

IN THE COURT OF APPEAL OF NEW ZEALAND

**CA773/2009
[2010] NZCA 156**

BETWEEN ROSS GORDON MCINNES
 Applicant

AND STALLION PLASTICS LIMITED
 Respondent

Hearing: 16 March 2010

Court: Hammond, Chambers and Baragwanath JJ

Counsel: C L Elliott for Applicant
 J H Coleman for Respondent

Judgment: 30 April 2010 at 11.30 a.m.

JUDGMENT OF THE COURT

- A The application for special leave to appeal is declined.**
- B The respondent will have costs as on an application for special leave to appeal, Band A, and usual disbursements.**
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REASONS OF THE COURT

(Given by Hammond J)

Introduction

[1] This is an application for special leave to appeal to this Court, under s 98 of the Patents Act 1953.

[2] Mr McInnes applied 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 Limited (Stallion) is opposing that application.

[3] Two interlocutory issues arose in the course of the application before the Assistant Commissioner of Patents (Assistant Commissioner).

[4] One issue related to the opponent's pleadings. It is not now an issue before us and we say no more about it.

[5] The second issue related to the ability of the respondent, Stallion, to have access to certain background documents in the possession of the Intellectual Property Office of New Zealand (IPONZ). In general terms these documents related to antecedent "parent" and "grandparent" patent applications by Mr McInnes. Stallion wished to have access to these earlier patent applications to ascertain the actual date on which these earlier patent applications were received. It wished to establish the correct priority date because the IPONZ has been known to make mistakes with respect to its records and registers.

[6] Access to these documents was refused by the Assistant Commissioner. The applicant maintains this is in conformity with long established and sound IPONZ practice.

[7] Stallion appealed the interlocutory decision of the Assistant Commissioner to the High Court, pursuant to s 97 of the Patents Act. Mr McInnes was represented in the High Court during the case management process associated with the appeal but, somewhat unexpectedly, on 17 April 2009 (which was only three days prior to the High Court hearing) Mr McInnes' patent attorney (Mr Hardie) advised the Registrar by email that there would be no attendance by Mr McInnes at the hearing.

[8] On 20 April 2009, the hearing came on. Dobson J, on being apprised of the then circumstances, decided to proceed with the hearing but as if it were an ex parte application. On 29 April 2009 the Judge delivered a judgment.¹

[9] On the issue which is alive before us the Judge reversed the finding of the Assistant Commissioner. He held it was appropriate to allow access to the documentation behind the parent and grandparent patent applications.

[10] On 15 May 2009, despite not having appeared on the appeal, Mr McInnes sought leave from the High Court to appeal to this Court pursuant to s 98 of the Patents Act. That application for leave was set down for hearing on 20 July 2009.

[11] That hearing went off and matters were further delayed by reason of what Dobson J noted as being “substantial non-compliance” by Mr McInnes. The application for leave to appeal was not finally heard until 12 November 2009. On 17 November 2009 Dobson J declined leave to appeal.² We will deal with the Judge’s reasons for that declinature later in this judgment.

The question sought to be advanced

[12] In the originating papers the applicant did not set out the specific question or questions he sought to advance to this Court. After we had delivered a minute (prior to this hearing) requesting that this be done, Mr Elliott then formulated a series of very narrow questions. They were over-refined.

[13] We suggested during the course of the hearing that the question sought to be advanced could well be along the following lines:

Was the Judge’s holding that the Assistant Commissioner must disclose the contents of antecedent patent applications to the opponents of “divisional” patent applications wrong in law?

[14] Mr Elliott said that, if leave were to be granted, the question as thus formulated would be acceptable to his interests.

¹ *Stallion Plastics Ltd v McInnes* HC Wellington CIV-2008-485-2250, 29 April 2009.

² *Stallion Plastics Ltd v McInnes* HC Wellington CIV-2008-485-2250, 17 November 2009.

The legal principles applicable to leave

[15] In his judgment of 17 November 2009 the Judge recorded³ that the parties proceeded on the basis that the principles to be applied in this instance are those applicable to applications for second appeals generally, as set out in *Waller v Hider*.⁴

[16] We sought further submissions from counsel on this point, for the hearing before this panel.

[17] Section 98(c) of the Patents Act provides that an appeal shall lie from the High Court to the Court of Appeal with the leave of the High Court, or this Court “from any decision of the [High Court] on any appeal against the decision of the Commissioner or on application under section 31 or section 32 of [the Act]”.

