Federal Court of Australia

Hanwha Solutions Corporation v REC Solar Pte Ltd (No 2) [2024] FCA 336

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| File number(s): |  |
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| Judgment of: | **BURLEY J** |
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| Date of judgment: | 9 April 2024 |
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| Catchwords: | **COSTS** – discretion as to costs – whether to treat infringement claim and validity cross-claim as separate events – where infringement claim failed and cross-claim partially successful – discount for alternative and unnecessary defences to infringement.**COSTS –** apportionment of costs – where three separate proceedings heard together and two proceedings settled following trial and before judgment.  |
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| Legislation: | *Patents Act 1990* (Cth) s 19(1), 40, 128*Federal Court Rules 2011* (Cth) r 1.37  |
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| Cases cited: | *Airco Fasteners Pty Ltd v Illinois Tool Works Inc* [2023] FCAFC 7; (2023) 170 IPR 225*Dodds Family Investments Pty Ltd v Lane Industries Pty Ltd* [1993] FCA 346; (1993) 26 IPR 261*Dr Martens Australia Pty Ltd v Figgins Holdings Pty Ltd (No 2)* [2000] FCA 602*DSI Australia (Holdings) Pty Ltd v Garford Pty Ltd* [2013] FCA 268*Hanwha Solutions Corporation v REC Solar Pte Ltd* [2023] FCA 1017*Hood v Bush Pharmacy Pty Ltd (No 2)* [2021] FCA 138*Idenix Pharmaceuticals LLC v Gilead Sciences Pty Ltd (No 2)* [2018] FCAFC 7*PAC Mining Pty Ltd v Esco Corporation (No 2)* [2009] FCAFC 52*Rakman International Pty Limited v Boss Fire & Safety Pty Ltd* [2023] FCAFC 202*Ruddock v Vadarlis (No 2)* [2001] FCA 1865; (2001) 115 FCR 229*Tramanco Pty Ltd v BPW Transpec Pty Ltd (No 2)* [2014] FCAFC 58 |
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| Date of hearing: | 29 November 2023  |
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| Counsel for the Applicants: | Mr N Murray SC with Mr D Larish |
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| Solicitors for the Applicants: | Herbert Smith Freehills |
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| Counsel for the Respondents: | Mr P Creighton-Selvay |
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| Solicitors for the Respondents: | Gilbert + Tobin |

ORDERS

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|  | NSD 458 of 2019 |
| BETWEEN: | HANWHA SOLUTIONS CORPORATION (REGISTRATION NO. 110111-0360935)First ApplicantHANWHA Q CELLS AUSTRALIA PTY LTD ABN 84 141 108 590Second Applicant |
| AND: | REC SOLAR PTE LTDFirst RespondentSOL DISTRIBUTION PTY LTD ABN 53 146 905 286Second RespondentBAYWA R.E. SOLAR SYSTEMS PTY LTD ACN 614 035 620Third Respondent |
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| AND BETWEEN: | REC SOLAR PTE LTD First Cross-ClaimantSOL DISTRIBUTION PTY LTD ABN 53 146 905 286Second Cross-ClaimantBAYWA R.E. SOLAR SYSTEMS PTY LTD ACN 614 035 620Third Cross-Claimant |
| AND: | HANWHA GLOBAL ASSET CORPORATION (REGISTRATION NO. 110111-1725930) First Cross-RespondentHANWHA SOLUTIONS CORPORATION (REGISTRATION NO. 110111-0360935)Second Cross-Respondent  |

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| order made by: | BURLEY J |
| DATE OF ORDER: | 9 April 2024 |

THE COURT DECLARES THAT:

1. Claim 9 of Australian Standard Patent No 2008323025 entitled “*Method for manufacturing a solar cell with a surface-passivating dielectric double layer, and corresponding solar cell*” (the **Patent**), and each of claims 12, 16 and 21 of the Patent insofar as they are dependent on claim 9, are, and were at all material times, invalid.
2. Each of the threats of infringement proceedings made by the First Cross-Respondent in correspondence from Herbert Smith Freehills to each of:
	1. the First and Second Cross-Claimants dated 6 March 2019;
	2. the First and Third Cross-Claimants dated 15 March 2019;
	3. the Second Cross-Claimant dated 18 March 2019; and
	4. the Third Cross-Claimant dated 18 March 2019,

were unjustifiable within the meaning of s 128 of the *Patents Act 1990* (Cth) (**Patents Act**).

