

IN THE MATTER of an Application for Leave to Appeal

BETWEEN Peterson Portable Sawing Systems Ltd & Another

Appellants

AND Rex Cameron Lucas & Another

Respondents

Hearing 21 July 2005

Coram Elias C J
Gault J

Counsel C L Elliot for appellants
J G Miles QC for respondents

APPLICATION FOR LEAVE TO APPEAL

Elliot May it please Your Honours, Elliot for the applicant.

Elias CJ Thank you. Yes Mr Miles.

Miles May it please Your Honours, Miles for the respondent.

Elias CJ Yes Mr Elliot.

Elliot Your Honours I have prepared some oral submissions which are in very brief note form. I'm happy to hand those up if it would assist the Court.

Elias CJ Yes do that thank you Mr Elliot.

Elliot Your Honours I've tried to obviously with the time constraints to deal with the matters in a very brief form and I'm happy to come back to any point but I've just in para.1 identified what I understand to be the

issue in terms of this appeal if it's allowed is can I convince Your Honours that there's a need to clarify the law or to determine if it was properly interpreted and applied below. At para.2 we submit that the question is whether the Courts below first of all properly construed the specification and the claims and secondly properly interpreted the test for obviousness or deviated from it.

- Elias CJ Is the issue one of interpretation for test or application of it?
- Elliot Well it's both because it's unclear the extent to which the test was actually applied and so it's a question of actually identifying what the test is and then ascertaining which test the Courts in fact did apply because in my submission it's unclear from the two judgments as to whether the law has been changed effectively or whether it was an application of the old law in a slightly different way or in an orthodox way.
- Gault J What test are we talking about there Mr Elliot, the test for construction of claims or the test for obviousness?
- Elliot In relation to both tests our position is that the in relation to the test for construction, while the Court, both Courts, purported to apply purposive construction what we say is they went beyond that and in fact amended the claims under the guise of interpretation and in my submission that's a question of fact and law, a mixed question.
- Gault J Is your point as I gather from your written material that when applying these tests of ambiguity, anticipation and obviousness the Courts below construed the claim so as to incorporate elements or features that are in the disclosure but are not in the claim? That's basically your point isn't it?
- Elliot Yes, basing my point on the interpretation point Sir and it's a question of how far does this test of purposive construction go. Does it allow context to really influence it to the extent where you can import certain material and exclude other material with a view to reaching what the Court might regard as a realistic interpretation and avoid the absurdity which we were tarred with throughout the case saying you've been over literal with this.
- Gault J Well just from looking at it it seemed to me that your point is perhaps much more strongly arguable in relation to anticipation and obviousness than it is in respect of the point of ambiguity.
- Elliot Yes, yes Sir.
- Gault J That's the point of the attachment of the rails to the end frames isn't it?
- Elliot Yes, yes because it, that's right Sir it has an influence on those other two grounds and what we're saying is while we're starting with the

interpretation point the real thrust of the argument today is that it was on applying the other two tests that the Court was looking at the claims in the wrong light and therefore the tests were misapplied. Now Your Honours what we say at 3 is that the Courts with due respect deviated from well-established and sound approach and that the position is now unclear. We say that's not a mere question of fact or mere correction of error and in fact the community at large needs direction as to what is in fact the proper approach. At para.22 of my learned friend's submissions, he says that credibility issues permeate our attack. In my submission the credibility issue had a very limited role in the findings and any findings against Mr Peterson as to his motivation for using a winch is not central to the formulation of the proper question in my submission. Now Your Honours dealing firstly with the question of construction, and I do this because it's I suppose the logical way of looking at these questions and not because its necessarily the most important point, but we say that we've never resisted the purposive construction as suggested but purpose and context on an open-ended concept. Justice Fisher's approach was effectively to amend claim 7 under the guise of interpretation and with respect you can't ignore some obvious errors in the claim, namely the rail coupling; you can't import certain features non-binding and you can't read down other features, namely the moving means and it's really a combination of those three components which we say was the error which is both as to approach and also as to the factual conclusions. At Para.8, in his judgment Justice Fisher said what was novel about the Lucas claim 7 is that the moving means in unison applied notwithstanding the absence of any requirement to avoid binding and regardless of the weight to be lifted. This is with respect completely at odds with what is said in claim 7 and the specification; there's no mention of binding at all. His Honour saw the claim as novel because of the benefit but in reality the benefit is not a product of the claimed arrangement, ie the claim also covers Saw Mills where there is no such benefit. Nor does claim 7 mention sleeve brackets. The claim does not say for example "arranged to avoid binding" or words to that effect. His Honour thus read something into the claim which was simply not there. The same sort of approach is used with other words and phrases and that's the discussion we've just had with His Honour Justice Gault. And at 13 we say much of claim 7 is deliberately in the form of a principle of general application which is the point we made in para.11 of our written submissions and should be construed accordingly. The approach which the Courts below have adopted renders the whole function and purpose of a patent's claims redundant and is at odds with the Act, and in particular that all claims should be clear and succinct. This leaves those in commerce uncertain as to what they can do and cannot do in the marketplace and to know where the forbidden territory is, and we submit it creates a type of de facto monopoly for patents of this type and it sets a precedent with far-reaching implications. Now Your Honours in terms of obviousness, the criticism that was made about our argument was that it had unwarranted complexity and that's clear from the judgments. What we say is that the approach they did in

fact adopt was to say we need a straightforward approach to this question not the complexity that you keep advancing and in other words if the invention is simple you can use a practical and compressed approach to deal with the question and the thinking is if it's a simple invention the question is simple and the answer is simple, but we submit that simplicity can in fact mislead and the opposite may well apply and we say that there's a logical fallacy in that approach, namely that a simple invention allows a simplified approach, and we say the principled approach that's been adopted over many years is to deal with complex and simple inventions in the same way and what is being proposed or what has in effect happened with respect is a fundamental change to our law.

Gault J At the risk of suggesting this is getting a bit complicated Mr Elliot your complaint as I understand it is simply that in approaching the obviousness test the Courts below departed from what the claim said and introduced elements that protected validity of a very wide claim by drawing in narrowing elements. I can understand that as an argument, but that doesn't really change the fact that the test for obviousness is essentially a question of fact so long as you apply it to the correct basic principles, so it's not a question of whether it's a complex or a simple test, it is simply whether it is applied in the right context in the right way.

