Federal Court of Australia

UON Pty Ltd v Hoascar [2022] FCA 769

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| File numbers: | WAD 123 of 2021WAD 171 of 2020 |
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| Judgment of: | **JACKSON J** |
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| Date of judgment: | 1 July 2022 |
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| Catchwords: | **PRACTICE AND PROCEDURE** - application for leave to amend statement of claim and notice of appeal in two related proceedings - no fundamental change to the case - proceedings at a relatively early stage - objection to leave to amend on basis that amended pleadings would be liable to be struck out - inadequate particularisation - asserted inconsistency with previous evidence - deficiencies insufficient to warrant refusal of leave to amend - leave to be granted upon filing of further amended pleadings |
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| Legislation: | *Circuit Layouts Act 1989* (Cth)*Patents Act 1990* (Cth) ss 7, 36, 40, Schedule 1 |
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| Cases cited: | *Amway Corporation v Eurway International Ltd* [1973] RPC 82*Aon Risk Services Australia Ltd v Australian National University* [2009] HCA 27; (2009) 239 CLR 175*Barclay Mowlem Construction Ltd v Dampier Port Authority* [2006] WASC 281; (2006) 33 WAR 82*Dare v Pulham* (1982) 148 CLR 658*Farah Constructions Pty Ltd v Say-Dee Pty Ltd* [2007] HCA 22; (2007) 230 CLR 89*IceTV Pty Ltd v Nine Network Australia Pty Ltd* [2009] HCA 14; (2009) 239 CLR 458*Lynx Engineering Consultants Pty Ltd v The ANI Corporation Ltd (No 2)* [2009] FCA 363*Media Ocean Ltd v Optus Mobile Pty Ltd (No 6)* [2009] FCA 1319*O'Brien v Komesaroff* (1982) 150 CLR 310*Pioneer Concrete Services Ltd v Galli* [1985] VR 675*Telstra Corporation Ltd v Phone Directories Co Pty Ltd* [2010] FCAFC 149; (2010) 194 FCR 142 |
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| Division: | General Division |
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| Registry: | Western Australia |
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| National Practice Area: | Intellectual Property |
|  |  |
| Sub-area: | Patents and associated Statutes |
|  |  |
| Number of paragraphs: | 50 |
|  |  |
| Date of last submissions: | 23 June 2022 (respondents) |
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| Date of hearing: | 17 June 2022 |
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| **WAD 123 of 2021:** |  |
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| Counsel for the Respondents: | Mr PDC Robinson |
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| **WAD 171 of 2020:** |  |
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| Solicitor for the Respondent: | Williams & Hughes |
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ORDERS

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|  | WAD 123 of 2021 |
|   |
| BETWEEN: | UON PTY LTD (ACN 099 963 354)First ApplicantLAA INDUSTRIES PTY LTD (ACN 163 276 579)Second Applicant |
| AND: | GABRIEL HOASCARFirst RespondentTARANIS POWER GROUP PTY LTD (ACN 601 067 243)Second Respondent |

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| --- | --- |
| order made by: | JACKSON J |
| DATE OF ORDER: | 1 July 2022 |

THE COURT ORDERS THAT:

1. By 4.00 pm AWST on 15 July 2022 the applicants must file and serve a minute of further amended substituted statement of claim reflecting these reasons.
2. The proceeding is listed for a case management hearing at not before 9.30 am AWST on 20 July 2022.
3. Costs reserved.

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

ORDERS

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|  | WAD 171 of 2020 |
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| BETWEEN: | UON PTY LTD (ACN 099 963 354)Appellant |
| AND: | TARANIS POWER GROUP PTY LTD (ACN 601 067 243)Respondent |

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| order made by: | JACKSON J |
| DATE OF ORDER: | 1 July 2022 |

THE COURT ORDERS THAT:

1. By 4.00 pm AWST on 15 July 2022 the appellant must file and serve a minute of further amended notice of appeal reflecting these reasons.
2. The proceeding is listed for a case management hearing at not before 9.30 am AWST on 20 July 2022.

Generally we’ll be starting Costs reserved.

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

REASONS FOR JUDGMENT

JACKSON J:

1. **UON** Pty Ltd and its associated company **LAA** Industries Pty Ltd are in dispute with Gabriel Hoascar and **Taranis** Power Pty Ltd. The dispute has resulted in a proceeding that was commenced in the Supreme Court of Western Australia in 2016 and transferred to this Court in 2021 (WAD 123 of 2021 - **Confidentiality Proceeding**). In broad terms, UON and LAA allege that Mr Hoascar misused confidential information in relation to a motor starting control and power management system with specific application for dewatering remote mine sites, which is said to have been developed by UON. According to UON, Mr Hoascar received the confidential information in the course of his employment with UON, then he left UON to become an employee of Taranis, and subsequently Taranis began to market a similar 'multi‑mode generator control system for pump starting' for use in the mining industry. Hence UON seeks remedies against both Mr Hoascar and Taranis.
2. Also in this Court, in a different proceeding (WAD 171 of 2020), is UON's appeal from a decision of a delegate of the Commissioner of Patents (**Patent Appeal**). The appeal was brought after UON unsuccessfully opposed a patent application by Taranis (Patent Application No. 2017213531), and failed to obtain further declarations pursuant to s 36 of the *Patents Act 1990* (Cth).
3. Few steps have been taken in either proceeding since the transfer of the Confidentiality Proceeding from the Supreme Court, mainly for the good reason that the parties were in mediation. Unfortunately, that mediation did not lead to resolution of the disputes. On 4 March 2022 UON and LAA changed their solicitors in both proceedings. The new solicitors have put forward a new version of the statement of claim in the Confidentiality Proceeding, called the Further Amended Substituted Statement of Claim (**FASSC**), and a Further Amended Notice of Appeal (**FANA**) in the Patent Appeal. These reasons concern the applicants'/appellant's interlocutory application to amend in the terms of those documents.
4. The respondents oppose leave in both proceedings. They raise what they say are serious inadequacies in certain paragraphs of each of the FASSC and the FANA. They also object to the FASSC on the basis that it contradicts evidence given on behalf of the applicants earlier in the Confidentiality Proceeding. They also, correctly, point out that even in the absence of those objections, the applicants would need to satisfy the Court that leave to amend should be granted: see *Media Ocean Ltd v Optus Mobile Pty Ltd (No 6)* [2009] FCA 1319 at [34] (Jagot J).
5. The applicants submit that leave to amend should be granted because they have sought that leave promptly after new solicitors were instructed to act. They rely on an affidavit of their solicitor, Robynne Sanders, which deposes to substantial work having been performed in reviewing the files since the change of solicitors. The applicants submit that the proceedings are still at a relatively early stage: while they were in the Supreme Court for some five years, that time was mostly occupied by interlocutory disputes concerning matters such as the confidentiality of discovered documents, the proper forum, an application for summary judgment and the common legal representation of the respondents. No trial evidence has yet been filed although some discovery has been given. The matter is some time away from trial. The applicants submit that the proposed amendments mainly narrow the case; although one cause of action is added for infringement of a patent, it has an affinity with the existing claim, and another cause of action (under the *Circuit Layouts Act 1989* (Cth)) is being removed. They say that there is no prejudice to the respondents and the amendments should be made on the usual terms as to costs thrown away.
6. Were the matter to be left there, I would be satisfied that leave to amend should be granted. The respondents' main submission as to prejudice is related to a patent application that LAA had made (Standard Patent Application No. 2017210650 B2). The respondents focused on one of the claims in that application, Claim 1. The patent application is referred to in the current version of the statement of claim. The respondents say that the applicants rely on the 'Invention' having characteristics set out in Claim 1 and say that the FASSC dispenses with any reference to the patent application and complain that this is a wholesale change in the applicants' case. As will be seen below, however, in oral submissions that complaint was effectively abandoned.
7. The respondents also submit that there has been no explanation of what they say is a 'complete change' in the applicants' case. For reasons given below, I do not accept that it is a complete change. The applicants' reasons for proposing the changes are clear enough; there are new solicitors who have reviewed the way the case is put and consider it desirable to make some changes which, they say, do not fundamentally change the case. Since 2009 the discretion is, of course, to be exercised by reference to the decision of the High Court in ***Aon*** *Risk Services Australia Ltd v Australian National University* [2009] HCA 27; (2009) 239 CLR 175. The closer the matter is to trial, the more likely it is that the Court will deny a party leave to amend its pleading for the reasons advanced here. But this matter is not close to trial and the facts are far removed from those in *Aon*.
8. However I accept the respondents' submission that there is no point in giving leave to amend a pleading in terms that are liable to be struck out. It is therefore also necessary to consider the many specific grounds of objection to the FASSC, and to the FANA, that the respondents raise. Those grounds were numerous indeed because, as well as the grounds specifically raised in their written submissions, the respondents tried to incorporate by reference many further grounds that have been agitated in voluminous correspondence between the solicitors in the lead up to this interlocutory application. The respondents' attempt to put their complaints before the Court in that way is to be deprecated. It is not appropriate to invite the Court to review such correspondence for the purpose of addressing each of the arguments made in it. If an objection is worth making, it is worth making in an actual submission to the Court, whether written or oral.
9. As it happened, however, on the morning of the hearing of the application the applicants sought to rely on an 'aide memoire' they had prepared that listed out all of the respondents' additional objections to the FASSC and the applicants' position on the objections. The respondents confirmed that they pressed all the objections. So as not to deny the respondents an opportunity to put such objections as they had, I made a direction with the effect that the aide memoire would stand as the parties' arguments on the objections that had not been articulated in the respondents' submissions, and the Court would provide a brief ruling on each objection in the aide memoire itself. The respondents were given an opportunity to give a further written reply in the aide memoire. A modified version of that document, including the Court's rulings, appears as a schedule to these reasons. The schedule specifies the relevant paragraph of the FASSC, the applicants' summary of the objection that the respondents raised in correspondence, the applicants' response to that objection, the respondents' reply, and the Court's ruling. The respondents have succeeded in one of the ten objections addressed in the schedule.
10. The body of these reasons now address the objections that the respondents did make in written or oral submissions, first to the FASSC in the Confidentiality Proceeding and then in relation to the FANA in the Patent Appeal. In relation to the FASSC, the objections can be put into two categories: objections on the basis of insufficient specificity in relation to material facts (or particulars), and objections based on asserted inconsistency with evidence that has already been given. In relation to the first of these categories the respondents emphasised the need for precision when pleading a case of unauthorised use or disclosure of confidential information: precision in identifying the confidential information and precision in pleading how it has been disclosed or used. As a general proposition I accept that. In this case the allegedly confidential information must be identified with sufficient specificity that it would be possible on proper evidence for the Court to be satisfied that it was imparted by UON to Mr Hoascar, that it was imparted in circumstances that gave rise to an obligation of confidence (or, relevantly here, circumstances that attached a contractual obligation to keep information confidential or a fiduciary duty), and that it does not include material that was common knowledge: see *O'Brien v Komesaroff* (1982) 150 CLR 310 at 327 (Mason J, all other members of the Court agreeing).
11. In***Lynx*** *Engineering Consultants Pty Ltd v The ANI Corporation Ltd (No 2)* [2009] FCA 363, on which the respondents relied, McKerracher J said (at [49]):

Precision is required to identify the confidential information … and then, in each instance, the breach. The need for precision does not preclude the possibility of proof of a breach by inference. But there must at least be precision in identification of what it is that constitutes the breach. Clearly most applicants cannot give chapter and verse of precisely when, how and by whom a breach was committed. But what constitutes the breach must be identified.

The court will not countenance a general claim of confidentiality to all documents in evidence: see *Amway Corporation v Eurway International Ltd* [1973] RPC 82 at 86‑87 (Brightman J). I will proceed to assess the respondents' objections to the FASSC with these principles in mind.

## The FASSC - asserted insufficiency in pleading as to material facts

1. The first objection was to paragraph 8 of the FASSC, which reads (in mark-up showing proposed changes to the previous version of the statement of claim; all paragraph numbering in the following is as in the clean version of the FASSC, unless otherwise stated):

**~~The Invention~~**

8 ~~2.~~From ~~2002~~2014 until ~~2015~~2017 Mr Keogh and Mr Reid, for and on behalf of UON, invented and developed an alternative motor starting control and power management system with specific application for dewatering remote island mine sites and generally (~~'Invention'~~ **New System**).

**~~PARTICULARS~~**

**Particulars**

(a) ~~(aa)~~ The ~~Invention~~ New System is a starting and control system for an assembly having at least one motor, the system ~~comprising~~ including:

(i) a generator assembly comprising an engine and an alternator

(ii) an automatic voltage regulator (**AVR**) for controlling voltage output of the alternator;

(iii) an engine control unit (ECU) for varying the engine speed and therefore varying the frequency of the alternator voltage; and

(iv) a system controller connected to and operable to control the AVR, the system controller controlling the manner in which the AVR controls the alternator voltage output, the system controller being connected to the ECU and operable to control the manner in which the ECU controls the generator engine speed and therefore frequency of the voltage output from the alternator;

(v) wherein parameter set points are set in the system controller, and the system controller receives sensor signals, and based on type of control selected - selected from fluid flow, fluid pressure and fluid level - the system controller is configured and operable to control the AVR and/or the ECU to vary the speed of the generator engine and the alternator voltage output by the generator assembly so that the speed of the electric motor or motors is appropriately varied to maintain the parameter set points, and

wherein alternator voltage is controlled by the system controller and the AVR to increase or decrease in proportion to changes in engine speed which maintains the speed to voltage relationship required to suit the motor or motors' electrical characteristics.

