

COMMONWEALTH OF AUSTRALIA

Patents Act 1990
Patents Regulations 1991, Chapter 20

PATENT ATTORNEYS DISCIPLINARY TRIBUNAL

IN THE MATTER OF ROBIN T. KELLY a Patent Attorney

COMPLAINT BY J.W, NUTTALL

DECISION

1. The above proceedings against Mr. Robin T. Kelly, a Patent Attorney, arising from a complaint dated 8 February 1995 by Mr. J.W. Nuttall, were brought before the Tribunal, pursuant to Patents Regulations 1991, Reg. 20,22(1), on 19 August 1996 by its receipt on that date, from the Patent Attorneys Professional Standards Board ("the Board"), of a copy of the complaint.
2. By a letter dated 3 July 1996, pursuant to Reg. 20,21(2), the Board authorised Mr. Nuttall to bring the proceedings charging Mr. Kelly with unsatisfactory conduct as therein specified. Pursuant to Reg. 20.21(4)(a), Mr. Nuttall, by letter of 15 July 1996, requested the Board to bring the proceedings on his behalf. Accordingly, the Board prosecuted the charge.
3. In what follows the bracketed page references are to the pages so numbered in the file of documents lodged by the Board with the Tribunal on 19 August 1996 pursuant to Reg. 20.21(6)(a). References to : 6214 1155 "T/S" are references to the Transcript of the Hearing of the charge, which took place from 17 to 20 December 1996 (inclusive) in Melbourne.
4. At the hearing, Mr. G. Clarke of Counsel, instructed by Blake Dawson Waldron, Solicitors, appeared for the Board to prosecute the charge. Mr. R. Macaw Q.C. and Mr. B. Hess of Counsel, instructed by Phillips Fox, Solicitors, appeared for Mr. Kelly.
5. The charge, after amendment pursuant to an interlocutory ruling given by the Tribunal on 17 September 1996, was defined in the Board's letter of authorisation to the Complainant dated 3 July 1996 (pages 269-70) as follows:

"The Board, in accordance with the provisions of regulation 20.21 of the Patents Regulations, has considered your complaint and information provided by Mr. Kelly and has decided to authorise you to bring proceedings before the Patent Attorneys Disciplinary Tribunal charging Mr. Robin Kelly with unsatisfactory conduct in his dealings with you and Playnation Pty Ltd between April 1993 and July 1994. In particular, Mr. Kelly's actions in advising and acting on behalf of Playnation in connection with provisional patent application No. PL9688 (in so far as it related to a fastener which was a modification of your Australian patent no. 624271)."

Thus the authorised proceedings were proceedings charging Mr. Kelly with "unsatisfactory conduct" in his specified dealings with Mr. Nuttall and Playnation in the period specified. Further particulars of the charge were given by the Board (at the request of Mr. Kelly) to the Tribunal and Mr. Kelly in a document dated 27 September 1996 and headed "Further Particulars of Unsatisfactory conduct alleged against Mr. Kelly in his dealings with Mr. Nuttall and Playnation Pty. Ltd. between April 1993 and July 1994". At the commencement of the Hearing, Mr. Clarke for the Board withdrew those allegations in the Further Particulars which alleged use or misuse by Mr. Kelly of confidential information of Mr. Nuttall. Thus, Particulars para. 5(c) and the words in para. 5(d) "and of the misuse by Mr. Kelly of confidential information belonging to Mr. Nuttall" were withdrawn. Thus there was no issue of any use or misuse of confidential information by Mr. Kelly. It is clear, in my opinion, that the evidence as a whole did not support any such allegation.

6. Evidence in chief on each side was given by Statutory Declarations filed before the Hearing. The Board filed Declarations by 7 witnesses including the Complainant, Mr. J.W. Nuttall, Mr. H.H. Henry of Playnation Pty. Ltd., Mr. D. Stow, a former employee of Playnation, and Mr. G.L. Cowin, an experienced Patent Attorney, who gave expert evidence as to standards of practice. One declarant, Mr. I. de Jonge of Cullen & Co., was required, but was not available, for cross-examination. The Board then disclaimed any reliance on his evidence, and I have disregarded it. Of the Board's witnesses, only Mr. Cowin was cross-examined at the Hearing. In particular, Mr. Nuttall was not cross-examined, though his evidence conflicted in major respects with that of Mr. Kelly. For Mr. Kelly, Statutory Declarations by Mr. Kelly himself and by three experienced Patent Attorneys, who gave expert evidence as to standards, namely Messrs. D.C. Carter, R.S. Catt and C.J. Oberin, were filed. All four of these witnesses were cross-examined at the Hearing.

7. I was given the assistance of both oral and written submissions by Counsel on each side, including detailed references to evidence they relied on.

8. At the conclusion of the Hearing, I reserved my Decision, particularly because of the intractable difficulties in the meaning of the applicable statutory definition, that of "unsatisfactory conduct" contained in Reg. 20.1 of the Patents Regulations 1991, which appears to be sui generis and of unknown origin. Neither Counsel were able, despite their researches, to refer me to any authority throwing any light on the meaning or operation of the provision and, despite extensive search by me, I have not been able to find any helpful authority. It was not alleged or suggested that Mr. Kelly had been guilty of "unprofessional conduct" as defined in Reg. 20.1.

DECISION

9. On the standard of proof, Mr. Macaw Q.C. submitted that "in view of the nature of the charge and the possible consequences, a comfortable satisfaction is required that unsatisfactory conduct has been proved". He referred to the well-known High Court decision in Briginshaw v. Briginshaw (1938) 60 C.L.R. 336. Mr. Clarke did not make any contrary submission. Mr. Macaw's submission on this point is clearly correct. It is well settled that, in disciplinary proceedings of the present kind, the standard of proof is the civil standard on the balance of probabilities, but approached in the manner explained in Briginshaw. There is ample Australian authority for this.

10. Although, for reasons given below, I have come to the conclusion that Mr. Kelly, in acting for Playnation Pty. Ltd. in the way and at the time that he did, in all the circumstances that existed and which were known to him, was involved in a relevant conflict of interest, and therefore duty, such that he should not have acted for Playnation as he did, nevertheless, in the light of the expert evidence, I am not satisfied to the requisite degree that his conduct constituted "unsatisfactory conduct" within the meaning of the definition in Reg. 20.1.

11. Accordingly, in the terms of Reg. 20.23(9), I do not find the charge proved; and consequently, I dismiss it.

12. The Tribunal has no power to award costs. However, in rejection of a submission made by Mr. Macaw in para. 26 of his written submissions, if the Tribunal did have power to award costs, I would not in all the circumstances have thought it appropriate to make an order for costs against the Board in this case.

