

**IN THE HIGH COURT OF NEW ZEALAND
WELLINGTON REGISTRY**

CIV-2008-485-002250

UNDER the Patents Act 1953

IN THE MATTER OF New Zealand Patent Application No
534401

AND

IN THE MATTER OF an appeal from a decision of the Assistant
Commissioner of Patents dated
15 September 2008

BETWEEN STALLION PLASTICS LIMITED
Appellant

AND ROSS GORDON MCINNES
Respondent

Hearing: 12 November 2009

Counsel: C L Elliott for respondent/applicant for leave
P C R Verboeket & O J Dickie for appellant/opponent to leave

Judgment: 17 November 2009

RESERVED JUDGMENT OF DOBSON J

[1] This is an application for leave to appeal my decision delivered on 29 April 2009. In that decision, I upheld two challenges by the appellant (Stallion Plastics) against an interlocutory decision of an Assistant Commissioner of Patents dated 15 September 2008. My decision related first to the permissible scope of pleading in a Statement of Case filed on behalf of an opponent to a patent application. The second point related to the entitlement of an opponent to have access to documents in the possession of the Intellectual Property Office of New Zealand (IPONZ). The documents at issue related to antecedent patent applications upon which a presently

contested application depends for entitlement to ante-date the priority date attributed to the current patent application.

[2] The original proceedings relate to an application by the respondent (Mr McInnes) for registration of a patent in relation to a claimed invention for a mobile animal feeder adapted to dispense liquid food (such as milk) by way of multiple teats. Stallion Plastics is opposing that application, in the course of which two interlocutory issues arose in the proceedings before the Assistant Commissioner of Patents.

[3] My 29 April 2009 judgment records the circumstances in which I heard Stallion Plastics' appeal on 20 April 2009 in the absence of any appearance for Mr McInnes. Since some of the issues foreshadowed in written argument appeared to have potential impact beyond the circumstances of the immediate case, I adjourned the hearing for a half day and asked Mr Verboeket to consider the wider implications of the positions for which he contended. I was grateful to him for doing so.

[4] On 17 April 2009, the High Court Registry had received an email from Mr Hardie, patent attorney for Mr McInnes, that included the following:

So the sorry story is that McInnes will have no representation at the hearing on Monday [20 April 2009] and he asked me to apologise to the Court for him via this email and explain that he has decided the only practical thing to do now is hope the Court will uphold the appealed decision.

So please do not delay the hearing awaiting his counsel as he has not instructed anyone to appear.

[5] That email was drawn to my attention only after the appeal had been called, and hence the invitation to Mr Verboeket described in [3] above.

[6] In an affirmation completed on 29 October 2009, Mr Hardie sought to put the circumstances of non-appearance on Mr McInnes' behalf at the 20 April 2009 hearing in a somewhat different context. However, after objection was taken on behalf of Stallion Plastics to the content of that affirmation that may have required Mr Verboeket to complete an affidavit in response, I struck out the paragraphs of

Mr Hardie's affirmation covering this topic. Given the unequivocal position expressed in Mr Hardie's 17 April 2009 email, it would be inappropriate to advance argument in support of leave to appeal, on the ground that the Court proceeded on 20 April 2009 under some relevant misapprehension as to Mr McInnes' position.

[7] The parties are agreed that the general approach to such an application for leave is as set out in the decision of *Waller v Hider* [1998] 1 NZLR 412 (CA). This requires the applicant to persuade the Court that there is some question of law or fact capable of *bona fide* and serious argument in a case involving some interest, public or private, of sufficient importance to outweigh the cost and delay of the further appeal. I am obliged to undertake that analysis in light of the second element of the approach identified in *Waller*, namely that the Court of Appeal's function is not general correction of error, but to clarify the law and to determine whether the law has been properly interpreted and applied.

[8] Such relevant concerns are less likely to be made out in cases of interlocutory appeals. The Court of Appeal generally is inclined to the view that the Court or Tribunal controlling the substantive determination of a dispute ought, by and large, to control the processes and rulings reflecting the preparation for substantive argument, and that leave is less likely on an interlocutory matter which does not determine the substantive rights of the parties. See, for example, *Orion NZ Ltd v Clapperton* CA260/04 21 March 2005, as applied in *Gregory v Gollan* HC AK CIV-2005-404-3485 4 July 2007 Allan J at [8].

