

## Group Intellectual Property Policy

Sappi's Group Intellectual Property Policy is applicable to its worldwide operations. The policy has two fundamental objectives: (1) protecting Sappi's intellectual property; and (2) respecting the intellectual property rights of others.

The principal purpose of intellectual property law is to promote innovation and competition for the benefit of society by establishing property rights in (1) new products or processes, (2) words or phrases that identify the source of origin of goods and services, and (3) original works of expression. Depending on the form of intellectual property, rights are derived and enforced through statutory law and through common law. The term intellectual property includes the following forms: patents, designs, trade marks, domain names, copyrights and trade secrets/confidential information.

The consequences for companies and individuals who fail to respect the intellectual property rights of others are severe, ranging from criminal prosecutions for the theft of trade secrets to damages for infringement and/or passing off in terms of unlawful competition.

Any invention or creative work prepared by employees within the scope of their employment is considered to be the intellectual property of Sappi. Each employee must understand and comply with the intellectual property laws and this policy as they may bear upon the employee's activities and decisions. It is the responsibility of managers and supervisors to make sure that this is done. Any employee found to have participated knowingly in violating intellectual property laws will be subject to disciplinary action, up to and including dismissal.

### Forms of intellectual property

It is the policy of Sappi to protect its intellectual property through the appropriate use of domestic and foreign registrations, and through the use of confidentiality agreements and other legal instruments. Each region has specific intellectual property laws which govern the various forms of intellectual property rights. Employees should consult their regional Legal Department for specific information in regard to intellectual property laws.

In general, however, the following principles apply worldwide to intellectual property rights:

### Patents

A patent may be granted for an invention which:

- Is new ie is not described in the prior art (information made public before the invention was made), or
- Involves an inventive step ie a step or component that is non-obvious to a person skilled in the art.

In exchange for full disclosure of the invention, the government grants the inventor the right to exclude others from making, selling or using the patented invention for a limited period of time. Patents are usually granted for a certain period of time.

It is the policy of Sappi to protect inventions through domestic and foreign patent registrations when appropriate.

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### Designs

Design rights are granted for the outward appearance of an object, with an emphasis on the aesthetics of the object (the outward appearance of an object that does not contribute to its function).

In order to be registrable, the design must be:

- New (not available anywhere in the world), and
- Not commonplace (ie not an everyday and obvious variation of a known design).

Registered design rights are also limited in duration and are often registered in conjunction with a patent and/or trade mark registration.

It is the policy of Sappi to protect designs through domestic and foreign design registrations when appropriate.

### Trade secrets/Know-how

A trade secret/know-how is broadly defined as any information that:

- Has actual or potential economic value
- Is not generally known, or ascertainable by proper means, to others, and
- Is kept secret by reasonable efforts.

Thus, a trade secret/know-how is not necessarily an invention or sensitive technology. A trade secret can be almost any business information that has economic value to Sappi, is not generally known and is kept secret by reasonable efforts. Trade secrets may include any information that provides a benefit to Sappi over the competition. Unlike other forms of intellectual property, a trade secret has an indefinite life, as long as secrecy is maintained.

### Trade marks

Trade marks are words, symbols, or devices which identify and distinguish the source of the goods or services from other sources of the same or similar goods or services. The owner of a trade mark has the right to prevent others from using the same or a similar trade mark which leads to confusion or deception to the public. Rights in a trade mark are created by its use in commerce and they continue as long as the trade mark is used. Trade mark rights are based on actual "*bona fide use of the trade mark*" and are maintained by proper use of the trade mark.

### Domain names

Domain names are names given to numeric IP addresses which are assigned to computer networks on the Internet. Because IP addresses would be difficult to remember, the domain name system was created for ease of use. Rights to and ownership of a domain name are obtained through registration with designated domain registries. A domain name has two elements: the distinguishing word(s) and the top level domain (TLD) (ie .com, .org, .uk, .za). Because each domain name is unique, registration prevents others from using a domain name but it will not prevent others from using the domain name in other contexts (eg within a webpage, as a keyword, as a metatag), or from registering the distinguishing portion in other TDLs. Domain name registrations last for one to two years.

It is the policy of Sappi to register domain names through appropriate top level domain registrations.

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### **Copyright**

Copyright protection is generally available to authors of certain original types of works in a tangible medium. Copyright law does not protect ideas, only the expression of ideas. A wide variety of works can be protected by copyright; some traditional examples of these works include musical works, literary works, photographs, films, and plays. Copyright also protects works such as fabrics, floor coverings, brochures, catalogues, and software. A copyright registration while not required is generally advisable in those countries where registration is possible, and the registration is granted for a certain period of time.

### **Penalties under the law**

Most violations of intellectual property law involve infringement and/or passing off, with an emphasis on civil penalties. A finding of infringement of a copyright, a trade mark or a patent can result in interdicts/injunctions and damages. For example, in the United States of America, enhanced or punitive damages (up to three times the awarded damages) and attorney's fees may be imposed upon a finding of wilful infringement. Criminal penalties may also be imposed for certain misappropriations of trade secrets.

### **Infringement of intellectual property**

All forms of intellectual property may be infringed or misappropriated, wilfully or inadvertently.

It is the responsibility of each Sappi employee to bring to the attention of the regional Legal Department any suspected infringing activity by another company that may infringe Sappi's intellectual property, promptly and before action is taken on behalf of Sappi. Likewise, it is the responsibility of Sappi employees to bring a potentially infringing activity by Sappi to the attention of the appropriate Legal Department. Sappi respects the intellectual property rights of others and does not sanction wilful infringement of valid intellectual property rights.

### **Conclusion**

Sappi's policy on intellectual property is intended to assist employees in meeting their responsibilities in broad terms. Although intellectual property comprises several complex areas of law, employees are expected to follow these laws.

It is each employee's responsibility to be familiar with the types of intellectual property associated with his or her job. In addition, each employee has an obligation to seek the advice of the Legal Department to ensure that the intellectual property of Sappi is protected and that the intellectual properties of other parties are not infringed.

Refer to the intellectual property section of the Group Legal Sappi Net site for the **Intellectual Property Guidelines**.

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