~~a)The Invention is more particularly described in the complete specification for standard patent application 2017210650 B2 for the Invention entitled: Motor starting, speed and voltage control system including the methodology utilised for directly connected islanded reciprocating engine powered generators'.~~

~~b)During the period 2002 to 2015 Mr Keogh on behalf of UON worked on developing an alternative system or method to achieve a more efficient motor control system (compared to a conventional starting method).~~

~~c)During the period 30 September 2015 to 10 December 2015, UON through its director Mr Keogh and employee Mr Reid, with the assistance of other employees of UON from time to time, being Mr Hoascar, Edward Lim and Mohsen Nabizadeh, as well as Phil Levins of ComAp (a former UON employee), developed by designing, experimenting and testing, the Invention.~~

1. The respondents submit that the change of the word 'comprising' to the word 'including' creates ambiguity as to what the New System is said to be. I do not accept that. It is true that the change means that the New System may have features, components or characteristics that are not included in the particulars to the paragraph. But that is inherent in the change from describing it as an 'invention', where the particulars may be taken to comprise the features that are innovative or inventive, to describing it as a system, which is likely to have a multitude of features, whether inventive or not and whether material to the proceeding or not. The applicants cannot be expected to describe the New System exhaustively down to the last nut and bolt. The particulars they have given may, in context, be taken to set out the features that they contend are material to the proceeding. If, at trial, they try to rely on some other feature of the New System that is not listed in their particulars, the respondents may have just cause for complaint. But the particulars that have been given are sufficient to put the respondents on notice as to what it is that is said to be the New System, which is at the foundation of the applicants' case.
2. Nevertheless, paragraph 8 could benefit from some clarification, which I discussed with senior counsel for the applicants at the hearing of the application. The need for clarification arises from paragraph 9, which (in clean as distinct from mark-up) reads:

Further, UON commenced marketing and offering the New System as the Pro Power General Motor Control Generator:

9.1 with flow and pressure control for sale or hire from December 2015 (**Pro Power GMC Generator'**);

9.2 with flow, pressure and water level control for sale and hire from January 2017;

9.3 generally but specifically to parties operating in the industries of:

(a) mining;

(b) oil and gas exploration and production;

(c) construction;

(d) equipment rental;

(e) agriculture,

from December 2015.

1. The reason clarification is needed is that, as this paragraph makes clear, the applicants allege that an additional feature of the New System was embodied in the Pro Power GMC Generator that came onto the market from January 2017. That feature was water level control, said to have been added to the pre-existing features of flow and pressure control that were part of the product from December 2015. In oral submissions, senior counsel for the applicants seemed to draw attention to the change that took place in 2017, not just as a change in the product that was marketed, but a change in the system itself at a conceptual level. However the pleading of the 'New System' in paragraph 8, refers to control of 'fluid flow, fluid pressure and fluid level' as features of the New System said to have been developed from 2014 to 2017. Senior counsel accepted that, given the importance of precision in defining the New System, it was desirable to amend paragraph 8 to make it clear when the water level control feature is said to have become part of the 'New System' at a conceptual level.
2. The respondents' next objection is to paragraph 29 of the FASSC. This is an important paragraph because it specifies the confidential information that the respondents are said to have misused. In paragraph 28, that information is called the 'New System CI', which is defined as confidential information belonging to UON that was disclosed to Mr Hoascar for the express purpose of his assisting in the documenting, development, testing and/or recording of the New System. Paragraph 29.1 then reads (in clean rather than mark-up):

The New System CI disclosed to Mr Hoascar consisted of:

29.1 The idea of the New System, which was disclosed to Mr Hoascar at product development meetings on 28 and 29 October 2015 at the offices of UON at 29 Beringarra Avenue, Malaga, Western Australia during which:

29.1.1 Mr Keogh disclosed to the employees of UON attending those meetings, being Mr Hoascar, Mr Reid, Edward Lim and Geoff Smith, designs, plans or drawings of a prototype of the New System (**October 2015 Design Drawings**).

**Particulars**

(a) The 2015 October Design Drawings were disclosed by Mr Keogh to the meeting attendees by drawing them on a whiteboard.

(b) The 2015 October Design Drawings were not disclosed to any other employees of UON.

(c) Photographs of the October 2015 Design Drawings may be inspected at the Applicants' solicitors' office by appointment.

29.1.2 Mr Keogh verbally informed all attendees on 28 October 2015 that the project to which the October 2015 Design Drawing related was highly confidential and that the proposed New System would be a 'game changing' solution for motor starting in mining services, that had the potential to be marketed globally.

29.1.3 Mr Keogh and the other attendees discussed Mr Keogh's idea, how the New System could be made to work, the elimination of a separate soft starter and variable speed drive, initial test results obtained earlier in October 2015, results of the fuel saving calculations obtained from the Fuel Consumption Spreadsheet (defined at paragraph 29.3 hereof) and the following features of the New System:

(a) Control of a submersible pump powered directly by a generator;

(b) 'Generator mode' and 'Pump control mode' via a selector switch;

(c) Generator operating frequency of 30 - 50 Hz (to suit the operating characteristics of the pumps supplied by UON's main pump supplier, Grundfos);

(d) System, headworks and downhole infrastructure configuration for generator pump control comprising the installation of:

(i) water pressure instrumentation installed either side of a water control valve including feedback back to the master controller;

(ii) water flow instrumentation including feedback back to the master controller; and

(iii) level control instrumentation including feedback back to the master controller.

(e) Pump system remote monitoring;

(f) The option to incorporate solar panels; and

(g) Reduction in CAPEX via elimination of a separate trailer carrying an electrical control unit (comprising a standard motor control unit, being either a soft starter, an auto transformer or variable speed drive) and how this would be of huge value for mining companies.

1. The respondents' first complaint about this was that, due to the history of the proceeding, they had always understood that the 'idea of the New System' (in the present version of the statement of claim, called 'the idea of the Invention') was what is claimed in Claim 1 of LAA's standard patent application. The respondents said that because of the lack of any link between 'the idea of the New System' and Claim 1, the term 'idea of the New System' is 'vague and extensive'. The respondents also relied on a passage in a letter dated 13 May 2022 to their solicitors from the applicants' solicitors which said:

It is not our clients' position or understanding that the *'idea of the New System'* refers directly to Claim 1 of our clients' standard patent application 2007210650 B2 (**Claim 1**). The idea of the New System encapsulates more than simply what is present in Claim 1, and includes the confidential information and documentation disclosed to Mr Hoascar during the product development stage for the New System. There is therefore no need for our clients to particularise how the exact features of Claim 1 are linked to October 2015 Design Drawings.