Elliot Yes Sir, I accept that Sir. What I'm trying to say is that the approach as I understand it from the judgments is that it is necessary to really get too caught up in the various steps in the test and that at the end of the day a factual question which I accept, but if Your Honour is looking for what I say is the heart of the problem from the applicant's point of view, it is that the common general knowledge was not assessed or properly assessed and that that is really the cornerstone of any test for obviousness and that if a Court doesn't actually understand or doesn't address that issue it could come to an incorrect conclusion and what we asked the Court of Appeal to do was to in fact look at the common general knowledge and to look at the nature of the expert evidence and the actual quality of that expert evidence and to look at the evidence itself and then ask the question again which it didn't accept that proposition of course. But what we're saying is that the Courts below adopted an approach which missed a key ingredient in the test and that that is a dangerous precedent because what it is saying is that the test for obviousness depends on the type of technology and you may in certain cases use a truncated approach and it doesn't really matter what the common general knowledge is or what the notional skilled addressee believed was relevant or what that particular person's prejudices were, because what we're saying it's a factual inquiry primarily and therefore you can look at the subjective elements and that they are more important than the objective elements which have always been in my understanding of the test really the cornerstone of obviousness and that in my submission is a fundamental change and it may be a change for the good. I'm not saying it's necessarily a change

for the bad but what it means in my submission is that the law has been changed in a fundamental way if I'm right, if I'm wrong then we haven't moved anywhere and that's clearly in my submission the role of a final appellate Court is to say the law is either clear or it's uncertain and in our view this is the correct approach and that's what we're seeking and it is not a purely academic argument because in my submission if the correct approach is adopted the evidence actually supports my case and that is why it has real impact for this particular party because I believe that if the correct approach had been used and the 'worth a try' approach had been adopted, my case was actually built on that premise and my cross-examination in evidence was directed to it.

Gault J 'Worth a try' has real problems about it as a test for obviousness hasn't it because it depends upon your field of technology. 'Worth a try' in relation to a simple mechanical invention is very different from 'worth a try' in relation to hi-tech, chemical or bio-chemical research and I'm not sure if that if your whole argument rests on the necessity of adopting 'worth a try' as a necessary test you're not going to get very far.

Elliot No, no it's not Sir, that is a component of what I say was an available test which has been used over many years and in my submission as long as the evidence was properly qualified it was an appropriate test in this case, but that's not the, the approach that I've set out Sir is really at para.33 of my submissions really that the principled and objective approach that I'm arguing for is really to assess the common general knowledge, to then make an assessment of that common general knowledge and the prior art by the skilled addressee and then to ask the worthwhile to try a test if appropriate, I said and if appropriate so it's not I'm not saying that that is really the thrust of my case.

Gault J Well the Courts below purported to apply the tests set out in the **Windsurfing** case. Your argument is that they didn't apply it properly isn't it? It's not that they used the wrong test.

Elliot Well they did purport, they certainly purported to because they referred to it but it's unclear to me whether the Court of Appeal was saying that it's necessary to actually adhere to those four elements. My reading of the Court of Appeal's approach is to say well you don't really have to concern yourself with each part of that test and the effect of that is in fact to either modify the test or to put a gloss on it.

Gault J Where does the Court of Appeal say that?

Elliot It doesn't say that they are doing so Sir but in my submission it had been put very squarely in argument that it was a necessary part of the test to actually consider the common general knowledge and to then assess all factual questions against that backdrop and the Court did. In para.37 to 39 of the Court of Appeal judgment that is made clear by

quoting our submissions as a primary point, and its really para.37, the second part of para.37, the test for obviousness attributing the common general knowledge etc, so it's squarely an issue there Your Honours and then at para.60 the Court again comes back to the argument that has been put forward and the principled approach that I was arguing for and that's recorded in some detail and with the criticism that it was a subjective and personalised approach so that's quite clear and when the Court of Appeal deals with it what they do in fact is to conflate the tests as Justice Fisher had done and deal with them effectively together and then at para.85 having discussed the approach in the specialised cases above at para.85 His Honour The President says "Fisher J identified all the relevant principles albeit that he did not specifically invoke the worth of a trial test" and then at the second to last line of that paragraph His Honour says "he applied the appropriate tests for the nature of the dispute", so he's clearly identified the relevant principles but then he said he applied the appropriate tests and it's unclear as to whether His Honour is saying that he identified the four-step test and he applied each of those steps in the test. I think it's unclear as to whether the Court was accepting that the test had been properly applied or whether His Honour had certainly identified the relevant principles and then applied the appropriate test as he saw it, namely this modified test which is less complicated and doesn't include the assessment of the common general knowledge and in my respectful submission if you look at the case we had put forward and the findings the only conclusion can be that you don't need to adhere to the full test in all cases, which in my submission is a significant change and one that I would submit this Court is there to resolve because at moment the distinction between the approach in this case and the approaches previously are quite different. Now in terms of my written submissions I realise that that's taken a bit longer than I planned. At Para.37 in my submission the traditional approach avoids what I call a pendulum or the vagaries of simplicity and technical complexity and they don't focus on the degree of invention or focus on the particular conduct or the peculiarities of the parties as in my submission happened in this case where the primary focus was in fact on what the parties did as opposed to what the common general knowledge or the skilled addressee would have done and that is really the thrust of my argument and at 40 the Court of Appeal said well you have to have regard to reality and we say yes but whose reality?

Elias CJ What paragraph are you referring to?

Elliot Sorry, para.40 of my oral submission.

Elias CJ No, paragraph of the Court of Appeal decision.

Elliot That is, yes it's para.83, "have regard to reality". We don't quibble with that but we say that the reality has to be an objective reality and I've referred there to the general time in **Molnlycke** cases where the Courts go through in some detail the fact that it is objective and it's

important that the subjective or party-based realities are not excluded but are put in their proper place, and at 42 the objective reality is the only principled approach, it's tested against the whole common general knowledge and removed from the prejudices strengths and weaknesses of the parties and their experts. My learned friend's submissions relies on the **Molnlycke** case to stress that this is at the end of the day a question of fact, obviousness is always a question of fact and I accept that but the whole passage in fact makes it quite clear that the relevant question is the primary question, namely the objective assessment is the proper question, secondary considerations which include the particular inventor's predisposition one way or another is very much secondary and there's no time now to take Your Honours to that passage but I'm not sure whether my learned friend's has a copy of the case in his bundle of papers..

Elias CJ You shouldn't feel obliged to stick literally to the time limit. That's there to assist us if we're not being assisted by counsel.

Elliot Thank you. I didn't want to take any liberties so I'm happy to.

Elias CJ Sorry which passage are you referring to?

Elliot Para.43 of my synopsis and it's the passage from the **Molnlycke** case which I'm not sure whether you have a copy of that Your Honours. I do have some spare copies.

Elias CJ Yes, I don't have a copy of it.

Gault J I think we're getting deeper than we need to into this Mr Elliot. This isn't the appeal. Just try and identify for us some reason for granting leave. As I say I wouldn't have thought there's a whole lot of dispute about the application of this case or the **Windsurfing** case to this dispute. It does seem to me to come down to whether the Court applied those tests from those decisions properly to the circumstances presented and I just wonder whether you're trying to construct a question of false test when your best argument must be inappropriate application of the established tests.

Elliot Yes well, yes Sir but did they apply the, yes. Yes I accept that it's unclear.

Elias CJ And it's not clear I suppose. The Court of Appeal's decision simply identifies the fact, well simply points to the fact that Justice Fisher identified the tests and seems to treat that as sufficient application whereas you're seeking to argue that they weren't applied.