[18] Section 98(c) is silent as to the principles on which the High Court or this Court should proceed.

[19] In *Beecham Group Limited v Bristol-Myers Company* Barker J thought the following considerations were relevant in that case:⁵

- “the appeal would raise questions of law which were “capable of bona fide and serious argument”;
- the questions of law were important ones and, in addition, a large amount of money was involved;
- the law on chemical patents...in New Zealand was in its formative stage and it was in the public interest for the Court of Appeal to consider aspects of the dispute;
- if there were no ground for the issue of the patent, it was in the public interest that the patent should not be granted and that such a decision should be “known without the necessity of costs and expensive revocation proceedings”;
- the Court of Appeal would be in as good a position to deal with the dispute as the High Court, given that there had been no oral evidence before the High Court and the Commissioner.”

³ At [7].

⁴ *Waller v Hider* [1998] 1 NZLR 412 (CA).

⁵ Andrew Brown and Anthony Grant, *The Law of Intellectual Property in New Zealand* (Butterworths, Wellington, 1989) at 555 citing *Beecham Group Limited v Bristol-Myers Company* HC Wellington M285/78, 20 June 1980.

[20] In the important *Wellcome Foundation Limited*⁶ litigation this Court granted leave to appeal (an application having previously been made to the trial Judge and it having been refused). Cooke J for himself and Somers and Holland JJ said:⁷

While recognising that great care is needed before the jurisdiction is exercised, we prefer in relation to patent applications to accept the possibility of an authoritative determination of a crucial point of principle at as early a stage as possible, even if argument of an extensive kind may be necessary.

[21] His Honour said, “The more difficult point is whether it is premature to permit the issue to be raised on appeal at this stage”.⁸ The question of whether something is “premature” is particularly important in relation to patents generally, because the question of whether there should be a patent can be attacked at various stages. However what is significant about the *Wellcome Foundation* case was that it was the very issue of whether particular subject matter was patentable at all which was in issue. It was obviously undesirable to have long and very expensive patent proceedings where the court might ultimately come to the conclusion that the proposed patent subject matter was not patentable, in any event.

[22] In *Pacific Pharmaceuticals Limited v Aktiebolaget Hassle*, Somers J said (for himself and Richardson and Casey JJ):⁹

We do not think that s 98(c) either requires or is susceptible of any lengthy exegesis. What the applicant for leave must do is to show that the case is one that ought to be the subject of an appeal. It may do that by pointing to some error of fact which had a significant effect on the decision in issue or some substantial question of principle or law justifying its consideration by this Court.

[23] Without extensive consideration this Court then said that it was sufficient to say that it had not been persuaded that leave ought to be granted in that instance.

[24] The *Waller v Hider* considerations are now a sound starting point, but they have also to be set alongside the unique nature of the patent jurisdiction. Particular features of that jurisdiction might make the granting of a leave application

⁶ *Re Wellcome Foundation Limited* CA137/81, 7 May 1982.

⁷ At 8.

⁸ At 7.

⁹ *Pacific Pharmaceuticals Limited v Aktiebolaget Hassle* CA310/90, 21 November 1990 at 3.

appropriate, where it would not otherwise have been the case, but *Waller v Hider* is wide enough to encompass any unusual patent cases.

[25] Further, it is likely that if cl 264 of the present Patents Bill 2008 (235-2) is adopted that is the approach this Court will adopt. It is desirable that there be a standard basis for leave applications.

The basis of the cause for concern

[26] Mr Elliott suggested that there is what the Judge described¹⁰ as “allegedly widespread concern” over his holding that an opponent is entitled to have access to documents that reflect details of antecedent applications on which a presently contested application depends for the antedating of its filing dates.

[27] In his written submissions Mr Elliott put the practical point thus:

It is wrong that long after the event, when the Commissioner has decided to accord divisional status to certain applications, that an opponent can say “we want to investigate this”. Regulation 166 [Patents Regulations 1954] doesn’t allow someone to come along and investigate perhaps some years later. They were not a party at the time the divisional status was granted. That regulation when it comes to divisional applications is something which is solely for the benefit of the applicant for the patent, because if the divisional status was not granted then the applicant has the right to ask for a hearing as to why not and put his case; but in our submission that does not allow in any circumstances any person other than that applicant to be afforded a hearing in relation to the termination of divisional status.

