FEDERAL COURT OF AUSTRALIA

Pirmax Pty Ltd v Kingspan Insulation Pty Ltd (No 2) [2022] FCA 1526

File number:	VID 528 of 2019
Judgment of:	**SNADEN J**
Date of judgment:	16 December 2022
Catchwords:	**PRACTICE AND PROCEDURE** – application for stay of primary judgment prior to institution of appeal – where final orders not determined – consideration of form of prohibitive injunctive relief – consideration of form of mandatory injunctive relief – orders made
Legislation:	*Federal Court Rules 2011* (Cth) – rr 36.08, 41.03
Cases cited:	*NRM Trading Pty Ltd v Australian Competition and Consumer Commission* [2015] FCA 595 *Pirmax Pty Ltd v Kingspan Insulation Pty Ltd* [2022] FCA 1340 *Stefanovski v Digital Central Australia (Assets) Pty Ltd* [2017] FCA 1121
Division:	General Division
Registry:	Victoria
National Practice Area:	Commercial and Corporations
Sub-area:	Regulator and Consumer Protection
Number of paragraphs:	27
Date of hearing:	15 December 2022
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Solicitor for the Respondent / Cross-Claimant:	Herbert Smith Freehills

ORDERS

VID 528 of 2019

BETWEEN:	**PIRMAX PTY LTD** Applicant
AND:	**KINGSPAN INSULATION PTY LTD** Respondent
AND BETWEEN:	**KINGSPAN INSULATION PTY LTD** Cross-Claimant
AND:	**PIRMAX PTY LTD** Cross-Respondent

ORDER MADE BY: **SNADEN J**

DATE OF ORDER: **16 DECEMBER 2022**

THE COURT ORDERS THAT:

1. The applicant be permanently restrained from representing or repeating, further publishing, conveying and/or disseminating representations that the Pirmax HR Panel Products:

   (a) achieve, or previously achieved, a Group 1 classification when tested in accordance with AS 5637.1;

   (b) achieve, or previously achieved, a Group 1 classification under the National Construction Code ("**NCC**") 2016; and

   (c) comply, alternatively have been evaluated and considered to comply, with the deemed-to-satisfy requirements of the NCC 2016 for use in internal ceilings as an exposed or concealed soffit lining.

2. The applicant be permanently restrained from representing or repeating, further publishing, conveying and/or disseminating representations that the Pirmax ISO3 Panel Products:

   (a) achieve, or previously achieved, a Group 3 classification under the NCC 2019; and

(b) achieve, or previously achieved, a Group 3 classification when tested in accordance with AS 5637.1.

3. The applicant must take all reasonable steps to inform its distributors of the injunctions in paragraphs 1 and 2 herein and that the distributors are not to publish or republish any material in whatever form making any of the representations referred to therein.

4. Orders 1, 2 and 3 be stayed for a period of 3 business days from the date of this order.

5. The respondent be immediately released from the undertakings that are the subject of paragraphs 3 and 4 of the orders made herein by Davies J on 17 May 2019.

6. The respondent pay the applicant's costs insofar as they pertain solely to the respondent's abandoned claim for damages on its cross-claim, to be assessed in default of agreement in accordance with the court's costs practice note (GPN-COSTS).

7. Subject to order 6, the applicant pay the respondent's costs of the proceeding (other than those pertaining solely to the respondent's abandoned claim for damages on its cross-claim), to be assessed in default of agreement in accordance with the court's costs practice note (GPN-COSTS).

Note: Entry of orders is dealt with in Rule 39.32 of the *Federal Court Rules 2011*.

REASONS FOR JUDGMENT

SNADEN J:

1 On 14 November 2022, the court published reasons for judgment herein: *Pirmax Pty Ltd v Kingspan Insulation Pty Ltd* [2022] FCA 1340 (Snaden J). The reasons that follow should be read concurrently with that judgment.

2 By way of summary, I dismissed the applicant's (Pirmax's) originating application and upheld the respondent's (Kingspan's) cross-claim. For reasons that were stated, the form that final relief should assume was identified at a conceptual level and the parties were invited to agree or make submissions concerning the precise terms in which orders ought to be made. They could not agree and instead filed very short written submissions in support of the competing minutes of orders that they advanced.

3 In doing so, Pirmax implored the court to stay any relief that was granted pending the resolution of an appeal that it intended to commence (and has since commenced). In light of that indication, Kingspan requested that the matter be brought back for further hearing dedicated to the issue of final relief and that course was accommodated.

