

Confidential information – employment – key personnel – injunction – inspection of defendant's activities

Evans Deakin Pty Ltd v Orekinetics Pty Ltd [2002] QSC 42 (Chesterman J, 13 February 2002)

Background

The plaintiff was involved in the research and development, manufacture and sale of equipment, the purpose of which was to separate the mineral content, particularly titanium, from sand in which it occurred. This was done by electromagnetic impulses drawing the mineral leaving behind the sand.

The second and third defendants were employed by the plaintiff in its research division. The second defendant was responsible for the improvement of separation equipment manufactured by the plaintiff.

The second defendant left the plaintiff in early February 1999 and approximately a week later commenced a business known as "Orekinetics". The plaintiff alleged Orekinetics was in competition with the plaintiff and that Orekinetics used discoveries and knowledge gained by the defendants while in the employ of the plaintiff and that such information was confidential and belonged to it.

The proceeding

The plaintiff claimed injunctions to prevent their use of confidential information. In the allied relief against the defendants, the plaintiff had also applied for an order pursuant to rule 250 of the *Uniform Civil Procedure Rules 1999*, for an order that the defendants make available for inspection the electrostatic devices marketed by the first defendant.

It was proposed to keep the plaintiff ignorant of the results of the inspection. The plaintiff's legal advisers and expert, had offered to execute confidentiality agreements and limit the knowledge gained from the inspection for use in the litigation.

The defendants opposed such an order on the basis that the plaintiff had not made out a case, which would justify the order.

The decision

The defendants relied on a number of authorities in which the considerations for refusing such an inspection amounted to a concern that a patent holder should not on very little evidence be given the opportunity to undertake a "fishing expedition".

It was noted by his Honour that perhaps the defendant's leading authority was concerned to refute the notion that a plaintiff had to make out a prima facie case

of infringement before the court would order inspection: *British Xylonite Co. Ltd v Fibrenyle Ltd* (1959) RPC 252.

His Honour concluded after reviewing the material that although the plaintiff's material was "sparse", it did establish some pertinent facts by the affidavit and by admissions. It was also relevant that the plaintiff and first defendant were competitors and that the second defendant had worked for the plaintiff for a number of years in the function of making discoveries and implement improvements to the machines.

It was also considered important that the second defendant had in a very short time of leaving the plaintiff's service lodged provisional applications, which included features, which were promoted as "revolutionary".

A strong consideration of the court was the view that an inspection of the defendant's machines was likely to provide a firmer framework for the dispute and limit the scope for misunderstanding and irrelevancies to develop. Accordingly, the order was made subject to the receipt of further material relevant to the terms of such inspection.