Form 59
Rule 29.02(1)

Affidavit

Federal Court of Australia No. NSD 527 of 2024

District Registry: New South Wales

Division: General

FORTESCUE LIMITED ACN 002 594 872 and others

Applicants

ELEMENT ZERO PTY LIMITED ACN 664 342 081 and others

Respondents

Affidavit of:	**Michael Geoffrey Hales**
Address:	C/- MinterEllison, Level 9, One the Esplanade, Perth WA 6000
Occupation:	Solicitor
Date:	27 November 2024

Contents

Filed on behalf of (name & role of party) Bjorn Winther-Jensen, Third Respondent
Prepared by (name of person/lawyer) Mike Hales
Law firm (if applicable) MinterEllison
Tel (08) 6189 7800 Fax
Email Mike.Hales@minterellison.com
Address for service (include state and postcode) MinterEllison, Level 9, One the Esplanade, PERTH WA 6000

I, Michael Geoffrey Hales, c/- MinterEllison, Level 9, One the Esplanade, Perth WA 6000, Solicitor, sincerely declare and affirm that:

1. I am the solicitor for the Third Respondent in these proceedings. I am the partner at MinterEllison with care and conduct of this proceeding on behalf of the Third Respondent. I am instructed to affirm this affidavit on behalf of the Third Respondent.

2. I affirm this affidavit from my own knowledge, except where otherwise indicated. Where I depose to matters based on information and belief, I believe these matters to be true and I set out the source of that information or belief.

3. I affirm this affidavit in response to the Applicants' interlocutory application for discovery pursuant to rr 20.13 and 20.15 of the *Federal Court Rules 2011* (Cth) (**the Rules**) dated 20 November 2024 (**Applicants' Discovery Application**).

4. This is my third affidavit in these proceedings. I affirmed previous affidavits on 8 July 2024 and 21 November 2024.

5. I do not waive and am not authorised to waive the Third Respondent's privilege in respect of any matter in this affidavit, other than where expressly referred to in this affidavit.

6. In preparing this affidavit, I have reviewed the affidavit affirmed by Paul Alexander Dewar on 20 November 2024 (the **Dewar Affidavit**) and relied upon by the Applicants in support of the Applicants' Discovery Application. In this affidavit, I respond to certain statements in the Dewar Affidavit; however, to the extent that I do not refer to other statements, I do not intend to be taken to agree with them.

7. Unless otherwise defined, capitalised terms in this affidavit have the same meaning as in the Dewar Affidavit.

Interparty correspondence

8. I refer to the correspondence exchanged between the parties as described at paragraphs 8 to 10 of the Dewar Affidavit.

9. Since the filing of that affidavit, on 26 November 2024, we received a letter sent by Gilbert + Tobin to Davies Collison Cave. **Annexure MGH-5** is a copy of this letter.

PART A – CATEGORIES ADDRESSED BY THE DEWAR AFFIDAVIT

Category 1 – definition of 'Ionic liquid'

10. At paragraphs 11 to 18 of the Dewar Affidavit, Mr Dewar addresses the definition of 'Ionic Liquid' adopted in the Applicants' Discovery Application.

11. I have considered the issues raised by Gilbert + Tobin in relation to that definition, as outlined in their letters to Davies Collison Cave dated 13 November 2024 (being Annexure PAD-26 to the Dewar Affidavit) and on 26 November 2024 (being Annexure MGH-5 to this affidavit).

12. I agree with the views expressed by Gilbert + Tobin that the definition of 'Ionic Liquid' is significantly broader than the definition of 'Ionic Liquid R&D' as pleaded by the Applicants in their Further Amended Statement of Claim dated 23 October 2024 (**FASOC**), and that the Respondents' discovery should be confined to their pleaded case.

13. Gilbert + Tobin's letter dated 26 November 2024 proposes an amended category 1 (**Amended Category 1**) as follows:

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 liquids, 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).

14. I am instructed that the Third Respondent would not resist giving discovery in relation to Amended Category 1, subject to him only giving discovery of documents from the period commencing 15 February 2021 and ending on 12 November 2021, for the following reason.

15. At paragraph 14 of his affidavit affirmed on 8 July 2024, the Third Respondent indicates that he was employed by the Third Applicant between 15 February 2021 and 12 November 2021. I am instructed by the Third Respondent, and believe, that he had many years of experience in electrochemistry before his employment with Fortescue. I am instructed by the Third Respondent, and believe, that he may have in his possession documents predating his employment by Fortescue that would be captured by Category 1, but that such documents would have no relevance to the proceedings.