Elliot Yes, yes. There's no doubt that both Courts identified the test in **Windsurfer**, and it's a question of whether an integral part of that test was applied at all or secondly if it was applied, whether it was applied incorrectly which is the point I think that His Honour Justice Gault was

making. I say that it's both. In fact the test, while it was certainly part of the common parlance in this case, has always been referred to in my submission as a matter of fact it was not actually applied and that is a departure from the approach because what it is saying if the judgment is read as a whole is that you don't need to comply with all of the steps as long as you in substance ask the right question, and my argument is that that is an unreliable approach as a principle of law because there will be some cases where Judges get it wrong when they don't go through the full process.

Gault J Well it's not a statute, the **Windsurfing** case is not a statute it's an attempt at a helpful guide as to the way in which you approach these issues.

Elliot I accept that Sir, I accept that entirely. But **Windsurfer** is in fact a reflection of the earlier law and **General Tyre** and like cases which I submit really encapsulated tests that evolved over one hundred years and I'm not saying **Windsurfer** is dogma at all and I think that that's may be what the Court of Appeal thought I was saying, but I was saying that the approach has to be taken in some way and if a Court, no matter how able it is, doesn't follow certain steps there's always the risk that they will get an incorrect impression, particularly in a case like this where the Courts may have a particular view about the merits of the case and the procedural way in which it's been handled. It has not been ideal in the case of my client's conduct of the case but the question as I've tried to argue is that you really have to look at this monopoly right to see whether the monopoly is justified, not whether the parties have acted well or badly and that at the end of the day it's an objective approach which has to be clear to future litigants so they can approach this in a way with some certainty, and the approach that I submit the Courts have now taken is really a departure in a substantive way because it really truncates the process and says that at the end of the day Judges are there to make factual assessments, don't lets make this too complicated, let's just leave it to them and they'll get it right, and at para.44, and I won't take Your Honours to the **Molnycke** case because I've quoted the passage. I think it's very clear there's a full page of discussion about the dangers of the approach which I submit the Courts here have taken and this is at para.4 of my submissions "that secondary evidence which includes contemporaneous events is at best an aid and it must be kept in its place" and that both Courts with the greatest of respect engaged in the very type of speculation warned against and saw the secondary question namely that's what the parties in fact had done and what Mr Peterson had decided to do for whatever reason as the primary question when that in fact should have been the secondary question at the most and what I submit at 46 is that we need clarity as to what approach applies; is it the existing objective test or is it some type of new hybrid test where subjective and objective assessments have equal place or in my submission in fact the approach that was adopted by the Court of Appeal is subjective, assessment comes first, you look at what the parties did and then you can look at

things objectively but as a secondary consideration which is a complete reversal of the way the Courts have traditionally done this.

Gault J On a correct approach where do you say a subjective consideration arises?

Elliot A subjective consideration in this case would be for example why Mr Peterson decided to build a different type of Saw Mill.

Gault J Hold on, are you saying that subjective approach has a place? What place does that have in determining whether claim 7 is obvious?

Elliot At best it has a secondary role.

Gault J What place?

Elliot Well it might be used to test the view that the Court has taken on the objective assessment.

Gault J I'm sorry, I know there are such secondary considerations as long-felt want or unmet need in some, it's not the inventors, it is the industries long-felt want isn't it, so where does the subjective consideration come in?

Elliot Well only on that point Sir, I don't believe it, in this case, in my submission the subjective assessment was in relation to what Mr Peterson did. Why he didn't develop the.

Gault J I understand that's your criticism but you seem to be admitting that it was relevant in some way.

Elliot Well at best Sir, I'm saying at most it was relevant as a secondary consideration.

Gault J Yes ok thank you.

Elliot I'm not saying it should have been completely excluded but that in my submission is really doing it the other way round. Now Sir, at para.47, and Ma'am, what we say is that these decisions will have a major bearing on the substantive landscape and I've referred Your Honours to the commentator's writings in terms of the critical part of this approach and comments that the approach taken by His Honour Justice Fisher were unusual, certainly in terms of conflating the novelty and obviousness tests and then lastly in terms if leave is denied I think it's common ground that this will be the end of the road for the applicant, company and the individual in terms of financial ability to continue so there's potential for substantial miscarriage of justice and the Courts have in applications for leave taken that into account in terms of the potential prejudice if a party is effectively no longer there after the hearing. And then finally in terms of the public interest I submit that

it's not served by allowing invalid claims to stand and even if the efforts to challenge the pattern exhibit a what the Courts called a 'lamentable history', which I don't dispute because this case has been unfortunately handled and I note that my learned friend in fact focuses on that in his submissions but in my submission this is really not about the parties and the way the case has been handled, it's about the substantive merits and in terms of this Court I would submit it to clarify just what is the correct approach.

Gault J May I ask you a couple of questions please?

Elliot Yes Sir.

Gault J The case seems to have narrowed down in the course of its history such that the Court of Appeal was required to consider only the validity of claim 7. Is it envisaged that depending upon the outcome of that there might be more litigation, more hearings or what? Are there allegations of infringement of other claims, is that the point?

Elliot Yes Sir there are, certainly the subsidiary claims which would be infringed.

Gault J If there are subsidiary claims that would be infringed are they dependent on the validity of claim 7?

Elliot Yes Sir.

Gault J I see.

Elliot If we are successful ultimately before this Court the case would need to go back to the High Court for the balance of the claims to be, their validity to be determined and it would follow that the patentee would need to apply to amend claim 7.

Gault J It seems to be a very unsatisfactory way to get before a final Court isn't it with things sort of half-cocked.

Elliot They are, well I wouldn't accept they're half-cocked in the sense Sir that if claim 7 is found to be invalid. The patentee may be able to amend to save the balance of the claims and the applicant, Mr Peterson, may be able to make a Saw Mill which doesn't infringe the amended claim and so I think commercially.

Gault J Yes but we're not here to just sort of look at this four or five times depending upon the stance that the respective litigants might choose to take, particularly with regarding amendment. Has there been an application for amendment?

Elliot No Sir.

Gault J Didn't the Court of Appeal say something about that in **Ancare** or one of those cases?

Elliot Yes, it did Sir. At the hearing before His Honour Justice Fisher asked the patentee if it wished to seek to amend so His Honour certainly at that time thought that.

Gault J My recollection is that the patentee can't have two goes, you can't seek to uphold the validity of a claim and then have a go at upholding the validity of an amended claim, you either amend or you live with your existing claim. Are we in that position?

Elliot We are in a similar position because the patentee has said we will live with this claim, we're not going to seek to amend it, even though the.

Gault J But there are all these other claims. This litigation would drive both parties bankrupt if it goes on with a whole series of hearings about claims and then amended claims one by one. There's some 50 claims here. Now why have we sort of picked out this one point? Is it king-hit for you and if you don't get it you go back, where are we?

Elliot Well Sir it's a king-hit in the sense that if the patent if claim 7 is upheld my client will effectively go bankrupt.

Gault J And if claim 7 is not upheld there's a whole lot more argument about the other claims.

Elliot Yes Sir. I'm afraid so. We would need to go back to the High Court Sir.

