



**Fortescue and Ors v Element Zero Pty Ltd and Ors – NSD 527/2024**

**First, Second and Fourth Respondents' Submissions in answer to Fortescue's  
Discovery Application dated 23 December 2024**

- 1 These are the First, Second and Fourth Respondents (**EZ Respondents**) submissions in answer to the Applicants' application for discovery dated 20 November 2024 (**FIA**) and the Applicants' submissions in support of the FIA dated 16 December 2024 (**AS**).
- 2 The EZ Respondents rely on the affidavit of Michael John Williams sworn 29 November 2024 (**Williams 29.11.2024**) and the affidavit of Rebecca Mary Dunn sworn 5 December 2024 (**Dunn 5.12.2024**).
- 3 The Applicants seek non-standard discovery in 15 categories. The EZ Respondents have consented to the production of documents in Categories 6, 12 and 14 (but only to the extent it refers to Category 1 as amended and Category 6, but not insofar as it refers to other categories). The Applicants' remaining categories are inappropriate, exceed any legitimate entitlement to discovery, and should not be ordered.

**Category 1**

- 4 Category 1 seeks documents which the Second and Third Respondents created or had access to concerning "Ionic Liquid R&D" in their possession. However, the definition of "Ionic Liquid" in the FIA is far broader than the definition of that term in [12] FASOC.
- 5 The pleaded case in [12] FASOC is that the "Ionic Liquid R&D" undertaken by the Second and Third Respondents while at Fortescue had "at least the following features": (a) an electrochemical reduction process; (b) utilises electrowinning; (c) membrane free; (d) operates at a low temperature; (e) utilises an ionic liquid electrolyte; and (f) is capable of operating using renewable electricity sources. Those elements joined conjunctively in [12] FASOC as comprising the minimum features of the "Ionic Liquid R&D".
- 6 In order to bring Category 1 in line with the pleading, the EZ Respondents proposed that Category 1 adopt the pleaded term "Ionic Liquid R&D" in [12] FASOC. So confined the category is appropriate as it reflects the case pleaded against the Respondents.
- 7 Fortescue rejected that proposal. Instead, Fortescue presses for a definition of "Ionic Liquid R&D" in category 1 which:
  - (a) excludes the elements of "Ionic Liquid R&D" in [12(a), (b), (c), (d) and (f)] FASOC;and

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- (b) adopts and expands on the sole element in [12(e)] FASOC (“utilises an ionic liquid electrolyte”).
- 8 In doing so, Fortescue seek to expand its case by way of discovery to cover research involving “any liquid comprised entirely of ions”. Doing so ignores the other critical elements of “Ionic Liquid R&D” which Fortescue’s pleaded case is confined to. Fortescue should not be allowed, through discovery, to fish for documents which concern research that is not directed to the “Ionic Liquid R&D” case it pleads.
- 9 There is a further issue with Category 1, being the meaning of “ionic liquid” in [12(e)] FASOC. Fortescue asserts that there is likely to be a “technical debate at trial” about the meaning of that term and, therefore, a broad meaning for the term should be adopted at this stage: [10] AS. That position is revealing as it highlights that Fortescue is seeking to expand discovery beyond its pleaded case in [12] FASOC.
- 10 This can be seen from Ms Dunn’s affidavit, which provides evidence on information and belief from Professor Andrew Abbott (Professor of physical chemistry at the University of Leicester who has over 35 years’ experience, with particular expertise in using ionic liquids). Professor Abbott’s expert opinion is that:
- (a) a melting point below 100°C is an essential characteristic of ionic liquids and therefore it is incorrect to disregard the temperature range at which the salt of mixture is in its liquid form, by using the words “*irrespective of the temperature range at which the salt or mixture is in its liquid form*”: [15(d)] Dunn 5.12.2024;
- (b) it is incorrect to describe ionic liquids as any salts capable of acting as an electrolyte, including because the term electrolyte encompasses any system that contains mobile ions (including deep eutectic solvents, brines and aqueous solutions which are not ionic liquids): [15c] Dunn 5.12.24 and cf [6] AS; and
- (c) ionic liquids are not confined in their use in electrowinning and/or electroplating of metal and/or ores: [15c] Dunn 5.12.24
- 11 Professor Abbott’s opinion identifies why Fortescue’s proposed definition of “Ionic Liquid R&D” in Category 1 is far broader than the definition of that term in [12] FASOC. Category 1 covers research into any liquid comprised of ions, irrespective of whether they are for “an electrochemical reduction process” ([12(a)] FASOC), utilise “electrowinning” ([12(b)] FASOC), are for a “membrane free” process ([12(c)] FASOC), “operates at low temperature” ([12(d)] FASOC) or “is capable of operating using renewable electricity sources” ([12(e)] FASOC).
- 12 Professor Abbott’s opinion is consistent with Dr Winther-Jensen’s evidence: [47(b)] Winther-Jensen 8.7.24. There is no evidence on this application from Dr Bhatt. Instead, curiously Fortescue relies on Mr Dewar who is Fortescue’s lawyer. He is not an expert in