[9] It is also submitted for Stallion Plastics that a higher threshold should apply when the applicant for leave did not appear to contest the decision now sought to be further appealed. In this regard, Mr Verboeket cited the approach of the Supreme Court in *Ellerslie Park Holdings Ltd v Attorney-General* (2006) 18 PRNZ 376. In that case, an applicant for leave had failed to appear in the Court of Appeal, but then applied for leave to appeal to the Supreme Court. In refusing the application, the Supreme Court observed:

[17] The applicant is asking to be permitted to raise new points on a second appeal to this Court when it has not only failed to take the steps required to put the points in issue in the Court of Appeal, but has also failed to appear on its own behalf as a respondent in that Court. In effect it wants

to bring a first appeal in this Court, focusing on its distinctive position, following a change of mind over its decision not to participate in the Court of Appeal hearing. The application is akin to cases where leave is sought from this Court to raise a new point deliberately not raised in the lower courts. This Court has indicated it would only rarely and with extreme caution give leave in such a case...

[10] Mr Elliott argued that Mr McInnes' position is not the same as that described in *Ellerslie Park*, because it is not that Mr McInnes has held back, wanting to pursue different arguments before the Court of Appeal compared with arguments previously advanced for him. However, the Supreme Court's reference to raising "new points" does contemplate just what Mr McInnes seeks to do, ie argue points before the Court of Appeal that were not put to the High Court. In context, that is what the Supreme Court was contemplating.

[11] Mr Elliott also submitted that a failure to grant leave for a further appeal would now raise the serious prospect of a miscarriage of justice. Mr McInnes' position must be evaluated in light of the unequivocal statement made to the Registry in Mr Hardie's 17 April 2009 email. Although submissions in support of Stallion Plastics' appeal to the High Court were not filed by the date directed (27 March 2009), they were served by 8 April 2009, a little less than two weeks in advance of the hearing date. Accordingly, the scope of issues and argument to be raised on the appeal could not be said to have taken Mr McInnes by surprise. Having conveyed so clearly the rationale for non-appearance at the argument, Mr McInnes' conduct since seeking leave to appeal has also been substantially tardy. Its lateness, combined with the content of Mr Hardie's affirmation that was the subject of argument as to its admissibility, required an adjournment of the argument of the leave application.

[12] I consider the approach suggested by the Supreme Court is analogous, and ought to influence the approach to this application for leave. The combination of all these factors means that I approach the grounds for leave to appeal on the basis that I will exercise a considerable measure of caution (even if not "extreme") before giving leave, as was considered appropriate by the Supreme Court in *Ellerslie Park*.

[13] I turn now to any questions of law claimed to involve matters of sufficient public or private interest to outweigh the cost and delay of a further appeal. The first

of my findings on the pleading point was cited as being in error because it changed the practice in relation to the scope for pleading common general knowledge in grounds of opposition to patent applications. However, no serious argument was advanced in relation to that having requisite importance. What is permitted in a statement of case pleading the nature of opposition may be different from what particular parties consider desirable. It is a matter to be approached on a case-by-case basis. The point excites more comment because it may suggest that grounds wider than those exhaustively provided for opposing in s 21 of the Patents Act 1953 (the Act) are thereby introduced, but when properly analysed that is not the effect of my ruling.

[14] What Mr Elliott did rely on as justifying leave was an allegedly widespread concern at my finding that an opponent is entitled to have access to documents that reflect details of antecedent patent applications on which a presently contested application depends for the ante-dating of its priority date. In the present case, the opposed application was filed on 30 July 2004. It treated an earlier application filed on 30 January 2003 (the parent application) as entitling the applicant to an earlier priority date. In turn, the parent application referred back to an original application filed on 1 August 2000 that was accompanied by a provisional specification and then followed up with a complete specification filed on 1 or 2 August 2001 (the grandparent application). The integrity of the ante-dating of the priority date is in issue because the date first allocated in relation to the complete specification for the original application was 2 August 2001, more than a year after the provisional specification on 1 August 2000. When the matter was drawn to the attention of staff at IPONZ, the complete specification in the original application was re-dated 1 August 2001, bringing it within the one year limit from the filing of the provisional specification. Stallion Plastics' patent attorneys have sought to verify the position, by search of the source documents.

[15] The attack Mr Elliott wishes to mount to my overruling the Assistant Commissioner's refusal to provide access to the earlier documents relied heavily on the relatively summary nature of opposition proceedings before the Assistant Commissioner. He drew attention to the explicitly confined grounds for opposition in s 21 of the Act, particularly by comparison with the wider grounds for seeking

revocation of a patent, once registered, in proceedings in the High Court (compare s 41 of the Act).