Gault J Well that's extraordinary. I would have thought that this should get before the Court once. The parties should adopt their stance in relation to which claims are said to be infringed, which claims are tested for validity, whether there is to be any amendment proposed and then the Court would rule on it, but you're going to face a situation potentially of different Judges having to consider this particular patent with reference to the same arguments but directed to different claims. That's wholly inefficient from the Court's point of view.

Elliot Yes certainly with His Honour's retirement that means there will have to be a different Judge and I accept that that.

Gault J But this could go through the same levels with Judges on a further appeal. It should all be tidied up.

Elliot We agree Sir and I mean our position has been that claim 7 is hopelessly obvious and that the patentee should have applied to amend a lot earlier so that there would.

Gault J Well the patentee might not mind, might say oh well if claim 7 goes we've still got you on claims x,y and z.

Elliot Yes Sir.

Gault J And there'll be no adjudication on that. It's half-baked in a way isn't it?

Elliot Yes Sir but that's the case that we've had to face and um.

Gault J How did it get divided in this way? Just agreement between the parties or did Justice Fisher direct that you just try the validity of one claim, how did it get like this?

Elliot It was a process I'd need to actually discuss with Mr Peatrice, I can't remember exactly how it got to that point. I think it was in terms of the complexity of the technical issues with the subsidiary claims.

Gault J They don't come much simpler as patents.

Elliot Yes, but the layers of claims and our argument was always that if claim 7 goes then all the claims are invalid and the ball is then back in the patentee's Court to try and fix it.

Elias CJ Are you saying as you said in answer I think to a question? that the patentee will have to amend in order for the other claims to be invoked?

Elliot Yes, the other potentially infringed claims because this is a patent with two personalities that claims 1 to 6 are, we say we accept that they're valid but they're not infringed so that those claims are out of the equation. We say claim 7 is invalid and if claim 7 falls then all the dependent claims fall with it and then it becomes a problem for the patentee to say we need to now amend and we are deciding to do so now rather than earlier because we made a decision to do that, that is the risk that they run.

Gault J They would face all of the problems mentioned in that other judgments if they then tried to amend. Alright, well that's not your problem but I'm just trying to find out.

Elliot Yes Sir, I think it just got too hard and time was an issue and our argument was always that claim 7 is really the key claim and in a way we were satisfied even though it's far from ideal, we believed that if claim 7 was resolved, the validity of that was resolved, then other things fell into place and then we had established that the broadest claim was invalid and that's what happened in **Ancare**. The Court didn't actually look at the other claims, it simply said if claim 1 goes then everything goes and that's where it ended.

- Gault J Right thank you for that, now other questions. The notes that you've helpfully provided this morning focus on obviousness. Your earlier argument directed also to the issues of alleged invalidity on the grounds of ambiguity and anticipation. Are you persisting with those as well?
- Elliot I am Sir, I really tried to I suppose compress my argument so that I was focusing and I certainly still rely on my written submissions, it was just to try and focus on what I saw as the key issues today, but yes we do still rely on that ground.
- Gault J Well can I just ask you about that. As you will appreciate under the Supreme Court Rules we have to indicate which grounds are approved for appeal if leave is granted. In the case of ambiguity it is accepted it is said that the claim is ambiguous. I think both Judges who wrote below said it was but nonetheless said that in any sensible reading of the specification the skilled addressee would resolve the ambiguity without difficulty. Where's the major issue in law about that, that's a bit like **Catnic** where what is vertical and what isn't, isn't it?
- Elliot It is, it is except Sir that what we're saying is that the approach that was taken was in fact different from **Catnic** because it wasn't simply saying is this vertical or just off vertical what the Court is doing is adopting an approach which says purposive construction allows the Court wide latitude to actually ignore what it accepts as an error in the claim and to say well look anyone would be able to work that out and then to also import other features from other claims in.
- Gault J Well I didn't understand them to be authorising importing features and I haven't got a complete grasp of this by any means but I understood them really to be saying that anybody skilled in the art would recognise the way these are attached and that it is possible to read the claim in a different way would be disregarded. Now that's an assessment it would seem to be open to a Court to make and it's a bit hard to see why that should be reviewed under further appeal. In the case of anticipation and obviousness your argument is somewhat different from that and you're saying that the features of the claim against which the prior art and prior knowledge was tested were not properly construed. Now that's different, I say you've got to satisfy us that leave should be given on each of them I would have thought and it just seemed to me your point on ambiguity might be a bit difficult.
- Elliot Yes Sir, I can see Your Honour's point. I suppose the question is when the statute says that a claim has to be clear and the Courts have said well it's for the Court to interpret what's clear, I submit it is a mixed question of fact in law as to whether a Court that has acknowledged that a particular part of a claim is unclear effectively, ambiguous, that it can disregard that and say it's unclear but it's clear.

Gault J It's not the question of whether it's a question of law or a question of fact, it's a question of whether the assessment made by two Courts below that a person skilled in the art would see the ambiguity and disregard the unworkable aspect of it is something that should have another run.

Elliot I accept that Sir but um I accept what you're saying in terms of this Court's function that I accept the two Courts have considered that um.

Gault J It was an assessment by them wasn't it, that the person skilled in the art would disregard one possible meaning? That's all it came down to.

Elliot I accept what Your Honour's saying that that does certainly look that way and I dealt with it first because it was the logical way of looking at it rather than that's my best point by any means, but all I would invite Your Honours to do is to say that the question of interpretation does however you look at it infect the rest of the thinking, or inform the rest of the thinking.

Gault J If you get leave you will obviously approach how the claim is to be interpreted as the basis for your argument on the other grounds. I don't think you need this as a stepping stone.

Elliot No Sir, I just didn't want to lose it completely and um.

Elias CJ Well you might.

Elliot And I don't want to be resisting unnecessarily.

Gault J Well thank you I think those were the points that I wanted clarified.

Elliot I thank your Your Honours.

Elias CJ Thank you Mr Elliot. Yes Mr Miles.

Miles Your Honours I thought it might be worth stressing initially just a brief summary that I set out at page 1 of my submissions because that goes to the heart of the reasons why we say there is no legitimate basis for granting leave. At para.1 that there were no material errors; the relevant principles were set out correctly and there was a very careful factual analysis by the trial Judge which was accepted by the Court of Appeal as essentially a factual analysis. No legitimate basis for interfering with that. Secondly no issue of general or public importance. It was reported Sir in the judgment of Fisher J because it gives a useful summary of the relevant principles of construction for a specification and secondly when analysing obviousness and my friend doesn't criticise the principles adopted by His Honour on how to construe a patent specification and it's a very helpful summary, nor does he criticise the principles gathered together by the Judge in defining obviousness, apart from the very last one where the Judge said