physical chemistry and has no appropriate expertise. However, he purports to give evidence based on his *reading* of Dr Bhatt's early evidence (relied on in support of the search order application and in answer to the set aside application and has not been tested). This is a wholly inappropriate way to seek to support a controversial definition in Category 1.

- 13 Category 1 suffers from another vice. By relying on a definition which extends beyond "Ionic Liquid R&D" as defined in [12] FASOC, Fortescue is also fishing for a case based on work the Second and Third Respondents undertook with Element Zero, *well after employment* with Fortescue ended. In doing so, Fortescue is seeking to build a case which it reverse engineers from post-Fortescue activities. This can be seen by Category 1 seeking to extend to concepts not pleaded in [12] FASOC (such as "hydroxide alkali melt or eutectic melt" and/or "molten hydroxide eutectic") which are descriptions of work identified solely in the Respondents' Defences: [29] Defences. They are not concepts that arise anywhere in the case pleaded by Fortescue.
- 14 As indicated in Mr Williams' affidavit, the EZ Respondents have proposed an amended version of Category 1 as follows (changes to the Applicants' Category 1 underlined):

*All documents recording or evidencing work undertaken by the Second Respondent, the Third Respondent and/or Fortescue at any time during the period from 25 March 2019 to 12 November 2021 in relation to:*

- (a) Ionic Liquid R&D as defined in paragraph 12 of the FASOC;
- (b) an electrochemical reduction process involving electrolytes that may be described as ionic liquid, molten salts, eutectics, molten hydroxide-based electrolytes, molten carbonate-based electrolytes, "hydroxide alkali melt or eutectic melt" (referred to in paragraph 29(a)(i) of the EZ Parties' defence) and/or "molten hydroxide eutectic" (referred to in paragraph 29(c) of Dr Winther-Jensen's defence).
- 15 The proposed amendment segregates the pleaded term into (a) and includes the concepts referred to in the Respondents' defences in (b). That will provide Fortescue with the substance of the discovery sought, but in doing so identify documents that go beyond the pleaded claim in [12] FASOC. Regrettably, Fortescue has rejected that proposal without any compelling explanation linked to its pleaded case.

## **Category 2**

- 16 Category 2, as with Category 1, seeks documents recording or evidencing work undertaken by the Second and Third Respondents whilst employed by Fortescue. But instead of being a discovery category, it is a list of 24 separate categories of documents defined by quotes spanning over two pages from various documents in Fortescue's

possession that it says describe the “Ionic Liquid R&D”. It is an impermissible approach to seeking a discovery category; it is more akin to an interrogatory.

