

HONG KONG / JUDGMENT

GERMAN POOL GROUP CO LTD AND OTHERS v. DYSON TECHNOLOGY LTD AND ANOTHER

[2025] HKCFI 6475

COURT

Court of First Instance

DECIDED

29 December 2025

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HCIP 53/2019

[2025] HKCFI 6475

IN THE HIGH COURT OF THE

HONG KONG SPECIAL ADMINISTRATIVE REGION

COURT OF FIRST INSTANCE

INTELLECTUAL PROPERTY PROCEEDINGS NO 53 OF 2019

BETWEEN

GERMAN POOL GROUP COMPANY LIMITED

1st Plaintiff

GERMAN POOL (HONG KONG) LIMITED

2nd Plaintiff

GERMAN POOL KITCHEN EQUIPMENT LIMITED

3rd Plaintiff

and

DYSON TECHNOLOGY LIMITED

1st Defendant

DYSON EXCHANGE LIMITED

2nd Defendant

Before: Deputy High Court Judge Kent Yee in Chambers

Date of Hearing: 25 August 2025

Dates of Written Submissions:

8 and 29 September 2025 (the Plaintiffs)

22 September 2025 (the Defendants)

Date of Decision: 29 December 2025

DECISION

Introduction

This action is a consolidated action of two actions, each of which an inquiry as to damages was ordered against the defendants. By summons dated 21 January 2025 (“the Discovery Summons”), the plaintiffs seek disclosure of 21 categories of documents set out in the Schedule to the Discovery Summons. The defendants oppose this application.

The plaintiffs are interrelated companies and will collectively be referred to as “German Pool” in this Decision. Likewise, the defendants will collectively be referred to as “Dyson”.

Mr Liao SC leading Mr Tse appear for German Pool and Dyson are represented by Mr Lok and Mr Liu.

Background facts

This action has a long history. I shall first provide a brief account of the background facts leading to this action and this application for an understanding of the purpose and scope of the Discovery Summons. The following is mostly gleaned from the Amended Consolidated Points of Claims dated 24 May 2023 (“the ACPC”).

I should start with the action commenced by Dyson against German Pool on 17 May 2011 under HCA 838/2011 (“the 2011 Action”) for infringement of its HK Standard Patent (“the HK Patent”) which was a re-registration of European Patent No.EP2191142B1 (“the EP Patent”). Both of the Patents relate to a bladeless fan with a Coanda surface. Dyson also sued German Pool in the 2011 Action for copyright infringement relating to the design drawings of some of their bladeless fans.

On or about 3 June 2011, upon the application of DHCJ Coleman (as he then was) granted an interlocutory injunction against the 2nd and 3rd plaintiffs from dealing with certain specified bladeless fans and any bladeless fan products which infringed the HK Patent (“the Injunction Order”).

The Injunction Order was made on the undertaking given by Dyson (“the Dyson Undertaking”) in the following terms as recorded in the Injunction Order:

“Upon the Plaintiffs by their Senior Counsel undertaking to abide by any order this Court may make as to damages in this case this Court shall hereafter be of the opinion that the Defendants or any of them shall have sustained any such damages by reason of the Defendants’ undertaking and/or this Order hereinafter contained which the Plaintiffs ought to pay.”

On the Dyson Undertaking, the 1st plaintiff gave an interim undertaking not to deal with certain named bladeless fans or any bladeless fan product infringing the HK Patent or the subject of Dyson’s copyright.

On 9 June 2011, German Pool admitted liability for copyright infringement and by consent a final injunction against copyright infringement was ordered on 21 November 2012.

On 16 March 2016, the European Patent Office (“the EPO”) revoked the EP Patent on the ground that it was not novel. Pursuant to section 44 of the Patents Ordinance, Cap 514 (“the PO”), the HK Patent would be revoked upon the revocation of the EP Patent.

On 12 December 2016, Recorder Houghton SC discharged the Injunction Order on the ground that there was a change of material circumstances.

Dyson applied for leave to withdraw their claim for the infringement of the HK Patent and their Defence to the Counterclaim of German Pool for the revocation of the HK Patent. By the order of Lok J dated 5 June 2017, the HK Patent was declared invalid and thereby revoked.

Prior to the said order, on 24 May 2017, German Pool instituted proceedings under HCA 1233/2017 (“the 2017 Action”) against Dyson for groundless threats of infringing proceedings against German Pool, their customers, agents or servants pursuant to section 89 of the PO.

The subject matters of the 2017 Action are the letters which Dyson sent to 7 major retailers in Hong Kong (“the 7 Retailers Letters”) after the grant of the Injunction Order.

By an order of DHCJ Gilchrist dated 14 September 2017 in the 2017 Action, summary judgement was against Dyson and leave was granted to German Pool to proceed with an enquiry as to what damages it had suffered as a result of the groundless threats of infringement of the HK Patent (“the Groundless Threat”).

By an order of Lok J dated 19 January 2018 in the 2011 Action, leave was granted to German Pool to proceed with an inquiry as to damages on the Dyson Undertaking.

By the order of Lok J dated 26 April 2018, both the 2011 Action and the 2017 Action were consolidated and leave was granted to German Pool to file a consolidated points of claims.

The pleaded case of German Pool and the issues identified

Since the main dispute between the parties in the present application concerns the relevance of the documents sought to be discovered by German Pool, it is imperative to have a proper understanding of the pleaded case of German Pool and ascertain what damages German Pool are claiming in this action.

