

## ASTON'S MINING LAW CASE REVIEWS™



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**Jurisdiction : Australia**

**Law Mine Complimentary Case No. 10-08-02**

### **COURT DECIDES PROCEDURE TO SETTLE OWNERSHIP OF AUSTRALIAN PATENT FOR MINERAL SANDS TREATMENT**

An action for an application for injunctive measures was brought before the Federal Court of Australia by RGC Mineral Sands Ltd. (hereafter, RGC) to restrain its opponent, Wimmera Industrial Minerals Pty Ltd. (hereafter, Wimmera), in a claim over ownership of an applied-for patent for treatment of titaniferous materials. The invention has been described as a Synthetic Rutile Enhancement Process (hereafter, the Process).

Wimmera alleged that RGC obtained the invention (the Process) through unauthorised use of information which Wimmera disclosed in confidence to various research organisations, which those organisations in breach of confidence disclosed to RGC.

The normal patent contesting procedure and hearing between the two claiming parties before the Commissioner of Patents Office was anticipated to be held in the first half of 1999. However, in June 1998, prior to the patent hearing, RGC filed the action in Federal Court for an injunction seeking to restrain Wimmera from representing to any person that the patent belonged to any one else other than RGC, and particularly to the Commissioner of Patents (hereafter, Commissioner). RGC also sought a declaratory order that “neither the invention, nor the Process, or any part of it was obtained by RGC from Wimmera in the manner alleged (by Wimmera), and also a declaration pursuant to the Patents Act 1990 that RGC is the person to whom a patent for the invention may be granted. “

#### **Background Facts :**

After RGC had filed its application with specifications for the patent, Wimmera filed in June 1997 its notice of opposition under the Patents Act 1990 and Patents Regulations. In Wimmera's statement of grounds, it claimed to be the inventor and that RGC obtained the invention process through Wimmera by unauthorised use of confidential information. In February 1998, Wimmera filed its statutory objections in opposition in the Patent Office proceeding. RGC's answer and evidence was due on 19 May, but on the due date RGC sought a 60-day extension. The Patent Commissioner's delegate denied the full requested extension, but allowed RGC until 24 June for the evidence and answer.

In the meantime, RGC attempted to delay the scheduled 24 June Patent Office hearing by filing a proceeding in the Federal Court on 18 June 1998 (NG 598 of 1998) making its allegations as to why Wimmera had no grounds for contesting the patenting procedure. In addition, RGC also filed in Federal Court on 27 August 1998, pursuant to §5 of the Administrative Decisions Act 1977, for review of the denial decision by the Commissioner's delegate refusing to grant RGC an extension of time for filing of its evidence in the opposition hearing to a date three months after determination of the action in Federal Court of NG598 which sought to restrain Wimmera from taking any further steps in the Patent Office hearing.

In the Federal Court proceedings, RGC alleged, *inter alia*, that in the course of various negotiations between RGC and Wimmera, Wimmera had made representations to RGC that the former statements of Wimmera on the manner in which it had claimed RGC wrongfully obtained the invention were no longer the subject of dispute between them and that Wimmera would not repeat them; further, that RGC had relied on Wimmera's statements to their detriment, and that Wimmera was estopped from repeating the allegations.

RGC also alleged that it and Wimmera had entered into a contract in June 1994 which included a "term" that Wimmera would not repeat the "obtaining representations" of the invention; further, that in "breach of contract Wimmera has repeated them in the opposition proceeding" in the Patent Office hearings. Consequently, RGC alleged that it "has suffered loss and damage by reason of that breach of contract; and that Wimmera threatens to continue to repeat the obtaining representations."

In entertaining RGC's motion NG 598 of 1998, the Federal Court ordered RGC to complete its affidavits and evidence by 4 December 1998, and Wimmera by 1 March 1999.

#### The Federal Court's Analysis of RGC's Motion in NG598 of 1998 :

The main issue before the Federal Court was whether it had jurisdiction to grant the injunction sought by RGC's motion.

The court was of the opinion that RGC's motion was not in the form of an anti-suit injunction as significant features for relief of that type were absent. With regard to the restraining relief sought by RGC against Wimmera's claim and evidence, the court reviewed a number of relevant precedent cases. Citing the *Dalgety Wine Estates Pty. v Rizzon*, [1979] 141 CLR 522, that although there was no question as to the jurisdiction of the Supreme Court of South Australia to grant the injunctive relief to enforce a contractual covenant (similar to that alleged by RGC), nevertheless, the High Court majority declined to enforce the covenant by way of injunction. The expressed reluctance of the *Delgety* court and other State Supreme courts to grant injunctions in such cases was due to its effect of staying proceedings properly before the inferior tribunals and courts.

By similar logic to the *RGC* case at bar, the court stated it had "no doubt that this Court should decline to grant an injunction having the effect of staying a proceeding before a specialist tribunal (here, the Patent Commissioner) where the only issue to be decided by the Court is one of which is properly before that tribunal and which it has been given the power to decide. \*\*\* The truth or falsity of the (patent) obtaining

representations is the very issue before the Commissioner.\*\*\* This is a weighty consideration against granting the relief sought in the motion.” (by RFC)

And, as so aptly stated by Wimmera’s counsel, “the issues other than the issue of truth or falsity of the (patent) obtaining representations have ‘no connections with the opposition proceeding’ (i.e. before the Commissioner ). The Court agreed noting that “\*\*\* the only issue to be decided in that patent proceeding is whether RGC or Wimmera is the inventor and all other issues go to the question whether Wimmera is at liberty to contend that it, and not RGC, is the inventor.”

The court concluded that “\*\*\* it is not appropriate that the opposition proceeding ( of the Patent tribunal) be, in effect, stayed.”

#### The Court’s Analysis of the Administrative Decisions Act Proceeding :

The Federal Court next heard RGC’s motion for judicial review of the decision of the Commissioner’s delegate on 5 August 1998, which refused to defer RGC’s submission of evidence for its patent claim until three months after the final determination of the Federal Court’s decision in NG598 of 1998.

RGC argued that the delegate’s decision was improper and the “exercise of his power so unreasonable that no reasonable person could have so exercised it”. The Court was not persuaded by RGC’s case that a review of the delegate’s decision was established.

#### The Court’s Conclusion and Decision :

The court dismissed the two motions of RGC, that in NG 598 of 1998, and also the judicial review of the delegate’s decision under the Administrative Decisions Act 1977, and both with costs to RGC.

The determination of the proper inventor of the Process by the Patent Commissioner’s tribunal was to be resumed under its normal course and procedure as proscribed by the legislature.

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