- 17 In any event, Category 1 exhaustively covers the “Ionic Liquid R&D”. Category 2 would be duplicative and unnecessary. That is not the only oppression involved. The 24 quotes in Category 2 (each being a category in their own right) go beyond the pleaded case and would require evaluative judgments to be made as to whether a particular document records the type of work fitting the descriptions in one or more of 24 quotes.
- 18 By way of example, the category seeks documents recording “work for getting our manufacturing and R&D facilities set up (category 2(f)), “the develop[ment]” and “test[ing] work” (category 2(p)), and searches would need to be conducted of each word ([34] Williams 29.11.2024) many of which are very general and common words, such as “development” and “manufacturing”. Reasonable searches using the terms in category 2 would return an extraordinarily large number of documents unrelated to Fortescue or the issues in dispute ([35] Williams 29.11.2024).

#### **Category 2A**

- 19 The EZ Respondents object to Category 2A on the basis the documents sought are not adequately described or are documents which are already within the Applicants’ possession, custody or control. It would be oppressive to the Respondents if they were required to comply with this category: [38] Williams 29.11.24.

#### **Category 3**

- 20 Category 3 is a request for evidence, not discovery. There would be no document “recording or evidencing the location and storage of” other documents called for in the categories. It appears what Fortescue is seeking is the creation of documentary evidence to provide information that would not normally be available on discovery.
- 21 Compliance with this category would be oppressive as it would require forensic investigation into the location of any documents: [43]-[46] Williams 29.11.24. In this regard, [22] AS acknowledges (in respect of Category 4) that the Respondents should not be required to engage in forensic analysis. That ought also to apply to Category 3. It is also not apparent how Category 3 is relevant to [14] FASOC..

#### **Category 4**

- 22 Category 4 is also a request for evidence. Fortescue accepts the Respondents should not be required to perform forensic investigations in [22] AS. There are no words that could be used to search for responsive documents and proper compliance would require forensic analysis: [51]-[52] Williams 29.11.24.

## Category 5

23 Category 5 is another request for evidence. The phrase “*consideration of the confidentiality of*” is vague and imprecise and searches are unlikely to return relevant documents: [56] Williams 29.11.24. Confidentiality as it relates to [12] and [13] FASOC is to be determined by the Court, not the Respondents. [83] FASOC is related to the copyright claim, not the confidentiality of the information. In any event, Category 5 is unnecessary given the EZ Respondents consent to Category 14 insofar as it concerns Category 1 (as amended) such that there will be discovery of documents evidencing or recording the use of any of the documents in Category 1 (as amended).

## Category 7

24 Category 7 seeks all documents constituting or referring to the “Second Specified Documents”. The Second Specified Documents is in turn defined as “modified forms of the First Specified Documents” or documents “created directly or indirectly using the First Specified Documents”. This is not the usual language of a discovery category.

25 Contrary to the use of the word *specified* in the definition of “Second Specified Documents”, category 7 does not require a search for *specified* documents; rather, it requires the Respondents to conduct an evaluative assessment of whether a document is discoverable (including by determining whether any documents were “indirectly” created from other documents). This requirement for the exercise of judgment is not consistent with a party’s discovery obligations: [62] Williams 29.11.24.

26 Category 7 is also not confined to the pleaded issues. The EZ Respondents have consented to production of documents which relate to the pleaded allegations, including Category 6 (the First Specified Documents, being the documents identified in [19] and [20] FASOC), and a modified version of Category 8 (which relates to use or disclosure of First Specified Documents). There is no pleaded basis for discovery of the much broader Category 7, particularly having regard to the difficulties with compliance and the disproportionate burden it would place on the EZ Respondents.

## Category 8

27 The Element Zero Respondents consent to production of documents in Category 8 with the following amendment (for the reasons submitted in respect to Category 7):

All documents recording of evidencing any use or disclosure of any one or more of the First ~~and/or Second Specified Documents~~ by any one or more of the Respondents or their agents.

28 This is the appropriate form of category to be ordered to avoid the difficulties of the definition of the Second Specified Documents described above.

