



# THE SUPREME COURT OF APPEAL OF SOUTH AFRICA

## JUDGMENT

**Reportable**

Case No: 972/2016

In the matter between:

**CIPLA AGRIMED (PTY) LTD**

**APPELLANT**

**and**

**MERCK SHARP DOHME CORPORATION**

**1<sup>ST</sup> RESPONDENT**

**MERIAL LIMITED (MERIAL LLC)**

**2<sup>ND</sup> RESPONDENT**

**MERIAL SOUTH AFRICA (PTY) LTD**

**3<sup>RD</sup> RESPONDENT**

**Neutral citation:** *Cipla Agrimed v Merck Sharp Dohme Corporation* (972/16)  
ZASCA 134 (29 September 2017)

**Coram:** Ponnann, Cachalia and Mathopo JJA and Gorven and Rogers AJJA

**Heard:** 17 August 2017

**Delivered:** 29 September 2017

**Summary: Delict:** Interlocutory interdict: whether appealable: whether final in effect: contention that patent would have run its course prior to finalisation of action for final interdict: restatement of test for appealability: order must be

definitive of an issue and not susceptible of alteration by court of first instance:  
interdict interim in form and effect: not appealable.

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## ORDER

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**On appeal from:** The Court of the Commissioner of Patents (Louw J sitting as court of first instance).

The appeal is struck from the roll with costs including the costs of two counsel.

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## JUDGMENT

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### **Rogers AJA**

[1] The appellant (Cipla) is the proprietor of South African Patent 92/7457 (the 1992 patent). The first and second respondents are the joint proprietors of South African Patent 98/10975 (the 1998 patent). The third respondent is a registered licensee of the 1998 patent. The first and second respondents were the cited patentees in an application brought by Cipla for the revocation of the 1998 patent (the revocation application). All three respondents are the plaintiffs in a pending action against Cipla in which they claim a final interdict against infringement and an enquiry into damages or a reasonable royalty (the infringement action). For convenience I refer to the respondents collectively as Merck.

[2] The revocation application and infringement action were brought in the Court of the Commissioner of Patents (the CCP). In circumstances I shall presently explain, Merck in January 2016 launched an urgent application in the CCP for an interdict restraining Cipla from infringing certain claims in the 1998

patent pending the final determination of the infringement action. Cipla opposed the urgent application. On 4 March 2016 Louw J granted the interim interdict, adding the proviso that the interdict would lapse on the expiry date of the 1998 patent if the action was not finally determined by that date. The expiry date of the 1998 patent is 3 December 2018. He reserved costs for determination in the infringement action. He gave Cipla leave to appeal to this court against the whole of his order.

[3] The 1992 and 1998 patents concern injectable veterinary formulas. It is unnecessary to go into the technical details. They are set out in this court's judgment in earlier litigation between the same parties: [2015] ZASCA 175; 2016 (3) SA 22 (SCA) (the SCA judgment).

[4] Cipla instituted the revocation application in June 2011. Cipla advanced two grounds for revocation of the 1998 patent, based on s 61(1)(c) of the Patents Act 57 of 1978 (the Patents Act) read with s 25(1), namely: (i) that the patent was not a 'new invention' as contemplated in s 25(1); (ii) that to the extent it was a new invention, it did not involve an 'inventive step' as contemplated in s 25(1). Cipla stated that in regard to both grounds it would rely on the 1992 patent. The first of these grounds in essence asserted that the claims in the 1998 patent were anticipated by the 1992 patent. I thus refer to this ground as the anticipation point. In keeping with the terminology used by the parties, I refer to the second ground as the obviousness point.

[5] In October 2011 Merck issued summons in the infringement action. The substantive relief it sought was (i) an interdict against infringement and (ii) an enquiry into damages as a consequence of the infringement, alternatively an enquiry into a reasonable royalty. In its plea Cipla denied that the 1998 patent was valid, alleging that the patent was liable to be revoked on the same grounds

set out in the revocation application. Cipla did not deny that its product infringed Merck's patent if the impugned claims in Merck's patent were valid.

[6] In April 2012 Cipla delivered an application for the referral of the revocation application to oral evidence. In May 2012 the parties agreed to stay the infringement action pending the final determination of the revocation application. In August 2012 Cipla's attorneys wrote to Merck's attorneys, expressing the view that oral evidence was needed on the obviousness point but not on the anticipation point. They proposed that the revocation application and the application for referral to oral evidence be set down for hearing on the same date. Merck's attorneys' reply was that Merck did not agree to a piecemeal hearing and that Merck would deal with any conditional application for a referral to oral evidence if and when it was made.

[7] The revocation application was heard by Teffo J on 13 March 2013. In the introductory section of their heads of argument in the CCP Cipla's counsel sketched various permutations in which Cipla might ask for the matter to be referred to oral evidence on the obviousness point. They concluded this section with the statement that '[t]he present hearing, however, is confined to the issue of anticipation only and no oral evidence is required to decide this question'.

[8] Merck's counsel, who filed their heads of argument several weeks later, stated that Cipla had chosen to limit their argument to the anticipation point and did not persist with the obviousness point. With reference to oral evidence, they submitted that there was no need to have regard to a referral application which might or might not be made in the future. They noted, however, that the procedure proposed by Cipla was incompetent and that Cipla's failure to advance argument on the obviousness point amounted to an abandonment

thereof and that any attempt later to resurrect it would be opposed on the basis of res judicata.