REASONS FOR DECISION

Findings of Fact

13. I find that the material facts to be as follows (most of which were not in dispute).

14. In 1987, Mr. Kelly was a partner in the firm of G.R. Cullen & Co., Patent Attorneys in Queensland. The Complainant Mr. Nuttall claims to have invented in 1987 what he describes in his Declaration (para. 2) as "a fastener comprising an elongate shank and at least one protrusion or flair (sic) located on the shank for attachment of One member such as a rail or horizontally orientated frame member to another member such as a vertical upright post", He wanted to patent this invention so he wrote a brief description and made an annotated drawing of the fastener or rail spike (see Exhibit WB-1) and took it to his family solicitor, Mr. W. Byrne, who sent the description and drawing with a letter of 11 June 1987 to T.G. Ahearn & Co., a firm of Brisbane Patent Attorneys, with instructions to obtain a patent for the invention. Mr. Nuttall's written description said that the rail spike could be "either welded, forged or pressed" from mild steel.

15. On 1 July 1987, T.G. Ahearn & Co. merged with G.R. Cullen & Co and the firm continued under the latter name, with Mr. Kelly as a partner. The instructions from Mr. Nuttall came to his attention sometime before late September 1987. A Provisional Patent Application and Specification for the rail spike were drafted on 25 September 1987 by a Technical Assistant employed by G.R. Cullen & Co., under the supervision of Mr. Kelly, approved by Mr. Nuttall and filed as Provisional Patent Application PL4572. This Provisional specification is not in evidence and the evidence does not disclose its date of filing. What then happened is described by Mr. Kelly (Declaration para. 3.4) as follows:-

"3.4 Subsequently, PL4572 lapsed by the failure by Mr. Nuttall to file a complete specification by the 12 month deadline. With instructions from Mr. Nuttall, PL4572 was refiled at the Patent Office on September 22, 1989 under Application No. PJ6488. As far as I can recall, PJ6488 was exactly the same as PL4572. I believe that Provisional PJ6488 was lodged at the Patent Office without forwarding a copy of the provisional specification to Mr. Nuttall for his comment and approval prior to lodgement because

PJ6488 was exactly the same as PL4572 and Mr. Nuttall had already approved of the latter specification and instructed that it be refiled."

The second Provisional Specification PJ6488 is Mr. Kelly's Exhibit "RTK-2". In this Specification, at page 5, II. 3-7, it is said that the shank of the rail spike may be of round section and "conversely the shank may be of square or other section where a forged or stamped fixing member is envisaged". At page 9, I. 6 ff., it is said that the protrusions are "cut, stamped or otherwise profiled from the chosen sheet material". In the preferred embodiments described, the protrusions are welded to the shank. Mr. Kelly says (Declaration para. 3.5) that "stamping... may also be considered synonymous with 'cold pressing'". (I cannot say, on the evidence, whether this is correct.) Mr. Nuttall, on the other hand, says (Declaration para. 5) that PJ6488 was not the same as PL4572 and that he received a copy of PJ6488 only after it was filed. He says that he telephoned Mr. Kelly and asked him why the application did not mention that the fastener could be welded, forged or pressed and he then states Mr. Kelly's response. I accept this evidence by Mr. Nuttall. Mr. Kelly says (Declaration para. 3.5) that he does not recall any conversation with Mr. Nuttall of this kind. Although, as he says (Declaration para. 5) Mr. Nuttall accepted Mr. Kelly's explanation and did not press the point, it is clear that this point, in the events which happened, was the initial seed of Mr. Nuttall's later dissatisfaction with Mr. Kelly.

16. Mr. Kelly was responsible for the drafting of the complete specification for Mr. Nuttall's Patent. It was lodged on 20 September 1990 as International Application PCT/AU90/00341, claiming priority from PJ6488. It received Australian Application No. 64102/90 when it entered the Australian national phase. The complete specification became open to public inspection in Australia on 18 April 1991. Corresponding Applications proceeded in New Zealand and the U.S.A. Mr. Kelly says that to the best of his recollection he was not involved in the prosecution of the Australian and New Zealand applications but was involved in the early part of the prosecution of the U.S. application, though he does not say until when. The Australian application was accepted on 4 June 1992 and became Australian Patent No. 624271 which was sealed on 28 September 1992. The Complete Specification as accepted and granted is Exhibit "RTK-3". In the Complete Specification the passage that had appeared in PJ6488 (page 5, II. 3-7) concerning forming has been altered so that the reference (page 6, II. 6-12) is now to "a forged or stamped fastener". At page 10, line 9 ff., it is stated that "the protrusions are cut, stamped or otherwise profiled from the chosen sheet material". In the preferred embodiments described, the protrusion is welded to the shank. Claim 1 defines the fastener or spike but does not refer to, and therefore covers, any method of fabrication. Claim 2 adds only that the protrusion is formed from metal plate. Claim 3 adds the limitation that the protrusion is welded to the shank. Claim 4 also contains this limitation.

17. Mr. Nuttall had been exploiting the rail spike the subject of his Australian Patent by licensing its manufacture and sale to Associated Water Equipment Pty. Ltd. before August 1982 and the spike had been sold under the trade mark "RAILOK". The protrusion was welded to the shank (see Henry Declaration, para. 3).

18. On or about 21 August 1992 by a written Licence Agreement of that date (Nuttall Exhibit JWN-3), Mr. Nuttall granted a licence, at a royalty, to Playnation Pty. Ltd. (trading as 'Peppertown') to manufacture and market the patented "RAILOK" fastener. The Licence was not professionally drawn. It was a non-exclusive licence and did not contain any provision relating to improvements to the patented invention or related new inventions, whether made by the Licensor or Licensee. Mr. Kelly did not in any way act for Mr. Nuttall (or Playnation) in relation to the licence. Playnation at first

manufactured the fastener by welding the protrusions to the shank (Henry, 5).

19. From September 1992 (when Playnation began making the RAILOK spike) onwards, Mr. Nuttall paid regular visits to Playnation to collect his royalty cheques and there had discussions on most occasions with Mr. Henry, the Managing Director of Playnation, and/or Mr. Stow, then an employee of Playnation. Before the end of 1992, Playnation had found that making the fastener by welding was too expensive and was exploring the possibility of making it by "cold pressing". Both Henry and Stow discussed this with Nuttall before the end of 1992. Stow told Nuttall that Playnation was trying to get the fasteners made by cold pressing. Mr. Nuttall's understanding of "cold pressing" is stated by him in his Declaration, para. 8. Playnation's early attempts at cold pressing were not satisfactory.

