disposition of a patent owner's FRAND commitment and as to who the licensee should be: ultimately, whether an end-user manufacturer can rely on indemnification clauses for reimbursement of license fees is solely a commercial matter between the manufacturer and its suppliers.

The more interesting question is whether downstream players like mobile operating systems (OS) developers or app / service developers that rely on cellular standards and cellular devices could be the appropriate licensees. Would licensing at this level of the value chain be sufficient for satisfying the FRAND obligation under the ETSI IPR policy? We believe that it is possible to license to OS developers and that this license meets the FRAND commitment in the ETSI IPR policy.

Dr. Matteo Sabattini

Matteo has years of expertise in technology licensing and IP strategy, and his skills blends business, policy and technology. He has published extensively and regularly speaks at industry events on IP matters. He holds an MBA from the George Washington University (GWU), a PhD in electrical engineering from the University of California, San Diego (UCSD), and a Laurea Magistrale in electrical engineering from the University of Bologna. He formerly served as President and Chief Licensing Officer of Convida, a JV between Sony Corporation of America and InterDigital. He formerly held positions at Ericsson, the Sisvel Group, InterDigital and other leading organizations in the IP industry. He also held several teaching and research positions in wireless and mobile communications at UCSD and at the German Aerospace Centre (DLR). He is a member LESI board and IEEE senior member, a Beta Gamma Sigma lifetime member, as well as a member of the MIT Enterprise Forum.

The Development of International Standards, Patent Policies and the FRAND Commitment

A reader who has read up to this point likely has at least some basic knowledge about standard development norms and institutions, patent policy, and the FRAND commitment. Nevertheless, we believe it's still necessary to summarize a few key concepts to "set the stage."

The development of technology standards is based on openness and consensus. Openness guarantees that anyone who has a stake in the development of a standardized technology and wants to contribute to such development can in fact participate. The concept of openness highlights one main difference with consortia or *de facto* standards, where the development is often led by a few parties who control the process as well.

The concept of consensus, which can be defined slightly differently by different standards development organizations (SDOs), guarantees that decisions are made by the participants with the broadest possible support. In the development of technical standards, the best technical solutions generally gain consensus, and therefore the process encourages high-technical quality and incentivizes buy-in by the market actors.

Given the pro-competitive effects and benefits to society of SDOs, competitors are allowed to participate in the development of a standard, provided certain guidelines and safeguards are in place. For example, commercial discussions such as pricing, or mandating commercial solutions as part of a standard, are generally prohibited.

Technical solutions introduced into standards are often covered by patents, and thus SDOs have adopted patent policies to ensure that component and device manufacturers further down the value chain have opportunities to license the technical standard free of discriminatory treatment by the patent owners. This promotes the efficient adoption and ultimate success of the technical standard in the marketplace. These patents are thus committed to FRAND licensing, and they are called Standard Essential Patents (SEPs). Patent policies vary from SDO to SDO, but at a broad level they set forth basic principles that participants contractually commit to as a precondition for participating in the standard development process.

For example, the ETSI IPR policy defines "Essential" as:

"ESSENTIAL" as applied to IPR means that it is not possible on technical (but not commercial) grounds, taking into account normal technical practice and the state of the art generally available at the time of standardization, to make, sell, lease, otherwise dispose of, repair, use or operate EQUIPMENT or METHODS which comply with a STANDARD without infringing that IPR. For the avoidance of doubt in exceptional cases where a STANDARD can only be implemented by technical solutions, all of which are infringements of IPRs, all such IPRs shall be considered ESSENTIAL.

The FRAND commitment is a unique contractual commitment. Some scholars have classified them as an incomplete contract. It was introduced at SDOs to minimize the risk that implementers of a standard are unfairly discriminated against in price or other terms by an owner of an SEP while ensuring that this patent owner is fairly rewarded for the use of its invention. Again, although differences exist in how different SDOs define FRAND and deal with FRAND commitments (or the lack thereof) by owners of SEPs, the basic concepts guarantee that the owner of SEPs, where such owner has committed such SEPs under FRAND, will offer licenses under FRAND terms to a user of the standard who is willing to enter into a license agreement with such owner.

We note that the FRAND commitment does not define the commercial terms of such license (as per antitrust safeguards), which will be left to the parties to negotiate. Furthermore, the FRAND commitment is generally a global commitment that bounds all patents within a family, and therefore licenses granted on FRAND terms are generally global licenses.

FRAND undertakings have also been subject to commercial disputes and legal challenges. We will provide an overview of the guidance that courts have provided on FRAND in the next sections. But first, we feel that a more specific overview of the ETSI IPR policy and its development is warranted.

The ETSI IPR Policy: an Historical Overview

Until the end of the 1980s, different telecom operators in Europe who were state owned were operating analog systems that were reaching the point of under-capacity relative to the need to meet increasing end-user demands for larger data transmission. In 1982, the European Conference of Postal and Telecommunications Administrations (CEPT) had abandoned the idea of developing an analog global standard for a new pan European digital system. Major European operators from Germany, France and Italy started working on a single digital standard and were requesting free access to patents owned by equipment manufacturers. These manufacturers were only associate members of the CEPT, but were also supplying telecommunication equipment to those telecom operators. Hence, from an IP standpoint, telecom operators were demanding a royalty-free licensing policy.

Around the same time, the Groupe Special Mobile (GSM) was formed to work on a digital system. In 1986, European Union (EU) heads of state endorsed the GSM project, and the European Commission (EC) proposal to reserve 900MHz spectrum band for GSM was agreed upon in the EC Telecommunications Council. In 1988, the EC and the CEPT agreed on the creation of ETSI to ensure the participation of suppliers - who were only associate members of the CEPT and could not have contributed in that forum - in standards development.

As a consequence of the inclusion of suppliers as full members, at the same level as telecom operators in the newly created standardization body, the role of IP became a central concern. It was then decided to create an IPR Committee whose task was to draft a policy that would balance the interests of standard users and standard developers, hence allowing access to the standard (*i.e.*, preventing users from being blocked by SEP owners), and a fair return on investment to the innovators contributing to the development of the standard.

The first working draft of the IPR policy published in 1992 still saw heavy influence by telecom operators: it prohibited injunctions, mandated a most favoured licensee requirement for all licensees, and required *ex ante* royalty caps, among other restrictive rules and mandates. Taking into account the opposition of equipment suppliers – that were contributing significantly to the development of standards - the EC recommended that fair, reasonable, and non-discriminatory (FRAND) terms and conditions should be offered by licensors for the use of standards incorporating IPRs that were essential.

Nevertheless, ETSI approved a slightly modified (and shortly lived) version of the 1992 draft-IPR policy in March 1993, despite the opposition of equipment suppliers and the recommendation of the EC. It produced what one commentator has called a "protracted controversy" with many standard developers threatening to leave ETSI. One notable example was Apple Computer, which wrote to ETSI that the 1993 IPR policy "departs significantly from accepted international standards practices."

Shortly after, ETSI decided not to use the policy, which it reframed only as an "Undertaking," but instead reestablished a special IPR Committee to further review the IPR policy.

In 1994, the General Assembly of ETSI adopted a new IPR policy, taking into consideration the views of the technology suppliers and of the EC. This policy was based on the principle that standards should be available for all based on FRAND licenses of essential patents and is substantially identical to the current policy.