16. The term "Ionic Liquid" is used elsewhere in the Applicants' Discovery Application. The Third Respondent's position is that in each case, it should be taken to mean a liquid meeting the requirements of subparagraphs (a) or (b) of Amended Category 1.

Category 2

17. At paragraphs 19 to 21 of the Dewar Affidavit, Mr Dewar addresses Category 2 of the Applicants' Discovery Application.

18. For the same reasons as indicated at paragraph 15 above, the Third Respondent would not resist giving discovery in relation to Category 2, subject to him only giving discovery of documents from the period commencing 15 February 2021 and ending 12 November 2021.

Category 2A

19. At paragraphs 22 and 23 of the Dewar Affidavit, Mr Dewar addresses Category 2A of the Applicants' Discovery Application.

20. This is a new category that was not previously notified to the Respondents.

21. I am instructed that the Third Respondent consents to give discovery in sub-paragraph (g) of category 2A. The other sub-paragraphs do not relate to the Third Respondent. It is not clear to me whether the Applicants intend to press those sub-paragraphs against the Third Respondent.

22. In the event that the Applicants do intend to press sub paragraphs (a)-(f) against the Third Respondent, it is not clear:

    (a) what documents the Third Respondent is expected to produce; and

    (b) how the Third Respondent would search for such documents, given they are described by reference to information only the Second Respondent would know. For example, subparagraph (a) seeks '*the documents copied by the Second Respondent while working from home in October and November 2021*'.

Categories 3, 4 and 5

23. I note that each of Categories 3, 4 and 5 make reference to *'documents referred to in category 1, 2 and 2A*'. Therefore, the issues that I have outlined at paragraphs 10 to 22 above apply.

Category 11

24. At paragraph 24 to 25 of the Dewar Affidavit, Mr Dewar addresses Category 11 of the Applicants' Discovery Application.

25. I am instructed that the Third Respondent would be prepared to give discovery in sub-paragraph (e) of category 11.

26. Sub-paragraphs (a)-(d) and (f) appear to be directed at categories of documents held by the First Respondent. It would be inappropriate and oppressive for the Third Respondent to be required to search for, and disclose these documents.

27. Further, in Gilbert + Tobin's letter dated 13 November 2024 (being annexure PAD-26 of the Dewar Affidavit), the First Respondent objects to producing documents pursuant to category 11. It would seem appropriate for this objection to be heard by the Court before there is any consideration of the Third Respondent's objection in relation to categories 11(a)-(d) and (f).

PART B – CATEGORIES NOT ADDRESSED BY THE DEWAR AFFIDAVIT

Categories 7 and 8 – definition of Second Specified Documents

28. In its letter to Davies Collison Cave dated 13 November 2024 (being Annexure PAD-26 to the Dewar Affidavit), Gilbert + Tobin raises concerns regarding the definition of 'Second Specified Documents'.

29. I have considered the view expressed by Gilbert + Tobin, and agree that it is not clear how the Third Respondent would search for such documents, including because he would be required to assess whether every document in his possession was "indirectly created" from a First Specified Document. This creates obvious practical impediments to generating appropriate search terms and would be oppressive.

30. As such, I am instructed that the Third Respondent:

    (a) does not consent to Category 7 of the Applicants' Discovery Application; and

    (b) consents to Category 8, in relation to First Specified Documents but not Second Specified Documents.

Category 9

31. Category 9 requires discovery in respect of *'all documents directly relevant to any of the matters pleaded or particularised in paragraphs 31, 33 and/or 78 of the FASOC'*.

32. Paragraphs 33 and 78 of the FASOC make no allegation in respect of the Third Respondent. The Third Respondent does not consent to give discovery of these categories for this reason.

33. It is not clear how the Third Respondent would search for documents of such broad description as set out in paragraphs 31. The matters identified in paragraph 31 are

exceptionally broad, with no meaningful limitation applied to them. Accordingly, the Third Respondent would be required to search for, and review, a significant number of documents.

34. By adding this category to the more specific categories above, the Applicants essentially seek standard discovery in addition to non-standard discovery. That is an unfair obligation to put on the Respondents. The Applicants have made their attempt to enunciate every document they consider might be relevant to the case, in the more specific categories. By this category, they seek to have the Respondents repeat that exercise, by determining for themselves which documents they consider might be relevant to the case. Thus, the Applicants have the benefit of their own assessment of what might be relevant, and also the benefit of an onus on the Respondents to determine what is relevant, under threat of an allegation of non-compliance if they miss something. In my respectful opinion, this "double discovery" is oppressive and unfair.