well particularly in this instance it's difficult to say other than the issues of obviousness and the issues of prior art and novelty tend to overlap, tend to allied and all His Honour was saying is that in this case particularly that was the case because all the evidence of what was general knowledge at the time was identical to the evidence used for the prior art, because what my friend relied on were the other Mills that were currently in the marketplace, together with the odd patent specification, plus the obvious point that everybody accepted that there were a few mechanical devices and principles that everybody knew, like winches and obviously nobody for a moment suggested that there was anything novel about a winch or about rails or about principles of gravity and lowering and raising the rails. The whole argument adopted by the patentee which was accepted both in principle and factually by the trial Judge and by the Court of Appeal was that this was a collection of known integers but put together in a way that was generally novel and hence created a concept that was inventive and not obvious. So it is difficult to see why it could be argued that this case is one of general, public or of commercial significance, far from altering the laws my friend suggests it was entirely orthodox, it simply adopted **Windsurfing** but what Justice Fisher didn't do and it is clear from my friend's written notes today that this was fundamental, he didn't refer to 'worth a try' test and I just note my friend's written notes at para.32 where he said the defendant's defence was based squarely on the 'worth a try' approach and his complaint in the Court of Appeal was that that was the lynchpin of the defence and the Judge ignored it. What the Judge did of course was not use that particular test. What he used were the classic structure set out in **Windsurfing** which as His Honour Justice Gault pointed out was devised at the time by Lord Justice Oliver from memory just as a useful way of checking the various steps in being able to assess whether something was novel or not or something was obvious or not. Nobody suggests for a moment that the 'worth a try' test is set in concrete. It's not part of the statute, it's merely a useful formula that has been adopted on occasions to assess what is essentially a factual issue, namely whether or not the invent of concept is obvious or not. I might say contrary to what my friend says at paras.23 and 24 on obviousness where he says the tests for obviousness is now reasonable conformity in the UK, Australia and New Zealand and the approach in New Zealand is well settled. I am at a loss to understand how my friend could make that submission. Your Honours are probably aware of the High Court decision in Australia two or three years ago, the **Hassler and Alpha Farm** decision, I'm sure His Honour Justice Gault would be aware of that and perhaps.

Elias CJ No.

Miles No. Where this issue was discussed in the usual length of the High Court Australia judgments with the Chief Justice actually talking about a 'shift in the grin norm' I think was the phrase he used. Between the UK approach and what the High Court of Australia said ought to be the approach in assessing obviousness and that related to the extent to

which the skilled addressee could look at the prior art, but also on the test itself and they restructured the test, they rejected the 'worth a try' test and they re-phrased it to say in all the circumstances would a hypothetical skilled person in all the circumstances including a knowledge of the relevant prior art, would be led as a matter of course to try something in the expectation it will produce a useful result. So there are quite distinct changes in that to the 'worth a try' test and at some stage I have no doubt that the issue will be raised in this Court as to what the test perhaps should be looking at it.

Gault J Not a good reason for giving leave?

Miles No Sir.

Gault J Why not?

Miles Because it's pointless. One would give leave if the decision itself would make a significant and crucial difference to the case. It would make no difference here because what His Honour did and what I submit was a very careful analysis was to look at all the evidence put forward by the defendant which was put forward to establish obviousness and rejected it and rejected it on the basis of **Windsurfing** and what the statute said. In other words whatever, um and bear in mind Your Honour that the 'worth a try' test is actually easier for the applicant rather than the patentee. It's tough on the patentee because it is generally accepted that that gives a greater opportunity to attack a patent than the more carefully structured test adopted by the High Court in Australia, and they did that quite deliberately as part of a policy decision to give greater support to patentees. I mean there's no question about that so if Peterson fails on the easiest of test, as I say the 'worth a try', then it's unarguable he will fail on the tougher one, so on the facts the issue is simply not relevant, it's moot I suppose to use the American concept, and it will have to be argued some day before this Court, because they are quite different tests, but it will be argued in the context of factual findings that will define in a crucial way the result. So what one comes back to Your Honours which really was my second point, my first being those propositions advanced on my page 1 as it were, but my second broad point Your Honour is that this was essentially a factual finding based on conventional legal principles and could I just invite Your Honours in due course when going through the Court of Appeal judgment to note the number of occasions that the factual issues and credibility were crucial. If you start at para.31 of the Court of Appeal decision where they note that the Judge specifically disbelieved Mr Peterson's evidence on a crucial issue. Moving to 35 where they said ultimately Fisher J preferred the evidence of the respondent's witnesses - Mr Stevens a professional engineer and Mr Hutchinson, to the evidence of the other expert, Dr van Wyk. Dr van Wyk's evidence Your Honour was rejected for very good reasons. It was Dr van Wyk parroting I suggest that the evidence of Mr Peterson who seriously suggested that the three attacks on the specification were

legitimate and those three attacks Your Honours which go to the construction argument were rejected by Justice Fisher in the Court of Appeal as being absurd. You remember the first one, the alleged ambiguity in claim 7 where the suggestion was you could read one of those integers to suggest that the two rails obviously running parallel to each and apart because the motor was set on a bogey that ran up and down these rails, that there had to be a significant gap between the parallel because you couldn't run the bogey down without it and secondly instead of actually going parallel and fixing at each end of the end frames they were transversed, they were crossed if you read it in a very strict way it would suggest that that's how one might read it. And that was the proposition, it was obviously ludicrous and that's why Justice Fisher in the Court of Appeal rejected that as an absurdity. They didn't re-write the specification Your Honours they simply read it in a way a skilled addressee would read it, and it's almost unarguable that that must be the case. And the second attack was the issue of the moving means. Now that of course was an integral part of claim 7 because one of the key aspects of the inventive process was the realisation by Mr Lucas that you could combine a number of these features, including the ability to be able to raise and lower separate rails together simultaneously so that each end would be raised together and so you'd get accuracy in the marking and measurement of the timber. Now you had to do that by means of moving means. No one would think it was blindingly obvious, not just from the claims itself but from the specification and the drawings which were actually extremely, quite extensive and quite elaborate. They showed a winch and they showed a chain, it doesn't have to be a chain, it can be a chain or rope or whatever, running down the back frames connecting the two rails together so that the winch would wind the two rails up simultaneously. And it was seriously put forward by the 'so-called' expert relied on by the defendant that moving means didn't mean a winch or something similar, it meant the human hand and hence Mr Peterson was able to say well what moving means really means is that an operator can lift – he's talking about his Mill – can lift each end of the rail up manually and screw it up and the other one manually and screw it up and then going back to the other end of doing it the same, so moving means means the hand. Now it's hardly surprising that Justice Fisher was sceptical to put it mildly when faced with this extraordinary evidence from Dr van Wyke. Identical I might say Your Honour, to the briefs of evidence of Mr Peterson, and that was the level of the attack on ambiguity and construction.

Gault J

Mr Miles you have in that explanation it seems done just what Mr Elliot complains the Judge did. You have referred to specification and drawing features which are not in the claim. As I understand it that's not permissible. The claim must be construed and if they want to introduce features from the drawings you have another claim and you introduce the additional features narrowing and narrowing the invention claimed. No there's nothing in claim 7 about winches, there's nothing in claim 7 about ropes, all it talks about is these rails

are incapable of being adjusted by moving means, it doesn't even say that the moving means is part of the structure, so I don't regard it as quite as absurd as you contend for and that's my trouble with reading these judgments and this specification that this claim is extraordinarily wide and I'm not sure that it was properly tested under the principles of obviousness and anticipation having regard to the introduction of features from the specification which are not in the claim.

