

Commissioner of Patents
IP Australia
PO Box 200
Woden ACT, 2606
Australia

4 July 2019

Our Ref: 535 Opposition

Patent Application No.: 2017213531
In the Name of: Taranis Power Group Pty Ltd
Opposition thereto by UON Pty Ltd

Dear Sir/Madam,

Thank you for your letter of 20 June 2019 requesting further information in relation to the Opponent's request for a temporary stay of the opposition proceedings.

Your enquiry raises 3 issues.

- 1 the relationship between these opposition proceedings and the Supreme Court of Western Australia proceedings CIV 3178 of 2016 – UON Pty Ltd & Anor v Hoascar & Anor (**Supreme Court Proceedings**);
- 2 why the Supreme Court Proceedings were commenced before the Applicant's patent application the subject of these opposition proceedings was filed; and
- 3 whether the Supreme Court Proceedings and the Applicant's patent application the subject of these opposition proceedings relate to the same invention.

I address each of these enquiries in turn below.

1 Relationship between these opposition proceedings and the Supreme Court Proceedings

The Supreme Court Proceedings were commenced by the Opponent against Mr Gabriel Hoascar on 19 December 2016. Mr Hoascar is named by the Applicant as a co-inventor of the invention the subject of the Applicant's patent application.

At the time the Supreme Court Proceedings were commenced, the Opponent was the named applicant of a provisional patent application number 2016903254 in respect of a "*motor starting*

and control system and method utilised by directly connected islanded reciprocating engine powered generators". The provisional patent application was filed on 16 August 2016.

On 5 August 2017 the Opponent filed a standard patent application number 2017210650 in respect of that invention, maintaining the earlier priority date of the provisional application.

In April 2018 the Opponent assigned all rights and interest in its standard application number 2017210650 to another entity, LAA Industries Pty Ltd. Subsequently, LAA was joined as a second plaintiff in the Supreme Court Proceedings.

The allegations against Mr Hoascar in the Supreme Court Proceedings relate to his receipt of confidential information concerning the creation, testing and development of the invention claimed in LAA's patent application number 2017210650 whilst Mr Hoascar was employed by the Opponent.

The claim alleges that Mr Hoascar, in breach of his employment contracts and a confidentiality agreement between Mr Hoascar and the Opponent, misappropriated, misused and then disclosed confidential information to his new employer, the Applicant Taranis Power Group Pty Ltd.

For example, it is alleged and the Opponent will establish in the Supreme Court Proceedings that shortly before the cessation of his employment with the Opponent Mr Hoascar, having already secured a position of employment with the Applicant, sent by email addressed to his personal email address certain confidential information relating to the development of the Opponent's variable speed generator and pump control technology. At that time, the technology was confidential to the Opponent and had not been publicly disclosed.

The claim alleges that the Applicant knowingly received such confidential information belonging to the Opponent and used the confidential information to develop a competing variable speed generator and pump control product. The competing product is now the subject of the Applicant's standard patent application 2017213531 for "*an electrical system for driving a pump*" to which this opposition proceeding relates. The Applicant has been joined as second defendant to the Supreme Court Proceedings.

It is alleged that any benefit derived by the Applicant and Mr Hoascar from misuse of the Opponent's confidential information is held on constructive trust for the Opponent. In essence, this is the connection between the Supreme Court Proceedings and these opposition proceedings.

A copy of the Opponent's and LAA's current statement of claim filed in the Supreme Court Proceedings is *attached* for your consideration.

As you can see from the statement of claim, complex issues arise in the Supreme Court proceedings involving breach of contract, breach of confidence, breach of fiduciary duty, breach of trust and knowing receipt of trust property.

A number of the claims in the Supreme Court Proceedings will therefore overlap with the entitlement ground of opposition to be determined in these opposition proceedings.

2 Why the Supreme Court Proceedings were commenced before the Applicant's patent application was filed

The issues in dispute in the Supreme Court Proceedings concern the employment relationship between Mr Hoascar and the Opponent and instances of Mr Hoascar's conduct which occurred prior to either the Applicant or the Opponent filing an application for any patent in respect of their competing variable speed generator and pump control technologies.

The matters have progressed as follows:

- 1 in March 2016, Mr Hoascar ceased his employment with the Opponent and commenced employment with the Applicant;
- 2 on 16 August 2016 the Opponent filed its provisional patent application 2016903254 in respect of the variable speed generator technology conceived by the inventors (Messrs Mark Keogh and Carl Reid) during the period when Mr Hoascar was employed by the Opponent;
- 3 in November 2016, the Opponent learnt that the Applicant had begun to promote a variable speed generator and pump control invention that appeared similar to the invention claimed in the Opponent's provisional patent application 2016903254;
- 4 on 19 December 2016, the Opponent commenced the Supreme Court Proceedings against Mr Hoascar (and LAA and the Applicant were subsequently joined as parties);
- 5 on 5 August 2017, the Opponent filed a standard patent application 2017210650 claiming priority to its provisional patent application 2016903254; and
- 6 5 days later, on 10 August 2017, the Applicant filed its standard patent application 2017213531 which is the subject of these opposition proceedings.

Based on this timeline, it is open for the Supreme Court of Western Australia and the Commissioner to infer that were it not for Mr Hoascar's misappropriation and unauthorised disclosure of the Opponent's confidential information to the Applicant, the Applicant would not have developed any competing variable speed generator and pump control technology.