20. In November 1993, Mr. Kelly resigned from the firm of G.R. Cullen & Co. and left their office in January 1993 to become a partner in a new firm of patent attorneys, Fisher & Kelly. In February 1993, by letter, Mr. Kelly invited Mr. Nuttall to transfer his files to the new firm but Mr. Nuttall did not take up the invitation and, indeed, did not reply.

21. By late April 1993, Playnation, with outside assistance (see Stow, 4) had devised a method of forming the RAILOK fasteners by cold pressing in dies (though there were apparently some tooling problems thereafter) and had decided to adopt it in the manufacture of the RAILOK fastener under Nuttall's licence. I am satisfied that Mr. Nuttall was made aware of these facts by Stow or Henry or both of them and approved of the adoption of the new process. Indeed, as Nuttall says (Declaration, 7) the method of manufacture under the licence "Was not of great concern" to him.

22. By late April 1993, Mr. Henry had also decided to try to obtain a Patent for the new process. I am, however, satisfied that neither Stow nor Henry informed Mr. Nuttall at any time that Playnation intended to apply for any patent relating to the new process or any improved spike and that Mr. Nuttall did not have any knowledge of that intention or of the subsequent Provisional Patent Application until 20 August 1993. On this, as on another significant issue mentioned below, I am faced with the difficult problem that none of Henry, Stow or Nuttall was cross-examined, though Mr. Kelly was. Stow (who left Playnation in 1993) does not say in his Declaration that he ever gave such information to Nuttall. Although the Tribunal is not bound by the rules of evidence (Reg. 20.26(3)), I reject the indirect suggestion by Henry (Declaration, end of para. 5) that "in my view (Nuttall) was quite aware that we would patent" the new process. Besides being inadmissible, this evidence is of no probative value. It is to be noted that Mr. Henry does not say that he told Mr. Nuttall of the intention to apply for a Patent. I accept the evidence of Mr. Nuttall in para. 15 of his Declaration. Insofar as this finding concerns Mr. Kelly, I refer to this in more detail below. I regard the last sentence of paragraph 8 of Mr. Henry's Declaration, to which no date or time is ascribed, as consistent with and referring to the conversation described by Mr. Nuttall in para. 11 of his Declaration.

23. Mr. Henry's reasons for engaging Mr. Kelly to secure the patent he sought are stated by him (Declaration, paras. 6-7) as follows:-

"Prior to 1993, Playnation had used Cullen & Co as its patent attorneys. However, as Nuttall used Cullen & Co as his patent attorneys or his product, I decided that Cullen & Co may have a conflict of interest if they acted for Playnation in relation to the die.

One of my employees informed me that he had used Robin Kelly ("Kelly") at Fisher & Kelly

and was happy with him, so I approached Kelly for assistance. My first question to Kelly was whether he acted for Nuttall. He said no. I was aware, at this stage that Kelly had been employed by Cullen & Co and that he had played a part in the drafting of Nuttall's patent specification, I explained to Kelly my reason for leaving Cullen & Co was to avoid a conflict of interest regarding Nuttall."

In my opinion, these reasons of Mr. Henry show his recognition of the close relation of his proposed patent application to Nuttall's patent and Nuttall's interests. See also what Stow says in the last two sentences of para. 7 of his Declaration.

24. Mr. Kelly's first contact with Playnation was a telephone conversation with Mr. Henry on 27 April 1993 (Kelly Declaration 4.1). On that day or soon after Mr. Kelly also had a conference with Mr. Stow of Playnation (Kelly, 4.1, 4.2; Stow 7-9). In one or other of these conversations, Mr. Kelly was informed of the licence agreement between Nuttall and Playnation under Nuttall's Patent. Mr. Kelly did not ask to see the Licence or ask whether it contained any clause about improvements. He was also told that Nuttall knew of and approved of the use of the new cold pressing process. Mr. Kelly also found out that Playnation was using and proposing to continue to use the RAILOK trade mark for the fastener, whether made by welding or by the new process, and advised Stow that Mr. Nuttall was "the owner of this trade mark" (Kelly, 4.3).

25. In early May 1993, Mr. Kelly, with the request and consent of Henry and Stow, contacted Mr. Nuttall about the trade mark and obtained Nuttall's instructions to apply for its registration in Nuttall's name (Kelly, 4.3, 4.4; Nuttall, 11, Exhibits JWN-6, JWN-7). Mr. Kelly lodged the application on Nuttall's behalf on 7 May 1993 (Board File, page 127). To this extent, Mr. Nuttall was still a client of Mr. Kelly until some time after that date in relation to the trade mark.

26. In May 1993, Mr. Kelly was instructed by Playnation to proceed to prepare and file a Provisional Patent Application for the new process and the improved spike or fastener. Mr. Kelly obtained further information from Mr. B. O'Connell, the toolmaker who had helped to develop the new process and the tools to operate it. The draft Provisional Specification was approved by Mr. Stow and lodged by Mr. Kelly on 29 June 1993 as Provisional Patent Application PL9688. The Provisional Specification is Nuttall's Exhibit JWN-9 and, of course, has no Claims.

27. It is clear, however, that this Provisional Specification is a basis for claiming the new cold-pressing process by particular dies, the particular die apparatus, and the improved fastener produced by it and not only as a product of the new process - see Kelly Declaration para. 4.12 and Exhibit JWN-9.

28. It is common ground that Mr. Kelly, in drafting PL9688, did not use, and did not in fact have, any information of or supplied by Mr. Nuttall other than the then published Specification of Nuttall's Patent, which Mr. Kelly obtained from the Patent Office (AIPO). When Mr. Kelly left G.R. Cullen & Co., he did not take any Nuttall files or papers with him.

29. After the filing of PL9688, Mr. Kelly did no further work in its prosecution, except to send to Playnation reminder letters in March and May 1994 about the need to file a complete specification. Whether or not Mr. Kelly was then in a conflict of interest or duty situation such that he should by this time not have been acting for Playnation, it was in any event proper to send the reminder letters.

30. It is quite clear, in my opinion, that if Mr. Kelly had Mr. Nuttall's informed consent to acting for Playnation to obtain for it and its name a patent for the new process and the improved spike resulting from it (whether made by the process or not), it would have been entirely proper for Mr. Kelly to act for Playnation and no criticism could have been made of his conduct. "Informed" consent, however, would I think have involved Mr. Kelly in advising Mr. Nuttall what might be the legal and commercial effects of such a Playnation Patent on Mr. Nuttall's existing position as Patentee and Licensor to Playnation. Although there is a direct conflict of sworn evidence between Mr. Nuttall and Mr. Kelly as to whether Nuttall ever knew, let alone consented, to Mr. Kelly acting to obtain the Playnation Patent, it was submitted by Mr. Macaw Q.C., for Mr. Kelly, that I need not resolve this conflict because he conceded, and it was common ground, that there was no informed consent by Mr. Nuttall, whether or not the conversation deposed to by Mr. Kelly in paras. 4.4 and 4.5 of his Declaration did occur (see T/S 155, line 3 ff., 390, 392, 409.3).