It is worth mentioning three major points:

1. The 1994 IPR policy was crafted in parallel with the development of GSM 2G, which was the second-generation cellular technology, marking the transition from analog to digital communication in mobile networks. This was a major achievement that created a pan-European cellular network.
2. Was it foreseen at that time that regular handphones allowing only to make and receive a call could later become smartphones allowing unlimited data services? Hard to believe that the policy was drafted to envision such evolution.
3. The debate around so-called "license to all" or "access to all" was not even a topic at the time of the final draft of the 1994 IPR policy, nor was it when the policy was adopted by the General Assembly of ETSI shortly after.

Major Court Cases and Decisions Interpreting the ETSI IPR Policy

The ETSI IPR policy has been one of the most successful among SDOs because it expressly avoids imposing any mandates on SEP owners or implementers in their commercial negotiations in reaching a license that is compliant with the FRAND commitment. The only express obligation imposed on an SEP owner by the ETSI IPR policy is that the patent owner must provide "in writing that it is *prepared to grant* an irrevocable license" on FRAND terms. The specific royalty rate along the range of FRAND-compliant rates, as well as other contractual terms, is left to the parties to determine in their negotiations. If there was any doubt on this point, this is dispelled by the ETSI IPR policy in Clause 4.1, which states that "[s]pecific licensing terms and negotiations are commercial issues between the companies and shall not be addressed within ETSI."

In recent years, many courts of different national jurisdictions have interpreted the ETSI IPR policy, and they have consistently concluded that it does not impose any mandates on specific royalty rates, remedies for infringement of SEPs, or the level of licensing in the value chain. In *Unwired Planet v. Huawei*, for instance, the United Kingdon Supreme Court recognized:

> [I]t would have required far clearer language in the ETSI FRAND undertaking to indicate an intention to impose the more strict, 'hard-edged' non-discrimination obligation . . . . Any reasonable person who seeks to engage with the ETSI regime, whether as a SEP owner or as an implementer who is a potential licensee, would understand this. Those engaging with the ETSI regime are highly sophisticated and well-informed about economics, practice in the market and competition laws across the world.

Thus, the UK Supreme Court concluded in *Unwired Planet* that the ETSI IPR policy did not impose a "hard-edged" mandate of a "most favourable licence" requirement for SEP licenses with implementers.

Similarly, in *Sharp v. Daimler*, the German District Court of Munich rejected Daimler's specific argument that the ETSI IPR policy mandated a "license to all" requirement for SEP owners.

On the other side of the Atlantic, the United States Court of Appeals for the Ninth Circuit concluded in 2019 in *Federal Trade Commission v. Qualcomm* that SEP owners do not have a duty to provide "SEP licenses" to chip manufacturers upstream in the value chain, as opposed to licenses to OEMs and other manufacturers of devices. The Ninth Circuit recognized that "OEM-level licensing" is "reasonable and consistent with current industry practice" under the FRAND commitments of SDO policies, such as the ETSI IPR policy. Several years later, the U.S. Court of Appeals for the Fifth Circuit again rejected the argument in *Continental Automotive Systems v. Avanci* that the ETSI IPR policy mandates licensing at specific levels in the value chain.

In sum, courts have consistently rejected arguments that the ETSI IPR policy mandates specific licensing conditions or royalty rates. The ETSI IPR policy is a flexible contractual commitment that leaves all licensing decisions to be determined by the parties in their specific technological and commercial context. This includes the level of licensing in the value chain.

The Value Chain in Cellular Standards

Cellular standards developed by ETSI under the 3GPP umbrella are complex global standards that benefit the global population. They have created a growing demand for data and are now an indispensable part of our lives. Approximately a decade ago, one study found that more people used mobile devices than had access to potable water. The significance of cellular technology is easily grasped by turning on the "airplane mode" setting on one's phone: without cellular connectivity, our phones are reduced to digital cameras and MP3 players, provided the user has already downloaded music on the device!

The value created by cellular standards is not limited to consumers. A vibrant ecosystem in digital products and services has evolved on the basis of this cellular technology with massive revenue benefits to developers, entrepreneurs, and entire industries. This has in turn driven growth in the GDP of many countries with growing innovation economies and flourishing societies.

Take the value of connectivity for automotive manufacturers as an example. While a driver benefits from the many services that connectivity adds to the vehicle (maps, infotainment, emergency services, to name only a few), the manufacturers themselves gain tremendous value from the remote monitoring of vehicle performance. Imagine the value in terms of maintenance cost savings as automobile owners are alerted to worn or damaged parts that require service long before the car breaks down, and the reduced recall rates by manufacturers knowing in advance what parts are wearing or breaking faster than others.

Because of the complexity of the telecommunications standard and the breadth of the ecosystem, the value chain that brings connected devices to market and ultimately places these devices into the hands of consumers is also extremely complex. From raw materials sourcing to chip development, cellular module manufacturing, end-user devices manufacturing, software development, over the top (OTT) services, apps, etc., many players are involved in this ecosystem that encompass a multitude of industrial verticals.

Recently, some companies and commentators have argued that a licensing attachment point other than the OEM or device is best, if not even required by the ETSI IPR policy. They claim that licensing at

the module or chipset level increases efficiencies. Licensors would recoup their investments through a license to a reduced set of licensees higher up in the value chain, with such license extending to OEMs through exhaustion. They further claim that OEMs are not responsible for taking a license because they generally rely on indemnification from suppliers anyway.

There are several problems with this argument. First, this approach is contrary to established industry practices. As previously described, the ETSI IPR policy was developed to ensure broad adoption of ETSI standards by implementers and a fair reward to the developers of standardized technologies. Longstanding industry licensing practices of more than fifty years have licensed at the end-user device. These have been the practices that have spurred the massive growth of cellular standards developed by ETSI and 3GPP.

Second, this argument contradicts the ETSI IPR policy. This explains why courts have consistently held that the ETSI IPR policy does not mandate commercial conditions in SEP license agreements, such as the level of licensing in the value chain.

But there's another sense in which this argument contradicts the ETSI IPR policy and therefore would not work at least for ETSI-developed standards. As discussed above, the ETSI IPR policy requires only that a SEP owner is "prepared to grant" a license on FRAND terms and conditions to the following extent:

- *MANUFACTURE, including the right to make or have made customized components and sub-systems to the licensee's own design for use in MANUFACTURE;*
- *sell, lease, or otherwise dispose of EQUIPMENT so MANUFACTURED;*
- *repair, use, or operate EQUIPMENT;*
- *and use METHODS.*

where

"EQUIPMENT" shall mean any system, or device fully conforming to a STANDARD.

"METHODS" shall mean any method or operation fully conforming to a STANDARD.

[…]

"MANUFACTURE", shall mean production of EQUIPMENT.

Strictly speaking, a module or a chipset does not "fully conform to a STANDARD," as it cannot be operated separately from other components nor connected to a network.

Third, and following as a result of the contradiction with the ETSI IPR policy, the argument about upstream SEP licensing does not enhance efficiency. It is hard to track and manage, which explains why industry practices settled on device-level licensing. Chips and modules with different features enabled or disabled can end up in widely different products and verticals. Tracking the use of such features in any realistic way, or least in any way that does not impose exorbitant search and other transaction costs on SEP owners in ensuring the authorized uses of their inventions. For example, it is impossible for a licensor to know what products are licensed and for what features without tearing down each end-user device to determine its specific hardware and software components.

Fourth, the value of a technical standard is defined from the end-user device and downwards. As Judge Davis currently observed in *CSIRO v Cisco*:

> *"Basing a royalty solely on chip price is like valuing a copyrighted book based only on the costs of the binding, paper, and ink needed to actually produce the physical product. While such a calculation captures the cost of the physical product, it provides no indication of its actual value."*

Lastly, even if a SEP owner were to license its SEPs to module or chip manufacturers, not all essential claims will be licensed because a licensee cannot take a license to claims it does not infringe, and a licensor cannot offer a license to claims that are not infringed. The reason is simple: a chip or a module cannot connect to the network without being tied to other electronic components, like power supply elements, antennas, etc. Thus, essential claims such as system or method claims, essential and infringed by the end-user device, are not infringed by a module or a chipset. Therefore, end-user device manufacturers will still be unlicensed and exposed to a subset of the SEP owner's patent portfolio.