[16] An element of the confined nature of proceedings before the Assistant Commissioner was characterised as the recognition that a range of decisions taken by those processing applications within IPONZ are treated as administrative ones, and in any event not open to challenge or re-argument in the course of opposition proceedings. Relevantly within that category are decisions by examiners to accept the entitlement of divisional patents to be treated as such by virtue of their relationship to an antecedent “parent” or “grandparent” application. This means that where the extent of ante-dating of a priority date recognised for a divisional patent application is likely to be critical to the grounds of opposition, the opponent cannot question this material element of the contested application.

[17] That premise can only be advanced on one of two bases. First, that all examiners responsible for checking the entitlement to ante-dating are infallible so there are no circumstances in which an opponent can contemplate an error has been made in ante-dating. Mr Elliott respectfully accepted that such a proposition is not tenable. Secondly, that the process for recognising patent rights does not justify the commitment of resources that would be involved in periodically checking the adequacy of the basis for an ante-dating decision. It would follow that in the isolated cases where an opponent may be deprived of any entitlement to check a highly relevant ground for arguing opposition, such limitation of rights is justifiable, and can only be cured by resort to revocation proceedings in the High Court. Mr Elliott insisted that practice requires this to occur, even if there appeared to be a blatant error by IPONZ, apparent from its own documentation.

[18] Mr Elliott cited in support of this approach the decision of Laddie J in the United Kingdom Patents Court, in *Nokia Mobile Phones (UK) Ltd's Application* [1996] RPC 733. That decision interpreted the terms of s 18(4) of the Patents Act 1977 (UK) which is in the following terms:

If the examiner reports that the application, whether as originally filed or as amended in pursuance of section 17 above, this section or section 19 below, complies with those requirements at any time before the end of the prescribed period, the comptroller shall notify the applicant of that fact and,

subject to subsection (5) and sections 19 to 22 below and on payment within the prescribed period of any fee prescribed for the grant, grant him a patent.

[19] In the *Nokia* case, after a s 18(4) report had been issued, the Patent Office became aware of further analysis of prior art affecting the entitlement of the applicant to the patent in question. The prior art revealed by the new material was treated by the Patent Office as disentitling the applicant to the patent sought and accordingly the s 18(4) report was rescinded. It was the lawfulness of that rescission that was considered by Laddie J. He found, as a matter of construction, that there was no power to rescind a s 18(4) report once it had been issued, so that the grant had to proceed, notwithstanding that the Patent Office was in possession of information which would have caused it not to grant the patent in the first place. The reasoning included the observation:

Furthermore, it should be remembered that, as undesirable as it is for the Office to allow on to the register patents which are invalid, it is a commonplace that such patents do get on to the register; and that is why there are provisions under the Act which allow even granted patents to be attacked and declared invalid. (738)

[20] Mr Verboeket submitted that the approach reflected in that observation has no relevance in New Zealand because the statutory context is distinguishable. The New Zealand Act includes, in s 22, an express provision authorising the Commissioner to refuse to grant the patent, notwithstanding that there has been acceptance of a complete specification filed. That contemplates that in the somewhat comparable situation, the Commissioner can revisit the equivalent of the decision held by Laddie J to be irreversible. Further, the step treated as irreversible in *Nokia* is distinguishable from the prior step sought to be challenged in the present circumstances, namely the attribution of a priority date to a contested application. Accordingly, the approach reflected in *Nokia* does not assist on the argument that the ante-dating decision is not able to be questioned or challenged in any aspect of the opposition proceedings, so as to render discovery of the documents relating to the parent and grandparent applications irrelevant.

[21] The relevance of antecedent applications will only arise in a small proportion of divisional applications, which are themselves only a small portion of all applications lodged with IPONZ. Mr Verboeket indicates that his firm undertook a

survey of the first 100 of the 339 patent applications that were open for public inspection in October 2009. None of the first 100 were divisional applications, which Mr Verboeket acknowledges is surprisingly low, but he suggested that the average would be likely to be less than 5% of all applications. The further point is that it can confidently be expected that a challenge to the extent of ante-dating by reliance on antecedent applications will be confined to a small portion of divisional applications. Although it might be suggested for Mr McInnes that my decision addresses the entitlement to access antecedent applications in general terms, the context of a request is obviously relevant. Here, a genuine issue as to dating was raised by IPONZ itself changing a date critical to the entitlement to ante-date the priority date allocated to the contested application. The basis for doing so must be reflected in the documents held by the Office, and it is a matter of record rather than a reflection of the exercise of any judgement.