31. There is force in this submission by Mr. Macaw but, after some hesitation, I think it is material whether or not a conversation to the effect stated by Mr. Kelly (Declaration 4.4, 4.5) did occur. This evidence was that Mr. Kelly had a telephone conversation with Mr. Nuttall between the date of Mr. Nuttall's letter Ex. JWN-6 (30/4/93) and the date of Mr. Kelly's letter to Mr. Nuttall Ex. JWN-7 (7/5/93) mainly concerning the RAILOK trade mark. Mr. Kelly then deposed (para. 4.5)

"... I also discussed with him the filing by me for Playnation of a patent application for the new forming process developed by Playnation for manufacturing the fastener. I cannot now remember the precise words used by me or by Mr. Nuttall in this aspect of the conversation. However, the substance of the conversation was as aforementioned. Mr. Nuttall made no adverse comment and raised no objection either to the making of the patent application by Playnation or to my acting for Playnation in that matter."

32. As I have said, Mr. Nuttall was not cross-examined so that his directly contrary evidence in his Declaration para, 15 stands without direct challenge. The whole of Nuttall's para. 15 is relevant, but the more presently relevant part is as follows:

"Prior to 20 August 1993, I had no idea that Playnation had lodged a provisional specification for an alleged improvement upon my fasteners or any method of manufacture or dies concerning my fasteners or like fasteners, or that Kelly had been acting for Playnation in that regard. Prior to that date I had no discussion with Kelly or Stow or Henry or anyone else about Playnation lodging such a document. Neither Kelly nor Playnation sought or obtained my consent or permission to the lodgement of the Playnation provisional specification."

33. Mr. Kelly was subjected to lengthy cross-examination on his evidence in paras. 4.4 and 4.5 spread over Transcript pages 341-364, 374-5. Basically, Mr. Kelly adhered to the evidence in his Declaration, though at one point only (T/S 364, II. 1-2) he said that Mr. Nuttall's subsequent contradictory account was "wrong, or probably wrong". At T/S 357, he also gave the following ambiguous evidence when being cross-examined about Nuttall's para. 15:

"Q. - Do you say that Mr. Nuttall there has just got it all wrong as a result of the conversation you had with him?

A. - Well, according to my understanding, I think he has. He certainly knew - or Stow had told me - of the - that Nuttall was aware of filing-the patent application. I had brought it "to his attention in my telephone discussion prior to that."

(Underlining added.)

Mr. Kelly was not, however, in my opinion, satisfactorily able to account for the many acts and documents by or from himself and Mr. Nuttall that are inconsistent with his evidence and which were put to him in cross-examination.

34. Mr. Kelly gave a significantly more positive version of the asserted conversation in his Statement to the Board (para. 4, 3rd sentence - page 175). His account of the precise content (in substance) of the conversation varied from T/S 346 to 350. Mr. Kelly wrote a letter dated 7 May 1993 to Mr. Nuttall (Exh. JWN-7) referring to the conversation but the letter does not mention the Playnation Patent but does mention the Licence. No file note of the conversation was produced, though there were file notes of some other conversations (though not uniformly) - see T/S 359.

35. More telling, however, is the fact that when Mr. Nuttall first complained - either in the disputed conversation of 20 August 1993 between Mr. Nuttall and Mr. Kelly or in the conversation Mr. Kelly had with Stow referred to in the first paragraph of Mr. Kelly's letter to Playnation dated 7 September 1993 (Ex. RTK-12) or in Mr. Kelly's letter and draft letter of 7 October 1993 sent to Playnation (Exh. RTK-14) in dealing with the complaints in Nuttall's letter to Mr. Kelly of 20 September 1993 (Exh. RTK-13), or in his letter to Mr. Nuttall of 22 October 1993 (Exh. RTK-17) is there any mention whatever of Nuttall having previously known of and consented to the filing of the Playnation Patent Application by Mr. Kelly. Reliance on the asserted conversation with Mr. Nuttall before 7 May 1993 would have been the shortest and simplest answer to Mr. Nuttall's complaints. The only rational explanation for this is that either the conversation with Nuttall did not occur or Mr. Kelly had forgotten it. If it did occur, it is unlikely, though possible, that he would not remember it when Nuttall made his complaints and Mr. Kelly was preparing, with the assistance of Playnation, a careful reply to Mr. Nuttall's allegations.

36. Mr. Nuttall's own actions are consistent with his evidence in para. 15 of his Declaration. He telephoned Stow before 23 August 1993 concerning his conversation with Mr. Kelly (Nuttall Declaration 16) which is evidence I accept though Stow does not mention this conversation. I infer that Mr. Kelly's conversation with Stow referred to in his letter of 7 September 1993 (Exh. RTK-12), that letter itself, and the sending of a copy of it to Mr. Nuttall as requested by Stow, all arose from Mr. Nuttall's conversation with Stow, as well as Mr. Nuttall's conversation-with Mr. Kelly on 20 August 1993. On 23 August 1993, Mr. Nuttall wrote a letter to Cullen & Co. (Exh. JWN-8) which refers to his conversation with Mr. Kelly on 20 August 1993 and the conversation with Stow and complains about Mr. Kelly's actions. Mr. Nuttall also requested and obtained from Stow a copy of the Playnation Provisional Specification and sent it to Cullen & Co. (Nuttall Declaration 17). In December 1993, Mr. Nuttall sought the advice of a Solicitor, Mr. A.J. Bennett, about his complaint against Mr. Kelly (Bennett Exh, AJB-1). Mr. Bennett attempted to settle the dispute with Mr. Kelly until June 1994 (Bennett Declaration and Exhibits).

37. It follows also from the matters stated above in this paragraph that I accept Mr. Nuttall's evidence (Declaration para. 15) of the conversation he had with Mr. Kelly on 20 August 1993. Mr. Kelly did not deny this conversation but said that he had no recollection of it (Declaration 5.1; T/S 357.2, 358.9 though he did say at T/S 357.9 that "to the best of my memory it didn't occur").