Mr Liao's summary of the pleaded case of German Pool is as follows:

“13.1

It was Dyson's strategy and campaign to market their bladeless fans and publicise information regarding the Injunction Order to the media, trade and public without clearly or sufficiently highlighting the bladeless fans the subject of the Injunction Order as bladeless fans utilizing a Coanda surface as claimed in Claim 1 of the HK Patent, and such strategy and campaign (“Dyson's Strategy and Campaign”) were part of their scheme and plan (“Dyson's Scheme and Plan”) to capture unjustifiably and unfairly the entire bladeless fan (whether infringing the HK Patent or not) market in Hong Kong to the exclusion and detriment of their competitor German Pool. In support of such strategy and campaign, German Pool rely, inter alia, on:

The issuance of a press release regarding the Injunction Order (“Press Release”) by Jebsen which was their exclusive distributor in Hong Kong to 176 media outlets in Hong Kong, which, as contended by German Pool, was collateral to and way out of the legitimate purpose for the grant of the Injunction Order;

An email dated 3 June 2011 (the day the Injunction Order against German Pool was made) by Ms Hamilton of Dyson to employees of Dyson and Jebsen in which she stated that they should “use PR to celebrate this win” and “to create proactive PR in the markets” (“3 June 2011 Email”);

A draft press release and Q&A to react to media questions prepared and sent by Ms Jessie Hamilton on 6 June 2011 (“Draft Press Release and Q&A”) which was later forwarded to employees of Jebsen and others;

That the Press Release issued by Jebsen to the 176 media outlets was in the form drafted by Ms Jessie Hamilton, save for the removal of references to a finding of infringement;

Dyson's evidence that the Press Release “resulted in” an article concerning the Injunction Order published by a Hong Kong Magazine PCM GEARS on 28 June 2011; and

An article entitled “the Enforcement Dilemma” published by Asian Legal Business on 2 January 2013 (“ALB Article”) which extensively quoted Ms Connie Carnabuci, the then partner in charge of the 2011 Action with Dyson's former solicitors Messrs. Freshfields, and the Injunction Order.

13.2

As a result of such strategy and campaign:

the media, trade and public were led to mistakenly believe that the underlying HK Patent and the Injunction Order covered all bladeless fans, with or without a Coanda surface (subject matter of the HK Patent);

German Pool were unable to sell and would not have been able to sell any bladeless fans, whether utilizing a Coanda surface or not due to the risk of patent infringement and consequently risk of contempt of Court for breach of the Injunction Order; and

The trade including retailers would not be willing to purchase any bladeless fans from German Pool due to the risk of patent infringement and consequently risk of contempt of Court for breach of the Injunction Order.

13.3

Consequently, German Pool were unable to sell, inter alia, any bladeless fans (whether covered by the HK Patent or not) when the Injunction Order was in force and had suffered loss as a result.

13.4

Aggravated and/or exemplary damages should be awarded on the basis that Dyson should have realized that the HK Patent was of dubious validity, particularly in view of, inter alia, the Mitsui Utility Model entitled “COANDA AIR BLOWER” (“Mitsui”) as a crucial or relevant prior art when applying for the Injunction Order.”

In the prayer for relief in the ACPC, German Pool claim the following damages:

Damages for the lost sales;

Damages at large to be assessed for further loss of reputation;

Damages at large to be assessed for the lost opportunity to list and consequent impact on German Pool's business and financing opportunities;

Damages for loss of management time at HK\$871,557.20;

Damages for legal and professional costs at EPO at HK\$2,021,961.00;

Alternatively, for each of the above heads of damage, damages based on a fair estimate of loss.

German Pool do not ask for any other and further relief.

German Pool has pleaded a claim for aggravated and/or exemplary damages in the ACPC and yet there is no such demand in the prayer for relief.

The pleaded case for exemplary damages is actually made on two bases. First, German Pool claim that by reason of the conduct of Dyson, German Pool's proper feeling of pride and dignity, and the humiliation, distress, insult or pain was injured and German Pool have suffered and claim for aggravated damages.

Further or alternatively, it is pleaded that the conduct of Dyson was calculated by them to make a profit which might well exceed the compensation that was payable to German Pool, German Pool have suffered and claim for exemplary damages. German Pool claim that Dyson should have realized that the HK Patent was of dubious validity, particularly in view of the objections of the Japanese Patent Office as well as the US Patent Office. It is alleged that Dyson failed to disclose fully the transaction history of their US and Japanese patent applications when applying for the Injunction Order in the 2011 Action.

Mr Liao identifies the following 4 principal issues (collectively “the 4 Identified Issues”) in these proceedings:

Whether there was the Dyson’s Strategy and Campaign and Scheme and Plan (“the Existence and Purpose Issue”);

Whether as a result of such strategy and campaign, scheme and plan, German Pool were unable to sell and would not have been able to sell any bladeless fans, whether utilizing a Coanda surface or not due to the risk of patent infringement and consequently risk of contempt of Court for breach of the Injunction Order (“the Consequence Issue”);

Whether German Pool suffered loss and damage including but not limited to loss of sales of bladeless fans (“the Quantum Issue”); and

Whether Dyson should have realized that the HK Patent was of dubious validity, particularly in view of, inter alia, Mitsui as a crucial or relevant prior art when applying for the Injunction Order (“the Knowledge Issue”).