Given the significant delay in the Applicant's filing of the standard patent application 2017213531 the subject of these opposition proceedings, it may also be inferred that the filing was a reaction to or part of the Applicant's strategy in defending the Supreme Court Proceedings and in opposing the Opponent's standard patent application 2017210650. In that regard, the Commissioner's enquiry as to why the Applicant's standard patent application post-dates the Supreme Court Proceedings is a matter for the Applicant to address.

You will note that the Opponent's opposition to the Applicant's application is made on both entitlement and novelty grounds. Even if the Commissioner does not find in favour of the Opponent on the entitlement ground, the novelty ground must succeed because of the prior art disclosed by the Opponent's earlier application, and the Opponent's prior use of the invention.

3 Issue in dispute as to whether the Supreme Court Proceedings and these opposition proceedings relate to the same invention

This very issue will have to be determined in both the Supreme Court Proceedings and the opposition proceedings. On the Opponent's case, the dispute in both the Supreme Court Proceedings and the opposition proceedings before the Commissioner relate to the same (or a very similar) invention. The Applicant and Mr Hoascar deny this allegation.

The Opponent contends in both the Supreme Court Proceedings and the opposition proceedings that the variable speed generator and pump control technology developed by the Opponent (now the subject of LAA's standard patent application 2017210650) is novel, inventive and patentable technology.

The Opponent also contends in both the Supreme Court Proceedings and the opposition proceedings that the Applicant's variable speed generator and pump control technology claimed in the Applicant's standard patent application 2017213531 embodies the same features as are expressed in the integers of the claims of LAA's patent.

Detailed comparisons of the claimed inventions are set out in paragraph 15.4 of the *attached* statement of claim and in the declaration of Mr Jim Waterreus dated 18 September 2018 filed on behalf of the Opponent in the opposition proceedings.

The Applicant is a competitor of the Opponent and both the Applicant and the Opponent promote their respective variable speed generator and pump control technologies within the same market, particularly in the mining industry in Western Australia.

In order for each of the Supreme Court Proceedings and the opposition proceedings to be determined, the relevant decision-maker will be required to assess whether the technologies are the same or similar, and come to a conclusion as to whether the invention claimed in the Applicant's standard patent application 2017213531 embodies the essential features of the invention claimed in LAA's standard patent application 2017210650.

The Opponent suggests that on the basis of the evidence before the Commissioner, the Commissioner will find the technologies embody the same essential features.

Summary of reasons for temporary stay

On the basis of the matters detailed above, there is an overlap of facts and issues to be determined in each of the Supreme Court Proceedings and these opposition proceedings. Accordingly there arises a risk of inconsistent factual findings being made by the Supreme Court and the Commissioner unless the opposition proceedings are stayed pending the outcome of the Supreme Court proceedings.

In the Opponent's respectful view the Supreme Court of Western Australia is the more appropriate forum for the determination of complex issues arising in this dispute relating to breach of contract, breach of confidence, breach of fiduciary duty and knowing receipt of trust property.

In that regard, the Supreme Court of Western Australia provides a more interrogative jurisdiction in which:

- 1 the parties are bound by the rules of evidence;
- 2 discovery of relevant documents and production of documents by third parties to whom subpoenas are issued will fully elucidate evidence relevant to the issues in dispute;
- 3 relevant factual matters will be the subject of discovery, subpoena and expert evidence, such as:
 - 3.1 Mr Hoascar's access to the Opponent's confidential information;
 - 3.2 Mr Hoascar's electronic reproduction and disclosure of confidential information;
 - 3.3 the receipt of confidential information by the Applicant;
 - 3.4 the timing of the Applicant's development of its competing variable speed generator and pump control technology; and
- 4 issues of credibility relevant to a determination of the issues will be assessed by a Judge who will observe witnesses in the Supreme Court Proceedings giving their evidence under oath or affirmation and being subjected to cross-examination.

For these reasons, and the reasons set out in my letter of 22 May 2019, the Opponent respectfully requests a temporary stay of the opposition proceedings pending determination of the Supreme Court Proceedings.

I note also that on 28 May 2019, the Applicant (Taranis) lodged a notice of opposition to LAA's standard patent application 2017210650. The Applicant has not yet filed its statement of grounds and particulars in respect of that opposition, but it can be inferred that the opposition may possibly give rise to similar factual enquiries.

The Opponent respectfully suggests that if the Commissioner is not minded to grant the Opponent's request, the Commissioner ought instead:

- 1 grant a temporary stay at least until the Applicant has filed its statement of grounds and particulars in respect of the opposition to LAA's standard patent application 2017210650, due by 28 August 2019, so the parties and the Commissioner can assess whether there is any overlap of relevant issues and factual matters for determination in that opposition proceeding; or
- 2 bifurcate the issues in this opposition proceeding such that the hearing and determination of the entitlement ground (Ground 1) is stayed pending the determination of the Supreme Court Proceedings whilst the Commissioner proceeds to hear and determine this opposition proceeding on the Section 18 and Section 40 grounds only (Grounds 2 and 3).

If the Commissioner would be assisted by any further information in relation to the Opponent's request for a temporary stay of the opposition proceedings, please don't hesitate to contact me.

The Opponent reserves its right to file a reply submission or provide such further information as may be required to fully inform the Commissioner of any additional matters arising from the Applicant's response to the Opponent's request.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Fidel Dela Paz', written in a cursive style.

Fidel Dela Paz