An Alternative Approach to Device Licensing

As discussed above, licensing upstream (module and chip manufacturer) both contradicts the plain language of the ETSI IPR policy and is inefficient. Longstanding industry practices of licensing the end-user device have proven to be efficient and spurred massive adoption of technical standards by implementers and ensured a fair reward to innovators. However, an alternative could exist which is consistent with the ETSI IPR policy and could bring even more efficiencies, higher returns on investments, and more access to standardized technologies by end-users.

The ETSI IPR policy states that the license on FRAND terms and conditions that a SEP owner is prepared to grant is for "use […] EQUIPMENT" or "use METHODS." This clearly covers the end-user device, as confirmed by courts. This is why courts have consistently found industry practices of device-level licensing comply with the ETSI IPR policy.

If licenses with downstream OEMs meet the requirements of the ETSI IPR policy, then actors even further downstream in the telecommunications value chain, such as OS developers or mobile applications, would count as well. OS and app developers make use of standardized equipment and standardized methods that the mobile device implements. Therefore, it is possible that a SEP owner grants licenses to its SEP portfolio to those ecosystem players that operate even further downstream from the OEM of the mobile devices.

This is significant because the value of cellular technology is now realized even further downstream from the mobile device itself, in the increasing complex and stacked service and application layers. Devices, especially in the IoT space, are often commodities whose value is realized at the application layer. Take inexpensive home automation devices like sensors or security cameras: the real value to the end-user is the interconnection of such devices with applications and routines, allowing for automatization of tasks or action-reaction kind of interactions (for example, when an indoor smart thermostat measures a temperature below a certain threshold, smart heating actuators are activated).

In such a scenario, a SEP owner could license OS developers like Google who provides Android to mobile devices and other connected devices, or Apple who develops its own iOS. End-user device manufacturers could be covered under the licensed SEPs thanks to "have made rights," in essence benefitting from a license granted to the OS providers. In addition to OS developers, OTT players who provide streaming services, transportation services, home automation services, etc., that "use" and rely heavily on equipment and methods can also be granted licenses by SEP owners.

In sum, contrary to the proposals that SEP licensing should—or wrongly claim that it must—occur further upstream in the value chain, SEP owners and market actors could enter into licenses even further downstream in the value chain. This would include OS and app developers, as well as OTT players and others. These licenses are

in accord with the plain language of the ETSI IPR policy. They also could achieve additional efficiencies beyond those already achieved in device-level licensing by further reducing transaction costs in licensing and monitoring of uses of the patented inventions in technical standards. This would bring real benefits to the global telecommunications ecosystem and enhance the value to the developers of the standardized technologies and users (broadly defined) alike.

Conclusion

The ETSI IPR policy has played a pivotal role in launching the global telecommunications revolution of the past thirty years, balancing successfully the interests of innovators and implementers in enabling the widespread adoption of cellular standards. Longstanding industry practices of licensing at the end-user device level align with the plain language and intent of the ETSI IPR policy, ensuring fair rewards for innovators while fostering a competitive and efficient marketplace.

Commercial and legal efforts in the past two decades to shift licensing upstream in the value chain contradict the policy's provisions and introduce inefficiencies into a primary engine of the mobile revolution. These debates and legal disputes over upstream licensing have also obscured the value of exploring downstream licensing—shifting the licensing attachment point to OS developers, application providers, and other ecosystem players. This approach recognizes the growing value of cellular technology at the application and service layers—proven by the rise of the IoT and the sharing economy of peer-to-peer services before that. It thus aligns with the policy's flexibility and accommodation of the commercial and technological context of how technology standards are deployed in the marketplace. By adapting to this evolving landscape, SEP owners and implementers can further optimize efficiencies, reduce transaction costs, and enhance access to standardized technologies for end-users worldwide.

In conclusion, the ETSI IPR policy remains a robust framework capable of adapting to the complexities of modern telecommunications, driving innovation while maintaining its foundational principles of fairness, reasonableness, and non-discrimination.

Knowledge and Technology Transfer

An Austrian perspective

Dr. Tanja Sovic

Tanja is an accomplished intellectual property and technology transfer professional. She is the founder of "Tanja Sovic Consulting" and currently serving as the Head of Patent & License Management at TU Wien. With extensive experience in patenting and commercialization of university inventions across various fields, she brings exceptional expertise to her role. Tanja studied chemical engineering at Graz University of Technology and obtained a PhD in Polymer Chemistry from the Institute of Chemistry and Technology of Materials (ICTM).

In addition to her professional career, Tanja volunteers her time and expertise as a member of the Task Force Innovation for CESAER (Conference of European Schools for Advanced Engineering Education and Research).

Tanja chairs the Innovation Trends Committee of the Licensing Executives Society International (LESI), which monitors and identifies the impact of innovation on the current IP framework and proposes corresponding solutions.

Before the University Act (UG 2002) came into effect on January 1, 2004, Austrian universities had no legal claim to inventions developed by their employees. However, through the UG 2002 the universities became fully independent legal entities under public law[1].

One of the primary objectives of this reform was to enhance the autonomy of universities, particularly by granting them the right to claim ownership of inventions made by their employees.

Since then, Austrian universities have made significant efforts to establish and continuously improve knowledge and technology transfer. This has included a wide range of initiatives, such as comprehensive staff training programs, specialized workshops, and awareness campaigns. A key factor in driving these advancements has been the strong support from the university rectorates during the transformative phase.

An important aspect of the process was securing the necessary funding for initiatives. Particularly in the context of technology transfer, it was crucial to ensure ongoing financial support for the further development of technologies, such as proof of concept funding.

In this regard, the support from programs like "uni:invent", funded by Austria Wirtschaftsservice GmbH (***aws***)[1] played a critical role. These programs not only provided the necessary financial backing but also the vital space for successfully advancing and bringing promising innovations and technologies to market.

In 2013, the Austrian Federal Ministry of Science and Research and Federal Ministry of Economic Affairs introduced the Knowledge Transfer Centers (WTZ) program[1], funded by the ***aws*** and later supported by the National Foundation for Research, Technology, and Development (Austria Fund)[1].

The initiative was designed to strengthen collaboration between universities, industry, and society. Its primary goal was to optimize knowledge transfer, stimulate entrepreneurship within Austrian universities, and drive innovation. By fostering the exchange of ideas and expertise, WTZ aimed to bridge the gap between academic research and its practical applications in the real world.

The WTZ program was a collaborative partnership involving ALL Austrian universities and their affiliated partners. It was organized into three regional knowledge transfer centers—East, South, and West—each focusing on specific geographic area. These centers worked across various research domains, including technology, life sciences, social sciences, arts, humanities, medicine, music. The diversity of research fields allowed a rich transdisciplinary exchange, where the combined expertise of different academic disciplines fostered innovative solutions and novel approaches to knowledge and technology transfer.

One of the key goals of the WTZ initiative was to improve public awareness of scientific research and its societal relevance. Through a series of outreach and communication efforts, WTZ sought to make research more accessible and understandable to the public.

One of the prominent efforts in this area was the creation of various communication hubs. These hubs hosted a range of workshops designed to help researchers communicate their findings to a broader audience.