4 There are five discrete issues that require the court's attention, namely:

(1) the form of prohibitive injunctive relief that is appropriate having regard to the court's reasons for judgment;

(2) the form of mandatory injunctive relief that is appropriate having regard to the court's reasons for judgment;

(3) the continued application of undertakings that Kingspan gave earlier in the course of the proceeding;

(4) what order or orders should be made in respect of costs; and

(5) whether, or to what extent, any of the relief so granted should be stayed pending Pirmax's appeal.

5 I shall address each issue in ascending order of complexity, beginning with the undertakings that Kingspan gave to the court on 17 May 2019. They pertained to various counter-marketing initiatives upon which Kingspan had embarked in order to address what it perceived to be misleading and deceptive conduct on the part of Pirmax. Those initiatives have been partly

vindicated by the court's judgment. It is common ground that Kingspan should be released from those undertakings and there will be orders accordingly.

6 Second, on the issue of costs: save for one respect (to which I shall shortly turn), it is accepted (as it must be) that they should follow the event and that, in that regard, Pirmax should pay Kingspan's costs. The single complication on that front concerns Kingspan's cross-claim. Initially, it incorporated a claim for damages that were said to have been suffered as a result of the misleading and deceptive conduct that it alleged. That damages claim was withdrawn at the commencement of the trial and Pirmax now presses for the costs that it needlessly incurred in defending it to that point.

7 Kingspan opposes an order requiring that it pay Pirmax's costs thrown away. That opposition proceeds on the basis that the court should avoid compartmentalising the various issues that were traversed over the course of the proceeding. The abandoned damages component of Kingspan's cross-claim, it is said, did not require a sufficient amount of energy to warrant separate consideration on the question of costs.

8 I reject that contention. There is no reason why Pirmax shouldn't get the benefit of an order to the effect sought. It is to be recalled, of course, that Kingspan maintained its allegations that Pirmax had engaged in misleading and deceptive conduct, and maintained its claim to other remedies in respect of that conduct. All that it abandoned was its claim to damages. It might be doubted that Pirmax will have expended much directed solely to the question of damage on the cross-claim. But, to the extent that it expended anything in that regard (that is to say, solely in that regard), those amounts should be recoverable. Pirmax should otherwise pay Kingspan's costs of the proceeding (other than those that *it* expended solely for the purposes of progressing its later-abandoned damages claim).

9 I turn to the third of the five issues now before the court: namely, the form of appropriate prohibitive injunctive relief. The minutes of competing orders that the parties propose each contain relief by which Pirmax is to be restrained from making or continuing to make the misleading and deceptive representations that are the subject of the court's findings. The orders proposed by Pirmax reflect the high-level language of the reasons for judgment. Kingspan's orders are more precise and identify specific conduct that is to be restrained. Both substantially reflect the court's reasons. I prefer the more fulsome formulation proposed by Kingspan and will make orders consistent with the form of proposed orders 1 and 2 of its minute.

10 It is appropriate that Pirmax should have a small period of time within which to ensure its compliance with those prohibitive orders. It has indicated that it requires in that regard no more than three business days and the orders that I will make will reflect that.

11 The fourth issue concerns what, if any, mandatory relief should be granted. It is at this juncture that the parties' proposed minutes diverge substantially. Kingspan proposes a comprehensive suite of orders that would require Pirmax to:

(1) identify and produce (both to the court and to Kingspan) a list of all of the third parties that it reasonably believes have accessed the various data sheets and other marketing materials that contained the representations that have been found to be misleading or deceptive;

(2) issue to each such third party a corrective notice in a form prescribed; and

(3) publish prescribed notices in prominent positions on its website.

12 Several bases are advanced in support of those orders, including that they are directed (at least partly) to the vindication of the public interest in ensuring that building products conform to the minimum safety standards for which the National Construction Code provides.

13 Pirmax proposes much simpler relief requiring simply that it take steps to inform its distributors about the prohibitive relief that is to be granted, and to inform them that they are not authorised to publish or republish any material containing any of the representations that are the subject of that relief.

14 Kingspan's orders travel beyond the relief identified in its cross-claim, its trial submissions and the court's reasons for judgment. It did not ask for—and should not now get—relief in the form of mandatory orders requiring publication of corrective notices. That it sought injunctive relief "including" in forms that *were* identified is insufficient. Had Pirmax been on notice that the court would be asked to entertain mandatory relief of the kind that is now sought, it is conceivable (although perhaps not particularly likely) that it might have led evidence capable of informing its appropriateness or form. Kingspan cannot fairly expect to obtain relief of an entirely different complexion from that of which notice was given.

