Federal Court of Australia

Airco Fasteners Pty Ltd v Commissioner of Patents [2021] FCA 1594

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| File number(s): | VID 711 of 2021  VID 716 of 2021 |
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| Judgment of: | **ROFE J** |
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| Date of judgment: | 16 December 2021 |
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| Catchwords: | **PRACTICE AND PROCEDURE** - notice to produce - legal professional privilege - whether privilege has been waived - whether conduct of second respondents is consistent with the maintenance of the privilege |
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| Legislation: | *Patents Act 1990* (Cth) |
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| Cases cited: | *GR Capital Group Pty Ltd v Xinfeng Australia International Investment Pty Ltd* [2020] NSWCA 266  *Macquarie Bank Limited v Arup Pty Limited* [2016] FCAFC 117 |
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| Division: | General Division |
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| Registry: | Victoria |
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| National Practice Area: |  |
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| Sub-area: |  |
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| Number of paragraphs: | 18 |
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| Date of hearing: | 15 December 2021 |
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| Counsel for the Applicant: | Mr E Heerey QC with Mr P Creighton-Selvay and Mr T Wood |
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| Solicitor for the Applicant: | Hall & Willcox |
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| Counsel for the Second Respondent: | Mr C Dimitriadis SC with Mr B Fitzpatrick and Ms C Cunliffe |
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| Solicitor for the Second Respondent: | Davies Collison Cave Law |

ORDERS

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|  | | VID 711 of 2021  VID716 of 2021 |
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| BETWEEN: | AIRCO FASTENERS PTY LTD  Applicant | |
| AND: | THE COMMISSIONER OF PATENTS  First Respondent  ILLINOIS TOOL WORKS INC.  Second Respondent | |

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| order made by: | ROFE J |
| DATE OF ORDER: | 16 DECEMBER 2021 |

THE COURT ORDERS THAT:

1. The applicant produce to the second respondent all documents produced, received or sent on 25 and 26 November 2021 by or on behalf of Airco and their current legal representatives recording or evidencing:
   1. The reasons for the filing of the Applications (as defined in the affidavit of Kathryn Howard dated 29 November 2021 (**Howard Affidavit**)) by Airco; or
   2. The issues necessitating the Applications referred to in paragraph 13 of the Howard Affidavit.

Note: Entry of orders is dealt with in Rule 39.32 of the *Federal Court Rules 2011*.

REASONS FOR JUDGMENT

ROFE J:

# Background

1. On 15 December 2021 I made orders for the production of certain documents. These are my reasons for making those orders.
2. In these proceedings, the applicant (**Airco**) seeks judicial review of the decision of the Commissioner of Patents to allow certain amendments to the 970 Patent (the **judicial review proceedings**). These proceedings are related to proceedings in which Airco is alleged to have infringed the 970 Patent (the **infringement proceedings**). The infringement proceedings have been brought by the owner of the 970 Patent, Illinois Tool Works (**ITW**). ITW is the second respondent in the judicial review proceedings.
3. Airco relied on the affidavit of Ms Kathryn Howard made on 29 November 2021 in support of its application for extension of time in the judicial review proceedings. In her affidavit, Ms Howard stated, amongst other things:

[7] The issue necessitating the present Applications is a concern that, even if the Court finds that the amendments to the patent were not lawfully allowable under sections 102(2)(a) and 104(5) of the Patents Act, it will be contended by the Applicant/Cross-Respondent that the priority date of the amended claims is not affected and those claims will remain enforceable as amended.

...

**Identification of the issue**

[13] On 25 November 2021, in the course of preparing the proceeding for trial, Counsel brought to my attention the issues which necessitate the Application.

[14] These issues have occurred through no fault of Airco and if not rectified, may cause irremediable prejudice to Airco…

1. On 7 December 2021, ITW (as second respondent in the judicial review proceedings) filed and served a notice to produce on Airco (the **Notice**). Broadly speaking, the categories of documents sought relate to legal advice concerning the amendments to the patent and the commencement of the judicial review proceedings.
2. Specifically, the Notice seeks four categories of document:
3. documents regarding the amendments to the patent;
4. documents regarding grounds for challenging the amendments or the amended claims;
5. documents regarding the reasons for filing the current claims, or the ‘issue’ referred to in the evidence that necessitated the current claims; and
6. documents relating to the role of ss 26 or 114 of the *Patents Act 1990* (Cth) (the **Act**).
7. The Notice sought production of documents which, in some categories, would go back to July 2020.
8. The managing director of Airco, Mr Brett Jamieson, affirmed an affidavit on 10 December 2021 outlining Airco’s response to the Notice. In his affidavit, Mr Jamieson states that to the extent that Airco or its solicitors have in their possession any responsive documents, those documents are privileged communications arising for the dominant purpose of either legal advice or litigation. He also states that privilege is not waived.
9. There was no dispute between the parties that the documents the subject of the Notice attract legal professional privilege. However, ITW asserts that Airco has waived privilege by acting inconsistently with the maintenance of confidentiality in the communications.