For example, under the "Science for the Ears" initiative, small teams of young researchers and students produced podcasts on a variety of topics, including philosophy, medicine, linguistics, and cultural studies[i]. These podcasts were aimed at making complex scientific concepts more accessible and engaging to the public.

Additionally, workshops focused on video production allowed research teams to learn how to create compelling visual stories about their work, enhancing the impact and reach of their research[ii].

Another innovative project, "Cognitive Cuisine - Delicious Science Communication"[iii] featured researchers presenting their work through a dinner menu, where each course represented a different research project. This creative approach made science more relatable and engaging for attendees.

During the events like the "Long Night of Research" in Vienna, young scientists showcased their projects, providing the public with an opportunity to engage with cutting-edge research and foster a deeper connection between academia and society.[iv]

The development of "Creativity & Transfer HUBs", specifically aimed at the arts, humanities, and social sciences, provided a unique opportunity for these fields to contribute to the broader knowledge transfer process. These hubs offered training in areas like intellectual property rights, copyright, and open access, empowering students and alumni to explore creative revenue models and commercialize their work.[v]

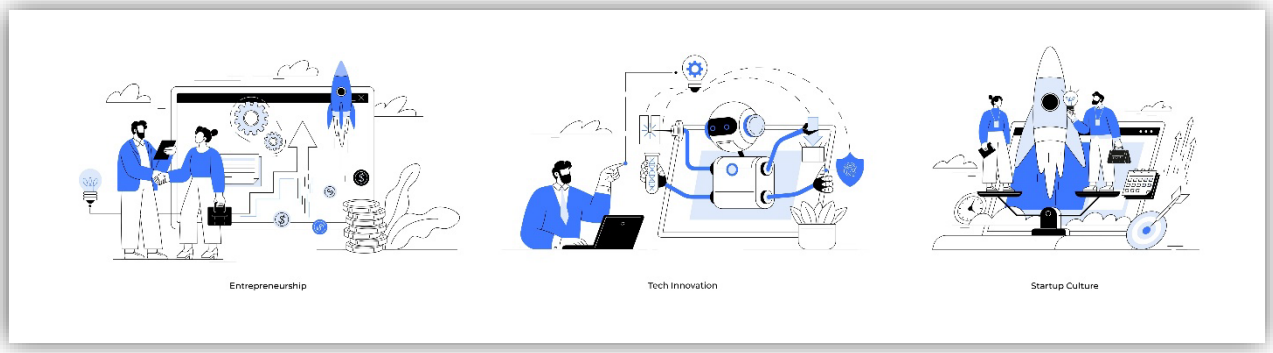
Regarding the commercialization of technologies, various activities have taken place, such as collaborative marketing efforts at international trade fairs where innovations from all involved universities were presented to the industry or collaboration with the Austrian Chamber of Commerce[vi]. Researchers also took part in "Partnering Days," events dedicated to intellectual property (IP) and commercialization,

offering them opportunities to network with potential investors, business angels, and industry partners. Furthermore, WTZ has become a partner of the German “Transfer Allianz”[vii], one of the largest networks of patent commercialization agencies. These commercialization initiatives have helped foster stronger connections between academic institutions and the private sector.

One of the central themes of WTZ was the promotion of entrepreneurship, particularly in encouraging young people to consider start-ups as a viable career path.

women in entrepreneurship and innovation. The WTZ East region launched a multi-phase project to support female entrepreneurs, leading to the creation of the WTZ-Spin-Off "x^2 - Female Founders Club", today known as “Female Founders”[ix]. This initiative aimed to strengthen the network of female entrepreneurs, providing them with a platform to share experiences, build connections, and overcome the barriers women often face in the start-up world.

Another form of support for entrepreneurship was offered through the “Spin-off Fellowship” program,



A notable example of this effort was the “Idea garden” a collaboration between the three regional WTZ centers. The “Idea garden” took the form of a 700 km road trip, where 21 students worked in teams across five Austrian cities—Innsbruck, Salzburg, Linz, Vienna, and Graz—to develop business ideas.[viii] During this event, students had the opportunity to meet with entrepreneurship experts, expand their networks, and learn about the start-up ecosystem in Austria.

Furthermore, the program placed a strong emphasis on gender equality, encouraging the active participation of

funded by the Austrian Research Promotion Agency (FFG)[x], and it is still running today. The "Spin-off Fellowship" program provides innovative individuals with an entrepreneurial mindset the opportunity to further refine their inventions at their university or research institution, with the goal of establishing a company. This program covers salary costs and grants access to academic infrastructures, allowing researchers to fully dedicate their time to developing their business ideas.

In addition, recognizing the immense potential of Austria’s founders, the new aws Spin-off initiative was launched last

year. It aims to foster a vibrant and dynamic ecosystem for academic spin-offs and start-ups. This initiative is designed to not only meet, but exceed, the expectations of international venture capitalists, paving the way for future success. By providing seed funding to attract private investors and offering robust support for the development of professional spin-off structures within universities, it promises to unlock new opportunities, drive innovation, and boost Austria's economic grow.

These are just a few examples of the many undertakings that have been carried out in the last few years.

All these initiatives, ranging from science communication and teaching to entrepreneurship support and commercialization, highlight the important role of cultivating a dynamic, collaborative ecosystem that drives both academic progress and societal advancement. It shows, that continuous support through funding, collaboration, and the development of new, creative tools is crucial for strengthening the knowledge and technology transfer from universities to society and industry, and that this leads to an even greater contribution to the Austrian economy and the global community.

[i] https://www.wtz-ost.at/wissenschaft-im-ohr-wie-mache-ich-meinen-eigenen-wissenschafts-podcast-2/
[ii] https://www.wtz-ost.at/news/nachwuchswissenschafter_innen-machen-fernsehen/
[iii] https://www.wtz-ost.at/news/science-cuisine-nachsehen-wie-wissenschaftskommunikation-schmeckt/
[iv] https://www.wtz-ost.at/news/abschluss-des-kommunkiationshub-2017-18-bei-der-lndf/
[v] https://www.wtz-ost.at/die-success-story-der-transfer-hubs/
[vi] https://www.wko.at/
[vii] https://www.transferallianz.de/en/
[viii] https://www.wtz-ost.at/success-stories/
[ix] https://female-founders.org/
[x] https://www.ffg.at/

Intellectual Property Valuation development since 1950: Proposing a sustainability model (Part 2)

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ABSTRACT

As beauty is in the eye of the beholder, so is the choice of Intellectual Property (IP) valuation methodology. Despite research that has been done in this field for almost eight decades, the value of IP remains some form of mysterious notion and very much dependent on the perspective of the purpose of valuation. This paper deliberately starts with reference to the 25% rule, dating the 1950s, as it allows the authors the opportunity to consider the development of IP valuation trends since the Industrial Revolution, followed by the rapid advances of the ICT and health industries since the 1980s, until today, where Artificial Intelligence impacts on most all ventures. The authors essentially analysed and compared IP valuation techniques from the end of the Industrial Revolution until current Fourth Industrial Revolution (4IR). IP Valuation is at the heart of most transactions, and often a challenge, especially for hard to value intangibles or disruptive technologies. In this article the authors attempt to show that although the traditional IP Valuation methods are still relevant during the 4IR, it is essential to determine the underlying value driver, the purpose of the IP valuation which results in fast tracking negotiations and deal closing. This approach applies to high tech, deep tech and conventional ventures, regardless of their market sector and size. The hypothesis was then tested against three empirical-substantiated questions, namely, to ascertain what the market requires, understanding the underlying technology/IP offering and visualise how to bridge the divide between a market pull and technology push with sustainability.

This is Part 2 of the article published in the October 2024.

