

[HIGH COURT OF AUSTRALIA.]

IN RE RYALL'S PATENT.

H. C. OF A. *Patent—Extension of term—Loss or damage suffered by patentee by reason of recent*
 1948-1949. *hostilities—Manufacture of equipment in commercially satisfactory form—*
 Extensive development required—Patents Act 1903-1946 (No. 21 of 1903—
 1948, *No. 38 of 1946), s. 84 (6).*

SYDNEY,
 Nov. 15.
 1949.
 Feb. 15;
 June 3.
 Williams J.

It having been established that patentees of certain inventions, of a highly technical nature and which required a great deal of development spread over a number of years in order to manufacture the equipment in a satisfactory form, had suffered loss and damage by reason of the recent hostilities, the terms of the letters patent were extended for a further period of seven years as from the date of the expiry of the original grant.

ORIGINATING SUMMONS under s. 84 (6) of the *Patents Act* 1903-1946.

This was an application by way of originating summons under s. 84 (6) of the *Patents Act* 1903-1946 for an extension of the terms of certain letters patent which expired on 1st March 1949.

The facts are fully stated in the judgment hereunder.

Hicks, for the applicants.

Thomas, for the Commissioner of Patents.

Cur. adv. vult.

1949, June 3.

WILLIAMS J. delivered the following oral judgment:—

This is the hearing of an originating summons under s. 84 (6) of the *Patents Act* 1903-1946, to extend the term of Australian Letters Patent Nos. 16576/34 and 21817/35, on the ground that the patentees as such have suffered loss or damage by reason of the recent hostilities.

The patentees are Leonard Ernest Ryall and General Electric Co. Ltd. The term of each Letters Patent was for sixteen years

from 1st March 1933, so that they have now expired and any extension thereof must be by way of re-grant.

The Australian patents are off-shoots of English Patents Nos. 415767 and 416372 granted for a similar term. The inventor and English patentee is the applicant Ryall who has been in the employment of the British Post Office since 1925 as an engineer and in other capacities, except during the war when he was engaged on other activities.

In accordance with the conditions of his service, Ryall granted to His Majesty's Postmaster-General licences to use the inventions free of charge in Great Britain, Northern Ireland and the Isle of Man during the term of the Letters Patent and any extensions thereof.

On 30th July 1935, Ryall made an agreement in England with the General Electric Co., giving that company an exclusive and transferable licence, subject to the licences to the Postmaster-General and to the payment to Ryall of the royalties therein mentioned to use the inventions other than for loud speaker or conference circuits for the full term of the British patents, including the right to use the inventions in any parts of the world outside Great Britain, Northern Ireland and the Isle of Man.

Clause 6 of the agreement referred to the fact that the company had at its own cost but in the names of the inventor and the company applied, with the concurrence of the inventor, for Letters Patent in respect of the inventions comprised in the English Letters Patent 415767 and 416362 in Australia and other countries, and also provided for the company applying in the joint names for Letters Patent in certain other countries.

With respect to loud speaker and conference circuits, that is to say the equipment associated with the microphones and loud speakers at the user's premises, an agreement was made in England on 14th October 1935 between Ryall, General Electric Co. and Telephone Manufacturing Co. Ltd. whereby the last-mentioned company was granted an exclusive and transferable licence, subject to the payment of £500 to Ryall and the payment to him of the royalties therein mentioned, and subject to the rights of the Postmaster-General, to use the inventions for loud speaker and conference circuits for the full term of the British patents and for any extensions thereof in all parts of the British Empire.

The beneficial interests in the Australian patents were therefore that the General Electric Co., subject to the payment of royalties to Ryall, had the full and exclusive right to use the inventions in

H. C. OF A.
1948-1949.

IN RE
RYALL'S
PATENT.

Williams J.

H. C. OF A.
1948-1949.

IN RE
RYALL'S
PATENT.

Williams J.

Australia for all purposes other than for loud speaker and conference circuits, whilst the Telephone Manufacturing Co., again subject to the payment of royalties to Ryall, had the sole and exclusive right to use the inventions in Australia for loud speaker and conference circuits.