15 In any event, I do not consider that such orders are necessary in this matter. Kingspan's counter-marketing activities are referred to in some detail in the court's primary reasons for judgment. I am confident that it is within Kingspan's means to communicate with industry participants as to the nature and significance of the court's judgment in this matter should it

consider that necessary. Pirmax's proposed mandatory relief more closely aligns with the court's reasons for judgment and I will make an order in that form.

16 That leaves for consideration Pirmax's application that the relief to be granted be stayed pending the outcome of its appeal.

17 There was no material dispute concerning the principles that guide the court's discretion to grant or not grant a stay on the execution of its orders. Rule 36.08 of the *Federal Court Rules 2011* (Cth) provides as follows:

> **36.08 Stay of execution or proceedings under judgment appealed from**
>
> (1) An appeal does not:
>
> (a) operate as a stay of execution or a stay of any proceedings under the judgment subject to the appeal; or
>
> (b) invalidate any proceedings already taken.
>
> (2) However, an appellant or interested person may apply to the Court for an order to stay the execution of the proceeding until the appeal is heard and determined.
>
> (3) An application may be made under subrule (2) even though the court from which the appeal is brought has previously refused an application of a similar kind.

18 Rule 41.03 further confers upon parties bound by a judgment an ability to apply to the court for an order that it be stayed. As has been noted, the court has a broad discretion to grant or not grant such orders. The considerations that inform that discretion were the subject of discussion in *Stefanovski v Digital Central Australia (Assets) Pty Ltd* [2017] FCA 1121 (R Derrington J), in which it was noted (at [4]):

> The principles which apply in determining whether a stay of the enforcement of a judgment pending appeal ought to be granted were not the subject of dispute between the parties. Generally speaking, they are now well established and are as follows:
>
> (a) A court should not be easily disposed to delaying the enforcement of a judgment obtained after a trial. Prima facie, the successful party at trial is entitled to the fruits of their judgment. In particular, judgments of the trial division should not be treated merely as provisional and, following a trial the successful party should generally have an unfettered entitlement to enforce their judgment;
>
> (b) However, the provisions permitting the Court to grant a stay pending the determination of an appeal exist to prevent possible injustice arising from the enforcement of a judgment which might subsequently be overturned;

(c) It is not necessary for a party seeking a stay to show "special" or "exceptional" circumstances. All that needs to be shown is that the applicant has demonstrated that the case is an appropriate one for the exercise of the discretion in their favour (see *Powerflex Services Pty Ltd v Data Access Corporation* (1996) 67 FCR 65 and *Re Middle Harbour Investment (in liq)* (Unreported, Supreme Court of New South Wales (CA), 15 December 1976));

(d) The applicant for a stay must necessarily provide sound reasons to justify a suspension of the successful party's right to recover judgment (see *McBride v Sandland No.2* (1918) 25 CLR 369, 374; *Powerflex Services Pty Ltd v Data Access Corporation* (1996) 67 FCR 65, 66);

(e) Necessarily, the applicant will need to establish that their appeal has some merit to it. They are not obliged to demonstrate that the appeal will be successful, or that success is more probable than not. The degree of confidence which a court needs to have in the appeal's prospects will most likely vary with all of the circumstances of the case including the potential prejudice which might be suffered by the parties as the result of the granting or refusal of the stay. That said, where an appellant can demonstrate that they have substantial prospects on appeal, that will be a significant factor in favour of granting a stay.

(f) Although the applicant for a stay must necessarily establish the grounds of their application by admissible evidence, it must be kept steadily in mind that much of the evidence will relate to events which may occur in the future. Necessarily, the evidence produced must provide an appropriately sound foundation on which a court may assess the risk of those future events occurring. In that respect, for the purposes of establishing that the circumstances warrant the granting of a stay, the applicant must not leave the situation in a state of mere "speculation" or "argument".

(g) A significant factor in any discretionary consideration is whether there is a real risk or probability that a successful appellant would be deprived of the fruits of their appeal if a stay is not granted (see *Scarborough v Lew's Junction Stores Pty Ltd* (1963) VR 129, 130). That consideration extends to the circumstances where there is a real risk that it will not be possible for the successful appellant to be substantially restored to its former position if judgment is executed against it (see *Cellante v G Kallis Industries* (1991) 2 VR 653);

(h) Conversely, there is a strong reason for refusing a stay where it is established that there is a real risk that the granting of a stay may prevent the successful party at trial from obtaining the full benefits of their judgment if the appeal is unsuccessful.