INTRODUCTION

The most appropriate IP valuation method depends on the specific context, purpose, and type of intellectual property being assessed. In Part 1 we addressed some of the reasons for IP Valuations and the Quantitative valuation methods. In this publication we consider Portfolio Management, Strategic Planning and Licensing monetisation as reasons for IP Valuation and the Qualitative valuation methods.

REASONS FOR IP VALUATIONS

Innovators, entrepreneurs and established ventures are operating in the global arena. How do you unlock value and by asking this question, how do you ascertain what your IP is worth in the first instance? The answer is not trivial and requires some careful consideration. First, some concepts need clarification: IP should be seen in the broader context of Intellectual Capital (IC), because IP also includes intangibles such as know-how, trade secrets, business supply chains and so forth. Second, IP Valuation rest on two premises, namely the purpose of the valuation and the stage where a venture or technology finds itself during an IC Valuation[1].

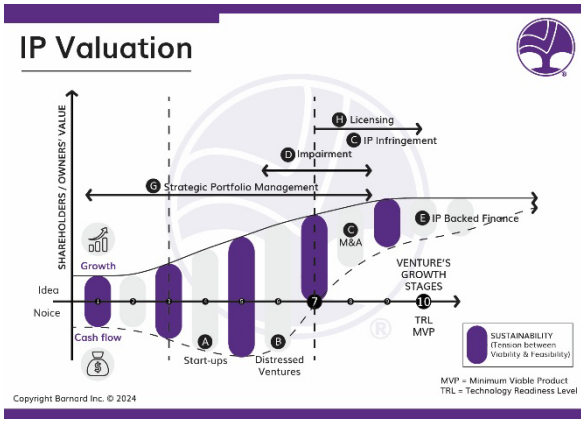

Figure 1 IP Valuation Methodology (beans illustrate the tension between market viability and product feasibility, the smaller beans are more sustainable.)

IP PORTFOLIO MANAGEMENT AND STRATEGIC PLANNING

IP Portfolio Management refers to the systematic management of IP assets to maximise its value and strategic potential. IP Portfolio management involves not only tracking and maintaining IP rights but also aligning them with the overall business objectives, market strategy, and innovation goals. Effective IP portfolio management ensures that a business can maximise the financial, strategic, and competitive value of its intellectual assets.

Strategic Planning in the sense of IP Valuation involves assessing the worth of the IP portfolio, which is crucial for decision-making processes such as licensing, mergers and acquisitions (M&A), financing, and litigation. IP valuation can help a business understand the financial and strategic potential of its IP assets, determine its role in the business strategy, and ensure that the IP is leveraged to its fullest extent.

Effective IP portfolio management combined with strategic IP valuation is essential for maximising the value of a business intellectual assets. By identifying, protecting, and strategically leveraging IP, businesses can secure a competitive advantage, optimise innovation efforts, and enhance financial standing. Regularly evaluating and aligning the IP portfolio with the business strategy ensures that the business remains agile in a rapidly evolving market. We provide, later in this article the steps in IP Valuation for strategic planning.

[1] See Figure 1, points A to H.

Key Components of IP Portfolio Management includes:

IP Asset Identification and Classification

Mapping the Portfolio: Identify all IP assets and categorise them (e.g., patents, trademarks, copyrights, trade secrets).

Asset Evaluation: Determine the value and relevance of each asset in the context of the strategic goals of the business and the alignment of the various IP assets.

Regular Portfolio Audits: Conduct regular audits to assess the performance and relevance of IP assets, identifying areas for improvement or divestiture.

Monitoring and Enforcement

IP Protection: Ensure that all IP assets are properly protected through registration and actively monitoring of infringement by third parties. It is also necessary to keep track of changing IP laws and regulations to ensure that the IP portfolio remains strong and enforceable.

Risk Mitigation: Identify potential infringements or threats to the portfolio and develop strategies for enforcement, including litigation or licensing.

Optimisation of IP Assets

Licensing: Explore and maximise opportunities for licensing IP assets to third parties to generate revenue or expand market reach. Ensure that licensing agreements are structured to reflect the full value of the IP.

Portfolio Pruning: Regularly assess the portfolio to identify underperforming assets and consider selling, abandoning, or reallocating resources to higher-value IP.

Alignment with Business Strategy

Alignment of the IP portfolio with broader business strategy is essential to ensure that IP assets support key business objectives and innovation goals. This includes aligning the IP portfolio with current market demands and technological trends and ensuring that new innovations are being protected and added to the IP portfolio. IP should be used as a tool to build a competitive advantage in the market.

Monetisation of IP through licensing

Monetising intellectual property through licensing is an effective strategy for generating revenue and expanding market reach without the operational complexities of manufacturing or selling products directly. Licensing allows an IP holder (licensor) to grant permission to an IP user (licensee) under agreed terms and conditions. Licensing can benefit both parties, enabling the licensor to earn revenue and the licensee to access valuable technology, trademarks, or other IP without having to develop it in-house.

To be successful, a careful assessment of the value of IP, identification of appropriate licensees, negotiation of favourable terms, and monitoring the ongoing relationship to ensure necessary compliance is met. Licensing can be a powerful tool in creating a sustainable income stream while building strategic partnerships that enhance business growth. The licensee may bring expertise in manufacturing, marketing, or distribution that the licensor lacks, which helps ensure that the IP is fully exploited in the market. Licensing helps increase the value of the IP by demonstrating its commercial viability, which can be beneficial for future IP transactions, such as sales or mergers.

There are different types of IP licenses.

Exclusive Licensing - The licensor grants the licensee exclusive rights to use the IP in a particular territory, market, or field of use. This means the licensor cannot license

the IP to anyone else, or use the IP, within that scope. Typically, the licensee pays a higher upfront fee or royalty rate in exchange for the exclusivity. An example would be a manufacturing license with exclusive distribution rights for products.

Non-exclusive Licensing - the licensor grants the licensee the right to use the IP, but retains the right od use as well as the right to license it to others as well. This type of licensing usually generates lower upfront payments or royalties compared to exclusive licensing. An example is where a software company licenses its product solution to multiple licensees in different territories, allowing more than one company to offer the product.

Sub- licensing is a form of licensing where the licensee is permitted to grant sub-licenses to third parties. This can be particularly valuable in industries where a licensee has established relationships with other businesses that could benefit from using the IP. As an example, a holding company licenses its software to a subsidiary, which then sublicenses the software to others – either for direct use or typically to integrate it into their own applications.

Cross-licensing is where two or more parties agree to exchange licenses for their respective IP portfolios. Cross-licensing can be a way to share complementary technologies that benefit all parties involved. For example, a company owning a catalyst portfolio cross-licensing with a company that owns process patents that could potentially utilise the catalyst, allowing both companies to integrate the patented features into their respective products.

Compulsory Licensing is a forced form of licensing and generally applied where an IP owner abuses its monopoly right or where a license right may be essential for r public welfare or health. It is not applicable in all jurisdictions. In some jurisdictions, governments may force the owner of an IP asset (particularly in the case of patents) to license the technology to others under specific conditions. As an example, a pharmaceutical company may be required to license a life-saving drug patent to other manufacturers during a public health crisis, such as COVID-19 pandemic, or the AIDS pandemic.

HOW TO MONETISE IP THROUGH LICENSING

Before licensing, it's crucial to assess the value of the IP. This involves understanding its potential for revenue generation, market demand, competitive advantage, and commercial applicability. IP Valuation techniques, which the authors discuss later in this article, are commonly used to estimate the IP worth.