Applicable legal principles

The parties have no debate on the relevant legal principles, which are well-established. In Paul’s Model Art GMBH & Co KG v UT Ltd & Ors. [2006]1 HKC 238, Cheung JA at §24 provided the following summary:

“(1)

There is no jurisdiction to make an order under RSC, O 24, r 7 for the production of documents unless

(a)

there is sufficient evidence that the documents exist which the other party has not disclosed;

(b)

the document or documents relate to matters in issue in the action;

(c)

there is sufficient evidence that the document is in the possession, custody or power of the other party.

(2)

When it is established that those three prerequisites for justification do exist, the court has a discretion whether or not to order disclosure.

(3)

The order must identify with precision the document or documents or categories of document which are required to be disclosed, for otherwise the person making the list may find himself in serious trouble for swearing to a false affidavit, even though doing his best to give an honest disclosure. (See: *Berkeley Administration v McClland* [1990] FSR381).”

At §25, Cheung JA went on to point out that the fact that an issue is raised in the pleadings is not determinative as to whether it relates to a matter and there may be irrelevant allegations in pleading which have no bearing on the result of the action even if they are substantiated.

The subject matter of the inquiries

It is evident from the 4 Identified Issues, the focus of German Pool in this application is their claim for exemplary damages. They seek those documents by the Discovery Summons to support the crux of their case on exemplary damages, i.e., that the conduct of Dyson was calculated by them to make a profit which might well exceed the compensation that was payable to German Pool.

At the conclusion of the hearing, I indicate to the parties my concern about the entitlement of German Pool to exemplary damages in this action despite the express plea made in the ACPC. The inquiries in this action are based on the Dyson Undertaking in the 2011 Action and their Groundless Threat claim in the 2017 Action. This court seeks assistance from Mr Liao and Mr Lok by way of supplemental written submissions on whether exemplary damages are available to German Pool at all in this action.

Both Mr Liao and Mr Lok have accordingly provided me with their respective supplemental written submissions, from which I have derived substantial assistance and for which I am grateful.

Availability of Exemplary damages under the Dyson Undertaking

Mr Liao first submits that the jurisdiction to award compensation on a cross-undertaking is equitable and is not contractual. He refers to *Dr Reddy's Laboratories (UK) Ltd v Warner-Lambert Co LLC* [2023] RPC 9. The following paragraphs in the judgment of Arnold LJ (§§87-88, 90) are illuminating and serve as a helpful starting point:

“There is no dispute as to the basic principles applicable to a claim for compensation under a cross-undertaking given in return for an interim injunction. The starting point is the statement of Lord Diplock in F Hoffmann-La Roche & Co AG v Secretary of State for Trade and Industry [1975] AC 295 at 361:

‘The assessment is made upon the same basis as that upon which damages for breach of contract would be assessed if the undertaking had been a contract between the plaintiff and the defendant that the plaintiff would not prevent the defendant from doing that which he was restrained from doing by the terms of the injunction ...’

The jurisdiction to award compensation on a cross-undertaking is equitable and is not contractual, however, and is now recognized that it requires the degree of flexibility to ensure that the inquiry claimant receives the amount, and only the amount, for which it ‘should be compensated’. This was explained by McCombe LJ in *Abbey Forwarding Ltd (in liq) v Hone (No 3)* [2014] EWCA Civ 711, [2015] Ch 309. [2014] 3 WLR 1676 following a thorough examination of the authorities.

...

McCombe LJ summarized the position at [63]:

‘... I reach the conclusion that the law as to the recoverability of loss suffered by reason of a crossundertaking is as stated by Lord Diplock in his dictum in *Hoffmann-La Roche*, but with this caveat. Logical and sensible adjustments may well be required, simply because the court is not awarding damages for breach of contract. It is compensating for loss for which the defendant “should be compensated” (to apply the words of the undertaking). Labels such as “common law damages” and “equitable compensation” are not, to my mind, useful. The court is compensating for loss caused by the injunction which was wrongly granted. It will usually do so applying the useful rules as to remoteness derived from the law of contract, but because there is in truth no contract there has to be room for exceptions.”

It is clear from that the forgoing observations of Arnold LJ and the quoted dictum of Lord Diplock in the *Hoffmann-La Roche* case and McComber LJ in the *Abbey Forwarding Ltd* case that (1) damages payable to the defendant should be compensatory in nature and (2) contractual principles such as causation and remoteness should normally be applicable to the assessment of such damages. However, the court is exercising its equitable jurisdiction to make awards of compensation on a crossundertaking, there are rooms for a degree of flexibility to allow logical and sensible adjustments so that the defendant can be adequately compensated.

The importance of a proper construction of the terms of a cross-undertaking in the assessment of compensation on the crossundertaking is highlighted in *Al-Rawas v Pegasus Energy Ltd and Ors.* [2009] 1 All ER 346. There, Jack J determined the damages to be recovered by the defendants under the claimant’s cross-undertakings given in respect of damages in an order for search and seizure and in a freezing order.

In §49, Jack J set out the terms of the cross-undertakings:

“The undertaking in respect of the search and seizure order was in these terms:

(1)

If the court later finds that this order or carrying it out has caused loss to the Respondent, and decides that the Respondent should be compensated for that loss, the Applicant will comply with any order the court may make. Further if the carrying out of this order has been in breach of the terms of this order or otherwise in a manner inconsistent with the Applicant’s solicitors’ duties as officers of the court, the Applicant will comply with any order for damages the court may make.