1. There appears to be no merit in the respondents' complaint about the lack of any link between 'the idea of the New System' and Claim 1. The pleaded features of the New System in the proposed FASSC do not materially differ from the contents of the Invention in the present pleading, so it is hard to see how the removal of any specific references to the standard patent can change the substance of the case, and so prejudice the respondents. When asked about this during oral submissions, counsel for the respondents was unable to articulate any prejudice and simply fell back on what he said was an expansion of the scope of confidential information because of the change from 'comprising' to 'including'. That is the objection I have already disposed of. In the absence of any explanation as to how an amended case based on the same alleged material features of the Invention/New System can prejudice the respondents, I took the objection based on the alleged removal of express or implicit references to Claim 1 of the standard patent to have been abandoned.
2. The respondents also appeared to complain about the breadth of the reference in the letter of 13 May 2022 to the 'idea of the New System' as encapsulating more than what is present in Claim 1. However a solicitors' letter cannot govern the meaning of the proposed pleading, and in any event I consider that all the letter was doing was pointing out the link, manifest in paragraph 29.1 of the FASSC itself, between the idea of the New System and the confidential information pleaded in the paragraph as having been disclosed at product development meetings.
3. Discussion between senior counsel for the applicants and the Court did, however, reveal that there is potential ambiguity in the reference to the 'idea of the New System' in paragraph 29.1. The concept encompassed by that phrase is said to be part of the confidential information that has been misused, so it needs to be defined with precision. Although senior counsel confirmed that the idea of the New System is everything described in paragraph 29.1, it is doubtful whether paragraph 29.1.2 describes any information that is itself confidential information (other than the content of the October 2015 Design Drawing, that is already claimed to be confidential information in paragraph 29.1.1) and it is also not clear whether the broadly expressed matters in the chapeau to paragraph 29.1.3 are part of the 'idea of the New System' and so part of the 'New System CI', or whether it is only the specific features that are listed at paragraph 29.1.3(a) to (g).
4. It is also not clear whether the 'idea of the New System' includes the conceptual matters pleaded at paragraph 8(a) as being included in the New System, or whether it concerns only the specific allegedly confidential information identified in paragraphs 29.1.1 and 29.1.3. The respondents submitted that there could not be a link to the concepts pleaded as the New System in paragraph 8 because the development of that system as pleaded in that paragraph post-dates the October 2015 meetings pleaded in paragraph 29.1. I do not accept that: the development of the New System is pleaded to have taken place from 2014 to 2017, and it is possible that it had been developed to the point of an idea that was articulated in the meetings in 2015 which then underwent further refinement. I do accept, however, that the applicants need to clarify whether the plea as to the 'idea of the New System' in paragraph 29.1 - to the extent that it is identified as part of the confidential information said to have been misused - includes the concepts pleaded at paragraph 8 as being features of the 'New System', or whether it includes only the specific items of confidential information pleaded in paragraph 29.1.
5. The respondents also complained about the contents of paragraph 29.2 of the FASSC, which are also said to be part of the New System CI and which, they said, were vague and extensive. That sub-paragraph commences:

Documents stored on UON's server in the Engineering File and the Job File for UON Job Number H1381, and in Mr Hoascar's staff folder at the time of Mr Hoascar's employment. In particular, these documents are identified at the date of this pleading as follows, but the Applicants rely upon all documents stored in the Engineering File and the Job File for UON Job Number H1381 at the time of Mr Hoascar's employment, and all documents relating to the New System saved in Mr Hoascar's staff folder:

It then lists a number of items of information, for example:

1. Technical guides for a Meccalte DER1 digital regulator and pricing information of a DER1 regulator and DXR interface (referred to at paragraph 38.1 below). The technical guides themselves were not confidential to UON but the fact that UON was researching the technical guides and the use of the DER1 regulator and DXR interface for the purposes of developing the New System was New System CI.
2. The respondents submitted that in form, the matters listed in paragraph 29.2 lack the necessary precision because they do not identify what information within each of the relevant documents was confidential. I do not accept that. To the contrary, as the example paragraph (a) given shows, the pleading is precise about what, exactly, is said to be confidential about the information. Many of the items listed, like this one, are product manuals that are not in themselves confidential, but what was said to be confidential was the fact that UON was researching the use of the products in the New System.
3. I do, however, accept that the applicants' expressed reliance in paragraph 29.2 on all the documents in the Engineering File, the Job File and Mr Hoascar's staff folder is too wide. It may be expected that those repositories include many more documents than have been listed, and the plea makes no attempt to identify what in them is said to be confidential information. Paragraph 29.2 should be amended to make it clear that the applicants only rely on the information they have specified in that paragraph. If they wish to add reference to the contents of further documents stored in any of those repositories after evidence has been filed, they will need to be specific at that time.
4. The respondents also complained that the identification, in paragraph 29.4(a), of 'key components of the New System' as forming part of the New System CI was vague and extensive. I do not accept that. The identification of the key components is pleaded to be part of the New System CI, and those key components are specified in paragraph 29.4(a) as follows:

the key components of the New System that had been tested by UON and found to perform optimally in the course of research and development of the New System:

(a) A Cummins engine, with the relevant size determined by using the Fuel Consumption Spreadsheet;

(b) A Stamford Newage Alternator which utilises a permanent magnet generator (PMG) for AVR excitation;

(c) A Stamford MX341 Automatic Voltage Regulator (AVR); and

(d) A ComAP controller

Those items are sufficiently specific.

1. Nor do I accept the respondents' submission that the pleading is unclear as to how the New System CI was said to have been imparted to Mr Hoascar. It is reasonably clear from the pleading as a whole that it is alleged that Mr Hoascar participated in the development of the New System during his time as an employee of UON and so, it is alleged, he can be expected to have had access to the Engineering File and Job File that are referred to in paragraph 29.2 and access to his own staff folder. And in any event, paragraph 30 of the FASSC goes on to plead a large number of specific activities or communications in which Mr Hoascar is said to have been involved by which the information in paragraph 29 is alleged to have been imparted to him. The respondents complain that this is introduced by a plea that the knowledge was 'imparted to Mr Hoascar *in various ways* in the course of his work for UON, *for example* by …' (emphasis added). I was informed from the bar table that the applicants had agreed to delete the phrase 'in various ways' but the respondents maintained that the words 'for example' still meant that the plea was too wide. I do not agree. The numerous specific activities or communications that are then pleaded have the practical effect of limiting the applicants' case to those instances. If the applicants wish to rely on some other activity or communication as having imparted confidential information to Mr Hoascar, they will have to give the respondents proper notice of that. The instances that are given comprise ample notice of the nature of the case as presently put.
2. The respondents also submitted that the FASSC did not adequately particularise how the New System CI was said to have been used by them. I do not accept that submission either. This is a case where, with two exceptions I will mention shortly, there is unlikely to be any direct evidence of use of the confidential information. What has to be shown in such cases was described in ***Pioneer Concrete Services*** *Ltd v Galli* [1985] VR 675 at 715 as: 'there must be shown an identifiable use of specific confidential information or at least circumstances shown from which an inference could properly be drawn as to the use of particular information'. That is equally applicable to what an applicant must plead in such cases. See also the quote from *Lynx* above. Consistently with that, at paragraph 45 the FASSC pleads some 14 specific matters from which, the applicants allege, Mr Hoascar's use and disclosure of some or all of the New System CI is to be inferred, for example (paragraph 45.6): 'the short period of time it allegedly took for Taranis Power to develop the Taranis VarioGen following the commencement of Mr Hoascar's employment with Taranis Power'. This complies with the obligation of applicants who do not have direct visibility of the use of confidential information to plead the matters on which they will rely to establish that use.
3. One of the exceptions I mentioned in the preceding paragraph is that the applicants plead (at paragraph 38 of the FASSC) that Mr Hoascar sent various specified documents from his work email address to personal email addresses maintained by him, and say that was unauthorised. The other exception is that the applicants plead (at paragraph 40) that Mr Hoascar handed out or emailed a particular spreadsheet to employees of BHP Billiton and Atlas Copco on specified occasions. These pleas also comply with the standard described in *Pioneer Concrete Services*.
4. The respondents also object to paragraph 31 of the FASSC, which reads:

During Mr Hoascar's employment by UON as pleaded at paragraphs 14 - 20 above, Mr Hoascar also had access to other information unrelated to the New System which in the circumstances was confidential (**Other Confidential Information**):

31.1 authorisation codes for InPower software referred to at paragraph 38.4 below;

31.2 Registration details for InPower software for the Cummins engine range referred to at paragraph 38.5 below;

31.3 Testing results for a Heineken transformer referred to at paragraph 38.6 below, which was information confidential to UON's client.

31.4 Load bank drawings; and

31.5 HMI and PLC codes for load banks.

1. The respondents submit that in the FASSC the applicants plead for the first time a causal relationship between the Other Confidential Information, and the Taranis VarioGen and alleged damage to the applicants. That does not, however, appear to found any objection by the respondents. The objection is, rather, that the applicants have failed to identify what information within each of the above items is confidential and how it has been used by the respondents. I do not accept the first of those points. The information in question is described with adequate specificity. Most of it is very specific by its very nature; for example, it is hard to understand how the applicants could be more specific in describing an authorisation code for particular software, short of taking the undesirable step of setting the code out in the pleading. The cross referencing at paragraphs 31.1 to 31.3 provides further specificity.
2. I do accept, however, that there is a lack of clarity in the pleading of the use that has been made of the Other Confidential Information. At least one category of conduct consisting of unauthorised use is pleaded at paragraph 38 where, as I have said, it is alleged that Mr Hoascar sent specified documents, whose contents are alleged to have included the Other Confidential Information, to himself at personal email addresses. But it appears that the applicants rely on broader uses, as in paragraph 45.14 of the FASSC the applicants plead that 'the fact that the Taranis VarioGen could not have been developed without Mr Hoascar's use and disclosure of the New System CI and Other Confidential Information while acting in his capacity as an employee of Taranis' is one matter that supports an inference that information was used. That is confusing, though, because the introductory words to paragraph 45 refer only to use or disclosure of the New System CI, not to the Other Confidential Information. Also, at paragraph 48 the applicants allege (in the alternative) that Mr Hoascar's use and disclosure of the New System CI *and* the Other Confidential Information provided a 'springboard' for Taranis to obtain a commercial advantage from Mr Hoascar's various alleged breaches. If the applicants rely on specific uses of the Other Confidential Information as distinct from the New System CI, or on matters which they say should lead to an inference that the Other Confidential Information was used, they should indicate that with precision in the pleading.
3. The respondents also complain of a reference in paragraph 38 of the FASSC to a category of information described as 'other information related to the New System CI and Other Confidential Information'. That is the paragraph alleging that Mr Hoascar emailed things to himself. That further category is not expressed to include confidential information itself and it appears to have no work to do in any other part of the pleading. It would be preferable for clarity if the applicants either dispense with it, or make it clear how, exactly, it is said to contribute to their case that the respondents have misused confidential information.
4. The respondents also complain about paragraph 115 of the FASSC, which is part of a copyright infringement claim. The copyright is said in paragraph 114 to subsist in three specified documents alleged to have been created by UON and in paragraph 115 are alleged to have been authored 'by an employee or employees' of UON. However, the respondents point out, there are no particulars of when the documents were created or who was the author of those works. These matters are, they submit, fundamental to the applicants' copyright claim as they are material facts that are essential to understanding issues of alleged originality, subsistence and infringement. In response the applicants make a bald submission that they do not have to give particulars.
5. I accept the respondents' submission that authorship and the correlative question of originality are both fundamental to a claim of copyright: *IceTV Pty Ltd v Nine Network Australia Pty Ltd* [2009] HCA 14; (2009) 239 CLR 458 at [22], [33] (French CJ, Crennan and Kiefel JJ), [96] (Gummow, Hayne and Heydon JJ). In some cases it may not be necessary for an applicant to provide particulars because those matters are not truly in issue, but this case is not one of them. The copyright claim has been reformulated in the FASSC and greater detail is provided as to the documents in which copyright is claimed to subsist, and the type of original works these are said to consist of. But in view of the nature of the allegedly original artistic or literary works on which the applicants rely, the question of authorship in particular may not be straightforward. The works are (FASSC para 114):

114.1 A document or documents containing testing data from the GMC Pro Power GMC Generator from Generator No. G203-18, including data in respect to the revolutions per minute and kilowatt power of that generator (**G203-18 Testing Data**);

114.2 'Mooka' data capture files for programming an external fuel system into UON's generators, which is used to control the supply of fuel to UON's generators (**Mooka Files**); and

114.3 The Fuel Consumption Spreadsheet.

1. It may be that these three things were partly or completely generated by the use of information technology. Whether a work created that way is an original work authored by human beings involves questions of fact and degree: *Telstra Corporation Ltd v Phone Directories Co Pty Ltd* [2010] FCAFC 149; (2010) 194 FCR 142 at [169] (Yates J). The respondents are in this case entitled to particulars of who those human authors are said to be and, as far as possible, the occasions on which the works were created, so that they can test those points if they wish.
2. Apart from the specific reasons I have given for rejecting most of the respondents' objections to the way the FASSC is pleaded, I also accept the applicants' submission that it is relevant that evidence is yet to be filed and further particulars may be provided after that. It is true, as I have said, that there is a particular need for precision in identifying confidential information in a pleading relying on unauthorised use or disclosure of such information. But it is also true that in the modern system of case management, pleadings are usually supplemented by specific evidence (see *Barclay Mowlem Construction Ltd v Dampier Port Authority* [2006] WASC 281; (2006) 33 WAR 82 at [5]‑[6]), which in turn can inform amended pleadings or particulars closer to trial.
3. In the present case, while the FASSC could benefit from clarification at certain points as I have identified, I do not consider that it fails to fulfil the basic functions of a pleading, to give notice to the other party of the case it has to meet and to define the issues at trial: see e.g. *Dare v Pulham* (1982) 148 CLR 658 at 664. The points about the FASSC that I have accepted or raised are points of desirable clarification which will inevitably emerge whenever a pleading in a complex case like this is subject to scrutiny. The opportunity to address them should be taken. But they are not strike out points that would justify the denial of leave to amend.

