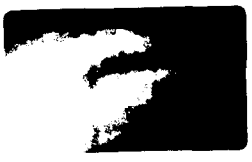
IN THE HIGH COURT OF NEW ZEALAND
AUCKLAND REGISTRY
COMMERCIAL LIST

97/198

C.L. 32/96

UNDER the Patents Act 1953
the Copyright Act 1994

IN THE MATTER OF Infringement of Letters Patent and Infringement of Copyright



BETWEEN POLYTHERM INDUSTRIES LIMITED

Plaintiff

AND DUX ENGINEERS LIMITED

First Defendant

AND DUX INDUSTRIES LIMITED
Second Defendant

Hearing: 28 February 1997 (In Chambers)

Counsel: G.F. Arthur for the plaintiff in support
I.R. Millard and C. Elliott for the defendants to oppose

Judgment: 28 February 1997

(ORAL) JUDGMENT OF BARKER J

Solicitors: A.J. Park & Son, Wellington, for plaintiff
Baldwin Son & Carey, Wellington, for defendants

This is an application under R.725ZD of the High Court Rules for directions as to the hearing of the application for amendment of a patent specification made by the plaintiff pursuant to S.39 of the Patents Act 1953 ("the Act"). The application arises in the following circumstances.

The plaintiff is the holder of letters patent No. 226982 registered in the New Zealand Patent Office on 17 November 1988. The patent is in respect of a connecting device used by plumbers to connect hoses for various sources of water supply in buildings.

On 1 August 1996, the plaintiff sued the defendants alleging infringement of the patent. On 12 September 1996, the defendants filed a statement of defence and counterclaim in which they resisted the claim for infringement and counterclaimed for revocation on the grounds of lack of novelty and obviousness, ambiguity and lack of fair basis. In their particulars, they refer to a number of prior patents.

On 29 October 1996, the plaintiff gave notice to the Commissioner of Patents pursuant to S.39 of the Act of its intention to apply to amend the specification. If there had been no proceedings issued in Court, this application would normally be heard by the Commissioner. S.39, however, requires that an amendment application be heard by the Court once proceedings for infringement or

revocation of the patent have been issued. Nevertheless notice to the Commissioner is required by the Rules. The Commissioner must then advertise the application for amendment in the Patent Office Journal. Notice was given by the Commissioner on 20 December 1996 and no opposition to the amendments was given by any person other than the defendants who have a right as parties to the litigation to object. The Commissioner has the right to appear on the application; it is not known whether he wishes to exercise his right.

The proposed amendments seek to delete the word "or" in several places and to add a reference to the collar included in the patented device as being "capable of being swaged onto a conduit". The plaintiff claims that these amendments come within the purview of S.40(1) of the Act which reads as follows -

> **"Supplementary provisions as to amendment of specification -**
>
> (1) After the acceptance of a complete specification, no amendment thereof shall be effected except by way of disclaimer, correction, or explanation, and no amendment thereof shall be allowed, except for the purpose of correcting an obvious mistake, the effect of which would be that the specification as amended would claim or describe matter not in substance disclosed in the specification before the amendment, or that any claim of the specification as amended would not fall wholly within the scope of a claim of the specification before the amendment."

Also of relevance is S.68(3) which imposes restrictions on the recovery of damages for infringement where there

has been an amendment. However, Mr Arthur for the plaintiff conceded in Court today that if either or both amendments is or are granted, the plaintiff will not seek damages against the defendants for any conduct prior to the date on which the amendment has been approved by the Court. This assurance was given on the basis that the Court's order would be for the determination of the amended application before trial instead of at trial.

On the hearing of an application for amendment, the authorities indicate that the remedy is discretionary; that matters such as the conduct of the applicant and delay are very important. There is also the requirement referred to in **Terrell, Law of Patents** (14th ed) para 7.46 that a patentee seeking an amendment must set out all relevant facts filed in support of the application. See **Chevron Research Company's Patent** [1970] RPC 480, 586. The learned author indicates that it is usual for the patentee to disclose all relevant documents even though some (and in particular the file relating to the application for the patent being amended) are in fact the subject of privilege Failure to make full disclosure could result in refusal to allow amendments.

Mr Arthur for the plaintiff acknowledges the heavy onus that is on the plaintiff and does not seek to evade the responsibilities set out in **Terrell**. The essential question comes down to whether the Court should order the application for amendment to be heard pre-trial as an

interlocutory matter or whether the Court should order that the amendment application be determined at the substantive infringement/revocation proceedings.

There is only one case in New Zealand under the predecessor of R.725ZD; that is the unreported decision of Sinclair J in **D.H. Davies & Company Limited v Mason & Porter Limited & Anor** (A.1212/77, Auckland Registry, 28 July 1980). On the facts of that case, the learned Judge held that the amendment application should be heard at the same time as the substantive hearing. He referred to the decision of the English Court of Appeal in **Re Nier's Patent** (1937), 55 RPC 1, 2 where the Master of the Rolls said -

> "I cannot help thinking that the practice of hearing these applications for amendment by way of anticipation is one which in any but the simplest case leads to very great embarrassment and difficulty."