**THE COURT CERTIFIES THAT:**

1. Pursuant to section 19(1) of the Patents Act, the validity of each of claims 11, 13, 14, 17, 18, 19 and 20 of the Patent was unsuccessfully questioned in this proceeding.

**THE COURT ORDERS THAT:**

**Disposition**

1. Claim 9 of the Patent be revoked, and each of claims 12, 16 and 21 of the Patent, insofar as they are dependent on claim 9, be revoked.
2. The Fourth Amended Notice of Cross-Claim filed 5 July 2022 be otherwise dismissed.
3. The Fifth Further Amended Originating Application filed 30 August 2022 be dismissed.
4. Order 4 above and Orders 9 – 14 below be stayed for 28 days from the date of these orders, and if a Notice of Appeal is filed, they be stayed pending the final determination of any appeal (including any appeal to the High Court).
5. The time for filing any Notice of Appeal from these orders be extended to 28 days from the date of these orders.

**Costs**

1. The Applicants/Cross-Respondents pay 85% of the Respondents/Cross-Claimants’ costs of the Originating Application (subject to costs orders already made in the proceeding).
2. The Respondents/Cross-Claimants pay 33% of the Applicants/Cross-Respondents’ costs of the combined Cross-Claim in NSD 394 of 2019, NSD395 of 2019 and NSD 458 of 2019 (subject to costs orders already made in the proceeding).
3. In assessing the costs in Order 9 above, the Respondents/Cross-Claimants’ costs of the Originating Application include:
	1. 70% of the Respondents/Cross-Claimants’ costs of the pre-trial case management hearings; and
	2. 70% of the Respondents/Cross-Claimants’ costs of evidence going to the construction of the patent and the state of the common general knowledge.
4. In assessing the costs in Order 10 above, the Applicants/Cross-Respondents’ costs of the combined Cross-Claim include:
	1. 30% of the Applicants/Cross-Respondents’ costs of the pre-trial case management hearings; and
	2. 30% of the Applicants/Cross-Respondents’ costs of evidence going to the construction of the patent and the state of the common general knowledge.
5. If the parties are unable to agree to the quantum of costs in Orders 9 and 10, and other costs orders made in these proceedings to date:
	1. those costs are to be assessed on a lump sum basis in an amount to be determined by a Registrar of the Court;
	2. the Respondents/Cross-Claimants are to file and serve their material in support of a lump sum costs claim in accordance with paragraphs 4.10 to 4.12 of the Costs Practice Note (GPN-Costs) (**Costs Summary**);
	3. within 28 days of the Respondents/Cross-Claimants’ service of the Costs Summary, the Applicants/Cross-Respondents are to file and serve any Costs Response in accordance with paragraphs 4.13 to 4.14 of the Costs Practice Note; and
	4. the Registrar be directed pursuant to rule 1.37 of the *Federal Court Rules 2011* (Cth) (**FCR**) to determine the quantum of the lump sum for costs payable in such manner as he or she deems fit including, if thought appropriate, on the papers.
6. The Registrar be directed pursuant to FCR 1.37, at the conclusion of the quantification process, to order that the Applicants/Cross-Respondents are to pay whatever sum has been quantified pursuant to Order 8 above within 28 days from the date of the Registrar’s order.