## Assertion that the FASSC contradicts prior evidence given

1. Apart from the asserted textual inadequacies of the FASSC, the respondents submit that leave to amend should also be denied because aspects of the proposed pleading contradict affidavit evidence given on behalf of the applicants in a summary judgment application they brought in the Supreme Court. The respondents rely on the following passages from the affidavit of UON's Managing Director, Mark Keogh, sworn 20 December 2016:

12. … In January 2002, I looked at whether we could remove or alter the conventional starting method. Over the years since then I have worked at developing an alternative system or method to achieve a more efficient motor control system ('**System**').

…

18. In or about 2014 I considered and worked on looking at the development of an alternate system again because of the advancement of technologies and control systems that had arisen since the last time I had looked at developing a new system.

19. The outcome of that work resulted in the invention of a generator which has been enhanced to provide total control and monitoring of motor driven systems and remove [sic remote] monitoring and control of that system ('**Pro Power GMC Generator**').

…

52 The Pro Power GMC Generator that is the subject of the provision patent application number 2016903254 filed on 16 August 2016. …

1. The respondents submit that these passages contradict the case that the FASSC now seeks to advance because the changes to the FASSC:
	1. broaden the definition of the Invention (now referred to as the 'New System');
	2. change the definition of the Pro Power GMC Generator; and
	3. change the date by which the Applicants developed the New System from '2002 to 2014' to '2015 to 2017' and the date on which they marketed the Pro Power GMC Generator from 2015 to 2017.
2. I do not accept those submissions. If Mr Keogh's evidence is indeed inconsistent with the FASSC, that may or may not give the respondents forensic points they can raise at trial. But they point to no contradictions that are so glaring as to justify denying leave to amend. And while it is undesirable to be categorical on the subject before trial, on the basis of the submissions as presently put it is not clear that there are any contradictions anyway. The submission about the broadening of the definition of the Invention merely raises the same complaints about changing 'comprising' to 'including' in paragraph 8 of the FASSC, and the asserted departure from reliance on Claim 1 of the standard patent application, which I have already rejected. The submission about the change in the definition of Pro Power GMC Generator relies on the assertion that the FASSC seeks to change the definition of the product, when it was previously defined as having flow and pressure control but not water level control. In fact, as set out above, it is clear that the allegation the applicants make is that water level control was only added to the product as marketed in 2017. But it is not clear how that change, if it is a change, is contradicted by the passages from Mr Keogh's affidavit on which the respondents rely.
3. As for the asserted changes in dates, they too are unclear. Mr Keogh's affidavit just says that he 'looked at' whether to remove or alter the starting method in 2002. It may be that the proper inference to be drawn from the passages quoted is that he went no further than looking at it at that point, and only began to develop the system in earnest in 2014. The respondents' submission that the FASSC pleads that it was developed from 2015 to 2017 is simply wrong. What paragraph 8 of the FASSC actually says is that Mr Keogh and another person invented and developed the New System '[f]rom 2014 until 2017'. That could prove to be consistent with Mr Keogh's earlier affidavit. As for the pleaded date of marketing of the Pro Power GMC Generator, as has already been discussed there is no wholesale change from 2015 to 2017; rather, it is pleaded to have been marketed without water level control from 2015 and with the addition of water level control in 2017. Without wishing to foreclose any forensic points the respondents may wish to make at trial, they have not, at present, established such clear inconsistency between the FASSC and Mr Keogh's affidavit as to warrant the denial of leave to amend (assuming, in their favour, that clear inconsistency would warrant that in any event).
4. It appears that these contentions by the respondents are the basis of their submission that the FASSC works a complete change to the applicants' case. It appears that the respondents also rely in that regard on their contention that the FASSC drops reliance on Claim 1 of LAA's standard patent application and that this prejudices the respondents. I have rejected all of those contentions, and so do not accept that the FASSC does seek to work a complete change in the case.

## Objections to the FANA

1. Paragraph 10 of the grounds set out in the FANA contends that even if the invention that is the subject of Taranis's patent application is patentable and the specification complies with s 40 of the *Patents Act*, Taranis is not an eligible person under s 36 of that Act because UON is the sole person entitled to a grant of a patent for the invention since the inventive concept was developed, created, made, discovered or conceived by employees of UON, alternatively by using UON's confidential information. In that regard UON relies on specified parts of the FASSC in the Confidentiality Proceeding, which it identifies but does not repeat in the FANA. Taranis objects to the FANA on the basis of the inadequacies in the FASSC with which I have already dealt. That objection therefore fails.
2. Taranis also says that two other parts of the FANA are inadequately particularised. Paragraph 2 of the grounds of appeal contends that the invention lacked novelty in light of information made public by documents and public acts. Taranis takes issue with paragraph 2(b)(i) which refers to 'each public demonstration, offer for sale, sale or use by the Appellant or BHP Ltd before the Priority Date of the "UON PROPOWER Generator Motor Controller with variable speed control"'. I do consider that particulars of each occasion should be given, including where and when it occurred, to the extent possible who was there, and what use or features of the product were demonstrated on each occasion. The FANA effectively acknowledges the need for particulars by saying (in paragraph 2(b)(ii)) that further particulars 'may be provided following interlocutory steps in these proceedings'. However it is not clear why further interlocutory steps are needed as much if not all of the particulars must already be in the knowledge of UON.
3. Taranis also complains that paragraph 2(b)(ii) of the grounds do not say when the UON PROPOWER Generator Motor Controller was given to BHP Billiton. However the paragraph says in terms that this occurred in late 2016, and there is no reason to suppose that further precision is possible or necessary.
4. The other part of the FANA on which Taranis focuses is paragraph 3(b), concerning a contention by UON that 'none of the claims involve an inventive step in light of the common general knowledge at the Priority Date, and/or in light of the common general knowledge at the Priority Date combined with information under s 7(3) of the Act'. Information under s 7(3) of the *Patents Act* may be combined with common general knowledge in order to seek to establish that the invention would have been obvious to a person skilled in the relevant art: see s 7(2). Section 7(3) concerns 'prior art information' which is relevantly defined as information that is 'part of the prior art base in relation to deciding whether an invention does or does not involve an inventive step', being information in a document that is publicly available and information made publicly available through doing an act: see Schedule 1 Dictionary definitions of 'prior art information' and 'prior art base'.
5. Taranis's complaint is that at paragraph 3(b)(iii), (iv) and (viii) of the FANA, UON refers to information, made available in documents or acts specified in previous subparagraphs, 'in combination, being information that the skilled person could, before the Priority Date, be reasonably expected to have combined'. Taranis says that the specific combinations of the different items of information that are relied upon need to be stated, otherwise there are too many permutations of how the information may be combined for it to know the case against it (Taranis has calculated there are 127).
6. There is some merit in that complaint. The trial, and Taranis's preparation for it, would be unworkable if UON were to seek to establish all of the documents and items of prior art and then to seek to argue that numerous combinations of those mean that the invention would have been obvious to skilled person. It is likely that the case will need to be refined so as to avoid a trial of that kind. But I see little point in forcing UON to make that refinement now. The appropriate time to do so is after its evidence is filed (or potentially at the same time). It is unlikely that the respondent is going to incur significant costs or other prejudice if the refinement is not undertaken until then. The parties' solicitors should bear that in mind when they are conferring about programming the matter to trial, but I will not require further particularisation of paragraph 3(b) of the FANA before leave to amend is granted.