[22] It is therefore difficult to see the approach to access to such documents determined by the second aspect of my judgment as raising a matter of wider importance.

[23] Mr Verboeket's written submissions invited me to infer from the absence of any reaction to my judgment on behalf of IPONZ, that they were unconcerned about the practical consequences of the ruling affording access to documents involved in antecedent applications. Prior to the hearing, Mr Elliott apparently checked with IPONZ as to what its attitude was to the point he sought to argue on a further appeal. That approach elicited a letter from a senior solicitor at the Business Services Branch of the Ministry of Economic Development, which rejected Mr Verboeket's assumption that the Commissioner did not consider the matter to be an important one. I would have been unlikely to place any great reliance on the absence of comment on behalf of the Commissioner. The letter informally tendered by Mr Elliott, without clarification as to what importance might be attributed to the point, or an appearance to explain the Commissioner's position, is equally unlikely to be relied on in recognising such importance.

[24] Any importance of the point is further limited by the prospect that a Patent Bill currently under consideration would introduce a new regime for access to

documents in what is clause 72 of the present form of the Bill. Whilst there can be no assurance that the Bill will pass in its present form, that statutory change would bring to an end any relevance that might be attributed to the point on access to documents. Mr Elliott submitted that the relevance would persist throughout whatever transitional provisions might be provided for in a new Act, but as the point apparently has not previously arisen in the life of the 1953 Act, that hardly attributes real importance to it.

[25] As to the relevance of this part of my decision to the future of Stallion Plastics' opposition proceedings to Mr McInnes' application, Mr Hardie seems of the view that previous destruction of documents by IPONZ renders it moot in any event. His affirmation recorded:

12. The disclosure orders, pursuant to the fishing expedition of the opponent, made by the Court were useless. For a start in respect of the opposed application the Patent Office has to make available copies of documents such as the provisional specification. A Court order is not needed. One can apply to the Patent Office to get a copy. Anyone can do it whether an opponent or not.

As to the parent application 532891 and grandparent application 506087 I have been advised by the Patent Office that it cannot supply copies of documents from the grandparent as the file was destroyed in line with Patent Office policy and practice to destroy void files and my current state of knowledge is that this is possibly going to be the same situation with the parent application 532891.

[26] If indeed that is the case (Mr Verboeket was not sure on all details but was generally inclined to agree), then the effect of the point of law sought to be challenged is moot in the present dispute.

[27] For all these reasons, I am not persuaded that, approaching the issue with an appropriate measure of caution, Mr McInnes can make out a question of requisite importance to warrant the further cost and delay that an appeal would inevitably entail. Although in one sense the prejudice from delay impacts on Mr McInnes because he is unable to exploit the monopoly that registration would afford for him, there is also material prejudice from delay to Stallion Plastics. Mr McInnes' application puts them on notice of a claim to a monopoly in the invention, and would operate as a fetter on the ability of Stallion Plastics to conduct its own business if it

faces the threat of a claim for infringement which would, on the present application, be substantially backdated. Stallion Plastics has pursued its rights in relation to the opposition in a relatively diligent fashion whereas Mr McInnes has been somewhat inconsistent in pursuit of his rights.

[28] Mr Elliott submitted that pursuit of access to the documents had caused considerable prejudice to Mr McInnes in delaying a resolution. It is difficult to have great sympathy for Mr McInnes on this argument. His opposition to IPONZ granting Stallion Plastics access to the documents they sought has no doubt been instrumental in the stance IPONZ adopted. It has been within Mr McInnes' power to facilitate access, either by consenting to disclosure by IPONZ, or by volunteering discovery from his own records. The point in issue is not one likely to be capable of significant argument. Either the documents lodged with IPONZ entitled Mr McInnes to the 1 August 2001 date subsequently attributed by IPONZ personnel, or those documents were correctly treated when first dealt with by IPONZ, reflecting the date of 2 August 2001.

[29] Accordingly, I am not persuaded that leave is justified, and decline the present application.

[30] Mr Verboeket sought costs on an indemnity basis. I am not satisfied that it is a case for indemnity costs, but award costs on a 2B basis for all steps involved in opposition to the present application, including the initiative in respect of Mr Hardie's affirmation. Disbursements may include witness expenses for the work undertaken by Mr Jackson, in deposing to matters of patent attorney practice.

Dobson J

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