[9] Teffo J delivered judgment on 11 March 2014. She upheld the anticipation point and granted revocation. An appeal against her decision was heard in this court in November 2015. In their heads Merck's counsel said that Cipla had not persisted with the obviousness point in the CCP. In a related footnote Merck's counsel said that although Cipla's heads in the CCP had contained a suggestion that Cipla might apply for a referral to oral evidence depending on future events, such an application would have been incompetent as violating the principle of res judicata. The footnote ended thus:

‘The threatened application for referral is, however, not a matter which is in issue in this appeal, which is limited to the finding of the court a quo that the patent is invalid on the ground of lack of novelty [viz the anticipation point].’

[10] In their heads of argument Cipla's counsel noted that, in addition to the anticipation point, certain of the patent's claims were challenged on grounds of obviousness. However nothing more on the subject was said. Merck's heads, in the respects I have mentioned, were not addressed.

[11] This court delivered judgment on 27 November 2015. The court found that the anticipation point was bad. The following order was made:

- ‘1. The appeal is upheld with costs, including the costs of two counsel.
2. The order of the court below is replaced with the following:
  - (a) The application for revocation of [the 1998 patent] is dismissed.
  - (b) Each of the claims of [the 1998 patent] is certified as being valid in terms of section 74 of the Patents Act No 57 of 1978.
  - (c) Costs are awarded to the joint patentees, including the costs of two counsel.’

[12] Para 2 of this order followed exactly the relief sought by Merck in its counter-statement in the revocation application and in the concluding paragraph of Merck's counsel's heads of argument in the CCP and in this court.

[13] On 3 December 2015 Merck's attorneys wrote to Cipla's attorneys stating that the SCA judgment addressed the only matter in issue in the infringement action. Since it was common cause that if the 1998 patent was valid Cipla was infringing it, they demanded that Cipla consent to the relief claimed in the infringement action, failing which Merck would set the matter down for trial, apply for an interim interdict and seek a punitive costs order.

[14] On 17 December 2015 Cipla served a notice to amend its plea by deleting the anticipation point and adding a new attack on the patent's validity, namely that the invention illustrated or exemplified in the specification 'cannot be performed or does not lead to results and advantages set out in the complete specification'. In keeping with the parties' terminology, I refer to this as the inutility point, which is based on s 61(1)(d) of the Act. This notice of amendment signalled Cipla's intention to persist with its attack on the validity of the 1998 patent, relying on the (existing) obviousness point and the (new) inutility point. Merck responded on 12 January 2016 by serving a notice to amend its replication by setting up the SCA judgment as rendering the validity of the 1998 patent *res judicata*. Following reciprocal objections, substantive applications for amendment which were delivered. The exchange of affidavits in the amendment applications was completed by 22 April 2016.

[15] In the meanwhile, and on 14 January 2016, Merck launched an urgent application for an interdict pending the final determination of the infringement action. The matter served before Louw J who delivered judgment on 4 March 2016. In summary he found that although only the anticipation point had been

argued in the CCP and in this court, Cipla had been obliged to put forward, in the revocation application, all its attacks on the validity of the 1998 patent. In regard to the obviousness point, Cipla should have sought a separation of issues if it wanted that point to stand over for later decision. The validity of the patent was thus *res judicata*. Because in his view Merck had a clear right, it did not need to establish a reasonable apprehension of irreparable harm. He considered that the balance of convenience favoured Merck. To offset possible prejudice to Cipla, Merck had tendered to pay any damages Cipla might suffer if it transpired that the interim interdict should not have been granted.

[16] In what follows I refer to the basis on which the court a quo found Merck to be entitled to an interdict as *res judicata* even though there might be a difference in the principles applicable to the obviousness point and the inutility point respectively, given that the former but not the latter formed part of the pleadings when the SCA judgment was delivered.

[17] There is a threshold, and ultimately decisive, question as to whether the court a quo's judgment is appealable. Merck's counsel contended that it was not. This point was taken when the application for leave to appeal was heard. Louw J evidently did not agree with it because he granted leave. Unfortunately he did so without giving reasons. The fact that he granted leave to appeal does not dispose of the question of appealability.<sup>1</sup>

[18] In terms of s 19(2) of the Patents Act a decision or order of the CCP has the same effect and shall for all purposes be deemed to be a decision or order of the North Gauteng High Court, Pretoria.<sup>2</sup> The appealability of CCP decisions

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<sup>1</sup> See *Firststrand Bank Ltd t/a First National Bank v Makaleng* [2016] ZASCA 169 para 15. And see, for example, *Celliers NO & others v Ellis & another* [2017] ZASCA 13.

<sup>2</sup> Section 19(2) refers to the 'Transvaal Provincial Division' which should now be read as a reference to the North Gauteng High Court, Pretoria.

thus stands on the same footing as decisions of the high court. In terms of s 16(1) of the Superior Courts Act 10 of 2013 an appeal may, with leave granted, be brought against ‘any decision’ of a high court. The word ‘decision’ here has the same meaning as it was held to have in s 21(1) of the repealed Supreme Court Act 59 of 1959 and ‘decision’ in the latter section in turn had the same meaning as ‘judgment or order’ in s 20(1) of the repealed Act.<sup>3</sup> Generally a ruling does not constitute a ‘decision’ unless it has three attributes: it must be final in effect; it must be definitive of the rights of the parties; and it must have the effect of disposing of at least a substantial part of the relief claimed.<sup>4</sup>

[19] An interim interdict pending the determination of an action is not final in effect, which is why matters decided for purposes of granting an interim interdict do not become *res judicata*.<sup>5</sup> The grant of an interim interdict is thus not usually appealable.<sup>6</sup> In *JR 209 Investments (Pty) Ltd & another v Pine Villa Country Estate (Pty) Ltd*<sup>7</sup> this court pointed out that in deciding whether an order is final one must bear in mind not merely the form of the order but also, and predominantly, its effect.<sup>8</sup> In that case the interim interdict was held to be appealable because it affected the whole of a township development whereas the pending action concerned only a part of the development. The right to develop the whole township was not an issue which would be decided in the pending action. The interdict was thus final in effect.

