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BETWEEN KAIAPOI ENGINEERING COMPANY LIMITED

Plaintiff

A N D JOHN WILLIAM SCANNELL

Defendant

Hearing: 7 February 1984

Counsel: A.A. Couch for Plaintiff
L.C. Watson for Defendant

Judgment: 13 FEB 1984.

JUDGMENT OF COOK J.

In this patent action, in respect of which interlocutory orders are sought, the plaintiff alleges that the defendant has infringed the former's rights in a certain patent "by manufacturing, owning, offering for sale and selling bale handling apparatus comprising or incorporating the invention as claimed in one or more claims of the patent"; it seeks an injunction restraining the defendant from so acting, damages and an account of profit. The particulars of infringement state that, on each of two occasions, the defendant exhibited a roundbale feeding out machine infringing the plaintiff's patent and that each machine had been manufactured by or on behalf of the defendant. The particulars conclude with the statement that the plaintiff is unable, before discovery, to give particulars of all the defendant's infringements, but will at the time of the action seek to recover in respect of all such infringements.

The defendant denies that he has infringed any rights of the plaintiff in the letters patent or otherwise and, while admitting that he will continue to "manufacture, own, offer for sale and sell baling handling machines", denies that such machines infringe any rights of the plaintiff. He further alleges as a defence that certain claims in the

letters patent of the plaintiff are invlaid and incapable of being infringed for the reasons and upon the grounds set out in particulars of objections. In addition, the defendant counter-claims for an order revoking the letters patent.

The plaintiff now seeks certain interlocutory orders:

(1) An order that the defendant make further and better discovery on oath of the documents which are or have been in his possession or power relating to the matters in question in this action; specifically, all invoices, books of account, sale notes or other documents of any kind whatsoever relating to the sale or offering for sale by the defendant since 1981 of round bale feed out machines. In the affidavit of discovery made by the defendant there is an item "71. My invoice books containing copies of invoices for sale of the machine referred to in these proceedings as the 'light machine'", but Mr Couch for the plaintiff submits that this is too vague with no indication of the number of invoices or the period covered. While, as I understand it, Mr Watson's client does not object to the discovery of invoices and books of account, if any, he does submit that the Court can only consider infringement of the kind particularised and that at this stage discovery is only relevant to the infringement and the validity of the defendant's claim. The plaintiff's claim, however, is as to manufacturing and owning as well as offering for sale and selling and, while the only particulars which could be given when the statement of claim was issued were limited to those mentioned, I cannot but think that the records which relate to the sale of machines of the type in dispute manufactured by the defendant do relate to matters in question in the action.

The plaintiff is entitled to an order for better and further discovery in the terms sought. It was suggested by Mr Watson that the words used could include bank accounts and statements; I doubt if they would but, to remove any doubt, they are excluded.

(2) An order that the defendant produce for the inspection of the plaintiff, all of the documents in his possession or power relating to the matters in question in the action; save only those documents in respect of which privilege is claimed.

Whatever may have gone wrong when inspection was attempted in December - and the conflict between the accounts of Mrs Buchanan for the plaintiff and of the defendant, as to what happened then I do not attempt to resolve - but the plaintiff must have a proper opportunity to inspect the documents discovered. While an order should hardly seem necessary, as I have no doubt the defendant will provide the documents, one is made as moved, but the inspection is to be at the offices of the defendant's solicitors, Messrs Raymond, Sullivan, Cooney & McGlashan in Timaru.

(3) The order sought for leave to deliver interrogatories has been granted and complied with.

(4) An order that the defendant file and serve upon the plaintiff more explicit particulars of objections, i.e. the objections contained in paras III and IV of the defendant's amended particulars of objections. Of the paragraphs mentioned, III has been amended and added to since the motion paper was filed and that is acceptable to the plaintiff. Para. IV reads as follows:-

"The scope of each one of claims 1 to 17 of the said complete specification (i.e. of the letters patent) is not sufficiently and clearly defined."

It is included in the particulars of the grounds upon which the defendant relies for disputing the validity of the letters patent. Rule 20 of the Patents Rules 1956 provides:-

"Particulars of objections as to the validity of a patent shall be delivered with an application for revocation under section 41 of the Act, or with the defence in an action for infringement of a patent, or with a counterclaim for revocation under section 70 of the Act, and shall state every ground upon which the validity of the patent is disputed, and shall include such particulars as will clearly define every issue which it is intended to raise."

According to the affidavit of Mrs Buchanan, she has no idea of the basis upon which that allegation is made and maintains that the defendant's failure to supply full particulars of the allegation renders it very difficult to prepare an opposing case.

Under Rule 147 of the Code of Civil Procedure and Section 25(2) of the ~~Patents~~ Rules, further particulars may, of course, be ordered. However, Mr Couch properly drew my attention to the statement in Terrell on the Law of Patents 13th Edition para. 14.93:-

" In a case decided under section 29 of the Act of 1883 it was held that a plea that 'The specification does not sufficiently define the extent or limits of the invention claimed' need not be further particularised, and this is still the general practice.