38. Accordingly, I am unable to accept Mr. Kelly's evidence where it conflicts with the evidence in paragraph 15 of Mr. Nuttall's Declaration. In so finding, I do not find it necessary to rely on the fact that Mr. Nuttall was not cross-examined. Nevertheless, the following statement by Samuels J.A. (Hutley and Priestly JJA. concurring) in Paric v John Holland Constructions Pty, Ltd., [1984] 2 NSWLR 505 at 507 is applicable:-

"... While I do not think that it would be right to conclude that the absence of cross-examination entails the acceptance of the evidence given, it certainly enables that evidence to be regarded by any tribunal of fact with a greater degree of assurance than might otherwise have been the case."

See the discussion of this (with which the other members of the Court agreed) by Samuels J.A. in Ellis v. Wallsend District Hospital (1989) 17 NSWLR 583 at 586-8, to which Mr. Clarke referred me. I would add that Mr. Clarke, correctly, did not submit that I should or must accept Mr. Nuttall's evidence in preference to Mr. Kelly's, merely because Mr. Nuttall was not cross-examined.

39. However, in so finding, I do not find that Mr. Kelly was untruthful. I think he believed that the evidence he gave to the Tribunal was true, but I think he was mistaken - in view of all the matters to which I have referred. Nor does the fact that Mr. Kelly repeatedly affirmed his version, despite the matters to which I have referred, mean that he was untruthful - compare what was said in the High Court by Gaudron, Gummow and Kirby JJ. in MacKenzie v. R. (1996) 141 A.L.R. 70 at 88. Although Mr. Kelly himself rejected the explanation which I suggested to him (T/S 351), I think that the true explanation is probably that Stow told Mr. Kelly that Nuttall knew of and consented to the filing of the Playnation Patent and that Mr. Kelly has thereby thought that Nuttall told him. Mr. Kelly expressly said on a number of occasions in cross-examination, that Stow had given him this information (T/S 342.5, 352.4, 353.2, 357.5 360.2) and in his Declaration (para. 6.7(f)). I take this view even though Stow does not mention such in his declaration. It may also be that Henry also gave such information to Mr. Kelly (T/S 360.4) even though Henry does not mention it. I would add that there is no evidence to support the view that any such information given by Stow or Henry was correct (see para. 22 above). There are reasons, upon which I need not elaborate for present purposes, appearing in the evidence, for treating the evidence of both Henry and Stow with some reserve (as indeed Mr. Macaw indirectly suggested, though he did not require them for cross-examination).

40. I do not find it necessary to resolve the conflict of evidence between Mr. Nuttall and Mr. Kelly concerning their conversation of 20 or 21 October 1993, of which each party made conflicting file notes. I observe only the peculiar fact that Mr. Kelly stated the material part of his version of the conversation in his letter to Playnation of 22 October 1993 (Exh. RTK-18 page 1 para. (iii)) but not in his version of it in his letter of the same date to Mr. Nuttall (Exh. RTK-17).

41. The relationship between Mr. Nuttall and Playnation broke down in April/May 1994. At this time Nuttall terminated or purported to terminate the licence although he received royalties until October 1994. In March 1994, Mr. Nuttall transferred his trade mark file from Mr. Kelly to Cullen & Co. Mr. Henry withdrew Playnation's work from Fisher & Kelly and transferred it to other Patent Attorneys (Henry, 15). I note also that, at about this time, Mr. Nuttall explored the possibility of marketing his patented fasteners with Stow (who had by then left Playnation) (Nuttall Declaration 23).

Conclusions

42. In agreement with a submission by Mr. Macaw, I think it is a significant fact, as I find, that at all times before 20 August 1993, Mr. Kelly believed that the relationship between Mr. Nuttall and Playnation was in all respects harmonious and he did not have knowledge of any fact or circumstance that would suggest otherwise. It also follows from what I have said above, that I think that Mr. Kelly believed that Mr. Nuttall did approve of the obtaining of the Playnation Patent, though this was not because Nuttall had said so but, probably, because he was told so by Stow and perhaps also by Henry.

43. Further, Mr. Clarke rightly conceded that the evidence did not justify a finding that Mr. Kelly had any Intention of doing anything wrong so that if he did do anything wrong, he did not realise it was wrong (T/S 384, last 2 lines - 385, line 7; 417, lines 3-6).

44. However, in the field of professional misconduct generally, including failure to act up to a generally accepted or prescribed standard of professional skill or competence, it is well settled that ignorance of the required or accepted rule of conduct or standard is not necessarily an excuse - see, e.g., Law Society of NSW v. Moulton [1981] 2 NSWLR 736 (C.A.) at 740, 754, 757, 759; Law Society of NSW v Foreman (1991) 24 NSWLR 230 (C.A.) at 253 per Mahoney J.A. (Meagher J.A.) concurring. Indeed, ignorance may in some circumstances compound the offence - NSW Bar Association v. Evatt (1968) 117 C.L.R. 117 at 184. The reason for this is, as the High Court and other appellate courts have frequently said, that provisions relating to professional misconduct are to enforce the required standards of conduct for the protection of the public and not to punish the practitioner - see, e.g. Evatt's Case (supra) at 183-4. It is in this context that the definition of "unsatisfactory conduct", and probably also the definition of "unprofessional conduct", in Reg. 20.1 are objective in expression and do not refer to any mens rea or particular intent. I can see no basis on which the definition of "unsatisfactory conduct" can be properly construed to require a particular intent or guilty state of mind. Such a requirement cannot be drawn from the nature of the available penalties on a finding of guilt provided by Reg. 20.23(2), as Mr. Macaw faintly suggested, even if that subregulation were construed as preventing the Tribunal from imposing no penalty after a finding of guilt. In any event, in rejection of a submission by Mr. Clarke to the contrary, I think Reg. 20.23(2) does not prevent the Tribunal from imposing no penalty - such a course is within its discretion as the word "may" indicates - contrast the use of "must" in Reg. 20,23(5).

45. When Mr. Kelly was first approached to act for Playnation in April 1993, he had only ceased acting for Mr. Nuttall in relation to the patents for his fastener sometime in 1992. His recollection of the business interests of Mr. Nuttall was such that as soon as he was informed that Playnation was using the RAILOK trade mark. he advised Stow that Nuttall was owner of this mark and he sought and obtained instructions from Mr. Nuttall to apply for registration of the mark, with a view to later registering

Playnation as a registered user. He was informed of the licensing agreement between Nuttall and Playnation under the same Patent he had recently been involved in obtaining for Mr. Nuttall. He appreciated, as indeed he should have, that what Playnation was seeking to patent was an improvement of Nuttall's patented fastener as well as an improved process for making it.

