

# SUPREME COURT OF QUEENSLAND

CITATION: *Mack Innovations (Aust) P/L & Anor v Rotorco P/L t/a Leading Edge Helicopters & Anor* [2009] QSC 243

PARTIES: **MACK INNOVATIONS (AUSTRALIA) PTY LIMITED**  
**ACN 111 989 470**  
(first plaintiff)  
**GRID SERVICES PTY LIMITED ACN 111 691 288**  
(second plaintiff)  
**ROTORCO PTY LIMITED ACN (065 624 053) t/as**  
**LEADING EDGE HELICOPTERS**  
(first defendant)  
**JOHN EDWARD CALDWELL**  
(second defendant)

FILE NO/S: 3364/09

DIVISION: Trial Division

PROCEEDING: Application

ORIGINATING COURT: Supreme Court at Brisbane

DELIVERED ON: 21 August 2009

DELIVERED AT: Brisbane

HEARING DATE: 13 August 2009

JUDGE: Dutney J

ORDER: **1. The application is refused**

**2. The plaintiffs to pay the respondents costs of the application to be assessed on the standard basis**

CATCHWORDS: TRADE AND COMMERCE-TRADE PRACTICES ACT 1974(CTH) AND RELATED LEGISLATION-  
PROCEUDRE PARTIES-Where plaintiff seeks to amend claim and statement of claim to include alternative cause of action-Where proposed claim limited by *Trade Practices Act* to misleading and deceptive conduct

PROCEDURE-SUPREME COURT PROCEDURE-QUEENSLAND-PROCEDURE UNDER RULES OF COURT-PARTIES-OTHER MATTERS- Where plaintiff seeks to join party- Whether sufficient connection between claim plaintiff seeks to make and the party the plaintiff seeks to join

*International Arbitration Act 1997 (Cth), s 7*

*Trade Practices Act 1974 (Cth), s 82*

*Comandate Marine Corp v Pan Australia Shipping Pty Ltd*

[2006] FCAF 192

*Ferris v Plaister* (1994) 34 NSWLR 474

COUNSEL: G J Handran for the plaintiffs  
A Musgrave for the defendants

SOLICITORS: Hemming & Hart Lawyers for the plaintiffs  
McCullough Robertson Lawyers for the defendants

- [1] The plaintiffs wish to amend the claim and statement of claim to include an alternative cause of action against Simplex Manufacturing Co (“Simplex”).
- [2] As presently constituted, the action is one in which the plaintiffs seek enforcement of a patent for a cable pulling apparatus for use by helicopters, which patent is alleged to have been infringed by the defendants.
- [3] The defendants have counterclaimed seeking revocation of the patent.
- [4] The defendants also seek to defend the existing action on the basis that they imported the allegedly offending equipment into Australia from EuroTec Vertical Flight Solutions (“EuroTec”). In paragraph 11(c) of the Defence, the defendants plead that the first plaintiff sold the apparatus to Simplex without any limitation as to its further on sale and that the apparatus was subsequently sold by Simplex to EuroTec, again without any limitation as to its further on sale. In the absence of the imposition of post sale restraints by the plaintiff upon EuroTec, it is alleged that the patent holder’s rights were exhausted.
- [5] In its reply to this allegation the plaintiffs allege that the first plaintiff loaned, rather than sold, the equipment to Simplex pursuant to an agreement dated 2 September 2006.
- [6] Under that agreement, Simplex was required to obtain notification from each customer prohibiting the operation of the equipment in Australia without the first plaintiff’s express written permission. The plaintiffs were unable at the time of pleading their reply to say whether Simplex had on sold the equipment to EuroTec without limitation as to further on sale.
- [7] Simplex is a company incorporated in Oregon in the United States of America. The proposed amended statement of claim wishes to plead against Simplex a case based upon misleading or deceptive representations that in effect Simplex would honour the terms of the contract which it entered into with the first plaintiff. The relief sought is the avoidance of that agreement *ab initio* or alternatively damages under s 82 of the *Trade Practices Act 1974 (Cth)* (“TPA”).
- [8] There seems to me to little connection between the claims which the plaintiffs wish to make against the present defendants and that which the first plaintiff seeks to make against Simplex.

- [9] The proposed claim against Simplex is limited to claims pursuant to the TPA for misleading or deceptive conduct.
- [10] A claim for misleading or deceptive conducted based upon representations made prior to the execution of the contract between the first plaintiff and Simplex does not seem to me to have any necessary connection with a claim for breach of patent by another party or a claim by that party for revocation of the patent.
- [11] Insofar as there is an issue of fact as to whether or not restrictions were placed upon any disposal of the equipment by Simplex or EuroTec, that is a matter which can be simply resolved by looking at the agreements between Simplex and EuroTec and EuroTec and the first defendant. Joining Simplex to the presentation necessarily involves requiring the defendants and proposed defendant being required to participate in litigation in which they have no real interest.
- [12] It therefore seems to me that this is not an appropriate case to grant leave to join Simplex as a party to these proceedings.
- [13] There is a second difficulty in relation to the joinder of Simplex to the action.
- [14] The agreement between the first plaintiff and Simplex contained in article 22 the following provision:  
“Any dispute, controversy, or claim arising out of or relating to this Agreement, or the breach, termination, or invalidity thereof, shall be settled by arbitration under the UNCITRAL arbitration rules in effect on the date of this Agreement. The appointing authority shall be the International Centre for Dispute Resolution. The case shall be administered by the International Centre for Dispute Resolution under its procedures for cases under UNCITRAL arbitration rules.”
- [15] Section 7 of the *International Arbitration Act 1974* (Cth) applies to the clause since a party to the arbitration agreement, being the first plaintiff was domiciled in a convention country, in this case, Australia. Subsection 2 requires the court to stay proceedings provided they are capable of determination by arbitration unless the court is of the view that the arbitration agreement is null and void, inoperative or incapable of being performed.
- [16] The argument that the arbitrators could not determine the validity of the contract itself because their authority to so determine depends upon the existence of the contract appears to have been laid to rest in Australia by a line of decisions commencing with *Ferris v Plaister* (1994) 34 NSWLR 474. That decision of the Court of Appeal in New South Wales was approved by the Full Court of the Federal Court in *Comandate Marine Corp v Pan Australia Shipping Pty Ltd* [2006] FCAF 192, a case in which the alleged invalidity of the contract and consequently the arbitration clause was based upon misleading or deceptive conduct in breach of the TPA.
- [17] Even if I were of the view that the proposed claim against Simplex was sufficiently connected with the existing action to justify its joinder, it seems to me that I would be required to stay that part of the proceedings pending arbitration.

- [18] The application to amend insofar as it relates to the joinder of Simplex is therefore refused.
- [19] Amendments not concerned with the introduction of Simplex to the action do not require leave and may be made in any event.
- [20] I order the plaintiffs to pay the respondents costs of the application to be assessed on the standard basis.