Identification of suitable licensees is essential, and licensors should research and identify companies or individuals who would benefit from using the IP. This could include competitors, companies in complementary industries, or businesses looking to enhance their product offerings. Potential licensees should have the infrastructure and market reach to effectively exploit the IP.

A well-drafted agreement is crucial to ensuring that both the licensor and licensee are clear on their rights and obligations. Defining licensing terms are crucial to successful monetisation strategies and the license agreement should include the following terms:

- **Scope of License**: Define the geographical regions, industries, or specific applications where the IP can be used.
- **Duration**: Determine the length of the licensing agreement
- **Royalty Rates**: Set the royalty

structure, which can include upfront payments, ongoing royalties, or milestone-based payments.

- **Payment Structures and terms**: Is the license fee a lump sum, an upfront fee, or instalments. In addition to royalties, payment terms may also include advance payments or minimum guarantees.
- **License type and rights:** Specify whether the license is exclusive or non-exclusive, which affects pricing and territorial considerations.
- **Performance metrics** (e.g., sales targets or milestones)
- **Confidentiality** provisions (for trade secrets or proprietary information)
- **Quality control** (if the IP pertains to products or services, the licensor may require oversight on quality standards)
- **Termination clauses** (conditions under which the agreement may be terminated, including non-performance or breaches)

Challenges in IP Licensing

There are some challenges in licensing which includes licensor relinquishing some control over how the IP is used, especially in terms of quality, brand reputation, and geographical reach; compliance Monitoring and ensuring that the licensee adheres to the terms of the agreement can be challenging, especially if they are located in different jurisdictions. Licensing negotiations can also be lengthy and complex, requiring careful attention to detail in the agreement to ensure that all potential risks are mitigated. There is always the risk that the licensee may infringe on the IP rights or misuse the IP, potentially leading to legal disputes.

A very important aspect in licensing is to continue to monitor and enforce the license agreement. Ensure that the licensee is complying with the terms of the agreement, especially in terms of royalty payments, product quality, or usage restrictions. Regularly audit the licensee's sales and financial records to confirm that royalty payments are accurate and to act if there are breaches, such as non-payment of royalties, unauthorised use of the IP, or sub-licensing violations.

QUALITATIVE VALUATION

Technology assessment (IP Portfolio Review)

The value guide provided by qualitative valuation methods consider, on a micro level, the inherent quality of the IP or underlying technology, its disruptive nature within the broader industry sector and the IP's competing technologies. On a macro level the useful economic life of the IP is considered.[2] The Technology Assessment Method is essentially an IP Portfolio Review but with some monetary considerations added to the original review. A rating and scoring system is required, where scoring scales, criteria, weights and valuing factors are considered within the framework of decision rules.[3] Novelty, or disruptive technology is the most important feature to influence first-to-market advantages and market dominance, which will provide Venture Capitals with the necessary appetite to invest. Hence the importance that the minimum viable product (MVP) must be feasible from an end-user perspective (a market pull must be present).

[2] O Spasic 10, 42.

[3] NG Kalıp et al 'Qualitative and quantitative patent valuation methods: A systematic literature review' (2022) 69 *World Patent Information* 11.

The Technology Assessment Method is supported by three separate qualitative tests, which are essentially considered to be a due diligence or risk assessment. These are the Freedom to Operate Test (FTO), the IP Team Test and the Barriers to Entry Test.

Freedom to Operate Test (FTO Test)

The Freedom to Operate Test (or an IP Landscape Heatmap) is mostly done by using sophisticated and commercially available software that mine patent databases,[4] which is then supported by an informed opinion. A classic example is the case with Parker's opinion on Seldon's patents for Ford in 1903. Howells' analysed the impact of the Seldon patents on Ford's FTO and made two findings that are very relevant today.[5] First, it was found that any features of patent law that have changed since the case have not changed the fundamental rule that patent claims may be no broader than the patent description can support, and the prior art allows.[6] Second, one of the reasons for an FTO due diligence is to ascertain if it will be cheaper to pay potential proprietors a royalty fee, or the cost incurred to litigate. Ford decided on the latter, and data suggests that the litigation cost was less than that he would have paid for a royalty. The royalty would have been 1.5%, as opposed to the litigation cost that was 0.88% of the show room price of a Ford at that time.[7]

IP Team Test

The IP Team Test may become very controversial – teams are required to make go/kill decisions in their stride.[8] As an example one of the authors had to review a client's IP portfolio and immediately noted that all the patents were older than 10 years. Upon further investigation it was found that the research team members were all in their 60s. What was more concerning though, was that the senior researchers had a succession plan (e.g. young PhDs), and the research group had no active industry liaisons or networks. The IP Team Test was applied, resulting in the finding that in this case the IP Team had no inherent ability to take the technology forward within the remaining lifespan of the patents and no innovation was in the pipeline for new generation technology. The client accepted the recommendation to abandon all patents.[9]

Barrier to Entry Test

The Barriers to Entry Test comprises the requirement to meet certain standards of compliance, such as ISO or CE accreditation marks, QA, ethics, clinical trials and other forms of regulatory compliance. These barriers have an interesting effect on how investors translate them into risk factors. For example, Spasic points out that investors may discount the risk from as high as 60% for pre-clinical trials to 15% when the product is launched.[10] This is not unique to the pharmaceutical industry – in the engineering sector, disruptive technologies often fail to be introduced because it requires, software, system and supply chain changes, which are simply not cost effective.

In addition to these three qualitative tests, consideration of litigation risks and the competitive landscape. Investors may discount the value of patents with a higher risk of litigation, or in the case where the competitive environment, including

[4] H Cheong et al 2.
[5] J Howells et al 'Freedom to Operate analysis as competitive necessity—the Selden automobile patent case revisited' (2024) 19 (6) *Journal of Intellectual Property Law & Practice* 493–507.
[6] J Howells et al 507.
[7] J Howells et al 508.
[8] E Ries 113.
[9] G Verhoef *Anecdotal* (2020)
[10] O Spasic 29.

potential infringers or market disruptors, can impact a patent's value.

The IP Portfolio Review will, however, not be complete if market pull considerations are not considered. An IP Portfolio Review may pass all three tests above, and still fail to convince the market that the new product that encapsulates the IP is market-ready.

VENTURES' MATURITY STAGES

The maturity stage of a venture informs the approach and methodology that are required for an IP valuation. Visionaries, the likes of Prof Wynand Coetzee[11] and Geoffrey A. Moore[12], addressed this in the early 90s, which allows for the benefit of more than two decades of insights and empirical evidence. The valuation driver will always be the ability of the IP to generate revenue and a positive cashflow. The interplay between these value drivers is important. Booysen,[13] specialising in entrepreneurship, presented the hypothesis that the balance between these value drivers is embedded in sustainability. Cash flow and sales are interdependent. There will always be a market pull, based on financial viability considerations; and there will always be a technology (or product) push, based on product feasibility considerations. The only common ground is sustainability – the market and the technology needs each other and cannot function without the notion of co-existence within the ambit of sustainability.

Sustainability has a different meaning during the various maturity stages of a venture, depending on the perspective. NASA solved the technology push challenge in the 1970s by conceptualising technology readiness levels (TRL 1-9), a notion that is now used worldwide as best practice in various derived versions by research institutions and ventures alike.[14] The authors propose an added TRL-10, which essentially encapsulates sustainability – in the NASA context to get your colleague safely back from the moon to mother earth, alive.