35. As such, the Third Respondent does not consent to give discovery of Category 9.

Category 10

36. Category 10 requires discovery in respect of *'All documents recording or evidencing consideration by any one or more of the Second, Third and/or Fourth Respondents at any time during the period 25 March 2019 to 31 July 2022 as to their present or future involvement in an enterprise (other than Fortescue) for electrochemical reduction of iron.*'

37. For the same reasons as indicated at paragraph 15 above, the Third Respondent does not consent to giving discovery of documents relating to the period from 25 March 2019 to 14 February 2021 (being the period prior to his employment by Fortescue).

38. Further, it is not clear how the Third Respondent would search for documents of such broad description. For instance, the Third Respondent would be required to review every communication exchanged with a third party during that period (not limited to communications with the other Respondents) and consider whether it relates to a relationship which can be described as an 'enterprise', whether the views expressed rise high enough to be a "consideration", and what would constitute "involvement". That would be onerous. The Third Respondent therefore does not consent to giving discovery of Category 10.

Category 13

39. In its letter to Davies Collison Cave dated 13 November 2024 (being Annexure PAD-26 to the Dewar Affidavit), Gilbert + Tobin raised concerns regarding Category 13, which

captures documents that the First, Second and Fourth Respondents consider *'commercially sensitive in nature'*.

40. If the Third Respondent has any drafts in his possession of patents and patent applications filed by the First, Second or Fourth Respondent, he considers that those materials are likely confidential. Further, any such documents would also be in the possession of the First, Second and/or Fourth Respondent. As those parties regard the documents as being confidential, it is more appropriate that discovery should be given by them and not by the Third Respondent.

41. Further, Category 13 captures '*copies of all patents and patent applications (or divisional or related patents and patent applications)… in which the [Third Respondent is] named as an inventor concerning any aspect of an electrochemical reduction process involving Ionic Liquid, leaching and/or any aspect of a pilot or trial plant for the electrochemical reduction of ore*'.

42. At paragraph 13 of his affidavit affirmed on 8 July 2024, the Third Respondent indicates that he has authored 32 patent applications. Given his expertise in electrochemistry, the Third Respondent would need to consider each patent application, including those predating his employment at Fortescue and having no relevance to the issues in dispute in these proceedings, for '*any aspect of an electrochemical reduction process involving Ionic Liquid, leaching and/or any aspect of a pilot or trial plant for the electrochemical reduction of ore*'.

43. Given its ability to capture patent applications spanning his long career, the Third Respondent does not consent to Category 13 in its current form.

44. I am instructed that the Third Respondent would be prepared to give discovery in respect of Category 13 if limited to documents created since 12 November 2021 (being the date that he left Fortescue) and the definition of Ionic Liquid is the one set out at paragraph 16 above.

Affirmed by the deponent)
at Perth)
in the State of Western Australia)
on 27 November 2024)

Signature of deponent

Before me:

Signature of witness

ALEX MICHAEL IAN HACKETT

Name of witness

Legal practitioner who has held a practising certificate for at least 2 years and who holds a current practising certificate

.....

Qualification of witness

Exhibit certificate MGH-5

No. NSD 527 of 2024

Federal Court of Australia

District Registry: New South Wales

Division: General

FORTESCUE LIMITED ACN 002 594 872 and others

Applicants

ELEMENT ZERO PTY LIMITED ACN 664 342 081 and others

Respondents

This is the exhibit marked **"MGH-5"** now produced and shown to Michael Geoffrey Hales at the time of affirming his affidavit on 27 November 2024 before me:

ALEX MICHAEL IAN HACKETT

Name of witness

Signature of witness

Legal practitioner who has held a practising certificate for at least 2 years and who holds a current practising certificate

Qualification of witness

Filed on behalf of (name & role of party) Third Respondent, Bjorn Winther-Jensen

Prepared by (name of person/lawyer) Michael Geoffrey Hales

Law firm (if applicable) MinterEllison

Tel (08) 6189 7800 Fax

Email perthbusinessservices@minterellison.com; Mike.Hales@minterellison.com; Daniella.Lambert@minterellison.com; Lachlan.McLean@minterellison.com

Address for service (include state and postcode) MinterEllison, Level 9, One The Esplanade, PERTH WA 6000