## Category 9

- 29 The EZ Respondents object to Category 9 as it is akin to general discovery: [68] Williams 29.11.24. There is a clear distinction in the *Federal Court Rules 2011* (Cth) between standard discovery (rule 20.14) and non-standard category-based discovery (rule 20.15). Neither party has urged the Court to order general discovery and both parties have proceeded on an alternative basis.
- 30 This category is also oppressive and inappropriate in circumstances where the matters pleaded in [31], [33] and [78] FASOC are broad, conclusory allegations of disclosure and use of Fortescue information in the design and construction of the EZ technology that are not based on any pleaded material facts.

### **Category 10**

- 31 The EZ Respondents object to Category 10 as it seeks documents that are not relevant to the pleaded case. Fortescue's suggestion in [28] AS that the documents would be relevant to additional damages and the truth of alleged misrepresentations highlights that they are fishing. Whether statements are misleading or not is an objective test to be undertaken by the Court. There is also no allegation of fraud; if there was one it would need to be made clearly and with sufficient particulars. Contrary to [29] AS, a reasonable search would require a subjective evaluation.

### **Category 11**

- 32 Category 11 seeks broad-ranging production of documents regarding Element Zero's business, including all research and development which took place between January 2022 and February 2024 regardless of the subject matter (11(f)), laboratory books (either in hard or soft copy) (11(c)), documents provided to Playground Ventures (which is the venture capital firm who provided seed funding to the First Respondent) (11(d)), and documents relating to the First Respondent's pilot or trial plant (11(a) and (b)).
- 33 This is an ambit discovery request. There has been no attempt by the Applicants to tie this category to pleaded issues in dispute, including by reference to the confidential documents the Applicants allege have been used by the Respondents (the Fortescue Process CI and Fortescue Plant CI). The EZ Respondents have consented to category 6 (relating to the First Specified Documents) and have proposed an amended category 8, which are the categories relating to "Fortescue Plant CI". The EZ Respondents have also proposed an amended Category 1, which relates to "Fortescue Process CI". This ought to have been sufficient to resolve the issue over Category 11, however Fortescue is pressing each and every one of these sub-paragraphs.
- 34 The explanation given by Fortescue is that these documents would enable Fortescue's independent expert to opine on how Fortescue's confidential information has been used ([30] AS). This is impermissible fishing, which the Court would never sanction. It would

defeat the purpose of the Court requiring an applicant in a case of breach of confidence to identify the confidential information precisely to avoid “rummaging” through the documents of another party to proceedings. Reliance on “efficiency” would not be sufficient justification to permit such broad disclosure: [68] Williams 29.11.24.

- 35 Further the effect of the category would be production of documents relating to Element Zero’s entire business (which spans beyond the technology in dispute) to Fortescue (which is a competitor of Element Zero). The EZ Respondents are unaware of any authority that would support an order for discovery being made in these terms, particularly in a case of breach of confidence. The EZ Respondents have serious concerns that this is an attempt to access to the seized materials, under the pretext that it is a request for discovery, by requiring all of the company’s documents to be produced.

### **Category 13**

- 36 The EZ Respondents have already consented to the production of patent applications (subject to an appropriate confidentiality undertaking) in Category 13. The remaining objection to Category 13 is to the production of *draft* applications. There can be no justification for production of draft applications, in circumstances where any alleged breach of confidence with respect to patents depends on the applications as lodged. Draft applications would be protected by patent attorney privilege: ss 200(2), (2A) of the *Patents Act 1990* (Cth).

### **Category 14**

- 37 The EZ Respondents have consented to production of documents in Category 1 as amended and Category 6 only. The EZ Respondents object to category 2, 2A and 7. As with Category 13, if there are any use of documents in the preparation or “inventing” of the patents or patent applications then such use would be apparent on the face of the patent / patent application: [88] Williams 29.11.24.

J M Hennessy

C D McMeniman

23 December 2024