Miles Um, well I take issue with respect Your Honour to the suggestion that the reference or rather the reference to a winch in the drawings and in the body of the specification is an added feature to the claim. The reference to moving means is the reference to, that is the generic.

Gault J Well, that's what's claimed. Everything that is claimed must be valid and that which is not claimed is not part of the claimed invention in this particular claim.

Miles But if Mr Stevens. I'm sorry Sir.

Gault J I'm not sure that the moving means here is part of the claim. It refers to the rails being adjustable by a moving means but that it seems to me that would extend to running in a power lift from a tractor or something. It's so wide and that is my concern whether the Judge was persuaded, presumably by you, to say well look be sensible about this, you've got to look at the drawings and what's in the specification, that's what it means, but I'm troubled whether that's the right approach.

Miles Well what influenced His Honour was the evidence of Mr Stevens, the expert called by my client, who said I have no doubt that the skilled addressee in these circumstances would understand immediately that the reference to a moving means would include things like a winch. It wasn't argued in the High Court that it was too wide. The argument was it included the human hand and hence it was anticipated by the Peterson Mill.

Gault J By human hand strikes me as rather difficult to raise them both in unison.

Miles We said the same Your Honour.

Gault J It doesn't mean to say that there aren't jacks and things that could do it. It's just not possible to say the moving means 'is the one disclosed in the specification'.

Miles No but the one disclosed in the specification is part of that.

Gault J It is a moving means but this claims all other moving means that would work.

Miles No I don't think it does with respect Sir.

Gault J Doesn't it?

Miles It simply talks about moving means, it doesn't exclude any other, it barely includes the one that's there.

Gault J Well if you haven't excluded it you've claimed it.

Miles But is there a problem with that Sir.

Gault J Well that's the question that seems to me might require investigation.

Miles But it's never been the argument that's been run, the argument has always been that presumably because it is so inclusive it would include the ability of non-mechanical means by an operator. So it was never argued Your Honour that it was too wide, if anything they were seeking to expand it.

Gault J I don't understand that. Who was seeking to expand what?

Miles Well they were seeking to say that it included, not expand Sir, to expand moving means including something that wasn't mechanically necessary mechanical but would include the ability of the operator physically.

Gault J There's nothing there that says it must be mechanical or hydraulic or anything else, it just says moving means. It's extraordinarily wide.

Miles Well that's where the evidence I suppose of Stevens was helpful where he said 'this is'.

Gault J The evidence is as valuable as it relates to the question to be determined.

Miles Your Honour it only becomes relevant if we put aside ambiguity, it only becomes relevant in anticipation when looking at the Peterson Mill because the Peterson Mill was said to anticipate the patent in question and one of the reasons why we said that was nonsense is because that Mill had no means of raising and lowering the rails in unison. That was the Mill which had the two rails clamped at each end and you had to unclamp them, raise them and reclamp them four times. Now using the classic definition of anticipation and you know you have to show precisely every integer in the drawing or product or whatever that you say pre-claims you, again it seemed almost unarguable to us that the Peterson Mill simply couldn't anticipate because it lacked that fundamental ability of the two rails to be raised in unison. It couldn't be done and if you go Sir to Justice Fisher's judgment where he deals with anticipation he goes through each of these issues specifically at para.59 where he says "it's common ground

that claim 7 would be no more than a description of the Peterson Mill were it not for the concluding words by moving means whereby the rails could be used in unison. The plaintiffs say there was no anticipation because the Peterson standard frame critically lacked any moving means for adjusting the vertical height of the rail, let alone the moving means which affect the adjustment in unison. The point is resolved by the meaning of 'moving means' I adopted earlier. The Peterson standard frame had no moving means in that sense that was the winch. Still less was there a moving means for raising and lowering the rails in question. I cannot accept Peterson's argument about having two operators each handling the rails of their brackets or collars simultaneously amounted to moving means where they be raised in unison. So it was looked at and rejected in terms of anticipation. It wasn't argued Your Honour in the sense you're saying under ambiguity.

Gault J What about obviousness?

Miles No not specifically Your Honour. It wasn't at all in terms of obviousness because it was a rather different point that was raised there. They said all it was was a grouping or collection of known integers put together in a way that showed no originality.

Gault J That's a known invention argument rather than obviously having regard to what was known or used.

Miles Well it was essentially that proposition Your Honour or at best that if they never accepted this Mill was essentially different from the Peterson Mill other than it had the winches which they said had been pre-claimed anyway because moving means can be treated as being operators as well as winches, but in any event that is just such an obvious step that it comes into the 'worth a try' category and that was refuted by the evidence of Hutchinson and Stevens. Stevens the independent engineer with a good deal of experience in that area and it was he who said there was nothing in the art at the time or in the common general knowledge that produced a Mill that had these characteristics. It was a clever idea he said. Hutchinson was the designer of one of the Mills that Mr Peterson said pre-claimed.

Gault J I can understand it being a very clever idea to devise the construction that is the preferred embodiment of the invention, that is with the winches and the ropes which not only raised but lowered with their particular arrangement. That's clever stuff but this claim is so much wider than that, that is what troubles me.

Miles It was never argued Your Honour on that basis. It was suggested, and I.

Gault J Are you saying that it was argued that the particular construction was obvious rather than that the invention in this claim was obvious.

Miles Yes, yes Sir, I am exactly that.

Gault J Well that surprises me.

Miles It was argued at one stage and it has not been carried through into the appeal. There was an argument of insufficiency that the claims were not foreshadowed but that wasn't carried through understandably, but that was the extent to which there was an attack on the scope of the claims. You see my friend he repeated what I, just while we're talking about this topic, what he said in his written notes on this topic on construction where he said that the judgment introduced, this is at paras.7 and 8, features and read down others into the specification and the feature that he introduced was this issue of non-binding. It wasn't a feature in the specification, nobody talked about non-binding in the claims. That originated from Mr Stevens who pointed out that the non-binding feature of the invention was a result of the invention, it wasn't a feature in the specification, it was a result, it was an attractive result that emanated from the integers set out in claim 7, so it's not a legitimate criticism on the construction that there are issues like non-binding and all that was an issue at the trial, which is really reflected in these submissions Your Honour, was the obvious errors which refers to rail coupling. There was only one error and that was the transfers absurdity. The importing feature is non-binding which it didn't read down. What His Honour said was moving means would not have included the non-mechanical actions by an individual and no suggestion that the claims were so wide as to either be unenforceable or that they would include features that might otherwise be absurd or whatever the criticism might be. All that Justice Fisher said based on the evidence of Stevens and Hutchinson, was that moving means would not include the non-mechanical actions by the operator. Could I just jot down or ask Your Honours perhaps to jot down the references to credibility in the Court of Appeal judgment? You find it at paras.31, 35, 43 to 45.

Gault J Sorry, what was the first one?