Before we addressing the sustainability methodology that is proposed, it is necessary to grasp the interplay between technology push (TRL push) and market pull (the opposing market considerations) See and Hanley[15] first considered Human Readiness Levels (HRL), but more recently formal studies focused on the human element and the importance of human-centric technologies, which improve human performance, enhance safety, and user satisfaction, with no better example than Steve Job's obsession with human interfaces.[16] Lin et al goes further and propose a seamless integrated model, namely a Technology Readiness and Acceptance Model (TRAM).[17] Their theory-driven arguments from a phycology perspective is very useful because they were able to show that TRAM has strategic implications for the diffusion of innovation, indicating that TRAMS apply to "innovation adopter distribution [that] follows a bell-shaped curve over time and approaches normality, which could be divided into five adopter categories",

[11] W Coetzer *Making miracles* (2002)
[12] GA Moore *Crossing the Chasm* 3rd ed (2014)
[13] K Booysen *Entrepreneurship and sustainable business plans* PHD University of the Free State, South Africa 2015)
[14] M Héder 'From NASA to EU: the evolution of the TRL scale in Public Sector Innovation' (2017) 22 (2) *The Innovation Journal: The Public Sector Innovation Journal* 3. Briefly, TRL-1 originated from the idea to go to the moon and TRL-9 is a successfully commercialised product – to get someone on the moon.
[15] JE See et al *History and Current Status of Human Readiness Levels* (2019) 1.
[16] G Salazar et al 'Technology Readiness Level as the Foundation of Human Readiness Level' (2021) 29 (4) *Ergonomics in Design* 26.
[17] C-H Lin et al 'Integrating technology readiness into technology acceptance: The TRAM model' (2007) 24 (7) *Psychology & Marketing* 641.

already identified by Rogers, namely innovators, early adopters, early majority, late majority, and laggard.[18]

SUSTAINABILITY METHODOLOGY

The proposed sustainability methodology framework is suitable and designed to be custom-made for any market and technology sector. The framework's underlying approach is tri-tiered conducting an Intellectual Property (IP) Portfolio Review and an IP Valuation, whilst considering Intellectual Capital (IC). The differentiation between IP and IC is intentional. In the framework IP comprises registrable intellectual property rights only, whilst IC comprises IP and all other intangible assets of the business that cannot be valued in a conventional manner - for example, the value of a company's distribution network, diversified order book, trade secrets, exclusivity rights, logistics, standard operating procedures (SOP) or governance protocols.

IP Portfolio Review

As explained above, an IP Portfolio Review is a rating system. The rating is conducted qualitatively and quantitatively, and the outcome is packaged in such manner that it becomes an IP portfolio management tool. An IP Portfolio Review is beneficial for companies with large patent portfolios but can also be used for other forms of registrable IP, such as trademarks and copyright. As mentioned earlier in this article, initially no monetary value is linked to an IP Portfolio Review, but the IP Portfolio becomes a critical input for the IP Valuation. The IP Portfolio Review uses an Excel matrix to rank the IP portfolio. The weights for each criterion and the sector-specific questions should be determined prior to the commencement of a project in consultation with a client. Each form of IP requires a unique set of criteria.

Intellectual Property Valuation

Before one or more of the IP Valuation approaches are selected, the purpose of the IP Valuation and the nature of the business must be ascertained. This is arguably the most essential part of the IP Valuation and is done in consultation with the client. To give effect to the proposed sustainability model the following is required:

1. Review the four value drivers of a transaction, namely the team, registered IP, investment required and intangibles.
2. Build a financial model, whilst using the most appropriate method.
3. Conduct an IP Portfolio Review.
4. Conduct a sensitivity analysis.
5. Conduct a Risk Assessment and Mitigation plan.
6. Value the venture at NPV*IP Rating %
7. Benchmark and analyse findings – considering the insights gained from the valuation into long-term business and innovation strategies.
8. With strategic opportunities identified for monetising the IP or leveraging it for competitive advantage – Negotiate.

RESIDUAL RISKS

Any IP valuation include residual risks that are to be considered and mitigated. A fair IP Valuation must aim at achieving a balance between the market pull and commercial viability and the feasible technology or product push with sustainability as the common denominator.

[18] W Coetzer. Coetzer describes Roger's approach in detail.

Advertising

Did an advertiser disobey a court order directing it to stop imitating rival's packaging and exploiting its goodwill?

Colgate Palmolive (Pty) Ltd and Bliss Brands (Pty) Ltd were involved in an ongoing battle involving their competing hygiene soap bars, marketed respectively as Protex and Securex. Colgate brought a successful complaint to the Advertising Regulatory Board (ARB) in which it alleged that Bliss's Securex packaging contravened two clauses of the SRB Code: clause 8 (exploiting advertising goodwill) and clause 9 (imitating packaging). It ended in the Johannesburg High Court, where Manoim J ordered Bliss to change the Securex packaging. Bliss introduced new packaging, which, according to a decision by the ARB's final appeal committee (FAC), was just a continuation of the old packaging with minor alterations. Colgate then approached the Johannesburg High Court for an order placing Bliss in contempt of the Manoim order. Bliss argued that it was not in contempt because it did change the packaging like it was ordered to do. The court (again per Manoim J) pointed out that the fact that the Manoim order did not specify exactly *how* Bliss had to change its packaging did not absolve it: it could have chosen caution to avoid the risk of contempt but chose instead to push it its luck by testing the limit between infringement and compliance. In doing so, Bliss infringed the Maniom order. The court was, however, unable to find wilful contempt, specifically since Bliss did take some steps to change the packaging. In the result the court found breach, but no contempt. See *Colgate-Palmolive (Pty) Ltd and Another v Bliss Brands (Pty) Ltd and Another* GP 095598/2024 **Juta 2024 JDR 5340 (GJ)** (Manoim AJ), 14 November 2024, 15 pages

Copyright

The Copyright Tribunal's extraordinary remedy of compulsory licence

The primary author of a series of prescribed maths textbooks, having withdrawn from the distribution agreement he had concluded with the publisher and the other authors in order to carry on his own, sought an order in the Johannesburg High Court (the court) to interdict them from continuing with the publication of the original series. The respondents (the co-authors and the publisher) then made an application to stay the interdict proceedings pending a further application to the to the Copyright Tribunal for the issuance of a so-called 'compulsory license' under s 33(3)*(a)* of the Copyright Act 98 of 1978. Said application was pending when the interdict application came before the court. The respondents also delivered an answering affidavit on the merits, arguing that the interdict application was defective in that the applicant had failed to aver, let alone seek to establish, that lacked an adequate alternative remedy.

The court agreed with the respondents that the applicant was not entitled to an interdict, as he had alternative remedies in damages or royalties. But this, ruled the court, was all rather beside the point since the respondents were entitled to a stay pending the compulsory-licence hearing in the Copyright Tribunal (the tribunal). The court pointed out in this regard that the exceptionality required for a stay resided in the very existence of the remedy of compulsory licence, on which there was little authority, especially regarding the tribunal's powers. But it was clear that the tribunal could grant compulsory licence if it was satisfied that the applicant's refusal to grant one was unreasonable. The court went on to state that s 33(3)*(a)* was likely drafted with circumstances such as those before it in mind—after all, the applicant's refusal to sanction the making or distribution of further copies of the textbooks would, but for this remedy, have the effect of denying his co-authors the fruits of their labour. The co-authors would thus have reasonable prospects of success in their application to the tribunal. In view of all this, the court granted the requested stay. See *Phillips v Allcopy Publishers (Pty) Ltd and Others* GJ 2023-114791 **Juta 2024 JDR 4754 (GJ)** (Myburgh AJ) 1 November 2024, 9 pages

Compulsory licences

Author granting applicant exclusive licence to print, market and distribute publications – Addendum concluded with recruited authors – Disagreement about continuing publication after lapse of addendum – Applicants requesting extension of licence and author refusing – Tribunal satisfied that applicants established the requirements – Conduct of author in refusing to grant licence where it was unreasonable to have done so, is invalid ab initio

Application in terms of section 33(3) of the Copyright Act, 1978 . A copyright holder refused or failed to grant the licence to a Publisher and co-authors. For a considerable number of years, the copyright holder had granted the licence to the Publisher. At the end of February 2024, the copyright holder decided not to extend the granting of the licence agreement. The Publisher and the co-authors claim that they require the licence until the end of 2025. Further, they contend that the refusal to grant the licence is, in the circumstances, unreasonable, and as such, the copyright holder is compelled by law to grant them the licence. In terms of section 33(5) of the Copyright Act, if the tribunal is satisfied that the claim of the applicant is well-founded, it shall make an order declaring that the applicant is entitled to a licence on such terms and conditions.