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<sup>3</sup> See *Firststrand Bank Ltd* supra para 15; *Neotel (Pty) Ltd v Telkom SA Soc Ltd & others* [2017] ZASCA 47 paras 12-13. As to the meaning of ‘decision’ in s 21(1) of the Supreme Court Act, see *Van Streepen & Germs (Pty) Ltd v Transvaal Provincial Administration* 1987 (4) SA 569 (A) at 584E-F.

<sup>4</sup> *S v Western Areas Ltd & others* 2005 (5) SA 214 (SCA) para 20, citing *Zweni v Minister of Law and Order* 1993 (1) SA 523 (A) at 532I-533B.

<sup>5</sup> *African Wanderers Football Club (Pty) Ltd v Wanderers Football Club* 1977 (2) SA 38 (A).

<sup>6</sup> *Cronshaw & another v Fidelity Guards Holdings (Pty) Ltd* 1996 (3) SA 686 (A); *Metlika Trading Ltd & others v Commissioner for the South African Revenue Service* [2004] 4 All SA 410 (SCA) paras 19-21; *Maccsand CC v Macassa Land Claims Committee & others* [2005] 2 All SA 469 (SCA) para 8; *Van Niekerk & another v Van Niekerk & another* 2008 (1) SA 76 (SCA) paras 9-14.

<sup>7</sup> *JR 209 Investments (Pty) Ltd & another v Pine Villa Country Estate (Pty) Ltd* [2009] ZASCA 3; 2009 (4) SA 302 (SCA).

<sup>8</sup> Para 25.



[20] The court a quo did not intend to decide the res judicata point finally. True, Louw J was sufficiently clear in his own mind to regard Merck as having established a clear right. This led him to conclude that Merck did not need to establish irreparable harm. Louw J nevertheless addressed the balance of convenience and found that it favoured Merck. The form of order was an interim interdict pending the final determination of the action. If Louw J had intended finally to decide the res judicata point, nothing would have remained in dispute in the pending action insofar as interdictory relief was concerned. He thus must have envisaged that the res judicata point, and therefore the award of a permanent interdict, would be finally decided in the action.

[21] The appellant's counsel submitted that the interdict was final in effect because the action was unlikely to be determined before the expiry of the patent on 3 December 2018. Since the final interdict claimed in the infringement action could itself not endure beyond 3 December 2018, the interim order, so it was said, in effect finally disposed of interdictory relief. In support of this contention Cipla's counsel cited *BHT Water Treatment (Pty) Ltd v Leslie & another*.<sup>9</sup> There the applicant sought to enforce a 12-month restraint of trade. Marais J said that although the applicant sought an interim interdict the interdict was in substance final because the action would not be determined within the 12-month period. (The report does not state when the application was argued but by the time judgment was delivered the restraint had about eight months to run.) Marais J thus considered that he should apply the test for final interdicts, including the approach to disputes of fact.<sup>10</sup> This approach has been followed in a number of provincial decisions.<sup>11</sup> And in *Reddy v Siemens*

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<sup>9</sup> *BHT Water Treatment (Pty) Ltd v Leslie & another* 1993 (1) SA 47 (W).

<sup>10</sup> At 54J-56A.

<sup>11</sup> See, eg, *Arrow Altech distribution (Pty) Ltd v Byrne & others* [2008] 1 All SA 356 (D) para 2; *Maureen Allen Inc v Jooste* [2017] ZAGPJHC 185 para 15.

*Telecommunications (Pty) Ltd*,<sup>12</sup> also a 12-month restraint case, this court said that the lower court had been correct to treat the matter as being substantially an application for final relief, referring with approval to *BHT*.

[22] On the other hand in *Radio Islam v Chairperson, Council of the Independent Broadcasting Authority, & another*<sup>13</sup> Goldstein J declined to follow *BHT* in this respect, finding that it was clearly wrong.<sup>14</sup> *Radio Islam* also has its supporters at provincial level.<sup>15</sup> And in the sphere of patents, it was followed by Botha J in *Pfizer Ltd & another v Cipla Medpro (Pty) Ltd & others*.<sup>16</sup> As Goldstein J observed in *Radio Islam*, an interim interdict is always final in the limited sense that ‘time run cannot be recalled’ (see this court’s decision in *Cronshaw & another v Fidelity Guards Holdings (Pty) Ltd*<sup>17</sup>). Prejudice of that kind is taken into account in judging the balance of convenience.<sup>18</sup> The court can require an applicant, as a condition for the grant of an interim interdict, to give an undertaking to pay damages if it is ultimately found that an interim interdict should not have been granted.<sup>19</sup> In *Cronshaw* an employee was interdicted from breaching a restraint of trade pending the determination of an action. The appeal record shows that the restraint operated for a period of two years from 1 March 1994 and that the interim interdict was granted on 11 May 1994. The appeal was heard in this court on 19 March 1996 by which time the two-year restraint had expired. The fact that a substantial part of the restraint period may have expired before the matter came to trial was clearly not thought to affect the appealability of the interim interdict.

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<sup>12</sup> *Reddy v Siemens Telecommunications (Pty) Ltd* 2007 (2) SA 486 (SCA) para 4.

<sup>13</sup> *Radio Islam v Chairperson, Council of the Independent Broadcasting Authority, & another* 1999 (3) SA 897 (W).

<sup>14</sup> 910I-911C.