Our reference: 1496352

MGH-5

Partner Michael Williams
Contact Rebecca Dunn
T +61 2 9263 4625
rdunn@gtlaw.com.au
Our ref MJW:RXD:1058625

Gilbert +Tobin

L 35, Tower Two, International Towers Sydney
200 Barangaroo Avenue
Barangaroo NSW 2000 AUS
GPO Box 3810 Sydney NSW 2001
T +61 2 9263 4000 F +61 2 9263 4111
www.gtlaw.com.au

26 November 2024

By email: pdewar@dcc.com

Mr Paul Dewar
Partner
Davies Collison Cave
Level 4, 7 Macquarie Place
SYDNEY NSW 2000

Dear Colleagues

Fortescue Limited & Ors v Element Zero Pty Ltd & Ors - Proceedings in the Federal Court of Australia (NSD527/2024)

We refer to your clients' Interlocutory Application dated 20 November 2024 seeking discovery (the **Fortescue Application**) and our letter dated 13 November 2024.

As set out in our letter of 13 November 2024, the definition of "Ionic Liquid" proposed in your clients' categories is significantly broader than the definition of "Ionic Liquid R&D" in the pleaded case. It introduces concepts raised in the Respondents' defences, such as "hydroxide alkali melt or eutectic melt" and "molten hydroxide eutectic", as well as additional wording about those or similar electrolytes which (based on Mr Dewar's affidavit sworn 20 November 2024) appear to be derived from a reading of Mr Bhatt's earlier affidavits affirmed on 1 May 2024 and on 8 July 2024, read in support of the application for the search orders and in relation to the application to set aside the search orders.

The Applicants have not alleged that the Respondents conducted research into the additional electrolytes during their employment at Fortescue, and our clients' primary position is that the Applicants' discovery should be confined to its pleaded case. The attempt to expand discovery beyond the pleaded case, by reference to what the Respondents have now confirmed are features of the Element Zero technology, exemplifies the Applicants ongoing inability to accurately state their case and the scope creep in its approach to what is the core allegation in the case. It is emblematic of fishing.

We are instructed that the additional matters now included in the Applicants' definition of "Ionic Liquid" (such as the "hydroxide alkali melt or eutectic melt" and "molten hydroxide eutectic") are not considered to be ionic liquids in the scientific community. Our clients reserve the right to file expert evidence in relation to the meaning of "Ionic Liquid", including, if necessary, as part of this application. At paragraph 16 of his affidavit, Mr Dewar has acknowledged that:

> *Given the technical definitional debate between Dr Bhatt and Dr Winther-Jensen described above, based on my experience in intellectual property litigation, I consider that there is likely to be a technical definitional debate at trial about what is an "ionic liquid", and whether other terms, such as "eutectics" etc, are synonymous with, can be used interchangeably with, or overlap with, "ionic liquid".*

Gilbert +Tobin

In the circumstances, while our clients maintain that the Applicants are not entitled to discovery outside of their pleaded case, and that category 1 as drafted amounts to fishing, they are prepared to provide discovery in the following amended category 1:

> 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 liquids, 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).

The proposed amendment has the practical effect of providing the Applicants with the discovery sought in category 1, without requiring the Court to determine the meaning of "Ionic Liquid" at this stage of the case (which would require our clients to file expert evidence in relation to this issue), and without any admission that the Applicants' definition of "Ionic Liquid" is correct.

For completeness, we note that our clients' prior agreement to category 13 (which also contains the phrase "Ionic Liquid") is subject to the same overriding objection about the definition of the term. It would be too cumbersome, given the extensive list in category 13, to redraft it to delineate between Ionic Liquid R&D as defined in the FASOC and the EZ process. But given the same vice exists, our clients will approach discovery in category 13 by identifying those documents within category 13 concerning the Ionic Liquid R&D definition in the FASOC and those concerning the EZ process (adopting the same delineation set out above in respect to Category 1(a) and (b)).

Please confirm Fortescue's position on the above proposal by **4:00pm tomorrow, 27 November 2024**. We trust that this will facilitate a narrowing of the issues currently in dispute.

All the EZ Respondents' rights are reserved, including to rely on this correspondence in respect of the determination of the objections and costs.

Yours faithfully
Gilbert + Tobin

Gilbert + Tobin

Michael Williams
Partner
+61 2 9263 4271
mwilliams@gtlaw.com.au

Rebecca Dunn
Partner
+61 2 9263 4625
rdunn@gtlaw.com.au