The undertaking in respect of the freezing order was as follows:

‘If the Court later finds that this Order has caused loss to the Respondents and decides that the Respondents should be compensated for that loss, the Applicant will comply with any Order the Court may make.’

These are each in the prescribed form. The second sentence of the former is an addition to the form that was previously used.”

The first two sentences of the standard undertaking given to support a search and seizure order were under close examination. Jack J accepted that whereas the first provides for damages by way of compensation which necessarily exclude exemplary damages, the second sentence may give rise to a possible claim for exemplary damages. The learned judge noted that the second sentence applies where the order has been carried out in breach of its terms or the applicant’s solicitors have acted in breach of their duty to the court. The learned judge then concluded that the undertaking appeared to have been framed with the distinction between compensatory and punitive damages in mind and the standard undertaking in the freezing order is to be construed in the same way and covers only compensatory and not punitive damages.

Jack J went on to consider whether exemplary damages might be granted if a litigant should be treated as falling within Lord Devlin’s second category in *Rookes v Barnard* [1964] 1 All ER 367 at 410 and 411 (“the Second Category”). However, the learned judge made it clear that he must deal with the case on the basis of the undertakings which were given and he had held the question of exemplary damages did not arise on his construction of the undertakings. He stated that it is only the undertaking which enables a claim to be made for damages for its breach.

Following the reasoning of Jack J in the *Al-Rawas* case, Judge Pelling QC in the *Abbey Forwarding Ltd* case struck out the claim for exemplary damages under a cross-undertaking in standard form given in respect of a freezing order.

It should be noted that the first sentence of the standard undertaking is near identical to the undertaking adopted in the standard forms of order for use on for *Mareva* injunctions and *Anton Piller* orders appended to Practice Direction 11.2 which was in force when the Injunction Order was made (“the HK Usual Undertaking”).

Mr Liao fairly submits that German Pool note that (a) the object of a cross-undertaking in damages is “to compensate the defendants and not to punish the plaintiff”, (b) exemplary damages are not available for breach of contract; and (c) it has been held that post-CPR form of undertaking (as offered by Dyson) has been held to be of no substantive difference with post-CPR form of undertaking.

On the first point, Mr Liao refers to *MGA Entertainment Inc v Toys & Trends (Hong Kong) Ltd* (2014) 17 HKCFAR 27. There, the Court of Final Appeal dealt with an appeal arising out of an inquiry into loss suffered by the defendants in a copyright infringement action. The plaintiff discontinued the action and became potentially liable to pay compensation under a cross-undertaking in damages given upon the grant of an interlocutory injunction against the defendants. The crossundertaking was not included in the order granting the injunction and the parties could not agree on the precise wording of the undertaking. After Ma CJ drew to their attention to the usual undertaking described in the 2014 edition of *Hong Kong Civil Procedure*, which was the same as the HK Usual Undertaking, the parties accepted that the undertaking should be treated as being in those terms of the HK Usual Undertaking.

The first holding in the headnote of the official report reads,

“While a party enforcing a cross-undertaking in damages had the burden of proving the loss, the court should not be overeager in its scrutiny of the claimant’s evidence. Damages should be liberally assessed to compensate the claimant and not to punish the defendant. ...”

This was actually taken from §17 of the judgment of Lord Clarke of Stone-cum-Ebony NPJ where the learned judge referred to in §21 of the judgment of Arnold J (as he then was) in *Lilly Icos LLC v 8PM Chemists Ltd* [2009] EWHC 1905 (Ch), [2010] FSR 95. In that paragraph, Arnold J referred to paragraph 9 of the judgment of Norris J in *Les Laboratoires Servier v Apotex Inc* [2008] EWHC 2347 (Ch), [2009] FSR 3. There, Norris J referred to what Lord Wilberforce said in *General Tire and Rubber Co v Firestone Tyre and Rubber Co. Ltd. (No.2)* [1976] R.P.C. 197 at 212 Lord Wilberforce, in the context of an assessment of damages for infringement of a patent, highlighted that damages should be liberally assessed but the object is to compensate the plaintiffs and not to punish the defendants.

The Dyson Undertaking is not made available to this court. The terms are admitted by Dyson in their Defence anyway. In my view, there is little significant difference between the Dyson Undertaking and the HK Usual Undertaking in substance.

On a proper construction of the Dyson Undertaking, Dyson undertakes to pay such damages which the court may order if it shall be of the opinion that German Pool shall have sustained any such damages by reason of the Injunction Order and their undertaking. Thus, any damages awarded to German Pool should be compensatory and there is no room for exemplary damages.

Nevertheless, Mr Liao submits that it would be just and equitable to award exemplary damages for the following reasons.

First, Mr Liao submits that if this court concludes that the Injunction Order had been obtained fraudulently or maliciously, exemplary damages might be awarded. He relies on *Smith v Day* (No.2) (1882) L.R.21 Ch.D.421 per Brett LJ at 428.

I cannot accept this submission and follow *Smith v Day*. As Mr Liao fairly draws to my attention, *Smith v Day* has long been widely criticized.