<sup>15</sup> See, eg, *Astral Operations Ltd t/a Country Fair Foods and National Chicks v Country Bird (Pty) Ltd & another* [2006] ZAFSHC 53 para 10; *Pansolutions (Pty) Ltd t/a Panasonic Business Systems v Purdy* [2006] ZAGPHC 242 para 8.5.

<sup>16</sup> *Pfizer Ltd & another v Cipla Medpro (Pty) Ltd & others* 2005 BIP 1; [2005] ZACCP 1 pp 10-14.

<sup>17</sup> Fn 6 above at 690H.

<sup>18</sup> *Cronshaw* at 691B-C.

<sup>19</sup> *Cronshaw* 690H-I.

[23] *BHT* and the cases which followed it were concerned with the test to be applied in the granting of an interdict rather than the issue of appealability but I can see force in the argument that if a court grants an interim interdict in circumstances where it should, on the basis of *BHT*, have treated the application as one for final relief, the interdict, though interim in form, is final for purposes of appealability. This is particularly so where, as here, Cipla pertinently alleged in the court a quo, and subsequently argued, that the matter should, in accordance with *BHT*, be adjudicated as a claim for a final interdict and where the court a quo's failure to do so is one of the grounds of appeal.

[24] Although *Reddy*<sup>20</sup> approved *BHT*, the point was not argued. (The appellant there relied on *BHT* to justify the trial court's treatment of the application as being in substance for a final interdict and the respondent did not take issue with the contention.) Since the correctness of the competing lines of authority was likewise not canvassed in argument before us, I shall assume, without so deciding, that the *BHT* approach is sound in principle. On that assumption, there are two points to be made. Firstly, the *BHT* approach should be confined to cases where it is clear, at the time the court grants the interdict, that the matter will not be able to be finally determined before the interdict in any event expires. *BHT* and *Reddy* were cases of that kind. The trial court cannot be expected to engage in speculative crystal ball-gazing. Second, the *BHT* approach is concerned with whether the trial court will have opportunity to decide the case finally, given the limited duration of the legal restraint. The fact that an appeal from the trial court's final decision could not be finalised before the expiry of the legal restraint is, as *Cronshaw* shows, irrelevant. An interdict, interim in form, could only be regarded as a final order of the trial court if the trial court would not have the opportunity, before the expiry of the legal restraint, of deciding the matter on a final basis.

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<sup>20</sup> See fn 15 above.

[25] Merck has never contended that it is entitled to an interim interdict on the merits of the case, ie after an assessment on paper of the relative strengths and weaknesses of the obviousness and inutility points. It launched its application for an interim interdict on the sole basis that the SCA judgment had rendered the validity of its patent *res judicata*. Since infringement was not in issue, Merck's entitlement to the interdict depended on whether it had a clear or *prima facie* right flowing from the *res judicata* issue. Louw J formed a view on that question in Merck's favour. If, contrary to Louw J's conclusion, the *res judicata* point were finally determined by the CCP in Cipla's favour, the interim interdict would have to be discharged owing to changed circumstances. The interim interdict has no other foundation. The discharge of the interim interdict would not be a lengthy process since there would be no basis for opposing it.

[26] The correct question, therefore, is whether as at 4 March 2016 it was clear that a final decision on the *res judicata* point would not be obtained in the CCP in time to obtain the discharge of the interim interdict before 3 December 2018. The fact that such a final decision might itself be taken on appeal would, as I have said, not affect the present enquiry. Once the correct question is asked, the answer is plain. It was not clear as at 4 March 2016 that Cipla would be unable to obtain a final decision from the CCP on the *res judicata* point, and thus a discharge of the interim interdict (if the final decision were in its favour), prior to 3 December 2018. On the contrary the probabilities are that a final decision could have been achieved well before 3 December 2018. Completing the exchange of affidavits in the amendment applications would not have taken more than a month or two. The refusal of either of the amendment applications would have been a final and appealable order.<sup>21</sup> If for any reason the decision on the amendment applications did not finally determine the *res judicata* point, that point together with the confirmation or discharge of the interim interdict,

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<sup>21</sup> *South British Insurance Co Ltd v Glisson* 1963 (1) SA 576 (D) at 578D-E.

could have been expeditiously decided as a separated issue.<sup>22</sup> A decision thereon would have been a final and appealable order.<sup>23</sup> All of this should have been achievable by the end of 2016 and at any rate well before 3 December 2018.

[27] It follows that the interdict granted by the court a quo was not only interim in form but interim in substance. On ordinary principles it is not appealable. As pointed out in *Western Areas*,<sup>24</sup> s 39(2) of the Constitution, which requires legislation to be interpreted in a way which promotes the spirit, purpose and objects of the Bill of Rights, entitles a court to have regard to the interests of justice in assessing whether there should be a relaxation of the usual requirements.<sup>25</sup> However Cipla did not advance any arguments, other than those I have already addressed, in support of a contention that it would be in the interests of justice in the present case to depart from the usual requirements and I do not think that any such departure is warranted.

[28] I have had the benefit of reading my colleague Gorven AJA's judgment in draft. It seems that we are agreed on the result and on all the applicable principles save for the basis on which *BHT* is to be distinguished (neither of us consider it appropriate to determine, in the present appeal, whether *BHT* is right in principle). My colleague distinguishes *BHT* in paras 51 and 52 below. He considers the crucial difference to be that whereas in *BHT* the trial court dealt

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<sup>22</sup> In terms of s 19(1) of the Patents Act the law governing procedure in civil cases in the high court applies to CCP proceedings. Although rule 33(4) of the Uniform Rules may not strictly have been applicable to the revocation application (rule 33(4) applies only to actions), the high court would have an inherent jurisdiction in motion proceedings to decide certain issues in advance of others, particularly where, as here, the other issues required oral evidence which would be avoided by deciding a preliminary issue. This is consistent with s 19(1) which states that in the absence of any relevant provision the Commissioner shall 'act in such manner and on such principles as he may deem best fitted to do substantial justice and to give effect to and carry out the objects and provisions of this Act'. Cipla itself assumed the existence of a power to separate the issues – it argued that Teffo J had impliedly made a separation order.