Miles 31 Your Honour. 31, 35, 43 to 45, 81, 84 and 85 and those last paragraphs were really the concluding paragraphs pointing out that Justice Fisher had identified all the relevant principles, had examined and marshalled the facts, made judgement calls on the credibility of crucial witnesses and there was nothing there to interfere with those factual findings. Yours Honours the next point I was going to make which is really self-evident I suppose but the **Windsurfing** test sets out the classic criteria for assisting a Court in assessing obviousness which His Honour did and then throughout his judgment he made various findings dealing with each of the four categories, or criteria, or four steps that **Windsurfing** says that one has to go through and if I could just ask Your Honours to note where you find these. I've actually set them out come to think of it in my written submissions but if I could

just add a few paragraphs to those, that's at para.28 where you first need to identify the inventive concept, and I gave Your Honours three paragraphs there that re-reading would you also go to para.72 and 83 which also are clear. Secondly His Honour considered the relevant publications of the priority date, that was assessing the general knowledge at the time, and that's how the evidence was run by the defendant, it was exactly the same evidence that they called for anticipation and it's obviously why because we weren't talking about a complexed pharmaceutical patent we were talking about a relatively simple portable Mill and the obvious issues to be looked at are what other Mills were there in the market and were they the same and was there something inventive about the differences and that's how the defendant ran it and under anticipation His Honour went through all that evidence and held that there was no, that they hadn't been pre-claimed and you find that really at paras.59 to 64. And thirdly the differences between the prior art and the alleged invention, again he went into that in considerable detail. I have noted at paras.34 and 59 to 60 if you delete 60 Your Honours and just put 64 because in fact the analysis goes on through to para.64 and also paras.71 to 74, and finally the appropriate question whether the inventive concept would have been obvious to any skilled but unimaginative addressee. His Honour dealt with that and there are at least on a number of paragraphs Your Honours I mentioned 74 but would you also note 75, 81 and 86 and the Court of Appeal traversed all of that and I have set out in my written submissions where and came to the conclusions that I have already discussed with Your Honours. Can I touch on the 'worth a try' test and while my friend in answer to Your Honours today moved a bit I thought but in the Court of Appeal and in the written submissions and in his written submissions today he acknowledged that the 'worth a try' test was at the heart of his defence and that was at the heart of the attack on the Court of Appeal judgment, on the Fisher judgment and the Court of Appeal judgment. Now as I've said to my first point of course useful test in certain circumstances, secondly it obviously not the words of the statute, it's not set in stone, and thirdly it's ultimately a factual issue as to whether the patent is obvious or not. There was a *cri de coeur* Your Honours in the **Hassler Alpha Farm** case from His Honour Justice Kirby on this very issue and I noticed in my friend's bundle where I think it must have been in the first bundle under (d) the article, yes it was the article by Andrew Brown.

Elias CJ I'm sorry I don't have that.

Miles Right, well it was in the very first bundle and if you go to exhibit (d) and at the very end of that of the last page Mr Brown cites Justice Kirby and **Hassler Alpha Farm** despairing of the semantic complexities that have built up on the issue of obviousness and saying rarely that it's just gone way beyond what it ought reasonably to be and one tends to forget the statute is ultimately the only true statement of the governing law. The *cri de coeur* which I think has been echoed on a number of occasions. You see it actually again Sir in my friend's in

his supplementary bundle. I don't know whether Your Honours have got. In the **Curren** judgment in 2004. I'm sorry I've got the wrong one again, it's oh it's **Settler** that's in the supplementary covered bundle under © a judgment of His Honour Justice Pumfery and if Your Honours at some stage, if you could just go to paras.37 through to about 40, 42, you'll see a discussion about the tests of obviousness and how there are problems with all of them and how ultimately it's an issue of fact. So Your Honours the decision by the trial Judge not to refer to that test is not in itself an error in any sense at all. There's no obligation to do so, no requirement to do so, he simply approached the issue of obviousness by a different route, namely the evidence and the **Windsurfing** principles and the statute itself. In other words it was just irrelevant and just in conclusion on that issue Yours Honours the point that I really raised earlier that there are issues about that test in any event and whether that remains the relevant test or whether one should move on to the one adopted by **Hassler**.

Elias CJ Mr Miles are you intending to be much longer because if so we'll take morning adjournment.

Miles I would expect five to ten minutes, but I could be wrong.

Elias CJ We'll take an adjournment for ten minutes, no 15 minutes thank you.

Miles Your Honours the last point I was making was that Justice Fisher reached his factual conclusions really by a different route other than the 'worth a try' test and when you go back to that section of his judgment, which I invite Your Honours to do briefly where he deals with the whole issue of obviousness, it becomes clear that all of the criticisms by my friend on this issue are ill-founded. Could we start at para.67 where His Honour clearly asked himself precisely the right question? He says talking about claim 7 he describes it as being the basic Peterson standard layout with the addition of a moving means for raising and lowering the rails and a coupling to enable it to achieve this in unison. The question is whether the addition of those two features, the moving means and the unison, because they're both separate and crucial was obvious in the light of what was already known or used, exactly the right question. By this point there was no Mill design that did bring together that combination so he's had a look at all the prior art that was being relied on by the defendant, but the defence then argued nevertheless that all the features described were well-known among existing Mill designs and if you combined the three was obvious, so that was the next step. Well even if no Mill had all of those features you could combine the three and the combination was nevertheless obvious. Now His Honour went into **Windsurfing** then a whole series of supplementary principles which, apart from the one at (g) about the suggestion that the distinction between novelty and obviousness is a question of degree. All of those apart from that are accepted by my friend and then at 70 we get the statement which is in direct contradiction to one of the principal criticisms of my friend. He