19 I should note a particular aspect of Pirmax's application. It is made on the undertaking that Pirmax will refrain from making representations of the kinds to which the prohibitive injunctive relief that I will grant relates. Further, no stay is sought in respect of mandatory injunctive relief to the extent that it conforms to that which finds expression in Pirmax's minute. Pirmax's

application for a stay thus focuses upon (a) any additional mandatory relief (which, for reasons already identified, will not be granted), (b) the orders by which Kingspan is to be released from the undertakings that were given in May 2019 and (c) the orders that the court makes with respect to costs.

20 I should also say something about the nature of the appeal that Pirmax has commenced. For the most part, it charges the court with having erred by not accepting the propositions that Pirmax urged it to accept at first instance. Although not in its entirety, the appeal proceeds significantly—as appeals usually do—as an effort to re-litigate the points upon which Pirmax failed at first instance.

21 Pirmax maintains that it is appropriate to stay the execution of final orders pending its appeal because doing so is necessary in order to "preserve the subject matter of the litigation". The submission is straightforward enough: Pirmax maintains that, absent a stay, success on its appeal will be futile (or relatively so) because it will not be possible for the appeal court to "restore [Pirmax] to its former position".

22 That prejudice, it is said, would manifest in reputational damage that no amount of success on appeal would be able to address. In particular, Pirmax submits that, if Kingspan is released from the undertakings that it gave in May 2019, it could exact upon Pirmax a campaign designed to cause significant embarrassment or damage in the market for rigid foam insulation panels. As to the issue of costs (the orders for which Pirmax also sought a stay), it is said that Pirmax was at risk of exposure to an incorrect assessment process that, were it to win its appeal, might prove unnecessary; and might, potentially, involve it expending amounts that might later prove to have been unnecessary or be irrecoverable.

23 I am not persuaded that Pirmax has demonstrated that the present circumstances should warrant an exercise of discretion to stay the relief that I will grant. I accept that the appeal that Pirmax has commenced is genuine and enjoys at least reasonable prospects of success. Kingspan did not contend otherwise and could not properly do so. The questions to be posed and answered on appeal substantially overlap with those that were considered in this matter and it could hardly be said that the positions that Pirmax advanced here were inarguable. On the contrary, the present matter was hard-fought and well-argued, and the competing positions that were advanced were at least credible. They will be no less so on appeal, notwithstanding that they haven't found favour at first instance.

24 Nonetheless, Kingspan is entitled to the fruits of its victory. That should require not merely what Pirmax is prepared to undertake (namely, that it refrain from making representations of the kind that will now be restrained); it should also require that Pirmax comply with the mandatory relief that I shall grant and that Kingspan should be released from the undertakings that it gave at (or near) the commencement of the litigation.

25 I do not accept that there is anything about the present dispute that will be exhausted absent a stay, or that would render inutile any success that Pirmax is able to enjoy on its appeal. If the relief that I am minded to grant is set aside on appeal, then (all other things being equal) Pirmax will be at liberty to resume making the representations that sit at the heart of that relief. It is not apparent to me that anything might be done between now and then that cannot substantially and effectively be undone if the appeal succeeds. Moreover, to the extent that Pirmax is concerned about being made the subject of reputational attacks, there is no reason why it can't mount a defence to them in the usual way (including by indicating publicly that the court's judgment against it is the subject of appeal): see *NRM Trading Pty Ltd v Australian Competition and Consumer Commission* [2015] FCA 595, [43] (Middleton J).

26 I will make orders consistent with paragraphs 1 and 2 of the minute proposed by Kingspan and paragraph 2 of the minute proposed by Pirmax. I will stay those orders for three business days to allow Pirmax some time to make whatever arrangements need to be made for the removal of notices from its website or other sources. I will also make orders consistent with paragraph 3 of the Pirmax minute (which addresses the undertakings that Kingspan gave in May 2019).

27 On the question of costs, I will order that Kingspan pay the costs that Pirmax incurred solely in defence of the abandoned damages claim. To be clear, that order will be apt to cover costs that relate solely to the question of damages; not also to the underlying misleading and deceptive conduct in respect of which they were sought. Otherwise, I will order that Pirmax pay Kingspan's costs of the proceeding (other than those that Kingspan expended solely in connection with its later-abandoned damages claim). In each case, costs will be payable as assessed in default of agreement in accordance with the court's costs practice note, GPN-Costs.

I certify that the preceding twenty-seven (27) numbered paragraphs are a true copy of the Reasons for Judgment of the Honourable Justice Snaden.

Associate: 

Dated: 16 December 2022