<sup>23</sup> See *SA Eagle Versekeringsmaatskappy Bpk v Hardford* 1992 (2) SA 786 (A) at 789H-792H; *Marsay v Dilley* 1992 (3) SA 944 (A) at 962C-E.

<sup>24</sup> Fn 4 above.

<sup>25</sup> *Western Areas* paras 25-28.

with the matter as a final interdict, the court a quo in the present case dealt with the matter as an interim interdict, an approach which my colleague considers was not attacked before us. However, and contrary to what my colleague says, Cipla squarely attacked the court a quo's approach, both in its application for leave to appeal and in its heads of argument. In the application for leave to appeal Cipla stated inter alia that the court a quo had erred in finding that the interdict sought was an interim interdict and in finding that Merck had satisfied the requirements for the granting of an interim interdict when what was required was a finding that Merck had satisfied the requirements for a final interdict. In their heads of argument in this court Cipla's counsel submitted that Merck's characterisation of its application as one for an interim interdict was inaccurate, having regard to the principles laid down in *BHT*; that in substance a final interdict had been sought; and that the court a quo should thus have applied the requirements for a final interdict. Naturally Cipla did not go the further step of saying that the court a quo erred in failing to grant a final interdict – Cipla's argument on the merits was that no interdict at all should have been granted. However the ineluctable conclusion from Cipla's arguments is that the court a quo mischaracterised its order and should have granted an order which reflected its true substance (ie a final interdict) if satisfied that Merck had met the requirements for a final interdict.

[29] To the extent that my colleague's distinction rests solely on the fact that, unlike the present case, the court in *BHT* dealt with the matter as a final interdict, this is in my view an unsound basis for distinguishing the cases. The trial court cannot be the final arbiter of whether its order is final in effect and substance. If it were otherwise, a trial court's granting of leave to appeal would be dispositive, which clearly it is not. This court has said on multiple occasions that in determining whether an order is interim or final (and thus appealable) it is not the form but predominantly the effect of the order which is important. The

significance of *BHT* is that it lays down a test for determining when an interdict, despite its interim form, is final in effect. It is irrelevant for present purposes that the application of the test led Marais J to conclude that the interdict he was dealing with was final in effect. Cipla relied on *BHT* for the legal test, not its fact-specific outcome. The legal test, according to *BHT* (as apparently confirmed in *Reddy*), is that an interdict is final in effect if the trial court will not have another opportunity to make a final determination before the restraint (or here, the patent) expires. If that legal test is right (or assumed, without so deciding, to be right), there is no avoiding an enquiry into whether, in the present case, the CCP would have had an opportunity to make a final determination before 3 December 2018.

[30] *BHT* by its nature calls for a predictive evaluation but the speculative element would be kept to a minimum if, as I propose, the *BHT* approach is confined to cases where it is quite clear that trial court will not have an opportunity of finally adjudicating the interdict before it lapses. The answer is the present case is uncomplicated – the *BHT* test, as applied to the facts of this case, leads to the conclusion that the CCP’s order was not only interim in form but interim in substance.

[31] I respectfully consider that my colleague also incorrectly states Cipla’s argument when he says (para 47) that Cipla is asking us to entertain the appeal on the same basis that was rejected in *Cronshaw*. In *Cronshaw* it was not alleged that the trial court would be unable to finally adjudicate the interdict before the restraint expired. No such argument is reflected in the heads of argument or in this court’s judgment. This is unremarkable because in *Cronshaw* the restraint still had slightly more than 21 months to run from the date of the granting of the interim interdict. The argument in *Cronshaw* was that the interim interdict was final in effect because its operation during a part (but

not the whole) of the restraint period could not be undone. That argument was rejected and Cipla has not sought to revive it. According to *BHT* the position is different where the interdict, though interim in form, will remain in operation for the whole period of the restraint. Whether that is a justifiable distinction must be left for another day. I should add that *BHT* was referred to in argument in *Cronshaw* not by the appellant in relation to appealability but by the respondent in relation to the merits of the enforceability of the restraint. *BHT* was not mentioned in the judgment (which dealt only with appealability).

[32] The appeal must thus be struck from the roll with costs, including the cost of two counsel. In Merck's heads of argument we were asked to grant Merck costs on the attorney client scale both in the court a quo and in this court. The respondents' counsel conceded at the hearing that in the absence of a cross-appeal he could not seek a variation of the CCP's cost order. The respondents' counsel also acknowledged that Cipla's conduct of the appeal was not worthy of censure.

[33] Accordingly the following order is made: The appeal is struck from the roll with costs including the costs of two counsel.

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**O L Rogers**  
**Acting Judge of Appeal**

**Gorven AJA (Ponnan, Cachalia and Mathopo JJA concurring):**



[34] I have had the benefit of reading the closely reasoned and thorough judgment of Rogers AJA. I agree with the outcome and order. My concern is that it ventures into territory which was not fully canvassed in argument and which is not necessary to decide the matter before us.