46. It was agreed by all the Patent Attorneys who gave evidence, including Mr. Kelly himself (T/S 224-231), that Mr. Kelly owed some continuing duty to his former client, Mr. Nuttall, in relation to Mr. Nuttall's patent and affairs and it was agreed by all of them that that continuing duty was defined in part, though not wholly, by Guidelines 20 and 21 to Part 3.09 of the Code of Ethics of the Institute of Patent Attorneys as in force at the material time and which Guidelines are set out in Mr. Cowin's Declaration paras. 19-21. It was also common ground that the continuing duty to the former client extended at least to avoiding a conflict of interest to the extent explained in paragraphs 38 and 39 of Mr. Cowin's Declaration - see Mr. Catt's Declaration paras. 10, 12; Mr. Oberin's Declaration para. 4.12; Mr. Carter's Declaration paras. 11, 15, 17; and see Mr. Kelly's evidence last referred to above. What was in dispute was whether Mr. Kelly's duty to Mr. Nuttall, and whether the situations in which a conflict of interest between Mr. Nuttall and Playnation would or might exist, extended any further than these statements and, if so, in what respect.

47. The area of common ground included the propositions that it would not be proper for an Attorney, on the ground that a relevant conflict of interest or duty existed:-

- (a) to advise the later client on the validity of the patent which the Attorney had obtained for the earlier client, or to act in challenging the validity of the first client's patent; or
- (b) to advise the later client concerning infringement of the earlier client's patent or to advise the later client how to circumvent the claims of the first client's patent.

I also find, on the balance of the evidence of the five Attorneys (that is, including Mr. Kelly) that these propositions are not dependent on the possession, use or misuse of confidential information of the earlier client. For these propositions, see the evidence of Mr. Catt - Declaration 12, T/S 240-3; Mr. Carter-Declaration 11, 12, 15, 19, T/S 321-4; Mr. Oberin, Declaration 4.12, T/S 284-5 (where, in relation to infringement, Mr. Oberin appears to draw a distinction depending on how much construction of the claims is involved), 288 (evidence which is again narrower than the other Attorneys'); Cowin - Declaration 39, T/S 164, 178-9, 185-6, 187; Mr. Kelly - T/S 227-8.

48. In my opinion, there was, as a matter of law, a conflict of interest between Mr. Nuttall as Licensor of his patent for the rail spike and Playnation as Licensee when Playnation decided to apply for a patent in its own name for what was an improvement to the licensed rail spike, as well as a new process for its production. Certainly this was so in the absence of a clear provision in the licence entitling the Licensee to apply in its own name and for its own benefit for a patent for any improvement of the licensed invention. The patent Playnation sought was an invention very closely related to the licensed invention. It was not, and should not be viewed, as most of the expert witnesses suggested, as if it were merely an invention in the same field of technology.

49. This conflict was inherent in the situation. Contrary to what several of the Attorneys seemed to think, clearly a conflict may exist notwithstanding that both parties or clients are not then in any actual

dispute with each other and their relationship is harmonious. It is now well recognised that such is the case in respect of parties in particular legal relationships such as vendor and purchaser, lender and borrower, landlord and tenant and, at least in some circumstances, licensor and licensee. It is now well recognised that the same lawyer should not, without informed consent of both parties, act for each party in such relationships because he cannot fulfil his duty to best serve the interests of each party, that is, the lawyer is in a conflict of duty situation as a result. This is because the respective rights and interests of the parties are inherently in conflict. Of course, where that is the case, experience shows that there is a high risk of actual dispute arising between the parties. Though that is not the sole rationale of the principle in question, it underlines its practical advantages. Nor could the same lawyer, without informed consent, act for both parties in respect of an issue or question arising out of their relationship, even though he had not acted for either of them in the original transaction that created the relationship.

50. In argument Mr. Macaw accepted part of what I have said in paragraph 50 above but put a powerful argument that it did not apply to the situation in which Mr. Kelly was here involved, in particular, he submitted that the principle stated above depended on the lawyer acting for both parties at the same time - see T/S 421-423. He also stressed what is the fact, namely that Mr. Kelly had not acted for either party in relation to the drafting or creation of the licence. I have considered this argument very carefully. But in the end, I do not think the principle is so confined. It extends to the case where the lawyer has originally acted for one party to the transaction and is later asked to act for the other on an issue arising out of the transaction or the relationship created by it. I think it would also extend to a case like the following example. Suppose that a solicitor had acted for A in the purchase of an estate (involving investigation of the title on behalf of A). A then leased the land to B. I do not think it would be proper for the solicitor then to act for B in a claim by B to title to the estate or a part of it by paramount title or on any other basis. Nor do I think that these situations necessarily depend on the solicitor having any confidential information of the first client. It may be that lapse of time, or at least long lapse of time, might change the situation in the cases referred to, but that question does not arise here.

51. I also do not think that a relevant conflict of interest is confined to conflicts of strict legal rights as Mr. Macaw submitted and some of the Attorneys at times said, but extends also to conflicts of commercial interests or benefits arising out of the relevant legal rights created by the transaction or relationship (and, perhaps, that is why the principle in question is normally called "conflict of interest").

52. But even if the relevant principle were confined to legal rights, I think it is clear that the obtaining of the improvement patent by Playnation would restrict, limit or diminish Mr. Nuttall's legal rights given by his patent. Mr. Nuttall's patent covered any method of manufacture of the rail spike defined in its Claims and also included the improved form of spike resulting from Playnation's invention. The rights which Mr. Nuttall had by virtue of his patent included the right to licence the production of the spike by any method of manufacture and in any form including the new form devised by Playnation which was within the ambit of any claim. The licence to Playnation did not take away this right because it was non-exclusive. The proposed patent, if granted to Playnation, would have the effect that Mr. Nuttall could not exploit personally or by licensing his own patented invention by the Playnation cold forming process or in the form of the improved Playnation spike without a licence from Playnation (even though Playnation would also need a licence from Nuttall to exploit its own invention). This involves a restriction of Mr. Nuttall's legal rights not merely his commercial interests. I would add that it is at least strongly arguable that the case of advising the second client on how to circumvent the claims of the patent obtained for the first client does not involve a conflict of legal rights but only of commercial interests, yet

all the Attorneys (at passages already cited), except possibly Mr. Oberin, were of the opinion that such a case is a relevant "conflict of interest" in which the Attorney should not act for the second client. However, such a case may be said to be one of conflict of legal rights because one of the rights given by a patent is to restrain infringement, and the postulated advice is as to how that right may be restricted in scope, as well as rendered less valuable.