In the report ordered by the House of Commons to be printed by the Law Commission on 15 December 1997 entitled *Aggravated, Exemplary and Restitution Damages*, *Smith v Day* and *Columbia Picture Industries Inc. and Ors. v Robinson and Ors.* [1987] Ch 38 were considered at §4.27. At §5.75, the Law Commission said this,

“Our view is that it is very surprising that exemplary damages have ever been thought to be awardable under an undertaking. The purpose of an undertaking, on this view, is to ensure that if a court wrongly grants interlocutory relief, the financial or other detriment that is suffered by the defendant as a result of the issuing of the relief can be adequately compensated. If such compensation were unavailable, the awarding of interim relief would be severely impeded by concerns that unrepaired and unjustified harm might be caused to the defendant. On this view, the undertaking enforced is typically one to indemnify the defendant, in the event of an interlocutory injunction subsequently being discharged, for the loss he or she has suffered as a result of being restrained from doing what he or she could otherwise have done. The claim to ‘damages’ is really a claim for payment of an agreed sum, the measure of which is the defendant’s loss; the ‘damages’ are not available for the breach of any duty in the undertaking, contractual or otherwise. By definition an indemnity will only extend to losses suffered by the indemnified; the use of an undertaking for the purposes of punishment is, on this reasoning, contrary to principle.”

I should only need to mention that Jack J in the *Al-Rawas* case expressly stated at §54 that little weight should be placed on “obiter dicta in the ex tempore judgment of the Court of Appeal in *Smith v Day*”.

Mr Liao further refers to *McGregor on Damages* (22nd Edn) §23-017. The learned editors observe that *Smith v Day* is weakened by the current state of authority that exemplary damages are not available for such a breach of contract. Nevertheless, they state that the breach of the undertaking is a breach of duty to the Court, punishable by contempt and they suggest that where the undertaking was given in circumstances of fraud or malice, this is entirely a suitable vehicle for the deterrent order of exemplary damages.

I cannot accept this suggestion, which is not supported by any local authorities. In any event, there is no plea of fraud or malice in the ACPC. I have gone through §§18-40 of the ACPC and found no allegation of fraud or malice in the application for the Injunction Order when the Dyson Undertaking was given. The allegation that Dyson should have realized that the HK Patent is of dubious validity and that it failed to disclose fully its patent applications in Japan and the US cannot be equated with or accepted as a plea of fraud and malice.

I should add that I agree that a breach of the undertaking is a breach of duty to the Court in certain cases and can be punishable by contempt. I also agree that if a person uses an order not bona fide to protect his interest but for some collateral purpose e.g. to harass, molest or bully another person as in *Re Liu Lee Yuk Ching* [1982] HKLR 399 cited by Mr Liao, it would be a misuse of court's process and therefore a contempt. Nonetheless, such allegations should best be resolved in contempt proceedings.

Lastly, Mr Liao relies on what Jack J said in the *Al-Rawas* case at §54 and *Columbia Picture Industries Inc.*. In the former, Jack J indicated that he would accept that if a litigant misleads the court into granting him an order with the intention of enabling himself to steal a march in the litigation, he should be treated as falling within the Second Category.

In *Rookes v Barnard*, the House of Lords held that exemplary damages should be confined to a few categories. Lord Devlin identified two common law categories. The first category comprises cases in which “there has been oppressive, arbitrary or unconstitutional action by the servants of the government” (“the First Category”).

The Second Category is “the defendant's conduct has been calculated by him to make a profit for himself which may well exceed the compensation payable to the plaintiff”.

I do not accept that German Pool could rely on the Second Category to claim exemplary damages under the Dyson Undertaking. As Jack J made it clear that he could only deal with the inquiry on the basis of the undertakings which were given, on his construction of the terms of the undertakings, the question of exemplary damages did not arise at all.

Similarly, having reached the conclusion that exemplary damages fall outside the ambit of the Dyson Undertaking, even if Dyson falls within the Second Category, no exemplary damages should be awardable in the inquiry.

Now I turn to *Columbia Picture Industries Inc.*. Mr Liao submits that Dyson's massive publication of the Injunction Order to 176 media outlets in Hong Kong should be held to be a misuse of the same. Thus, Dyson falls within the First Category like the solicitors executing an Anton Piller order in *Columbia Picture Industries Inc.*

I do not think *Columbia Picture Industries Inc.* can assist German Pool. There, Scott J dealt with the quantification of damages under the cross-undertaking given by the plaintiffs for an Anton Piller order. At p. 87C to F, Scott J opined that damages for breach of a cross-undertaking ought to be primarily compensatory but he accepted that it is well-settled that an increased level of damages, sometimes described as aggravated damages, can be awarded where trespass to land or trespass to goods has been accompanied by circumstances of contumely or affront. In that case, The plaintiffs' solicitors gave a separate undertaking in respect of the execution of the Anton Piller order (at p. 56H to 57B). Scott J found that the Anton Piller order was executed by the solicitors in an excessive and oppressive manner and the solicitors being officers of the court acted outside the terms of the Anton Piller order.

Scott J found the following complaints by the defendants against the solicitors to be valid. First, the solicitors took away materials not covered by the order. Second, the solicitors did not expeditiously return to the defendants the video cassettes and other materials not included in the pleading after nearly 3 years. Third, the solicitors breached their undertaking for safe custody of the seized materials in that a number of them went missing.

Due to these substantiated complaints, exemplary damages were awardable under the solicitors' separate undertaking by reason of their breach and acting outside the terms of the order.