**General**

1. There be liberty to apply on 3 days’ notice.

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

REASONS FOR JUDGMENT

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| 2 THE SUBMISSIONS | [7] |
| 3 CONSIDERATION | [13] |
| 4 DISPOSITION | [39] |

BURLEY J:

##### INTRODUCTION

1. Following delivery of **judgment** in *Hanwha Solutions Corporation v REC Solar Pte Ltd* [2023] FCA 1017, the parties have been unable to agree to costs orders consequent upon the conclusions expressed and the terms of any stay pending appeal. These reasons assume some familiarity with the judgment and adopt the definitions used in it.
2. At trial, Hanwha sought relief for infringement of its patent in three separate proceedings against three groups of respondents, being REC Solar, LONGi and Jinko; see judgment at [3]. The Amended Consolidated Particulars of Invalidity filed by the respondents identified some 21 grounds of invalidity. LONGi and Jinko settled the action after the hearing but before judgment, but REC Solar battled on. In the result, Hanwha failed to establish infringement. REC Solar failed in its cross-claim in all but one aspect of its novelty challenge based on the Nakano publication, which was found to anticipate claim 9, and claims 12, 16 and 21 when dependent on claim 9 (**anticipated claims**). None of claims 11, 13, 14 and 17 – 20, nor claims 12, 16 and 21 when dependent on claims other than claim 9, were anticipated (**valid claims**). The consequence is that Hanwha’s claim for infringement must be dismissed, but Hanwha is entitled to a certificate of validity in respect of the valid claims.
3. Based on this outcome, the parties propose alternate costs awards. Hanwha submits that the appropriate order is to award costs on the basis that the claim and the cross-claim are two separate events and that it should pay 60% of REC Solar’s costs of the infringement case and REC Solar should pay 90% of Hanwha’s costs of the cross-claim.
4. REC Solar submits that Hanwha should pay its the costs of the proceedings on a global or single event basis with the exception of REC Solar’s costs of the inventive step challenge. Alternatively, it submits that Hanwha should pay 90% of REC Solar’s costs.
5. For the reasons set out below, I consider that the claim and the cross-claim should be addressed as separate issues for the purposes of costs. I will order that Hanwha pay 85% of REC Solar’s costs of the claim and that REC Solar pay 33% of Hanwha’s costs of the cross-claim. Included within the assessment of those costs will be an allowance reflecting my finding that the costs of pre-trial case management hearings and evidence going to construction of the patent and the state of the common general knowledge should be apportioned as 70% relevant to the claim and 30% relevant to the cross-claim.
6. Hanwha has foreshadowed that it may wish to appeal from the judgment. Should it decide to do so, I will grant leave to appeal, leave being necessary only because issues of liability were heard separately and before issues of quantum; judgment [26(6)]. The grant of leave in such circumstances is generally appropriate; *Airco Fasteners Pty Ltd v Illinois Tool Works Inc* [2023] FCAFC 7; (2023) 170 IPR 225 at [2] (Rares, Moshinsky and Burley JJ); *Rakman International Pty Limited v Boss Fire & Safety Pty Ltd* [2023] FCAFC 202 at [5] (Nicholas, Burley and Rofe JJ). Allowance is made in the present orders for the stay of orders revoking the anticipated claims and payment of costs to be stayed to allow a decision to be made about an appeal and, should an appeal be lodged, pending the final determination of any appeal.