53. I think the view that I have expressed above is confirmed by considering what advice would have been needed to be given to Mr. Nuttall in order to obtain his informed consent to Mr. Kelly acting for Playnation as requested - see paragraph 30 above, and I note what Mr. Macaw said at T/S 392.

54. Further, it is not an answer to what I have said above to say, as most of the Attorneys did in their evidence, that any other Patent Attorney could have done the same work and produced the same result for Playnation as Mr. Kelly did. The crucial distinction is that Mr. Kelly owed a continuing or residual duty to Mr. Nuttall, as was common ground. Any other Attorney would not have owed any duty to Nuttall. The principle suggested by Mr. Oberin at T/S 286, while applicable in many cases, is too narrow and does not cover the field. Any other Attorney could have advised Playnation on the validity of Nuttall's patent but, it is common ground, Mr. Kelly could not ethically have done so.

55. I also think that the fact that Playnation was seeking Mr. Kelly's services to obtain a patent for an improvement to the licensed patented product clearly raised at least the potential for a further conflict of interests (and rights), namely an issue of ownership of or entitlement to the improvement invention - see Oberin at T/S 297.1. This depended on the provisions of the licence and on other matters. It seems to me that an Attorney asked to act in these circumstances should certainly call for and examine the licence, though, of the Attorneys who gave evidence, only Mr. Catt says he would have done so - T/S 246.9-248.

56. However, all of the Attorneys (including Mr. Kelly) did not think it was necessary to consider ownership at the time of filing a provisional patent application and said that this question could be put off to a later stage because under the present Patents Act 1990, anyone can apply for a patent and the question of entitlement to the patent to be granted only arises at a later stage (see ss. 29 and 15 and the Regulations concerning notice of entitlement of the "nominated person", which does not have to be lodged with a provisional application). However, except in cases of urgent time constraints, I regard this practice of not considering ownership before lodging a provisional application to be inappropriate, and even dangerous for the Attorney.

57. What I have said so far is, however, far from concluding the matter at issue even though I think that Mr. Kelly was faced with a situation, on all the facts then known to him, in which he should not have acted for Playnation because of the conflict of interest involved. However, that does not necessarily mean that his conduct amounted to "unsatisfactory conduct" within the meaning of the definition in Reg. 20.1.

58. The definitions of "unprofessional conduct" and "unsatisfactory conduct", are as follows:

"unprofessional conduct" means conduct on the part of a patent attorney whereby he or she can be regarded as committing a gross failure to comply with the standards that, in the circumstances, it is reasonable to require the patent attorney to observe;

"unsatisfactory conduct" means not having attained or sustained a professional standard that is consistent with the standard of practice of patent attorneys.

(Underlining added.)

59. There is no doubt that these definitions are obscure and unsatisfactory and create substantial difficulties as to their meaning and proper construction.

60. The definition of "unsatisfactory conduct" appears necessarily to presuppose that there does exist something that constitutes "the standard of practice of patent attorneys" that is objectively ascertainable. I cannot think of any way in which such "standard" could be ascertained by the Tribunal except, as occurred in this case, by the calling of expert evidence by Patent Attorneys and referring to such written rules or codes of conduct as such evidence shows to be accepted as part of the "standard of practice" - as the evidence here showed was the case for the Institute Code of Ethics and Guidelines thereunder. I also think it is relevant to consider what trainee and young Patent Attorneys are taught as to the ethical standards that should be observed and hence I asked the expert witnesses questions about that. I do not need to consider what would happen or what the Tribunal could or would do if there were no expert evidence of standards called before it.

61. Further, it is in the nature of things improbable that there would be a fixed or certain standard to cover all the possible situations that might be encountered by a Patent Attorney in his professional life. In the nature of things there could only be general principles that might or might not offer a sound analogy for extension to the particular case in question, I also think it must be correct to say, as Mr. Clarke submitted, that the mere fact that there is no existing or accepted ethical standard that deals with the precise situation in question, does not mean that there can be no "unsatisfactory conduct" (as defined) in that situation - see T/S 384-389. I think Mr. Clarke was right in submitting that, in such a case, the Tribunal must approach the matter by analogy to such standards as there are, taking into account the underlying principles.

62. I cannot accept the alternative view put by Mr. Macaw (not as a primary submission) when pressed by me at T/S 449-452 where some of the serious difficulties with the definition are highlighted. Mr. Macaw there first submitted that if there were no evidence of standards, the charge could not be sustained. I do not need to decide if that is correct. Mr. Macaw then made a submission which appears in the following passage at T/S 451-2.

"MR LYONS: Can ignorance be a standard in other words, might be lying behind what I am saying? If all attorneys are ignorant of something that the law might require, ignorance is the standard, is it?"

MR MACAW: Well, at all events you - logically that must be right. At all events, you could never say that what he has done is inconsistent with the standard. It would be an extraordinary result if he has done something which everybody else would have done so that he has acted ...

MR LYONS: And it happens to be illegal, for instance, it might happen to be illegal but everybody does it because it might be illegal under some obscure law not known to ...

MR MACAW: Yes.

MR LYONS: They might all enter into agreements that in fact are void for *[maintenance or champerty]* and they might not know that though.

MR MACAW: For example, yes.

MR LYONS: Very few lawyers know what that means these days anyway.

MR MACAW: Well, in that example, to say that he has acted in a way which is not consistent with the standard of practice of patent attorneys and therefore is guilty of unsatisfactory conduct would be extraordinary and how you get to the result doesn't really matter but the logical way of getting there is to say that either there is no standard or that ignorance is the standard."

Although, as I said at the time, there may be an iron logic about this, I do not think that it is correct. But, in any event, it highlights the severe difficulties of the statutory definition.

63. Mr. Macaw also submitted that the words "not having obtained or sustained a professional standard etc." had the effect that the definition could not be satisfied by one single act or piece of conduct or misconduct. He submitted that the definition required "a course of professional conduct" inconsistent with the standard referred to, and he relied on the dictionary definitions of "attain" and "sustain". He accepted that the result of this construction (T/S 417-8) was that if an Attorney was guilty of one piece of conduct that his peers regarded as unethical, but it did not amount to a "gross failure" within the meaning of the definition of "unprofessional conduct", no disciplinary action could be taken. It is true, of course, that the words "attain" and "sustain" in many contexts do imply a course of conduct or exclude an isolated event, but they are not necessarily to be so construed in all contexts. I think the anomaly that Mr. Macaw's construction would lead to (as identified above) cannot have been intended and is such that this construction cannot be correct. I think both definitions do include one incident, act or piece of conduct but this issue again points up the unsatisfactory wording of the definition in question.