In Natural Colour Kinematograph Co. Ltd v. Bioschemes Ltd. 32 R.P.C. 256 at 266, Lord Loreburn said, in holding the patent bad for ambiguity, that a court might and should hold a patent to be invalid upon the ground of ambiguity, even though such a point had not been raised upon the pleadings. The absence of the plea might, however, prejudicially affect the defendant as regards costs, and it is advisable to include it specifically in the particulars of objections if it is to be taken. What may be regarded as an instance where the second half of this plea was applicable is to be found in Mullard Radio Valve Co. Ltd v. Philco Radio and Television Corporation Ltd. 53 R.P.C. 323. See ante, 5.24. This contention, like ambiguity, can be raised even if not specifically pleaded."

From that and cases cited (British Ore Concentration v. Mineral Separation 1907 24 R.P.C. 790 and Marconi Wireless Telegraph v. Kramer & Company Limited 1932 49 R.P.C. 400, I do not think that an order should be made, certainly at this time.

(5) An order that paragraph XI of the defendant's amended particulars of objections be struck out. At the hearing it was made clear that the allegation is not one of "prior use", but that the further particulars relate to the grounds stated in paragraph II of the further amended particulars of objections, not to paragraph I. Paragraph II reads that "the invention, so far as claimed in claims 1, 2, 5, 6, 10, 11 and 12 of the said complete specification, is obvious and does not involve any inventive step having regard to what was known or used before the priority date of the claims in New Zealand"; in other words it refers to "obviousness", not "lack of novelty". In this situation, Mr Couch sought an order as in paragraph 4 of the Motion. Mr Watson relied on the statement in Terrell,

paraqrph 14.88:-

"Particulars not ordinarily required

If the defendant proposes to rely on common general knowledge he should state in general terms the nature of the prior knowledge relied on, but in a normal case detailed particulars will not be required. But the defendant may not rely, in support of an objection of common knowledge, upon documents of limited publicity (such as patent specifications) unless they have been particularised in some way before the trial."

I do not think any special reasons have been given why this case should be regarded as other than normal and, in the circumstances, no order is made.

(6) An order that so soon as the defendant shall have in his power or possession a round bale feeding out machine of the type referred to in paragraphs 1 and 2 of the plaintiff's particulars of infringements and commonly known as the defendant's "3 point linkage" model, he shall offer the plaintiff's agents a reasonable opportunity to inspect, observe and photograph the machine for the purposes of obtaining evidence in this action. If such an order were to be made it would be under Rule 478 which commences as follows:-

"Detention, preservation, or inspection of property the subject of action - The Court or a Judge, on the application of any party to an action, and on such terms as may seem just, may make any order for the detention, preservation, or inspection of any property which is the subject of the action or in respect of which any material question may arise in the action"

If there were a machine of the type in question, now in the possession of the defendant, no doubt an order could properly be made. Mr Watson draws my attention to Terrell 13th Ed. para. 14.123 which states:-

' "Prima facie case of infringement necessary

The court requires, before granting an order for inspection, to be satisfied that

inspection is essential to enable the plaintiff to prove his case, and, in general, that a prima facie case of infringement has been made out."

While it would be difficult to say at this stage that a prima facie case of infringement had been made out, I would accept that inspection of a machine is essential to the plaintiff. It may be achieved by the plaintiff finding a machine in the possession of someone else, to whom it has been sold, but this may only prolong the time required for preparation. I note the statement in Terrell para. 14.122:-

" The object which the court has in view in all cases, where an inspection is permitted is to ensure that the true facts of the case shall be carefully sifted, but at the same time care will be taken that the process of the law is not abused, and that an action for infringement shall not be made a means and lever for the discovery of other persons' secrets.";

but there is no question in this case of an inspection leading to the discovery of secrets.

The question must be whether an order of this nature may be made which would only operate if and when a complete machine, whether manufactured or otherwise obtained by the defendant, should at some time in the future come into his possession. No authority was given, but it seems to me that the rule must contemplate some property in existence when an order is made, not something which may or not ever exist or ever come into the possession of the person against whom the order is made. "Inspection" follows and is coupled with the words "detention, preservation" which indicate some item of property already in existence. I do not think that the order sought can be made at this time.

On this aspect the application stands adjourned and, if evidence should become available as to a machine of the type in question being in the possession of the defendant, it could be reconsidered. I cannot but think that it would facilitate the expeditious disposal of this matter and consequently be in the interest of both parties if the defendant were to make a complete machine available for inspection at an early date.

(7) As to the time for complying with the orders that have been made, the order for further discovery is to be filed not later than the 23rd February next and inspection is to be given on a date to be arranged between the parties, but not later than 9th March. Leave is reserved to apply for any variation of time or in connection with the date for inspection and costs are reserved.

R. Cook J.

Solicitors:

Weston, Ward & Lascelles, Christchurch, for Plaintiff
L.C. Watson, Lower Hutt, for Defendant.