Scott J did not allow exemplary damages on the basis that the solicitors were within the First Category. The learned judge merely indicated that Lord Devlin would have included the case in the First Category given the solicitors' oppressive or excessive execution of the Anton Piller order.

To conclude, I am not convinced that German Pool can be entitled to exemplary damages in an inquiry under the Dyson Undertaking.

Whether exemplary damages is awardable under section 89(3)(c)

Mr Liao helpfully points out that section 89 of the PO is modelled on the then section 70(3) of the English Patents Act 1977 ("EPA"), which has since been amended with remedies now governed by section 70(C)(1) of the EPA.

In *Dr Reddy's Laboratories (UK) Ltd v Warner- Lambert Co LLC* [2022] RPC 432, at §55, Zacaroli J stated the common ground of the parties that damages for the statutory tort in section 70(C)(1) of the EPA are assessed on the usual tortious basis: the sum of money which will put the injured party in the same position as he would have been in if he had not sustained the wrong or on the basis that none of the threats had been made: see also *Terrell on the Law of Patents* (20th Edn) at §25-60.

I accept that exemplary awards are possible across the whole range of tort: see to *McGregor on Damages*, supra, §14-011. In *Alexander v Home Office* [1988] 1 WLR 968, May LJ, on the application of the principles in *Rookes v Barnard*, saw no reason why exemplary damages could not be awarded in a claim of the statutory tort of racial discrimination under the Race Relations Act 1976.

I also accept that German Pool may be entitled to exemplary damages under section 89(3)(c) of the PO if they can make out a case of the Second Category.

In light of my foregoing conclusions, only documents relating to the 7 Retailers Letters are relevant in the Groundless Threat claim.

Discovery Summons

In the skeleton submissions filed on behalf of German Pool, it is indicated that Requests 10, 13, 15 and 19 would not be pursued. At the hearing, Mr Liao informs that out of the 21 requests, the only controversial requests are Requests 1, 2, 4 and 17. All other requests have been resolved one way or another by the parties.

Request 1

In the Schedule to the Discovery Summons, Request 1 includes copies of all internal documents (including meeting agenda, minutes, records, notes and memos), and all written communications with Jebsen and between Dyson/Jebsen and the media outlets in connection with the drafting, intended release, and sending of the press release regarding the Injunction Order (“the Injunction Press Release”) to 176 media outlets in Hong Kong.

In the Affirmation of Kong Ping To, it is explained that Request 1 is based on paragraph 22 of the ACPC.

In paragraph 22 of the ACPC, it is pleaded that Jebsen had sent the Injunction Press Release to 176 media outlets in Hong Kong. German Pool aver that such a wide publication of the Injunction Order was collateral to and way out of the legitimate purpose of the Injunction Order and was improper, abusive, wrongful, highly prejudicial and damaging to the reputation and business interests of German Pool.

Mr Liao submits that Request 1 is relevant to and necessary for the just resolution of the Existence and Purpose Issue.

Whilst apparently Dyson have agreed to undertake an email search so as to comply with Request 1, German Pool insist on the disclosure of all such internal documents which may not appear in any emails.

I am aware that I have only allowed German Pool to have discovery of documents pertaining to their claim for exemplary damages in their Groundless Threat claim. To substantiate the claim, in the particulars pleaded, German Pool rely on the allegation of the Dyson’s Strategy and Campaign (which was included in paragraphs 18 to 40) and their knowledge of the dubious validity of the HK Patent.

Central to the Groundless Threat is the threat of legal proceedings by way of the 7 Retailers Letters, which has nothing to do with the allegedly unjustifiable publication of the Injunction Press Release to the 176 media outlets pleaded in paragraph 22 of the ACPC.

Thus, I cannot see any relevance of the internal documents identified in Request 1 to the claim for exemplary damages in the Groundless Threat claim.

Mr Liao further submits that the internal documents are also relevant to the claim for damages for loss of business, i.e. the Quantum Issue. He submits that these internal documents can show the ulterior motive of Dyson in the circulation of the Injunction Press Release. He points out that Dyson cannot complain that German Pool did not reasonably mitigate their damage as pleaded in §34(d)(iii) of their Amended Consolidated Points of Defence because their campaign made it impossible for them to sell their bladeless fans in Hong Kong.

I am unable to accept this submission. The alleged impossibility, if ever existed, is due to the actual circulation of the Injunction Press Release irrespective of the motive of Dyson.

I am of the view that Request 1 should be refused for want of relevance.

Request 2

Request 2 includes copies of all internal documents (including meeting agenda, minutes, records, notes and memos), and all written communications with Jebsen, and between Dyson and Jebsen relating to their strategy and campaign "to use PR to celebrate this win", and "to create proactive PR in your markets...aiming for in-depth opinion pieces as well as immediate news on the win".

Mr Liao explains that this request arose out of paragraphs 23 to 26 of the ACPC. These paragraphs concern the 3 June 2011 Email issued on the very date of the Injunction Order. Ms Hamilton is the Head of PR of Dyson based in London.

Mr Liao submits that the documents sought under Request 2 are relevant to and necessary for the just determination of the Existence and Purpose Issue and the Consequence Issue, particularly when Dyson deny any such strategy and campaign.

I have read the 3 June 2011 Email. There, Ms Hamilton said that they could use PR to celebrate the win and send a message they would pursue legal action against the likes of German Pool.