64. Mr. Clarke relied on Guideline 20 as either directly applicable or as affording an appropriate analogy that should here lead to an adverse finding. The reference is to Guideline 20 as in force at the relevant time as set out by Mr. Cowin, (Declaration 21) and which is agreed to be a standard of practice of patent attorneys. I do not need to decide whether Guideline 20 on its proper construction ought to be understood in the sense of the altered wording that it now has as Guideline 19(a) in the later version of the Code in Exhibit GLC-3 or whether a standard in the form of Guideline 19(a) was an accepted standard at the relevant time. This is because I do not think Mr. Kelly was in breach of Guideline 20 or a rule in the form of Guideline 19(a). He was not acting for Playnation in the same matter in which he had acted for Mr. Nuttall. The possibly applicable part of Guideline 20 is then as follows:-

"Once a member has acted for a client in any matter, he should never act for an adversary ... in any other matter where the member's knowledge of that client's affairs could prejudice the client or provide an unfair advantage to the adversary ..."

For present purposes, "member" is to be read as "patent attorney". Assuming, without deciding, that Playnation was an "adversary", it is common ground that Mr. Kelly had no knowledge of Mr. Nuttall's affairs that could prejudice Mr. Nuttall or provide an unfair advantage to Playnation. The same applies to Guideline 19(a). I do not need to consider the puzzling proviso to Guideline 20 or 19(a), which would appear unnecessary and, possibly, create difficulties in relation to acting with informed consent of the earlier client.

65. The other standards that are common ground, as identified in paragraphs 46-47 above do not seem to me to afford a ground for finding Mr. Kelly guilty of unsatisfactory conduct, in the light of the expert evidence.

66. The evidence given by Mr. Cowin in paragraphs 40, 55 and 57 (as well as some later paragraphs) of his Declaration would, if it stood unqualified and accepted as evidence of the standard of practice of patent attorney, afford ground for finding the charge proved. But this is not the case on the evidence as a whole.

67. In para. 40, which is the starting point of his relevant analysis, Mr. Cowin said:-

"A further example of conflict of interest could be a Patent Attorney accepting instructions to act for a party who was a licensee or otherwise associated with or related to an earlier client, at least where acting for that party prejudiced or was likely to prejudice the rights and interests of the earlier client. In this example, I believe conflict would arise unless each party gave prior approval for the attorney to act for each of them separately."

Mr. Catt (Declaration, 10) accepted this, and see also what he said in para. 15.2. Mr. Carter accepted it only in a qualified form (Declaration, 11). Mr. Oberin did not agree with it (Declaration, 4.13). On one view, Mr. Cowin modified his evidence in para. 40 and the subsequent paragraphs that follow from it in cross-examination, but I do not think this is very clear. I do not really understand the distinction that Mr. Macaw extracted from him between what was called ethical considerations and commercial or practical considerations - see T/S 208-210.

68. But however that may be, the other Attorneys did not think that what Mr. Cowin said in paragraph 40 and the subsequent paragraphs applied to the situation in which Mr. Kelly found himself. None of them thought that he had acted unethically in accepting Playnation's instructions. I do not regard this as decisive by itself because I do not think any of the Attorneys fully appreciated the inherent conflict of interest that was involved and had no personal experience of the precise situation that arose. The view that they took that a problem did not arise unless there was an actual dispute between Nuttall and Playnation is not, in my opinion, correct, but appears to be accepted as ethical.

69. In the end I think the decisive facts, in addition to what I have said in paragraph 68 above, are as follows. None of the Attorneys (including Mr. Kelly) had ever personally come across the situation that faced Mr. Kelly. It is evidently of rare occurrence. None of them had received any real instruction or training, or acquired by practice, experience that would have enabled them to see the inherent conflict and resulting conflict of duty involved. In fact the evidence makes it clear that Attorneys at the relevant time, and even now, do not receive much training in ethics or on how to identify conflicts of interest and duty, and such training that there was or is was at a level of generality that it did not enable the identification of the problem in the actual situation that arose in this case.

70. In that situation, even though I think as a matter of law, Mr. Kelly should have identified the problem and declined to act, I cannot see how I can be satisfied that this is inconsistent with the standard of practice of patent attorneys, when none of the other Attorneys (apart from Mr. Cowin) would have seen the problem and had had no training sufficient to enable them to see the problem. As I have said, Mr. Kelly did not in fact see any problem. Further, I have found that he probably had some ground for believing that Nuttall was consenting to his acting, though not any informed consent from Nuttall himself- see para. 39 above, and I also take into account what I have said in para. 42 above.

71. I do not think it necessary to deal in any detail with the events from the telephone conversation between Mr. Nuttall and Mr. Kelly on 20 August 1993 to the end of October 1993. An actual dispute had then arisen though of a very ill-defined nature and Mr. Nuttall did raise an allegation of conflict of interest on Mr. Kelly's part. Though I do not think Mr. Kelly adopted the best means of dealing with these matters, he was not bound to accept that a true conflict existed. He was entitled to investigate the allegations to see if they had any possible foundation and he was entitled to try to settle the dispute or disputes. It may be that by October 1993 he should have ceased to act for Playnation. But Messrs. Carter and Catt did not think that was yet the case. Mr. Cowin did. However, to agree with Mr. Oberin that no real question arises because Mr. Kelly did not do anything on behalf of Playnation other than send the reminder letters and try to resolve the dispute (Oberin Declaration 15.9, T/S 311-2).

72. A major cause or source of Mr. Nuttall's complaint arose out of the fact that, in the statement of the prior art in the Playnation Provisional Specification, the defects and disadvantages of Mr. Nuttall's patented fastener and the advantages over it offered by the Playnation invention are stressed. I was originally concerned by this as it might appear that Mr. Kelly was, for the benefit of his new client, Playnation, denigrating or devaluing the work that he had done for Mr. Nuttall. I put this to the expert witnesses. They were unanimous that what Mr. Kelly did in this respect was normal and standard and in no way unethical or improper. Mr. Nuttall also considered that some of the statements made in the Playnation specification about his fastener were wrong or unjustified. There was no evidence to support this, and even if it were correct, it would not amount to unsatisfactory conduct by Mr. Kelly as he acted in accordance with his technical instructions.

73. For these reasons, I am not satisfied to the required degree that Mr. Kelly was guilty of unsatisfactory conduct as charged. Therefore, in the odd terms of Reg. 20.23(9), I do not find the charge proved.

74. I would add that I have found this to be a difficult case, mainly because of the difficulties of the definition of "unsatisfactory conduct".

DATED 28 February 1997

John F Lyons Q.C.
Patent Attorneys Disciplinary Tribunal

OWEN DIXON CHAMBERS
MELBOURNE