## Conclusion

1. In view of the objections I have found to have merit and the matters I have found need clarification, it is desirable for the applicants/appellant to file new versions of the proposed pleadings. Leave to amend will then be granted. For that reason, no order giving leave is made at present. However, the matters that need to be addressed are largely in the category of desirable particularisation or clarification. They are not strike out points that warrant denial of leave. Apart from those matters, the points raised by the respondents either had no real basis or sought to hold the FASSC to an unrealistically exacting level of precision.
2. The parties should bear those last observations in mind in relation to the costs of the interlocutory applications. The matter will be set down for a case management hearing. If the parties cannot agree on those costs, an order will be made after brief oral submissions at that hearing.

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| I certify that the preceding fifty (50) numbered paragraph are a true copy of the Reasons for Judgment of the Honourable Justice Jackson. |

Associate:

Dated: 1 July 2022

SCHEDULE - RULINGS ON FURTHER OBJECTIONS

| **Item** | **Para of FASSC** | **Nature of objection** | **Applicants' response/proposed amendment** | **Respondent's reply** | **Ruling** |
| --- | --- | --- | --- | --- | --- |
| 1 | 16 | What aspects of the New System were developed, by whom and when is not adequately particularised. | These matters were already pleaded as part of the breach of confidence case (see Amended Substituted Statement of Claim dated 12 August 2021 (ASSC) at paragraph 2(c), page 5). We have reworded and included small clarifications.This is otherwise a matter for evidence. | Paragraph 16 FASSC alleges that Mr Keogh, Mr Reid, Mr Hoascar, Mr Lim, Mr Nabizadeh and Mr Levins each '*developed by designing, experimenting and testing aspects of the New System*'.It is unclear from paragraph 16 who '*developed*' which '*aspects*' of the New System, what '*aspects*' were '*developed*', and when they were developed.These are proper requests for particulars. Insofar as Mr Hoascar is alleged to have '*developed by designing, experimenting and testing aspects of the New System*', his involvement goes to the question of what constitutes the New System CI (which is a matter for the pleadings, not evidence).In particular, it is alleged in paragraph 29.4 FASSC that the New System CI comprises identification of components and operations of the New System which knowledge is alleged to have been imparted to Mr Hoascar in paragraph 30 FASSC. | It is not necessary for the fair and efficient resolution of the proceedings for the applicants to provide particulars of these matters. It would be unrealistic and oppressive to expect the applicants to be able to particularise the specific roles of each individual further at this stage. The evidence to be served on behalf of the applicants will give the respondents fair notice of the facts on which the applicants rely in that regard. Both the New System CI and the manner in which it was allegedly imparted to Mr Hoascar are already adequately pleaded (see main body of reasons). |
| 2 | 22 | How UON became aware of Mr Hoascar's employment with Taranis is not adequately particularised. | This is a matter for evidence. | The inference to be drawn from the fact that UON pleads it did not 'become aware' Mr Hoascar was employed by Taranis until 23 June 2016 is that there is some significance to UON becoming aware.However, the particulars of how UON became 'aware' (paragraph 22(c)) merely repeat the plea. This is inadequately particularised.It is not a matter for evidence if UON pleads a matter that is inadequately particularised. | The FASSC pleads that UON did not become aware of Mr Hoascar's employment with Taranis until 'around' 23 June 2016. The specificity of the date suggests that the applicants have a specific event in mind. Particulars of that event should be given. |
| 3 | 24, 25 | Confidential information Mr Hoascar had access to on UON's computer network is not adequately particularised.[Respondents further added:] The '*access*' Mr Hoascar had to UON's computer network is not adequately particularised. | This was already pleaded. See paragraph 10A-10B of the ASSC (pages 16-24).This same information is also provided in the FASSC (paragraphs 28-32). This is otherwise a matter for evidence. | The substance of paragraphs 24 and 25 FASSC appears to be that Mr Hoascar accessed UON's server (and therefore confidential information) while employed by Taranis but it is not said when he did so and what confidential information was accessed.These particulars become significant in the context of paragraph 29.2, which asserts in the particulars to that paragraph that '*Mr Hoascar accessed UON's server throughout the course of his employment, including while employed through the Casual Employment Contract*' (which we note are really material facts and ought be pleaded as such, including when Mr Hoascar accessed UON's server). | Paragraphs 24 and 25 are general introductory pleas of the fact that Mr Hoascar's access to UON's computer network. Particulars are not necessary for the respondents to have fair notice of the case against them. For reasons given in the main body of the reasons, the key allegation as to the imparting of the New System CI is adequately particularised. |
| 4 | 30 | Paragraphs 30.1 to 30.16 are unclear. | This was already pleaded. See paragraph 10A.5 of the ASSC (pages 20-22).These matters have been sufficiently particularised and are otherwise a matter for evidence. | Paragraph 30 FASSC refers to how the alleged knowledge pleaded in paragraph 29.4 FASSC (said to be New System CI) was imparted to Mr Hoascar.It is unclear from paragraphs 30.1 to 30.16 which features of the New System are alleged to have been disclosed by each of the acts and documents (and where in the documents) referred to in these paragraphs, save to say the knowledge was imparted to Mr Hoascar in '*various ways*' '*for example by him…*'.The applicants must plead with precision the New System CI they say was imparted to Mr Hoascar and how it was imparted to him. | The respondents seek an unrealistically high level of precision. The information on which the applicants rely and the matters on which they rely to say that it has been imparted are all set out in detail. The rest is a matter for evidence. There is no need for the respondents to receive further particulars of those matters to have fair notice of the case made against them (see also [25] of the main body of these reasons). |
| 5 | 44 | Clarification that the applicants allege the Taranis VarioGen infringes Claim 1 and why. | Further detail was provided in DLA Piper's letter of 13 May 2022 (Annexure RLS-16 to the Sanders Affidavit) and is otherwise a matter for evidence. | The respondents did not press this issue in Williams + Hughes' letter dated 18 May 2022 (Annexure RLS-17).However if the applicants' position is that the Taranis VarioGen '*has each of the features of Claim 1*' (Annexure RLS-16 p. 352 para 34), then this ought be pleaded. | There is no reference in paragraph 44 or in this Part K of the FASSC to Claim 1 or to LAA's standard patent application. There is no need to make any plea about it at paragraph 44 of the FASSC. |