# Legal principles

1. Waiver of privilege will occur where a client entitled to the benefit of the confidentiality acts in such a way that is inconsistent with the maintenance of that confidentiality. Waiver of privilege can occur even where it was not the subjective intention of the client to do so.
2. There was some dispute as to the relevant principles and the extent of any divergence between the authorities in this Court and in NSW (as ITW sought to rely on the principles expressed in *GR Capital Group Pty Ltd v Xinfeng Australia International Investment Pty Ltd* [2020] NSWCA 266). It is sufficient to refer to the approach in this Court, as expressed in *Macquarie Bank Limited v Arup Pty Limited* [2016] FCAFC 117. In that case the Full Court summarised the position and previous authorities at [28]–[30]:

The correct approach was succinctly described by Yates J in *Ferella & Anor v Official Trustee in Bankruptcy* (2010) 188 FCR 68 at [65] in the following terms:

... However the question is not simply whether the holder of the privilege has put that person’s state of mind in issue but whether that person has directly or indirectly put the contents of the otherwise privileged communication in issue: see [Rio Tinto] at [65]. Indeed, even the fact that the holder of the privilege makes clear that the advice was relevant or contributed to a particular course of conduct would not be sufficient to waive the privilege unless, possibly, the contents of the legal advice (and not merely the fact of the advice) are specifically put in issue by relying on the contents of the advice to vindicate a claimed state of mind: [Rio Tinto] at [67].

…

Whilst not to be treated as a statutory formulation, in *DSE (Holdings) Pty Ltd v Intertan Inc* (2003) 127 FCR 499 (‘***DSE***’), Allsop J (as his Honour then was) described (at [58]) an implied waiver as arising when:

… the party entitled to the privilege makes an assertion (express or implied), or brings a case, which is either about the contents of the confidential communication or which necessarily lays open the confidential communication to scrutiny and, by such conduct, an inconsistency arises between the act and the maintenance of the confidence, informed partly by the forensic unfairness of allowing the claim to proceed without disclosure of the communication.

# Inconsistency

1. ITW alleges that the affidavits of Ms Howard and Mr Jamieson demonstrate conduct that is inconsistent with the maintenance of privilege, by making express and implied assertions about the contents of confidential communications.
2. ITW submits that Ms Howard’s evidence makes assertions that lay open for scrutiny the contents of certain communications between Airco and their legal representatives. In particular, ITW submits that the paragraphs set out above defining the “issue” and recounting its discovery assert that the issue only came to the attention of Airco in late November (some three weeks before the trial of the infringement proceedings).
3. Airco submits that the relevant paragraphs are no more than a reference to the fact of advice being given, rather than any assertion regarding the contents of the legal advice. Therefore, Airco submits the material in Ms Howard’s affidavit does not constitute waiver or put the contents of privileged communication in issue.
4. Similarly, Mr Jamieson’s affidavit states he was not aware of the “issue” about whether the Court has power under the Act to revoke the amendments to the patent until 26 November 2021. Mr Jamieson then says he caused the judicial review proceedings to be filed the next business day.
5. Counsel for ITW submits that Mr Jamieson’s conduct impliedly asserts that he had not received advice in relation to the issue prior to that time, or advice on the manner in which non-compliance with s 102(2) of the Act could be challenged.

# Disposition

1. I consider that privilege has been waived, but only in respect of the communications on 25 and 26 November 2021. Ms Howard and Mr Jamieson’s affidavits put the contents of the privileged communications in issue in the proceeding: the substance of the “issue” which they were alerted to on those dates. This conduct is inconsistent with the maintenance of privilege over these communications.
2. I do not accept that privilege has been waived in respect of documents created prior to 25 November 2021, to the extent that any relevant documents exist.
3. Furthermore, the parties made brief submissions on oppression and relevance. As I consider privilege has only been waived in respect of a confined category of documents, I do not consider that compliance with the notice would be unduly burdensome or an oppressive expedition. The documents so defined by the confined category are relevant to the exercise of the Court’s discretion in the extension of time application for the judicial review proceedings.

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| I certify that the preceding eighteen (18) numbered paragraphs are a true copy of the Reasons for Judgment of the Honourable Justice Rofe. |

Associate:

Dated: 16 December 2021