Mr Lok has a few objections to Request 2. First, he submits that it is defectively formulated. He highlights the general disapproval of a demand for discovery of documents relating to or in connection with an issue and/or a thing identified: *Li Tak Yee Samuel v Société Générale Bank & Trust and Ors* (unreported, HCA 2478/2009, 16.4.2013) per Anthony Chan J (as he then was) at §38.

I agree that the formulation of Request 2 is unsatisfactory but I do not believe that it is defective. German Pool should ask for the internal documents relating to the suggestion of Ms Hamilton that messages should be sent indicating their intention to pursue legal actions ("the Threat Suggestion") in the 3 June 2011 Email.

Second, Mr Lok submits that German Pool did not satisfy the mandatory requirement under O 24 r 7(3), Rules of the High Court, which provides that a specific discovery application must be supported by an affidavit stating the belief of, inter alia, the existence of the documents sought to be discovered. He complains that German Pool merely instructed their solicitors to make an affirmation to assert their belief of the existence of all the documents sought to be discovered.

There must be evidential basis of his belief. He should have provided the factual basis as to the existence of the documents sought. Mere assertion of their existence is inadequate.

I am unable to accept this objection. Ms Hamilton made the suggestions in the 3 June 2011 Email. There should be some messages exchanged documents generated after the 3 June 2011 Email before and after the making the Groundless Threat in the 7 Retailers Letters on 17 June 2011. I have no problem with the prima facie existence of the documents sought in Request 2.

Next, Mr Lok submits that German Pool have failed to show how the Existence and Purpose Issue is relevant to the assessment of damages.

I agree that the relevance of the Request 2 documents is not fully explained by German Pool. I note that there is no mention of the 7 Retailers Letters and the Groundless Threat claim in Mr Liao's summary of the pleaded case of German Pool in the first place. It is not explained how the Existence and Purpose Issue has a bearing on the assessment of damages in respect of the Groundless Threat claim.

However, on the pleadings, the relevance of Request 2 documents is discernible. In paragraph 79 of the ACPG, German Pool claims exemplary damages for both claims in the 2011 Action and the 2017 Action on the ground that the acts complained of were calculated by Dyson to make a profit which might well exceed the compensation that was payable to German Pool. They plead the same particulars which include the matters pleaded in paragraphs 18 to 40 thereof and the purported knowledge of the dubious validity of the HK Patent. In those paragraphs, the 3 June 2011 Email and the 7 Retailers Letters are pleaded. In the 3 June 2011 Email, there is a mention of sending messages that Dyson would pursue legal actions against infringers. Shortly afterwards, German Pool did, albeit not expressly in my view, threaten legal actions in the 7 Retailers Letters and it is now accepted that such threats are groundless.

In view of all these pleas, I am of the view that Request 2 documents are relevant to the Groundless Threat claim in that they could shed light on the real motives of Dyson behind the 7 Retailers Letters. They may tell whether Dyson had a bona fide belief in the validity of the HK Patent and the threats in the 7 Retailers Letters or they actually knew or suspected that the threats were groundless.

I am of the view that given their relevance, the discovery of Request 2 documents is necessary for a proper assessment of damages for the Groundless Threat claim.

I, therefore, allow the discovery of the documents under Request 2 with an express reference to the Threat Suggestion in the 3 June 2011 Email.

Request 4

Request 4 concerns all internal documents (including meeting agenda, minutes, records, notes and memos) relating to the volume of sales of Dyson's bladeless fans in Hong Kong before the grant of the Patent Interlocutory Injunction on 3 June 2011 and up to April 2022.

Mr Liao confirms that German Pool now only seek the sales records and not any other internal documents relating to the volume of sales of Dyson's bladeless fans in Hong Kong.

It is submitted that this request arose out of paragraph 26 of the ACPC. In that paragraph, it is alleged that Dyson's strategy and campaign for marketing their bladeless fans and publicizing the Injunction Order to the mass media, trade and public were part of their scheme and plan to capture unjustifiably and unfairly the entire bladeless fan (whether infringing the HK Patent or not) market in Hong Kong to the exclusion and detriment of German Pool and finally breaking into mass market retailers, taking a free ride and unfair advantage of the Injunction Order.

In the particulars supplied thereunder, German Pool rely on the volume of sales of Dyson's bladeless fans in Hong Kong before and after the grant of the Injunction Order and the loss of substantial business and sales of bladeless fans and other products by German Pool to the trade and public after the grant of the Injunction Order.

German Pool now also wants to show that there were substantial downward adjustments in Dyson's volume of sales following the introduction of German Pool's bladeless fans in June 2018 after the discharge of the Injunction Order as compared with Dyson's volume of sales before as from June 2011 till May 2018.

Against this background, Mr Liao submits that the volume of sales of Dyson's bladeless fans in Hong Kong during the specified period is relevant to the Existence and Purchase Issue and the Consequence Issue.

Mr Liao explains to this court that Dyson literally had a monopoly of the bladeless fan market because of the Injunction Order at the expense of German Pool. German Pool lost the first opportunity for marketing their bladeless fans in January 2013 and suffered from the late comer disadvantage (pleaded in paragraph 48 of the ACPC). In other words, the Quantum Issue is engaged.

Mr Liao submits that the sales volume of Dyson's bladeless fans in Hong Kong can reveal what kind of advantages Dyson has secured by the use or misuse of the Injunction Order. Yet, it should be noted that there is no claim for an account of profit in this action.