[35] The factual background is clearly sketched in that judgment and I will not repeat it. The crisp issue is whether or not the order granted by Louw J is appealable. His order reads as follows:

‘In the result, I find that the applicants have satisfied the requirements for the granting of an interim interdict. I accordingly make the following order:

[a] The respondent is interdicted from infringing claims 1 to 7, 18 to 23 and 29 of South African patent 98/10975 pending the final determination of the action instituted by the applicants against the respondent on 18 October 2011 under the above case number, provided that the interdict will lapse on the expiry date of the patent if the action has not been finally determined by that date.

[b] The costs of the application are reserved for determination in the action.’

[36] The appellant (Cipla) accepts that the order is in the form of an interlocutory interdict which operates pending the outcome of the action mentioned in the order itself. It also accepts that this court has held that, ordinarily, such interdicts are not appealable.<sup>26</sup> However, it submits that the interdict in question, while interim in form, is final in effect. It was on this sole basis that Cipla relied for its submission that the present order was appealable. No further grounds were relied upon.

[37] It is worth briefly sketching the general approach to appealability. Section 20(1) of the Supreme Court Act<sup>27</sup> provided that an appeal lay from a

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<sup>26</sup> *African Wanderers Football Club (Pty) Ltd v Wanderers Football Club* 1977 (2) SA 38 (A).

<sup>27</sup> Supreme Court Act 59 of 1959.

‘judgment or order’.<sup>28</sup> These words were interpreted in *Zweni v Minister of Law and Order*.<sup>29</sup>

‘A “judgment or order” is a decision which, as a general principle, has three attributes, first, the decision must be final in effect and not susceptible of alteration by the Court of first instance; second, it must be definitive of the rights of the parties; and, third, it must have the effect of disposing of at least a substantial portion of the relief claimed in the main proceedings’.

This court has held that those three requirements do not constitute a closed list. This was made plain by the use of the words ‘as a general principle’. In addition, the interests of justice are of paramount importance. However, since *Cipla* relies solely on what is meant by ‘final in effect’ in submitting that the order in question is appealable, the enquiry need only be confined to this.

[38] The appealability of interlocutory orders has been considered over time. One of the earliest matters dealing with this is *Prentice v Smith*,<sup>30</sup> where the court held that an order which grants an interim interdict ‘is an interlocutory order, and that consequently there can be no appeal.’ The earliest statement of the test in this court was that of Innes J in *Steytler NO v Fitzgerald*.<sup>31</sup>

‘It is sufficient for the purposes of this case to say that when an order incidentally given during the progress of litigation has a direct effect upon the final issue, when it disposes of a definite portion of the suit, then it causes prejudice which cannot be repaired at the final stage, and in essence it is final, though in form it may be interlocutory.’

In that matter, a special plea was raised as to jurisdiction and was dismissed. This court held that, although made in the course of the action between the parties, it disposed of a definite portion of the suit and was, accordingly, in essence final and thus appealable. This was an early, clear, statement of what is meant by ‘final in effect’ or ‘in essence . . . final’. In *Blaauwbosch Diamonds*

<sup>28</sup> The words ‘any decision’ in s 16(1) of the Superior Courts Act 10 of 2013 hold the same meaning. See *Van Wyk v S*; *Galela v S* [2014] ZASCA 152; 2015 (1) SACR 584 (SCA); [2014] 4 All SA 708 (SCA) para 20.

<sup>29</sup> *Zweni v Minister of Law and Order* 1993 (1) SA 523 (A).

<sup>30</sup> *Prentice v Smith* (1889) 3 SAR 28 at 29.

<sup>31</sup> *Steytler NO v Fitzgerald* 1911 AD 295 at 313.

*Ltd v Union Government (Minister of Finance)*,<sup>32</sup> Innes CJ restated and clarified what he said in *Steytler*:

‘It was then laid down that a convenient test was to inquire whether the final word in the suit had been spoken on the point; or, as put in another way, whether the order made was reparable at the final stage.’

[39] In *Globe and Phoenix Gold Mining Company Ltd v Rhodesian Corporation Ltd*,<sup>33</sup> the respondent had sued the appellant on the basis that it was entitled to a half share in any minerals found in certain mining claims. It requested the appellant to allow it to inspect the mine which request was refused. After the pleadings in the action had closed, the respondent sought an order allowing it to inspect the mine. The order was granted. The appellant contended that the order was appealable. This court disagreed, citing the test in *Steytler* and further explaining the approach to appealability:

‘The order does not irreparably anticipate or preclude in whole or in part the relief sought in the main action or suit. It does not dispose of any issue or any portion of the issue in the main suit, and the execution of the order will not cause irreparable prejudice at the later stage in the sense that it will cause prejudice to the respondent when the final judgment is given. We have not to look to any inconvenience or even expense which an interim order may cause to the person against whom such order operates. We must look to its effect upon the issue or issues in the suit. An interlocutory order may of course cause some degree of prejudice – using this word in its widest sense – to the person required to carry it out, but . . . [this] does not constitute that “irreparable prejudice” which would give to an interlocutory order the effect of a final judgment.’<sup>34</sup>

[40] Here the issue of prejudice was raised. It is clear from the above, that the only prejudice which may make an order appealable is prejudice which in some way affects the final determination of an issue in the suit or stands in the way of

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<sup>32</sup> *Blaauwbosch Diamonds Ltd v Union Government (Minister of Finance)* 1915 AD 599 at 601.

<sup>33</sup> *Globe and Phoenix Gold Mining Company Ltd v Rhodesian Corporation Ltd* 1932 AD 146.

<sup>34</sup> *Globe and Phoenix* at 155.

an issue being determined at a later date. This is what the cases have consistently meant when using the words ‘final in effect’.