##### THE SUBMISSIONS

1. Hanwha accepts that the starting point is that it would pay REC Solar’s costs of its claim for patent infringement, but submits that there ought to be a substantial reduction – in the order of 40% – to account for the approach taken by REC Solar in defending the claim, and most particularly its reliance on Dr Glew’s evidence to the extent that it was contrary to product descriptions prepared for the purpose of the proceedings. In this regard, REC Solar instructed Dr Glew to form his “own view as to the composition” of its solar cells, without being constrained by admissions made in the product descriptions, an approach that Hanwha submits was antithetical to the fundamental basis upon which the case was conducted. Hanwha submits that this approach was not only unreasonable, it was also ultimately unnecessary as Hanwha’s claim failed based on the construction of an integer of claim 9 and the structure of the cells described in the product description was such that the Court found it unnecessary to address the further matters addressed by Dr Glew (at [231]).
2. Hanwha submits in relation to the cross-claim for invalidity that REC Solar ought to pay 90% of its costs because Hanwha was substantially successful in defending the validity of the patent, having withstood the challenge to all but the anticipated claims, leaving the valid claims in respect of which Hanwha was successful. It submits that the invalidity cross-claim was no more than a second ground of defence to the infringement challenge which was redundant in light of the non-infringement finding and also unsuccessful. Furthermore, it submits that each of the inventive step, section 40, the balance of the novelty challenge based on Isaka and Bhattacharyya and the lack of utility challenges involved substantial technical evidence and argument such that this is the appropriate outcome.
3. REC Solar supports the preliminary view expressed in the judgment at [595] to the effect that a single or “global” costs order be made that Hanwha pay REC Solar’s costs in the proceedings with the exception of the costs of the inventive step challenge. In the alternative, it submits that Hanwha should pay 90% of REC Solar’s costs, with the 10% to take into account the unsuccessful inventive step challenge.
4. REC Solar submits that two issues-based costs orders are not appropriate in circumstances where REC Solar was not responsible for the conduct of many of the grounds of invalidity, it not asserting grounds 11 (inutility), 13 – 19 (lack of clarity), 20(b) (lack of clarity) and 21 (lack of definition). Further, of those grounds asserted by all respondents, LONGi was responsible for the conduct of grounds 4 (inventive step), 6 – 8 (certain fair basis grounds) and 20(a) and 20A (clarity) and Jinko was responsible for the conduct of grounds 9 and 10 (other fair basis grounds) and 12(a) – (c) (utility) with the consequence that REC Solar did not have control over the way that those grounds were prosecuted at trial.
5. REC Solar also submits that it would be unjust to make a costs order which entitled Hanwha to recover all of its party/party costs in respect of the invalidity case where LONGi and Jinko were also responsible for prosecuting the cross-claim. It contends that its exposure to costs should not exceed one third of Hanwha’s costs of the cross claim. It submits that this was a complex multi-party case, in which it will be difficult, if not impossible, to disentangle the costs incurred by the parties, with complex general costs incurred through numerous procedural hearings at which LONGi and Jinko also appeared. Six joint expert reports were produced addressing various issues involving six experts whose evidence traversed subjects that were common amongst the parties. REC Solar submits that this is not a case where the outcomes on infringement and validity are easily divisible, there being a “mixed result” in the outcome and the fair basis issue, in particular, being intimately associated with the construction and infringement arguments.
6. REC Solar disputes that it conducted the infringement case unreasonably by inviting Dr Glew to express his own view as to the composition of certain REC Solar products and submits, first, that any increase in expense occasioned by that approach was overwhelmed by saving that Hanwha enjoyed by its efficient conduct of the proceedings in co-operation with the other respondent and secondly that the approach was appropriate having regard to the dispute that Hanwha raised as to the composition of the products in its position statement on infringement.

##### CONSIDERATION

1. In *Idenix Pharmaceuticals LLC v Gilead Sciences Pty Ltd (No 2)* [2018] FCAFC 7 (Nicholas, Beach, Burley JJ) the Full Court observed at [3]:

The power of the Court in relation to costs is well established. Section 43 of the Federal Court of Australia Act 1976 (Cth) gives the Court a wide discretion in awarding costs. The exercise of the Court's discretion is not without principles or practices; it must be exercised judicially (*Les Laboratoires Servier v Apotex Pty Ltd* (2016) 247 FCR 61 at [305] per Bennett, Besanko and Beach JJ). The ordinary rule is that costs follow the event, although a successful party may be awarded less than its costs, or costs may be apportioned, based upon success on the issues (*Firebird Global Master Fund II Ltd v Republic of Nauru (No 2)* (2015) 327 ALR 192; [2015] HCA 53 at [6] per French CJ, Kiefel, Nettle and Gordon JJ; *Les Laboratoires Servier* at [297] to [298] and [303]).