[28] Mr Elliott complained that the position as he suggested it to be has long been the “practice” in IPONZ and that the High Court Judge has unhorsed a settled and understood practice.

[29] Mr Elliott further urged on us that there are practical problems as to what IPONZ can publish and how long records should be maintained. How long is IPONZ to retain relevant files, and when in the normal course of events should it destroy these files of applications that have been abandoned? He pointed out that on

¹⁰ At [14] of his leave judgment.

the basis of Mr Hardie's affirmation at least one of the files which might be in contention here has been destroyed under reg 170 of the Patents Regulations 1954.

[30] Mr Elliott also stressed before the Judge and again before us the relatively summary nature of opposition proceedings before the Assistant Commissioner. He relied on *Nokia Mobile Phones (UK) Ltd's Application*,¹¹ which decision had to interpret the terms of s 18(4) of the Patents Act 1977 (UK). Laddie J found that there was no power under the English legislation to rescind a s 18(4) report, 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.

[31] Dobson J dealt with these basic concerns this way. First, in relation to the summary nature of the application he (correctly in our view) noted s 22 of New Zealand's Patents Act, which contemplates that the Assistant Commissioner *can* revisit the equivalent of the decision held by Laddie J to be irreversible. Accordingly the *Nokia* line of reasoning is inappropriate in the New Zealand statutory context.

[32] Secondly, the Judge noted the broader issue of the relevance of antecedent applications could arise in only a small proportion of divisional applications (which are themselves only a small portion of all applications lodged with IPONZ). There was evidence before the Judge, which he accepted, that divisional applications are likely to be something less than five per cent of all applications. And the point sought to be taken by Mr McInnes now has not previously arisen in the long lifetime of the 1953 Act.

[33] Further, there has been no adverse reaction to his judgment on the part of IPONZ, notwithstanding that it was well aware of the concern that Mr Elliott was seeking to raise.¹²

¹¹ *Nokia Mobile Phones (UK) Ltd Sale Application* [1996] RPC 733.

¹² See [23] of the leave judgment.

[34] Fourthly, the Judge was aware (as is undoubtedly the case) that cl 72 of the Patents Bill proposes a regime for access to documents along the lines actually adopted by Dobson J.

[35] Fifthly, there was the practical implication that the present dispute might, on the facts, be moot because of prior destruction of documents by IPONZ.

[36] For all of these reasons, which were articulated in detail by the Judge, he was of the view that leave should be declined.

Discussion

[37] We think the application for special leave should be declined, for very much the same kinds of reasons as were articulated by the Judge.

[38] First, Mr McInnes's late entry into the list, as Mr Elliott candidly acknowledged, is not propitious given the approach taken by the Supreme Court in *Ellerslie Park Holdings Limited v Attorney-General*.¹³ Where the applicant had not appeared, as the Supreme Court said, "It would only rarely and with extreme caution give leave in such a case".¹⁴

[39] Secondly, IPONZ is perfectly well aware of the argument which has been advanced in this litigation. Mr Elliott, wisely in our view, had taken the precaution of serving that office with copies of the proceedings. But no appearance has been entered by IPONZ. The fact that the official patent body and the Assistant Commissioner whose practice has been said to have been departed from have chosen not to take part in the proceedings may be indicative that there are not matters of real concern for that office.

[40] Thirdly, as we have indicated the law is changing. The decision of the Judge accords with the sort of approach taken in the Patents Bill. The Patents Bill has had a long gestation. But it is quite clear from the Parliamentary material that the new

¹³ *Ellerslie Park Holdings Ltd v Attorney-General* [2006] NZSC 44, 18 PRNZ 376.

¹⁴ At [17].

Patent Act is proposed to come into force in 2010 (although the regulations may take some further time). There could theoretically be an overhang of old cases, under the transitional provisions. But it seems highly likely there would be few of them. Indeed, this may well be a “one-off” case.

[41] Fourthly, there is a respectable possibility that this case is in any event moot because of destruction of documents at IPONZ.

[42] Fifthly, as with all patents it can be attacked later, in other ways. The present decision is not determinative.

Conclusion

[43] The application for special leave to appeal is declined.

[44] The respondent will have costs as on an application for special leave to appeal, Band A, and usual disbursements.

Solicitors:
Peter Verboeket, Wellington, for Respondent