Ryall is a British subject and the two companies are English companies not managed or controlled by enemy subjects and not in any way carried on for the benefit of or on behalf of such subjects.

It is not disputed that the inventions claimed in the two Letters Patent are novel and useful and of considerable merit and public benefit but I shall not go into these questions because the case is one in which I need only concern myself with the two matters referred to in s. 84 (6) of the Act.

I have already dealt with one of these matters so that the only other matter with which I have still to deal is the question of the loss and damage which the patentees have suffered by reason of the recent hostilities.

Letters Patent 16576/34 relate to improvements in alternating current in transmission systems, such as telephone systems incorporating echo-suppressors. Letters Patent 21817/35, which were divided off from Letters Patent 16576/34, relate to improvements in or relating to the control of attenuation in alternating current-transmission systems such as a telephone and like systems.

The inventions are of particular application in connection with the two-way transmission of speech where amplifiers are employed. They are applicable both to ordinary public-telephone systems and to inter-office communications. The part of the inventions which is assigned by the licences to General Electric Co. relates principally to echo-suppressors and the principal advantages of the inventions appear to be connected with their use for loud speaker and conference circuits, in other words to that part of the inventions which has been granted by the licences to the Telephone Manufacturing Co.

It appears that in inventions of this sort the output of the amplifiers for one direction of speech is connected to the circuit from which the input of the amplifiers for the other direction of working is received, and it is essential to provide some means to prevent the amplified output from one direction passing back in the opposite direction, otherwise a condition of "howling" is set up, due to continued repetition of such passage at each end.

Mr. Ryall has explained in his affidavit that the means proposed for the solution of this problem include manual switching, the use of hybrid coils, and automatic or voice switching which takes place

under control of the voice currents themselves, so that, as he puts it in his affidavit, after one subscriber A has spoken to another subscriber B, subscriber B when he commences to speak immediately opens up the speech transmission path from B to A and closes the path from A to B, and vice versa. The patented inventions are directly concerned with the third of these methods, that is voice switching.

Letters Patent 16576/34, as explained in the useful explanation of these Patents prepared by an officer in the Patents Office and tendered by Mr. *Thomas* are for a system involving as its salient characteristic a voice-operated switching arrangement, whilst Letters Patent 21817/35 are for a system involving as its salient characteristic an attenuation network for association with the voice-controlled switching system forming the subject of the former Letters Patent. The inventions are of a highly technical nature and I shall not attempt to describe them, as they are fully described in the body of the specifications.

Patents corresponding to the English and Australian patents were obtained in South Africa, France, Holland, Sweden, Hungary, Belgium, Germany, Italy, United States of America, Canada, Eire and Switzerland. Licences to use the inventions were granted by Ryall in 1937, with the consent of General Electric Co. to a German company for £50 and certain royalties to use the invention in Germany, and to an American company for £500 free from royalties to use the invention in the United States of America. But neither company appears to have worked the patents and the German company has never paid any royalties. These were the only licences, other than the licences to the General Electric Co. and the Telephone Manufacturing Co., granted with respect to the inventions.

The inventions, particularly in relation to loud speaker and conference circuits, which as I have already said appear to be the valuable portion of the inventions, required a great deal of development spread over a number of years in order to manufacture the equipment in a satisfactory commercial form. Most of the pre-war life of the Letters Patent—indeed I think I might say the whole of that life—was expended in this way, and the consequence was that at the outbreak of war Ryall had not received any royalties from the General Electric Co. and had only received royalties totalling £29 odd from the Telephone Manufacturing Co. on trial sets. In this respect the case resembles the case of *In the matter of Letters Patent granted to Sydney Smith* (1), to which Mr. *Hicks*

H. C. OF A.
1948-1949.

IN RE
RYALL'S
PATENT.

Williams J.

H. C. OF A.
1948-1949.

IN RE
RYALL'S
PATENT.

Williams J.

referred. In 1939 the inventions were just about ready for commercial exploitation.