1. A successful party who has failed on certain issues may not only be deprived of the costs of those issues but may be ordered as well to pay the other parties' costs of them. In this sense "issue" does not mean a precise issue in the technical pleading sense but any disputed question of fact or law; *Dodds Family Investments Pty Ltd v Lane Industries Pty Ltd* [1993] FCA 346; (1993) 26 IPR 261 at 271 – 272 and *Ruddock v Vadarlis (No 2)* [2001] FCA 1865; (2001) 115 FCR 229 at [11] (Black CJ and French J).
2. In the present case, the award of costs is complicated by the fact that Hanwha brought three separate proceedings against three respondents. In the interests of efficiency, those proceedings were managed together and a single trial was conducted where evidence in one proceeding was evidence in the others. In the judgment, I made some observations about aspects of the case management of the proceedings at [26]. One was that early in the proceedings the respondents accepted that they should be permitted one substantive witness to give evidence going to validity, being Professor Weber, thereby requiring them to pool their resources. This was an efficiency for the Court and, no doubt, also Hanwha, which was able to address the evidence in the invalidity case in a more confined way than if separate experts had been retained. Shortly before the trial, the respondents cooperated to produce a single consolidated particulars of invalidity setting out the grounds upon which each respondent contended that the patent was invalid. Counsel for the respondents divided the cross-claim between them, thereby avoiding duplication of presentation. For the most part, each respondent relied on all of the grounds identified, although as noted by REC Solar in its submissions, some grounds were limited to particular parties. Furthermore, the respondents in the three actions cooperated to produce a single statement of common general knowledge through the evidence of Professor Weber and agree a primer.
3. In the judgment, I also noted the divergent interests of the respondents with respect to infringement and that whilst the respondents all relied on the evidence of Professor Weber for validity purposes, each relied upon a separate witness in support of their non-infringement defences. Each also filed and served a product description of the accused products. At trial, the evidence on the question of infringement was given in separate sessions of concurrent evidence. However, because of overlapping issues concerning construction, the evidence of each of the infringement witnesses was taken as evidence in the three separate proceedings. The clear overlap between questions of infringement and the central construction question was such that it was appropriate for the legal representatives of REC Solar to be present during the evidence and argument concerning infringement by LONGi and Jinko.
4. The overlap of separate proceedings and their incorporation into a single action has arisen in other cases.
5. In *Dr Martens Australia Pty Ltd v Figgins Holdings Pty Ltd (No 2)* [2000] FCA 602, Goldberg J said at [3]:

The four proceedings were heard together so that evidence of the applicants was not duplicated and the respondents in each proceeding in a number of respects relied on the evidence of the respondents in the other proceedings. The result was that a substantial body of evidence led by the applicants was only led once although it was subject to cross‑examination by each set of respondents. There were costs consequences in two respects. First there was a saving of time and costs for the applicants who only had to lead their evidence once with a consequent saving of time and expense not only with evidence‑in‑chief but also in relation to cross‑examination as, substantially, cross‑examination was not duplicated. Secondly, each group of respondents effectively had to participate in the whole of the trial which meant that they were present whilst other respondents were conducting their cases with a consequent increase in expense. Overall there was a substantial saving of Court time.