[41] In *African Wanderers*, an interim interdict had been granted. A submission was made that, because irreparable harm could be caused to the appellant, the order did not merely preserve the status quo but was in effect a final judgment. This court applied the approach of *Globe and Phoenix* saying:

‘The fact that the order made by HOWARD, J., could well prove to be prejudicial to the company does not therefore justify a contention that the order was a final and definitive order and not merely an order *ad servandam causam*.’<sup>35</sup>

[42] In *Cronshaw & another v Coin Security Group (Pty) Ltd*,<sup>36</sup> it was again contended that prejudice rendered an interlocutory interdict appealable. *Cronshaw* concerned an interim interdict in support of a two-year restraint of trade. By the time the matter was heard by this court, the restraint period had expired. The prejudice raised was that the final determination would not be made before the restraint expired. It was submitted that what was in form interlocutory, was in effect final since the interdict had operated during the entire restraint period. In striking the matter from the roll, Schutz JA drew on *African Wanderers*:

‘This argument also was rejected, it being held on the authorities that it is not every kind of prejudice that is relevant, only that which directly affects the issue of the ultimate suit.’<sup>37</sup>

[43] One example of an interim interdict being final in effect is found in *JR 209 Investments (Pty) Ltd & another v Pine Villa Country Estate (Pty) Ltd; Pine Villa Country Estate (Pty) Ltd v JR 209 Investments (Pty) Ltd*.<sup>38</sup> There, the

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<sup>35</sup> *African Wanderers* at 48G-H.

<sup>36</sup> *Cronshaw & another v Coin Security Group (Pty) Ltd* 1996 (3) SA 686 (A); [1996] 2 All SA 435.

<sup>37</sup> *Cronshaw* at 690B-C.

<sup>38</sup> *JR 209 Investments (Pty) Ltd & another v Pine Villa Country Estate (Pty) Ltd; Pine Villa Country Estate (Pty) Ltd v JR 209 Investments (Pty) Ltd* [2009] ZASCA 3; 2009 (4) SA 302 (SCA).

seller of a single lot in a township development brought an action for retransfer from the purchaser. The seller applied for an interdict preventing the purchaser from dealing with the property pending the outcome of the action. An interim interdict was granted. The interdict prevented the developer of the township from dealing with the whole township pending the outcome of the action. This court held:

‘The order affected the entire development, yet the dispute between the parties related to Portion 7 only. The order was overbroad. The right to develop the township as a whole is not an issue that would be decided by the trial court and it was consequently final in effect even if only for a limited period. In our view the *merx* could have been preserved without the necessity for an order in those terms. It follows therefore that the order of Rabie J was appealable.’<sup>39</sup>

[44] It was explained in *Cronshaw* that drawing the line between decisions which are ‘interlocutory’ and those which are ‘final’ and therefore appealable, ‘is intrinsically difficult, and a decision one way or the other may produce some unsatisfactory results.’ Schutz JA recognised that, ultimately, this is a matter of policy. He concluded that:

‘From a practical point of view it seems preferable that the merits of the interdict be left for final determination of the trial, and that the interim relief, to which the balance of convenience is relevant, be considered once only.

The net effect of a contrary rule, allowing an appeal against the grant of interim orders, could be the undermining of a necessarily imperfect procedure, which is nonetheless usually best designed to achieve justice.’<sup>40</sup>

Van Heerden JA also recognised that this was a matter of policy.<sup>41</sup>

[45] The need to develop a policy position arises from the nature of interim interdicts. They are temporary measures designed to protect rights before a final

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<sup>39</sup> *JR 209 Investments* para 26.

<sup>40</sup> At 691E-G.

<sup>41</sup> *Van Niekerk & another v Van Niekerk & another* 2008 (1) SA 76 (SCA) para 6.

determination can be made. Since most of these are granted by way of application, it is not ordinarily possible to resolve competing contentions. Thus ‘a necessarily imperfect procedure’ developed. This requires the establishment of a *prima facie* right, although open to some doubt, as opposed to a clear right. It also attempts to factor in the likely resultant prejudice in assessing the balance of convenience. The stronger the prospects of ultimate success, the less the balance of convenience counts.<sup>42</sup> It also allows for a reconsideration of the interdict if circumstances warrant it.<sup>43</sup> As soon as the court makes a final determination, the interim interdict is discharged. This is also why a fresh application for an interim interdict pending an appeal can ordinarily be brought. In *Knox D’Arcy Ltd & others v Jamieson & others*, EM Grosskopf JA referred to the practical difficulty raised in *Cronshaw* ‘that an appeal against the grant of an interim interdict would often be inconsistent with the very purpose of this remedy.’<sup>44</sup>

[46] Prejudice which does not affect the issues in the suit is dealt with under the rubric of the balance of convenience in an application for an interim interdict. *Cronshaw* referred to a court’s discretion to impose reasonable conditions such as an undertaking to be liable in damages if it emerges that the interdict should not have been granted.<sup>45</sup>

[47] Cipla seized on the phrase ‘final in effect’ in the present matter. It argued that the patent will have run its course by the time the main action comes to be considered.<sup>46</sup> This is precisely the argument raised and rejected in *Cronshaw*. It

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<sup>42</sup> *Olympic Passenger Service (Pty) Ltd v Ramlagan* 1957 (2) SA 382 (D) at 383E-G, approved in *Cipla Medpro (Pty) Ltd v Aventis Pharma SA & Related Appeal* 2013 (4) SA 579 (SCA) para 40.

<sup>43</sup> *Knox D’Arcy Ltd & others v Jamieson & others* 1996 (4) SA 348 (A) at 360A-B.