From 1st August 1938 to 31st January 1947 there were no sales of the patented articles and Ryall received no royalties. From 1st February 1947 to 31st January 1948 he received from the Telephone Manufacturing Co. about £1,560 in royalties and in the subsequent six months a further £773. Up to the outbreak of the war this company, including the payments to Ryall already mentioned, had expended about £1,900 in connection with its part of the inventions, and in connection with eighteen supplementary patents which were taken out in the names of the company and Ryall solely or jointly and in the names of certain other persons. This company had also expended in this period over £800 per annum for the services of the staff and upon equipment and materials used in connection with the work upon the development of the inventions to which I have referred.

Upon the outbreak of war all the staff of the Telephone Manufacturing Co. who had the necessary experience and the company's factories were diverted to war work, and the prohibition of any other work during the war rendered it impossible for the company to exploit the inventions which are mainly useful in times of peace either in Great Britain, Australia or elsewhere.

On the outbreak of war, Ryall himself was transferred from research activities to become a regional engineer in Scotland, where his work had a close association with the provision of telephone equipment for the Forces.

The evidence establishes, I think, that the patentees have suffered loss and damage by reason of the recent hostilities. The main sufferer would appear to have been the Telephone Manufacturing Co., but its licence will apply to any extensions of the Letters Patent so that it will receive the benefit of any such extensions.

The application first came on for hearing before me on 15th November of last year, when I adjourned the matter until 15th February, so that the applicants' evidence might be supplemented. On 15th February I granted a further adjournment in the hope that the applications to extend the terms of the English Letters Patent might be heard in the meantime, as it would obviously be desirable that this Court should know whether the English Patents which are the head patents had been extended before disposing of the Australian application. But I have been informed that the English applications may not come on for hearing for some time.

Since the Australian Letters Patent have expired, I do not think that it would be in the public interest that I should delay the hearing of this application any longer, for the Australian public should know whether they are free to use the inventions or not.

The applicants have, I think, made a case for a substantial extension of the term of the Letters Patent. I feel considerable difficulty about the lack of evidence from the General Electric Co. with respect to its activities in developing and exploiting its part of the inventions both before and during the war years. But I am satisfied that the Telephone Manufacturing Co. was actively developing its part of the inventions before the war, and that during the war it was unable to exploit the inventions, and I do not see how I could extend the Letters Patent for its benefit and the benefit of Ryall to whom its royalties are payable without extending those parts of the inventions allotted to the General Electric Co.

I think I should extend the Letters Patent in respect of the period between 3rd September 1939 and the end of hostilities in August 1945, that is to say, for a period of at least six years, and I also think that I should grant some further extension in respect of the period that would necessarily elapse before the Telephone Manufacturing Co. could switch from war to peace manufacture. It took the company about twelve months to do this in England and I do not see why in this period it could not also have made the necessary arrangements to exploit the inventions in Australia although it in fact took longer. On the whole, and taking as reasonable a view as I can of the whole of the circumstance I think a proper period of extension would be for seven years.

I therefore extend the terms of both Letters Patent for seven years from 1st March 1949. There must be a re-grant in the form set out in *Gillette Industries Ltd. v. The Commissioner of Patents* (1).

The applicant must pay the costs of the Commissioner of Patents, including any reserved costs. Liberty to apply is reserved.

Order that there be a re-grant of Letters Patent 16576/34 and 21817/35 respectively for seven years from 1st March 1949; that the re-grant be subject to the conditions that no action or other proceedings shall be commenced or prosecuted and no damage shall be recovered either in respect of any infringement of the patent which has taken place after the date of the expiration of the original term and before the date of

H. C. OF A.
1948-1949.

IN RE
RYALL'S
PATENT.

Williams J.

(1) (1943) 67 C.L.R. 529, at p. 535.

H. C. OF A.
1948-1949.

IN RE
RYALL'S
PATENT.

this order ; or in respect of the sale, use or employment at any time hereafter of any article actually made in that period in accordance with the invention covered by the patent ; that the applicant pay the costs of the Commissioner including any reserved costs ; and that liberty to apply be reserved.

Solicitor for the applicants, *T. J. Purcell.*

Solicitor for the respondent, *H. F. E. Whitlam*, Crown Solicitor for the Commonwealth.

J. B.