The above seems to be the present view in England, though the matter has not been discussed in any more recent cases other than **A/B. Astra v Pharmaceutical Manufacturing Coy and Anor** (1952) RPC 13, at 252, 254 where a very experienced patent Judge, Lloyd-Jacob J said -

> "In the past the best and most expeditious procedure for dealing with amendment applications during the course of proceedings has been considered. On the other hand the undesirability of permitting the trial of the action to proceed whilst the form of the monopoly grant is still undetermined has been

> appreciated. On the other the need to avoid any restriction upon the judgment of the judge at the trial has made undesirable the previous exercise by a judge of parallel jurisdiction of the duty to construe the nature and extent of the grant. Apart from the exceptional cases, the lesser of the two evils has in general been adopted, with the result that the freedom of action of the Court has been preserved, but the length and expense of patent actions has been increased."

In Astra, the Judge made an order that the application for amendment be heard before trial. On appeal, the Court of Appeal did not decide whether the Judge was right on this point but determined the appeal on another ground leaving it for the trial Judge to determine when the amendment application was to be heard after some third party issue had been determined. At page 317, the Master of the Rolls said -

> "As I read it, the one principle which has to be applied in all cases, putting it in the form of a question, is this: Which course, prior hearing, or hearing at the trial, will be the most effective to avoid wasting time and expense (due regard being, of course, had, where it is involved, to the public interest)? That, I think, being the only principle, the answer to the question must depend upon the facts of the particular case."

As Mr Arthur pointed out, some of the earlier cases in England inclined in favour of hearing the application before the substantive action. He referred, for example, to **British Acoustic Films Ltd v Nettlefold Productions** (1935), 53 RPC 221, 241 where it was said by Luxmoore, J -

> "I am far from convinced that, where there is an action pending with regard to a particular Patent it is the most convenient course to direct that an

> application for leave to amend the Specification of that Patent should be heard with the action itself. It seems to me that in the majority of cases it must necessarily be more convenient to deal with such an application before the hearing of the action, because the course of the proceedings in the action must be more clearly defined and restricted if the question whether, and, if so, in what manner, the Specification of the Patent in suit should be amended is first determined. I understand that my brother Farwell expressed the same view when the second motion was before him."

From a consideration of these authorities it seems that the matter is completely discretionary. I have to make a decision as to which is the more efficient and expeditious way of determining the plaintiff's application for amendment of the patent specification. The Rule makes it fairly clear that there is a discretion.

Counsel estimate that if the matter is heard pre-trial, then the application should take no more than 2 days. The time estimate for a full-scale infringement/revocation case is not possible because obviously evidence has not yet been briefed at this early stage of the proceedings.

I can confidently say from my own experience that one would not expect, even a relatively simple mechanical engineering case such as this, to be resolved in less than 10 sitting days. Of necessity, there would be many experts and other persons attempting to assist the Court in a proper interpretation of the specification and in all the other arcane enquiries that have to be made, such as prior art, obviousness etc.

I am mindful of authorities under R.418 which indicate that often what appears to be a procedural short-cut can become a longer way to achieving a result. Mr Millard pointed out that there might be appeals against the amendment decision which would have to be determined before the substantive hearing was ultimately reached.

However, bearing all those matters in mind I am of the view, in the exercise of my discretion, that this case is one of those where the amendment application can be determined pre-trial. The amendments sought are of relatively small dimension. Questions about delay and the conduct of the plaintiff are obviously going to be canvassed; it is hard to see how they can assume very great dimension in terms of Court time though they may assume a great dimension in terms of importance as to the ultimate result.

From the point of view of the trial Judge it is obviously going to be much easier to determine the substantive case if one knows what the actual specification is. The conduct of the defendants in the event of an amendment is only going to be measured as from the date of the amendment; accordingly, questions of damage prior to that date do not arise in view of Mr Arthur's concession.

I note too that the comments of Whitford J in **Great Lakes Carbon Corporation's Patent** [1971] RPC 117.123 where he indicates that an application for amendment should not be

used as a vehicle for a full-scale attack on the validity of the patent -

> "There is nothing to indicate that it was in the contemplation of Parliament that an application to amend before the Comptroller General could be turned into a full-scale attack against the patent as originally granted or as proposed to be amended on any conceivable ground an opponent might like to raise and my attention was not drawn to any authority which would support the proposition that an unrestricted attack upon validity can be introduced into a section 29 amendment proceeding."

Accordingly, I order that the application for an amendment should be determined pre-trial by a Commercial List Judge and that the application be considered on affidavits subject to cross-examination.

I make the following consequential orders -

1. Within 21 days, the defendants shall give detailed notice of grounds of opposition to the application for amendment;
2. The plaintiff shall file and serve its affidavit evidence in support of the application within a further 28 days;
3. The defendants shall file and serve their affidavit evidence in opposition within a further 28 days;
4. The plaintiff shall file and serve affidavit evidence strictly in reply within a further 14 days.

The Registrar is asked to give a fixture for a 2 day hearing before a Commercial List Judge at some time after

3 June 1997. At the hearing, both parties will be entitled to cross-examine the other side's deponents.

I note that counsel advised me that the defendants' application for further and better discovery has been resolved. By consent that application is struck out.

Any consequent interlocutories will have to abide the directions of the Commercial List Judge who hears the application for amendment.

Costs of the present application are reserved.

R.D. Gantly J.