<sup>44</sup> *Knox D’Arcy Ltd* at 360B-C. For the hypothetical situation discussed by Schutz JA which illustrates this point see *Cronshaw* at 691B-F.

<sup>45</sup> *Cronshaw* at 690H-J.

<sup>46</sup> Cipla’s answering affidavit stated that ‘the fact is that the infringement action will not be completed by the time that the patent expires’ and that ‘[t]his is in effect and reality, therefore, an application for final relief.’ This was, of course, not a fact but a mere assertion.

boils down to the argument that Cipla is prejudiced because ‘time run cannot be recalled’.<sup>47</sup> However, it has been consistently held that ‘final in effect’ means that an issue in the suit has been affected by the order such that the issue cannot be revisited either by the court of first instance or that hearing the action. The kind of prejudice relied on by Cipla was decisively rejected as a basis for appealability as far back as *Globe and Phoenix*. I know of no case where it has rendered a matter appealable.

[48] As Rogers AJA says, Louw J did not finally decide the *res judicata* issue. Nor was it submitted that he did so. There is nothing to prevent his reconsideration of the order he granted on the basis of changed circumstances, including a finding on this point in the further interlocutory procedures pending in the action. Nor is the court which will deal with the amendment applications, or the court which will hear the action, precluded or hampered by the interim interdict from deciding this issue. The order is thus not final in effect within the meaning of those words in our law.

[49] I can find nothing to distinguish the present matter from *Cronshaw*. The respondent (collectively Merck) approached Louw J as a matter of urgency for an interim interdict. This relief was sought pending an action which would finally determine the issues between the parties. The papers of Merck addressed the requirements for an interim interdict. Likewise, Louw J made it clear that he intended to go no further than to grant an interim interdict, saying ‘I find that the applicants have satisfied the requirements for the granting of an interim interdict.’ He considered the balance of convenience, a factor relevant only to an interim interdict. Included in this consideration was the tender by Merck to pay any damages which Cipla was able to show it had suffered as a result of the grant of an interim interdict. This latter consideration takes into account the

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<sup>47</sup> *Cronshaw* at 690H-I.

court's ability to impose reasonable conditions along the lines mentioned in *Cronshaw* so as to limit prejudice.<sup>48</sup>

[50] On the established principles in our law, the order granted was thus both in form and effect an interlocutory interdict and not appealable. In so finding, I recognise that the demarcation between interlocutory and final decisions 'is intrinsically difficult, and a decision one way or the other may produce some unsatisfactory results.'<sup>49</sup> Such a situation is par excellence one where the policy considerations mentioned above come into play.<sup>50</sup>

[51] Before us, Cipla sought to call in aid *BHT Water Treatment (Pty) Ltd v Leslie & another*.<sup>51</sup> The court of first instance there treated an application for an interim interdict arising from a twelve month long restraint of trade as one for a final interdict. Although it was submitted in the papers and heads of argument that this approach should have been adopted by Louw J, this was not the basis on which it was relied on before us. Had this been done, the correctness of that decision and the competing merits of *BHT* and *Radio Islam* would have been fully debated. It would also have raised an entirely different basis for arguing the issue of appealability. As Rogers AJA mentions, this was not done. As I understood the submissions of Cipla on *BHT*, it was that, although the form of the order granted an interim interdict, it should be regarded as final, and thus appealable, since it would endure until the patent expired. The fact that in *BHT* the court was persuaded to deal with an application for an interim interdict as one for final relief does not mean that the interim interdict granted in this matter becomes appealable. This is, in essence, the argument which was rejected in *Cronshaw*.

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<sup>48</sup> *Cronshaw & another v Coin Security Group (Pty) Ltd* 1996 (3) SA 686 (A); [1996] 2 All SA 435.

<sup>49</sup> *Cronshaw* at 690D–E.

<sup>50</sup> *Cronshaw* at 691D–E.

<sup>51</sup> *BHT Water Treatment (Pty) Ltd v Leslie & another* 1993 (1) SA 47 (W) at 54.



[52] Because the correctness of the approach of Louw J was not pursued in argument, the issue raised in *BHT* does not arise in this matter. As a result, my approach must not be construed as authority for the proposition that the decision of Louw J, or any court of first instance, to deal with a matter as an application for an interlocutory interdict rather than a final one can place that decision beyond appeal. I therefore respectfully disagree with Rogers AJA that this is a consequence of the manner in which I deal with *BHT*.

[53] It is significant that *BHT* was also referred to by counsel in *Cronshaw* but, despite such referral, this court confined itself to the established approach.<sup>52</sup> The fact that, in *Cronshaw*, the restraint had all but run its course by the time the appeal was heard did not persuade this court that the matter had become appealable. Nor does it weigh with me in the present matter.

[54] Quite apart from that, I might add that any such exercise might, and in this case would, require an appeal court to engage in crystal ball gazing on an ex post facto basis. Such an approach in my view would place an appeal court in an invidious position. I accept that Rogers AJA has undertaken this exercise to show that, even if *BHT* is correct, it is distinguishable on the facts. As indicated, I believe the exercise to be unnecessary and undesirable in the light of what was argued before us.

[55] I wish to make it clear that I do not consider it necessary or advisable to express an opinion on the correctness or otherwise of the approach taken by the court of first instance in *BHT*. That issue may arise for consideration in another matter. It does not arise here. This appeal raises four-square the time-honoured criteria as to what is meant by ‘final in effect’ in distinguishing between

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<sup>52</sup> *Cronshaw* at 687D–E.

interlocutory and final interdicts. It does not implicate the correctness or otherwise of *BHT*.

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**T R Gorven**  
**Acting Judge of Appeal**

## Appearances

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