When a tribunal is faced with an application in terms of section 33(3) of the Copyright Act, it must be established before it that (a) a person claims that he/she/it requires a licence; (b) a copyright holder has refused or failed to grant the licence; (c) the circumstances dictates that it is unreasonable that the licence should not be granted. Once the above is established, the tribunal must be satisfied that the claim by the person who claims that he/she/it requires a licence is well-founded, then the tribunal shall make an order declaring that the person (applicant) is entitled to a licence.

In *casu*, the tribunal is satisfied that the requirements were established by the applicants and it is also satisfied that their claim is well-founded and deserving of an appropriate declaratory order. The application is granted with costs. Allcopy Publishers (Pty) Ltd and Others v Phillips (00001/2024) [2025] ZAGPPHC 209. 7 March 2025, 22 Pages.

Trademark

Cream liqueur conflict

The producer of AMARULA cream liqueur (Southern Liqueur Co Ltd) sought to interdict a competitor (Nobel Spirits (Pty) Ltd) from introducing a similar product called AFRULA into the market, alleging infringement of its AMARULA mark and passing-off. Southern relied on deception and confusing similarity—s 34(1)*(a)* (use of mark identical to registered mark or of one sufficiently similar to cause confusion) and s 34(1)*(c)* (taking unfair advantage of a well-known mark) of the Trade Marks Act 194 of 1993. Nobel's case was that Southern could not claim exclusive right to monopolize the word 'marula', thereby restricting its ordinary usage in the English language by other traders. Nobel also disagrees with the assertion that there was a reasonable probability that AFRULA would be perceived as AMARULA by the average consumer of liqueur. The Western Cape High Court (the court|) ruled that the marks were sufficiently alike to pass the infringement tests in both s 34(1)*(a)* and *(c)*. The court also found that Southern had established the likelihood that Nobel's use of the AFRULA mark was in direct competition with AMARULA in the same market, irrespective whether it could prevail in a sector for a lower price class, and likely to dilute the distinctiveness the AMARULA mark. As to the complaint of passing-off, the court noted the striking resemblance of the two marks, pointing out that Nobel's use of the AFRULA get-up did not overcome the general visual impression of similarity. The court consequently found that Nobel's conduct was likely to take unfair advantage of the distinctive character and reputation of Southern's mark. Burt the court pointed out that AFRULA's lack of market presence doomed its passing-off case. The court accordingly made an order interdicting Nobel from infringing Southern's AMARULA mark. See *Southern Liqueur Company Ltd v Nobel Spirits (Pty) Ltd* WCC 7243/2021 **Juta 2024 JDR 5153 (WCC)** (Parker AJ) 21 November 2024, 33 pages

Similar workwear and machinery marks

The owner of the venerable JONSSON marks in respect of protective clothing, Jonsson Holdings (Holdings), objected to the attempt of Aktiebolaget PJ Jonsson & Soner (Aktiebolaget) to register its almost identical JONSSON mark in respect of screening and crushing machines (the opposing mark). Holdings' main objection to the registration of Aktiebolaget's mark was on the basis of s 10(12) (mark inherently deceptive or likely to cause confusion) and 10(17) (mark similar and detrimental to well-known mark) of the Trade Marks Act 194 of 1993. Section 10(12) required an identical or similar mark in relation to goods that were similar. Holdings argued that the marks were near identical and that the similar-goods requirement was satisfied because they were 'complementary' in the sense that the Holdings' workwear (in class 25) and protective equipment (in class 9) were suitable to be used in the operation of the Aktiebolaget's crushing, screening and conveyancing machines. Holdings pointed out that it was increasingly common for manufacturers of machinery to also produce clothing under the same brand and vice versa, for example well-known brands like Caterpillar, John Deere and Jeep. There was, however, no evidence that Holdings was producing heavy machinery like that produced by Aktiebolaget. The court charged with the matter, the Gauteng High Court in Johannesburg pointed out, with regard to the similar goods requirement of s 10(12), that neither the goods in question nor their respective uses resembled each other at all. As to s 10(17), the court pointed out that there was no evidence suggesting that the use of Aktiebolaget's mark would take unfair advantage of Holdings or be detrimental to the distinctive character and repute of its mark. There was nothing to suggest why

the use of a mark in respect of specialised mining equipment would be detrimental to the reputation of a trademark in protective clothing and footwear: the goods are simply to dissimilar. The court accordingly dismissed Holdings' opposition. See *Jonsson Holdings (Pty) Ltd v Aktiebolaget PJ Jonnson Och Soner* GP 52169/2021 **Juta 2024 JDR 4705 (GP)** (Holland-Muter J) 23 October 2024, 5 pages.

Patents

Where an applicant is not the inventor, it must acquire the right to apply from the inventor before it files the application

A South African pharmaceutical company, Eurolab, having identified a chemical compound, enzalutamide, as a possible treatment for prostate cancer in South Africa, undertook a search for patents that could pose a bar to the launch of an enzalutamide product and came up with a SA patent held by the Regents of the University of California (UC) and its registered licensee, Astellas Pharma. Acting on legal advice that the patent was invalid, Eurolab and pharmaceutical retailer DisChem made Eurolab's enzalutamide product available in South Africa. When they became aware of this, Astellas and UC threatened Eurolab with legal action for patent infringement and an interdict. In response, Eurolab brought an application for a remedy for groundless threats of infringement. The matter came before the Commissioner of Patents, who, in addition to Eurolab's application, was faced with an application for an interim interdict by UC and Astellas against Eurolab and Dis-Chem, and a counterapplication by Eurolab for the revocation of the patent.

The Commissioner ruled that the only the question before it was whether UC, as the patentee, had been entitled to apply for the patent under the Patents Act 57 of 1978. Specifically, the Commissioner had to enquire whether UC was a 'person acquiring from [the inventor] the right to apply' for the patent, as is provided in s 27 of the Act.

The Commissioner ruled that it had not, because some of the co-inventors of the medicine had assigned their rights not to UC but to another entity, HHMI. Attempts to rectify the chain of title made after the filing of the application for the patent were, in view of the Commissioner's interpretation of s 27, unsuccessful.

In interpreting s 27, the Commissioner found that the time to consider whether an applicant for a patent was entitled to apply, was when the application was made. If, like UC, the applicant was not the inventor, it had to be able to furnish proof that it had taken timely assignment of the rights from the inventor.

The Commissioner accordingly ruled the UC patent invalid and dismissed UC and Astellas' application for an interdict. The Commissioner also held that, because the patent was invalid, the threats made by UC and Astellas were groundless, thus entitling Eurolab to the restraining interdict requested by it. *Regents of the University of California and Others v Eurolab (Pty) Ltd and Others* CP 2024-09643 (Le Grange AJ), 25 February 2027, 20 pages