Aristocrat Technologies Australia Pty Limited v Commissioner of Patents (No 4) [2024] FCA 362

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| On remittal from: |  |
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| File number(s): |  |
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| Judgment of: | **BURLEY J** |
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| Date of judgment: | 12 April 2024 |
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| Catchwords: | **COSTS** – revision of costs order of the first instance proceedings in light of remittal decision – discretion as to costs – costs to follow the event |
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| Cases cited: | *Aristocrat Technologies Australia Pty Limited v Commissioner of Patents (No 3*) [2024] FCA 212  *Aristocrat Technologies Australia Pty Limited v Commissioner of Patents* [2020] FCA 778; (2020) 382 ALR 400  *Aristocrat Technologies Australia Pty Limited v Commissioner of Patents (No 2)* [2020] FCA 974; (2020) 155 IPR 454  *Commissioner of Patents v Aristocrat Technologies Australia Pty Ltd* [2021] FCAFC 202; (2021) 286 FCR 572 |
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| Division: | General Division |
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| Registry: | New South Wales |
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| National Practice Area: | Intellectual Property |
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| Sub-area: | Patents and associated Statutes |
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| Number of paragraphs: | 12 |
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| Date of last submission/s: | 28 March 2024 |
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| Date of hearing: | Determined on the papers |
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| Counsel for the Appellant: | Mr D Shavin KC, Ms C Cochrane SC |
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| Solicitor for the Appellant: | Gilbert + Tobin |
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| Counsel for the Respondent: | Mr C Dimitriadis SC, Ms E Whitby |
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| Solicitor for the Respondent: | Australian Government Solicitor |

ORDERS

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|  | | NSD 1343 of 2018 |
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| BETWEEN: | ARISTOCRAT TECHNOLOGIES AUSTRALIA PTY LIMITED (ACN 001 660 715)  Appellant | |
| AND: | COMMISSIONER OF PATENTS  Respondent | |

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| order made by: | BURLEY J |
| DATE OF ORDER: | 12 APRIL 2024 |

THE COURT ORDERS THAT:

1. The appeal from the decision of the delegate of the Commissioner of Patents given on 5 July 2018 be dismissed.
2. The appellant pay the respondent’s party/party costs of the proceedings, to be taxed if not agreed.
3. Subject to the appellant undertaking to prosecute any application for leave to appeal, and any subsequent appeal expeditiously, order 2 be stayed until the later of:
   1. 14 days from the date of these orders;
   2. in the event such an application for leave to appeal in respect of those orders is made within 14 days from the date of these orders, 28 days after the determination of that application; and
   3. in the event that leave to appeal is granted from those orders, 28 days after the determination of that appeal.

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

REASONS FOR JUDGMENT

BURLEY J:

1. In *Aristocrat Technologies Australia Pty Limited v Commissioner of Patents (No 3*) [2024] FCA 212 (**remittal judgment**) I concluded, following remittal from the Full Court decision in *Commissioner of Patents v Aristocrat Technologies Australia Pty Ltd* [2021] FCAFC 202; (2021) 286 FCR 572 (**Full Court decision**), that the appeal from the decision of the delegate of the **Commissioner** of Patents in respect of the residual claims must be dismissed.
2. The only remaining issue between the parties concerns the question of costs of the **first instance proceedings**, the initial outcome of which was the decision in *Aristocrat Technologies Australia Pty Limited v Commissioner of Patents* [2020] FCA 778; (2020) 382 ALR 400, which was overturned by the Full Court decision.
3. These reasons assume familiarity with the remittal judgment.
4. In *Aristocrat Technologies Australia Pty Limited v Commissioner of Patents (No 2)* [2020] FCA 974; (2020) 155 IPR 454 (**first instance** **costs judgment**), as a result of my finding that **Aristocrat** Technologies Australia Pty Ltd should succeed in its appeal, I concluded that the Commissioner should pay Aristocrat’s costs of the first instance proceeding save for 50% of Aristocrat’s costs associated with the evidence of its experts. As I explained at [12]:

There is merit in the Commissioner’s submissions, in the sense that the expert evidence adduced by Aristocrat somewhat over-egged the pudding. Even making allowances for the uncertainties arising from the development of the law in relation to the patentability of inventions involving computerisation, there was really no justification for calling three experts in separate fields to attempt to establish that there was a “technical effect” in Aristocrat’s secondary argument. Aristocrat was perhaps entitled to be creative in attempting to justify the patentability of its invention, but that should not be funded by the Commissioner, even on an ordinary basis. I agree that the Commissioner should bear 50% of the costs of Aristocrat’s experts.

1. For the reasons set out in the remittal judgment, I determined that Aristocrat should fail in its appeal in relation to the residual claims.
2. Aristocrat submits that the correct order as to costs should be that each party bear its own costs of the first instance proceedings or alternatively Aristocrat should not bear the Commissioner’s costs as they relate to any evidence filed in the case. The Commissioner submits that, having succeeded, costs should follow the event.
3. Aristocrat gives several reasons for its position. First, because the Commissioner wrongly took the role of an active protagonist in the proceedings, having regard to its obligations as a model litigant. Secondly, because the approach adopted by the Commissioner at the examination stage in relation to the present case and in relation to other similar cases necessitated that Aristocrat adduce evidence of the technical contribution of its invention. Thirdly, because when the matter came to the appeal from the delegate’s decision in the first instance proceedings, the Commissioner adopted an inconsistent position by contending that evidence of technical contribution was not necessary or appropriate.
4. I am unable to accept these arguments.
5. In the first instance proceedings, it was Aristocrat that propounded the relevance of the expert evidence to which reference was made in the first instance costs judgment at [12]. That was a forensic choice for it to make, quite separately from any reasoning of the delegate from whom the appeal was brought and quite separately from the reasoning in other decisions of the delegate.
6. Nor, in my view, was it unreasonable for the Commissioner to adopt the position that Aristocrat ought not to have relied upon such evidence. That was plainly a course open to her on the basis of prior authority.
7. In my view the Commissioner did not wrongly take the role of an active protagonist in defending her position that the claims in issue were not for a manner of manufacture. Ultimately, although not without some controversy along the way, the decision to do so was vindicated.
8. Accordingly, I see no reason why costs should not follow the event, with the result that Aristocrat must pay the Commissioner’s costs of the first instance proceedings.

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| I certify that the preceding twelve (12) numbered paragraphs are a true copy of the Reasons for Judgment of the Honourable Justice Burley. |

Associate:

Dated: 12 April 2024