1. In ***Hood*** *v Bush Pharmacy Pty Ltd (No 2)* [2021] FCA 138, Nicholas J observed that he derived some assistance from this passage, noting at [13] that the fact that five proceedings (in that case) were heard together gave rise to some savings in time and costs because the patent validity issues and at least some of the patent infringement issues were able to be dealt with without the duplication of time and effort that would have likely occurred if the proceedings had not been heard together.
2. In a passage relied upon by REC Solar, Nicholas J said:

[35] There is in my view a need when dealing with costs in this case to ensure that the applicant does not recover more than what I think he is reasonably entitled to recover from the any of the cross-claimants in respect of the five proceedings. For example, it would be unjust to make a costs order which entitled the applicant to recover all of his party/party costs in respect of the issue of obviousness from any one of the five cross-claimants when the challenge to validity based on obviousness was relied on by all of them. Similarly, I think it would also be unjust to make any costs order that made any respondent in any one of the five proceedings jointly or severally liable for the costs of any respondent in any of the other proceedings.

…

[37] The cross-claimants were successful in obtaining orders for the revocation of claims 1-4 and claim 8. However, most of the focus of the evidence and the closing submissions directed to issues arising on the cross-claims was concerned with manner of manufacture and inventive step. I think those issues should be regarded as sufficiently discreet to justify the making of orders requiring the cross-claimants to pay the cross-respondent’s costs in respect of those issues: *PAC Mining Pty Ltd v Esco Corporation (No 2)* [2009] FCAFC 52 at [11]-[12]. On that basis I propose to order that the cross-claimants collectively pay 70% of the cross-respondent’s party/party costs of defending the cross-claims.

[38] It follows that in each proceeding the cross-claimant must pay 14% of the cross-respondent’s party/party costs of defending the cross-claims.

[39] Having regard to the time spent on the inventive step issue and the manner of manufacture issue, this outcome reflects what I consider to be a fair and just result in relation to the cross-claims that takes account of the invalidity findings I made and those that I decline to make.

1. Some of the observations in *Dr Martens* above are apposite in the present case. Here, there was a saving of time and costs for Hanwha who could conduct its case based on the construction of the patent and the claims once, relying on evidence going to the common general knowledge and evidence explaining the technology relevant to the patent once for the three proceedings that it brought. Each group of respondents also were obliged to participate in the whole of the trial, which meant that they were present during the infringement evidence and argument for the others. This led overall to a saving of court time that also benefitted Hanwha.
2. The observations in *Hood* are also useful, because they emphasise the potential injustice that might arise where there are several respondent parties each with separate interests, a point to which I return below.
3. In the present case, several other matters are of relevance in considering the award of costs.
4. First, I accept that REC Solar was successful in the litigation as a whole in that it avoided a finding of infringement of any of the claims. That is a relevant consideration to take into account in the award of costs.
5. Secondly, REC Solar advanced a cross-claim that was partially successful insofar as it concerned the anticipated claims, but Hanwha succeeded in fending off the substantive challenge to the validity of all but the anticipated claims and is entitled to declaration of validity in respect of the valid claims. I consider that the relative time spent on the successful portion of the invalidity case (novelty in relation to Nakano) was insignificant relative to the unsuccessful portion. It was also legally of relative insignificance in that the finding of invalidity on the anticipated claims could not have provided a defence to infringement of the remaining valid claims.
6. Thirdly, the manner in which the case was conducted included an election on the part of REC Solar to defend the infringement action by advancing what were in effect multiple lines of “defence”, each of which Hanwha was obliged to expend costs in defending.
7. The first line of defence arose in relation to the construction of the claims, all of which depended on the construction of “dielectric layer” as used in claim 9. REC Solar consistently maintained that its products did not satisfy the requirement once the claim was correctly construed. REC Solar was vindicated in its view – see sections 6.2 and 7 of the judgment. The consequence was that, based on the description of the REC Solar products set out in its Product Description, claim 9, and thereby all the asserted claims, were not infringed (see section 7 of the judgment).
8. The second line of defence was on the basis of the evidence of Dr Glew who put forward a description of the REC Solar products that was different to that set out in the Product Description to form the platform of alternative and additional defences to infringement. REC Solar chose, via that evidence, and as a result of instructions it chose to put to Dr Glew, to advance this alternative and in some respects quite different – although not necessarily inconsistent – analysis of its products than that set out in the Product Description. As I note in [236] of the judgment, that approach was contrary to the manner in which the case had been managed and conducted at trial. I do not accept the submission advanced by REC Solar that it was necessary to put forward this alternative based on the content of Hanwha’s position statement on infringement. In my view, it is appropriate to make allowance in favour of Hanwha for the costs incurred in responding to this evidence.
9. The third line of defence was REC Solar’s cross-claim for invalidity as a further separate answer to the infringement case.
10. I accept the submission advanced by Hanwha that in general terms the cross-claim should be considered separately to the infringement case for the purposes of costs, which is an approach similar to that taken in ***PAC Mining*** *Pty Ltd v Esco Corporation (No 2)* [2009] FCAFC 52 at [11] – [13] (Sundberg, Jessup, Middleton JJ). Unlike the position in *DSI Australia (Holdings) Pty Ltd v Garford Pty Ltd* [2013] FCA 268 (Yates J), this is not a case where the proceedings largely involved an interplay between claim infringement and claim invalidity based on competing contentions as to the proper construction of the claims (see [6]), where a single event costs order might be appropriate. Furthermore, unlike in ***Tramanco*** *Pty Ltd v BPW Transpec Pty Ltd (No 2)* [2014] FCAFC 58 at [9] (Allsop CJ, Greenwood, Nicholas JJ), here, although REC Solar was successful in defending the infringement suit, it substantively failed in its quest to have the claims asserted against it invalidated, its success being limited to a subset of the claims asserted against it, being the anticipated claims.
11. In *Tramanco*,the Full Court observed that the making of issues-based costs orders where each of the validity and the infringement cases substantively fail is an approach commonly taken, citing *PAC Mining* and saying at [9]:

… that approach will often be appropriate unless the validity issues raised by a respondent are closely connected to the infringement case, for example, where a respondent asserts that on an applicant’s construction, the claims will necessarily lack fair basis or where a respondent raises a so-called “Gillette defence”. One of the difficulties with the approach taken in PAC Mining is that it may make the task of assessing costs particularly difficult and time consuming.

1. In some cases, as noted in *PAC Mining* and *Tramanco*, a cross-claim may be characterised as more in the nature of an adjunct to the defence to a claim for patent infringement, especially where consistent construction arguments are put as an alternative to the infringement case presented by the patentee. One example may be where it is put that if the construction advanced by the patentee is accepted, the claims do not satisfy the requirements of s 40 of the Patents Act because the breadth of the construction accepted will necessarily result in the claims lacking support or fair basis. This was so in the case of grounds 6, 7 and 8 of the present cross-claim, each of which was advanced on this basis (see judgment [465]). None of these grounds occupied any significant time at the hearing beyond the general construction questions.
2. However, by putting lack of inventive step, lack of utility and novelty publications into issue, each of LONGi, Jinko and REC Solar introduced into the litigation a range of substantial questions which were ultimately decided against them, each of which did not need to be determined for them to defend the infringement case advanced. These represent a further alternative way – a third – in which REC Solar sought to defend the proceedings. All of these challenges failed, with the exception of the challenges based on the Nakano publication, which succeeded only in respect of the anticipated claims.
3. Accordingly, although REC Solar was successful in defending the infringement claim, it failed in its second and almost all of its third lines of defence. The third line of defence (validity) was multi-faceted, which meant that Hanwha was put to expense to defend unsuccessful challenges based on lack of inventive step, novelty, inutility and lack of clarity.
4. These matters lead me to conclude that in this case costs should be awarded separately for the claim and the cross-claim and that REC Solar should, subject to what follows, be obliged to pay the costs of the second and third lines of defence being the costs of the alternative case based on the Dr Glew’s evidence and the invalidity cross-claim.
5. Before turning to the question of apportionment, it is appropriate to note some further matters that are relevant to consideration of the question of costs:
6. In the present case three respondents conducted in effect a single cross-claim for invalidity. As I have noted, this produced efficiencies for the Court and also for Hanwha, in that it had only to respond to a single, jointly advanced cross-claim. Those efficiencies also translate into costs efficiencies, because rather than address three separate cross-claims (potentially in three separate hearings) Hanwha could devote its energies on one. Had they all proceeded to judgment, the outcome would have likely resulted in each bearing in equal portions Hanwha’s costs of successfully defending the cross-claim. However, because LONGi and Jinko settled with Hanwha, REC Solar is the last remaining cross-claimant. In such circumstances, in my view it would not be a just outcome for REC Solar to be liable for all of Hanwha’s costs of the cross-claim. It raises the spectre that Hanwha could, and perhaps did, recover its costs of the cross-claim several times. It may be assumed that in settling, Hanwha acted rationally to protect its interests in relation to such costs. In my view, it is just that the maximum exposure of REC Solar to the costs of the cross-claim is 33%. Having taken this into account, in my view, it is unnecessary to make separate allowance for the additional costs that REC Solar incurred in respect of the limited success that it had in its novelty challenge or the grounds that LONGi and Jinko pressed, but REC Solar did not (being grounds 11, 13 – 19, 20(b) and 21).