This request is problematic and Mr Lok has raised some objections.

First, I cannot accept Mr Lok's submission that it is not permissible for German Pool to change the subject matter of their request from internal documents to "sale records". I see nothing objectionable for German Pool to narrow down the scope of discovery under Request 4.

I can accept that such sales records should, *prima facie*, in existence.

I cannot accept that these documents are relevant to the Quantum Issue. The sales volume of the Dyson bladeless fans cannot be relevant to the business loss of German Pool.

I accept that German Pool and Dyson are trade rivals. They both traded in bladeless fans in Hong Kong. German Pool were unable to sell their bladeless fans during the currency of the Injunction Order. However, I cannot accept that the sales performance of Dyson during that period can, in any way, show the quantum of the loss of business that German Pool have suffered.

I can see that the sales volume of the Dyson bladeless fans when it allegedly monopolised the market by the use of the Injunction Order may be, to a certain degree, indicative of the market size of bladeless fans in Hong Kong at the material time. However, up till now, German Pool have failed to adduce any evidence to show the likely or estimated market share of German Pool bladeless fan products.

Customers might prefer the bladeless fans of Dyson to that of German Pool with or without the Injunction Order. There is no sufficient correlation between the sales volume of the German Pool bladeless fans and that of the Dyson bladeless fans. There are also many other variables. Little has been disclosed about German Pool's own business plans for their bladeless fans. I am not convinced of the relevance of the sales records of Dyson on the application of the Peruvian Guano test.

I agree with Mr Lok that Request 4 documents have nothing to do with the Existence and Purpose Issue and the Consequence Issue. It is an indisputable fact that German Pool was debarred from dealing in their bladeless fans by the Injunction Order. The sales volume of Dyson cannot improve their pleaded case. I accept Mr Lok's submission that German Pool are merely fishing for evidence to make new allegations.

I, therefore, refuse to exercise my discretion to order discovery of the documents under Request 4.

Request 17

This request covers all internal documents (including meeting agenda, minutes, records, notes, memos, instructions, opinions, advice, correspondence and written communications with their patent attorneys/agents) relating to their first knowledge of the Mitsui Utility Model.

Mr Liao agrees that the proper formulation of the request should cover the internal documents with reference to the Mitsui Utility Model.

The Mitsui Utility Model was registered and published on 2 February 1989 by the Japanese Patent Office ("JPO") and was cited for refusing Dyson's Japanese Patent Application on or about 16 May 2011. It was cited to invalidate the EP Patent successfully.

The complaint of German Pool is that Dyson should have realized that the HK Patent was of dubious validity particularly in view of the objection of the JPO. This is pleaded as particulars for the claim for exemplary damages.

There is hardly any disputes about the existence of these documents. They should be in the possession, custody and power of Dyson.

Mr Liao submits that the documents sought under Request 17 will tell how long Dyson had known about the Mitsui Utility Model before their application for the Injunction Order and this would have a bearing on the quantum of exemplary damages.

Mr Lok argues that when Dyson became aware of the Mitsui Utility Model is neither here nor there. He first refers to the evidence of Dyson that the issue about Mitsui Utility Model was canvassed at the hearing of the interim injunction application before the Injunction Order was made. He then points out that in the pleaded case of German Pool, the focal time is the rejection of Dyson's Japanese Patent Application by the JPO on 16 May 2011, about two weeks before the application for the Injunction Order. He submits that whether German Pool came to know about the Mitsui Utility Model in May 2011 or 1989 is irrelevant.

I cannot agree with Mr Lok's submission. The knowledge is not just about the existence of the Mitsui Utility Model. The documents sought is relevant to the Knowledge Issue as they would show Dyson's own view on the validity of the HK Patent as well and can assist German Pool to substantiate their allegation that Dyson should have known that the HK Patent was liable to be revoked because of the Mitsui Utility Model.

The issue of legal advice privilege is briefly mentioned in the skeleton submissions of Dyson and Mr Lok makes no submission on it at the hearing. I see no substance in this issue in the absence of proper evidence.

I am of the view that discovery of Request 17 documents is necessary for the resolution of the Knowledge Issue. Hence, I should accede to the application of German Pool in respect of this class of documents.

Conclusion and orders

For the reasons given above, I refuse discovery of Requests 1 and 4 documents because of their lack of relevance.

On the other hand, I allow discovery of Requests 2 and 17 documents with slight amendments to their scope as indicated above.

The parties have not indicated to this court how the other requests have been disposed of. This may be material on the issue of costs.

I should direct German Pool to lodge with this court and serve on Dyson their written submissions on costs (not more than 5 pages) within 28 days hereof. Dyson should do the same within 28 days thereafter. German Pool can then lodge with this court and serve their reply submissions (not more than 3 pages) if so advised within 14 days later. The costs issue would be decided on paper unless otherwise directed. I further give both parties liberty to apply.

Last but not least, I thank Mr Liao, Mr Tse, Mr Lok and Mr Liu for their thorough submissions and helpful assistance.

(Kent Yee)

Deputy High Court Judge

Mr Andrew Liao SC and Mr William Tse, instructed by Benny Kong & Tsai LLP, for the 1st to 3rd Plaintiffs

Mr Michael Lok and Mr Billy Liu, instructed by Wilkinson & Grist, for the 1st to 2nd Defendants

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