says the primary source for determining whether a new design involves an inventive step is normally the evidence of experts, which is exactly what my friend says he didn't do and that's what he did do in fact. He then examined the evidence of Mr Stevens and Dr van Wyk for the defendant, both of them experienced engineers, then before he comes to the conclusion as to which he prefers he traverses the evidence. At 71 he sets out what the factual position of Mills in New Zealand were when the Lucas Mill was introduced. There was no SawMill that was ultralight, portable, open access, quick and accurate vertical adjustment, etc. Mr Peterson was designing away from the problem and he deals with that further at 75. At 72 the Lucas design for the first time brought these aspects into a Mill and then at 74 at the top of page 379 he concludes the solution in combination with a stated method which showed the solution was far from obvious and well capable of amounting to an inventive step and then at 75 he points out that Peterson was moving away from the concept of independent rails being able to be raised in unison. The standard frame which he had been relying on earlier was the one that had no lifting mechanism at all. That was the one that just clamped at each end on four separate occasions, all done manually. What he eventually did of course when he had a look at the Lucas Mill was he used that and then adopted precisely what Mr Lucas had done. He put winches on it which were able to be raised in unison and his explanation is at 76 when he said "well I thought that was a step back until I saw the Lucas Mill and I realised he'd missed a marketing opportunity". Justice Fisher didn't believe him and he said that at 78. Then he got onto the evidence of Mr Hutchinson, quoted Hutchinson's evidence at 79, over the page you see the Lucas Mill represented the next advancement in technology and as he said at 80 "I'd have liked to have thought of it myself". And then at 81 again the very point my friend kept stressing but which said Justice Fisher didn't do the test for obviousness is an objective one. It doesn't turn on the insights gained or lacked by any particular individuals, however the combination of ideas represented by claim 7 was not obvious to men of skilled experience directly involved such as Peterson and Hutchinson, it's difficult to believe it would have been obvious to the ordinary hypothetical skilled operator. Well that's a perfectly legitimate proposition, perfectly legitimate conclusion and based on the relevant evidence and it's a complete answer to my friend's criticisms that there was a lack of objectivity in the analysis and some so-called legal flaw in the structure of the argument, and then at 86, sorry, at 83 he goes into novelty and at 86 he explains why he accepts the evidence of Stevens and Hutchinson over van Wyke. I'm conscious of time Your Honours. Can I conclude on the issue of where we would be if the, no let me put it a different way. My friend says there's been a mis-statement of the law and a misapplication of the facts to this particular case. As was pointed out by His Honour Justice Gault we were concentrating on claim 7. That was by agreement with the parties at the time because there was an acceptance that claim 7 was fundamental because all the subsequent claims were reliant on claim 7. If claim 7 survived then that would be the end of it practically speaking

for the defendant if claim 7 did not survive then we have the right to go back and argue the other claims, but it was an agreement reached by all parties on the basis of a pragmatic decision that a trial that was set down anyway for two weeks could be contained in a way that it was believed would result in a conclusion that would define the issues by the parties. But just suppose Your Honours were to find if the appeal is to be heard and you would have thought that his Honour reached the decision on obviousness say on the basis of some wrong principle. where do we go? The only way in which we can possibly handle it then is to send it back to another Judge to hear the case again because it is unquestionable that His Honour found as a matter of fact that it wasn't obvious and it hadn't been anticipated and it wasn't ambiguous and similar with each of the other attacks. It's not a question of if the wrong principle of law was then judgment for the defendant; the only result can be that it would be sent back to start again.

Elias CJ Why do you say that? What's the impediment to the Appeal Court resolving the issue for the trial Court?

Miles Well there've been issues of credibility on crucial witnesses. If the evidence of Hutchinson and Stevens is accepted over van Wyke, which no appellate Court is going to interfere with, then it seems to me that it must follow that it's not obvious whatever test you use, but even if a Court said "we're not satisfied that His Honour was asking himself the right legal question", I don't see how you can get past the factual findings by the Judge that this Mill was different, that there was a particular part of that Mill that was inventive and that the evidence against that was not acceptable on the grounds of credibility. I've given that some thought because.

Elias CJ Well the credibility of Mr van Wyke, as you've explained it to us, was simply that the Judge didn't find his expert evidence to be credible, not that there was any question of assessing in its own terms, so that's really a factual determination isn't it?

Miles Well yes and no. Yes it is factual but it was based on his assessment of well the credibility. I suppose it's the logic and the reasoning behind the conclusions expressed by Dr van Wyke. He listened to the witness, listened to the conclusions that he reached on the moving means, on the parallel issue, on those three issues dealing with ambiguity and he thought they were not just credible.

Elias CJ Yes but an appellate Court is as well placed as a trial Judge to make that assessment because it just depends on the terms of the evidence.

Miles Well I understand what Your Honour says although there is still an element of assessment of how the evidence is given, the pauses in the cross-examination, the difficulty in responding to questions, you know all those subtle indicators that Your Honours will remember in the days when you used to run those sorts of trials.

- Gault J That's about truthfulness rather than the credibility of evidence isn't it?
- Miles It's not truth, it's about the ability to sustain the conclusions Your Honour. To answer the criticisms that are inherent in the conclusions. I don't want to press that point too far but, and of course he did reject the evidence of Peterson on that specific issue of the reasons why he thought the Lucas Mill was an improvement in the marketplace and why he then moved, because this was important because he immediately went back and produced the Mill which he infringed and he produced three Mills, each one of which were marked 1, 2 and 3 because he didn't understand the changes, the innovative changes which Mr Lucas had made initially and he went back and immediately designed a Mill, infringed but didn't actually succeed and it took him about another nine months to a year before he finally produced a Mill that continued to infringe but which worked and his explanation for the changes were "I thought there was a market issue here so I made those changes for various market driven reasons and the Judge simply rejected that.
- Gault J That doesn't get anybody very far though does it. I mean the whole of the development of technology is building upon what's been done, what is known and avoiding patent claims and the question is did he avoid patent claims that were valid and that he did it deliberately is not really relevant.
- Miles In an entirely dispassionate way Your Honour of course it's right. On the other hand it is an acceptable response from a trial Judge I think when the defendant puts forward an explanation for infringing which he considers to be wrong and misleading and untruthful, that would influence his decision on any other relevant evidence that Mr Peterson might or might not give, but I accept Your Honour that at the end of the day there has to be an objective analysis of the patent and the defendant's product but I do not see any possible result in the event that there was a finding that the Judge misdirected himself in a crucial issue and then of course getting over the issue of causation as it were between the failure or otherwise of the legal test and the factual findings that he reached independently of any test, that if one gets over all that and there's still a sense that an appeal should be successful then it would have to go back to the High Court again de novo on whatever issues the Supreme Court considered had to be re-argued.
- Gault J It wouldn't be de novo in relation to claim 7, that would be over wouldn't it if the appeal succeeded in validity?
- Miles Well I'm not sure Sir because if the finding is that it is not obvious on the facts which is what His Honour did find but it was held for instance that he should have addressed it on the basis of 'its worth a try' then I don't see any alternative but to send it back to have it reconsidered.

Gault J I do. I think this Court would rule on validity or invalidity of claim 7 that's why it's here, and we'll take into account the findings that the Judge made obviously.

Miles Well if Your Honour says that the problem will result then of course I have to accept that. I still would be inclined though if I had the opportunity to argue to the contrary.

Gault J If leave is given you'll have every opportunity.

Elias CJ You don't need to convince us today.

Miles No, I appreciate that but I don't want to leave my submissions on that rather negative note Your Honours. At the heart of our argument is that there's no commercial or public reason why this should be re-examined. The Judge reached the conclusions he did on anticipation and on obviousness using the appropriate tests and following the appropriate routes that he did and that ultimately as everybody accepts while the test is objective it is essentially a factual issue and on that basis Your Honour we say there is no basis for leave to be granted.

Elias CJ Thank you Mr Miles. Mr Elliot we don't need to hear your reply. We'll grant leave for the appeal on the question of whether the assessment of the validity of claim 7 of the patent on the grounds of alleged anticipation and obviousness incorrectly applied legal tests or proceeded on the basis of the incorrect approach to the interpretation of the claim. There's no issue of security or anything like that is there? The Registrar can deal with that.

Elliott Yes Your Honour I will attend to that on the normal basis. Your Honours.

Elias CJ Thank you.