7. Insofar as Hanwha is obliged to pay the costs of the infringement action, those costs properly include the costs incurred by REC Solar during the sessions devoted to the infringement case against LONGi and Jinko.
8. The costs of the proceedings include costs of some 12 separate case management hearings which addressed issues that may be described as “general costs” that are not tied to one issue or another. In complex patent litigation it is not uncommon for close management of a case to be required. In my assessment, the majority of the time in case management was devoted to questions related to the infringement case – especially product descriptions and the like. Adopting a necessarily broad-brush approach I would allocate 70% of the costs of case management costs to the infringement case and 30% to the validity case.
9. Similarly, in my view, the substantial issues going to construction of the patent and the state of the common general knowledge, about which there was much written and oral evidence, should be apportioned as 70% relevant to the infringement case and 30% relevant to the invalidity case.
10. In the result, it is appropriate that Hanwha be ordered to pay REC Solar’s costs of the infringement claim, reduced by the costs relating to the alternative product description evidence of Dr Glew, which I assess as amounting to 15% of REC Solar’s total costs of the infringement case. Included in that order will be that Hanwha pay 70% of REC Solar’s costs of the pre-trial case management hearings and 70% of the costs of REC Solar’s evidence going to the construction of the patent and the state of the common general knowledge.
11. I consider that it is appropriate for REC Solar to pay a portion of Hanwha’s costs of the cross-claim, which are to be assessed as 33% of Hanwha’s overall costs of the cross-claim. The assessment will take into consideration my assessment that 30% of Hanwha’s costs of the pre-trial case management hearings and 30% of Hanwha’s costs of the evidence going to the construction of the patent and the state of the common general knowledge should be assessed as the costs in the cross-claim.

##### DISPOSITION

1. Accordingly, the costs orders will be:
2. Hanwha pay 85% of REC Solar’s party/party costs of the infringement claim, including as part of that assessment 70% of REC Solar’s costs of the pre-trial case management hearings and 70% of the costs of REC Solar’s evidence going to the construction of the patent and the state of the common general knowledge.
3. REC Solar pay 33% of Hanwha’s party/party costs of the combined cross-claim in NSD 394 of 2019, NSD 395 of 2019 and NSD 458 of 2019. Included in the assessment of those combined costs will be 30% of Hanwha’s costs of the pre-trial case management hearings and 30% of the costs of Hanwha’s evidence going to the construction of the patent and the state of the common general knowledge.
4. The costs in orders 1 and 2 be paid as agreed or assessed on a lump sum basis by a Registrar of the Court.

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| I certify that the preceding thirty-nine (39) numbered paragraphs are a true copy of the Reasons for Judgment of the Honourable Justice Burley. |

Associate:

Dated: 9 April 2024