| 6 | 45 | Objection to inclusion of the words 'at least' and reference to discovery is unclear. | FASSC was amended to remove the words 'at least'. The discovery and evidence language is standard wording. | Paragraph 44 FASSC pleads '*Mr Hoascar's use and disclosure of some or all of the New System CI as pleaded at paragraph [43] above is to be inferred from…*'. It is said other matters will be identified after discovery and evidence.The action has been on foot for 5.5 years and the parties have exchanged multiple tranches of discovery.The applicants' position is that no further discovery is required and the next step is evidence (Tassone Affidavit sworn 16 June 2022 annexure DT-1).In circumstances where the applicants do not require further discovery, they ought be able to identify with precision all of the matters they rely on in support of the plea that Mr Hoascar disclosed New System CI to Taranis. | As explained in the main body of these reasons, paragraph 45 of the FASSC is adequately pleaded. The respondents may seek further particulars after evidence. |
| 7 | 45.14 | Basis on which it is alleged that Confidential Information [The Respondents further added bracketed information:] ('New System CI' and 'Other Confidential Information') was used to develop the Taranis VarioGen not adequately particularised. | This is a matter for evidence. Further detail was provided in DLA Piper's letter of 13 May 2022 (Annexure RLS-16 to the Sanders Affidavit), including identifying the confidential information listed in paragraphs 31.1 to 31.5 of the FASSC. | Paragraph 45.14 pleads '*the fact that the Taranis VarioGen could not have been developed without Mr Hoascar's use and disclosure of the New System CI and Other Confidential Information while acting in his capacity as an employee of Taranis*' as a basis from which it may be inferred Mr Hoascar used and disclosed the New System CI.It is unclear from the FASSC which New System CI Mr Hoascar is alleged to have disclosed to Taranis.Further, '*Other Confidential Information*' is defined in paragraph 31 as '*other information unrelated to the New System which in the circumstances was confidential*'. If the Other Confidential Information is unrelated to the New System, but the similarities between the New System and the Taranis VarioGen were caused by Mr Hoascar's use and disclosure of Other Confidential Information, it is unclear from the FASSC how the Other Confidential Information was used and disclosed by Mr Hoascar to develop the Taranis VarioGen. | As explained in the main body of these reasons, the extent to which the New System CI was disclosed or used by Mr Hoascar is a matter for inference based on the evidence. At present, the applicants cannot be expected to provide better particulars than they have.As stated in the main body of these reasons, the apparent inconsistency between the reference to 'Other Confidential Information' in paragraph 45.14 and the fact that the chapeau to paragraph 45 only refers to 'New System CI' requires clarification. But assuming the applicants continue to allege that the Other Confidential Information was disclosed and used in the development of the Taranis VarioGen, it is clear enough how they say it contributed to the development of the product - see the particulars given in DLA Piper's letter of 13 May 2022. |
| 8 | 48, 75.1 and 76.3 | It is unclear what commercial advantage it is alleged was obtained by Taranis by the springboard. | This was already pleaded and has been reworded. See paragraphs 17A and 17B of the ASSC (page 76).Further detail was provided in DLA Piper's letter of 13 May 2022 (Annexure RLS-16 to the Sanders Affidavit). | It is unclear what commercial advantage it is alleged was obtained by Taranis or the '*value of the springboard*' pleaded in these paragraphs.The confidential information alleged to have given the Respondents a springboard must be pleaded with precision: *Lynx* at [55].To the extent the Applicants rely on paragraph 40 of Annexure RLS-16, this ought to be pleaded. However, that statement ('*Taranis did not need to engage in the cost of the research and development work that UON had undertaken in order to develop the New System*') is inadequate in isolation because it does not identify the confidential information that gave rise to the springboard or particulars of the '*cost of the research and development work*'. | The commercial advantage is pleaded in paragraph 48, in the very terms of paragraph 40 of the letter at Annexure RLS-16. It is pleaded as having arisen from the use and disclosure of all the New System CI and Other Confidential Information. The extent to which that information was disclosed and used will be a matter of inference after evidence is adduced. Further particulars cannot and need not be given at this stage. Quantification of the cost of research and development work is unnecessary as damages based on that cost are not being claimed. |
| 9 | 57 | New System CI disclosed by Mr Hoascar is not adequately particularised. | This was already pleaded and has been reworded. See paragraphs 16 and 17 of the ASSC (pages 74-75).Further detail was provided in DLA Piper's letter of 13 May 2022 (Annexure RLS-16 to the Sanders Affidavit).Further, the confidential information relied upon will ultimately be a matter for evidence. | Paragraph 57 FASSC asserts Mr Hoascar breached his equitable obligations of confidence by disclosing '*some or all of the New System CI*' to Taranis.It is trite that confidential information alleged to be disclosed must be pleaded with precision. It is not a matter for evidence. | This paragraph concerns the alleged breach of the equitable obligation of confidence. It evidently refers back to the allegations of use and disclosure made in connection with the contractual cause of action which, for reasons given in the main body of this judgment, are adequately pleaded and particularised. |
| 10 | 68 | Basis on which it is alleged the New System CI was held on trust is not adequately particularised. | This was already pleaded. See paragraph 19.3 of the ASSC (page 79).Further detail was provided in DLA Piper's letter of 13 May 2022 (Annexure RLS-16 to the Sanders Affidavit). | Given constructive trusts are imposed only by Court order (i.e. do not exist before that order is made) and confidential information is not property and therefore cannot be held on trust (see ***Farah Constructions*** *Pty Ltd v Say-Dee Pty Ltd* [2007] HCA 22; (2007) 230 CLR 89 at [118]), it is unclear how the New System CI was held on actual or constructive trust for UON by Mr Hoascar or Taranis. The plea is liable to be struck out. | The first point as to the origination of constructive trusts is doubtful: see J D Heydon and M J Leeming, *Jacobs' Law of Trusts in Australia* (LexisNexis, 8th ed, 2016) at paragraph 13‑11. The authority cited for the second point (*Farah Constructions* at [118]) makes an exception for 'trade secrets' as an instance of types of confidential information that share characteristics with standard instances of property. Neither point is clear enough to warrant a strike out nor to warrant refusal of leave. |