Cons. 152 C.L.R. 1.

[HIGH COURT OF AUSTRALIA.]

IN RE USINES DE MELLE and FIRMIN BOINOT'S PATENT.

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MELBOURNE, *June* 3, 7, 22; *July* 20.

Fullagar J.

Patent—Extension of term—Originating summons—On Register in the name of foreign corporation and individual—Prior dissolution of corporation—Devolution of interest in patent—Law applicable thereto—Absence of provision in Commonwealth law—Private International Law—Moveable—Mobilia sequuntur personam—Whether domiciliary law as to succession—Lex situs—Bona vacantia—Whether part of common law of Commonwealth—Expiration before hearing—New grant or extension of term—Patents Act 1903-1950 (*No.* 21 *of* 1903—*No.* 80 *of* 1950) *ss.* 32, 84 (5), 110A (1) (2).

Section 84 (5) of the *Patents Act* 1903-1950, provides that the court may "order the extension of the term of the patent . . . for a further term" or "order the grant of a new patent for the term therein mentioned".

On an application for an extension of the term of letters patent granted in 1936, it appeared that the patent had been applied for by, and granted to, and had at all material times stood in the register of patents in the names of, a company incorporated in France and the applicant. The company had been dissolved in France in 1941. At the date of the hearing the patent had expired.

Held that, in the absence of evidence as to any possible rule of French law as to succession to the property of a dissolved corporation, the proper procedure under s. 84 (5) of the Act was to extend the term of the original letters patent notwithstanding their expiry, rather than to order the grant of a new patent.

Per Fullagar J.: Since there was no provision in the Commonwealth Act governing the devolution of the corporation's interest in the patent, the ordinary rules of private international law must be applied. The interest was a moveable, the general rule as to which is *mobilia sequuntur personam*. If there was any law of the domicil of the corporation which was a true law relating to succession, that law would apply; but if there was no such law, the *lex situs* would govern the devolution: *In re Barnett's Trusts*, (1902) 1 Ch. 847, discussed. According to the common law of England, the property of a dissolved corporation vests in the Crown as *bona vacantia* and this rule is part of the common law of the Commonwealth.

Section 110A (2) of the *Patents Act* 1903-1950, provides: "Where . . . a patent is granted to two or more persons jointly, they shall, unless otherwise specified in the patent, be treated for the purpose of the devolution of the legal interest therein as joint tenants, but, subject to any contract to the

contrary, each of such persons shall be entitled to use the invention for his own profit without accounting to the other, but shall not be entitled to grant a licence without their consent, and, if any such person dies, his beneficial interest in the patent shall devolve upon his personal representative as part of his personal estate."

Held, firstly, that the words as " joint tenants " are used in their technical sense; but, secondly, they can apply in that sense only on the grant of a patent jointly to natural persons: notwithstanding the terms of s. 110A (2), the grant of a patent jointly to a corporation and a natural person will result in a grant to them as tenants in common.

APPLICATION by Originating Summons.

Les Usines de Melle and Firmin Boinot applied to the High Court, by originating summons dated 29th April 1952, pursuant to s. 84 (6) of the *Patents Act* 1903-1950, for an extension of the term of letters patent No. 103508 granted to Usines de Melle and Firmin Boinot with respect to an invention entitled " Process and device for carrying out industrial alcoholic fermentations ".

The application came on to be heard before *Fullagar* J., in whose judgment the facts sufficiently appear.

G. A. Pape and *K. A. Aickin*, for the applicants.

A. D. G. Adam Q.C., and *H. N. Wardle*, for the Commissioner of Patents.

Cur. adv. vult.

July 20.

The following written judgment was delivered:—

FULLAGAR J. This is an application by originating summons under s. 84 (6) of the *Patents Act* 1903-1950 for an extension of the term of letters patent for an invention relating to " industrial alcoholic fermentations ". The application for the patent was a " convention " application under s. 121, and the grant received the date of the original application in France. That date was 8th June 1936, and the date of expiry was therefore 8th June 1952. The time for making an application under s. 84 was extended by order in chambers made on 21st March 1952, and the originating summons was issued on 29th April 1952. At that date the patent had not yet expired but it has now, of course, long since expired.

Loss or damage by reason of war was, in my opinion, established, and, so far as the merits of the case go, I would be prepared to regard it as one in which the normal five-year period might properly be exceeded, and to grant an extension for seven years from 8th

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June 1952. The case, however, presents peculiar features, which appear to me to give rise to some difficulty.

The patent was applied for by, and granted to, two persons—a company incorporated in France under the name of " Usines de Melle " and an individual person named Firmin Boinot, and the register of patents still shows those two persons as owners of the patent. Although the patent ultimately granted was dated, as has been said, 8th June 1936, the application was not actually lodged in the patents office in Australia until 29th May 1937. On 12th February 1937 Usines de Melle entered into an " amalgamation " with another company named Bosker Frères. The amalgamation took the form of an agreement by both companies to transfer all their assets to a new company to be formed. The new company was incorporated on 23rd March 1937 under the name of " *Les* Usines de Melle ". The agreement of 12th February 1937 provided for the transfer by Usines de Melle to *Les* Usines de Melle of assets which expressly included " all patents licences or patent applications for France as well as abroad ", and it was expressly stated that a number of patents had been granted or applied for in a number of countries including Australia. The old company, Usines de Melle, went into liquidation on 19th March 1937, and was dissolved on 5th September 1941.

I should say at this stage that none of the original documents are before me, nor have I any formal evidence as to the law of France on which must depend the legal effect of what was done. The facts, as I have stated them, are taken from a translation of a " notarial certificate " given by M. Jacques Bredif, a notary public at Melle. I have compared the translation with the original, and, so far as I can tell, it is accurate. The actual words of the translation, so far as it relates to the dissolution of the old company, are :— " The ' Usines de Melle ' company has maintained its juridical legal existence until the 5th September 1941, the date of its dissolution."

From the above summary of facts it appears that at the date of the " amalgamation " agreement (12th February 1937) no application for an Australian patent in relation to the relevant invention had been made. And in an affidavit filed on the present application M. Boinot deposes :—" Both Les Usines de Melle and I are now advised by our legal advisers in France and Australia, and verily believe, that the interest of Usines de Melle in the right to file the application resulting in the grant of patent No. 103,508 was not among the assets transferred by Usines de Melle by virtue of the said agreement, and that up to the date of its dissolution Usines de Melle remained entitled thereto, and did not assign or transfer the

same to any person." The correctness of this advice has been assumed throughout, and I have seen no reason to doubt it.

It should be mentioned here that on 10th March 1953 *Kitto* J. made an order extending the term of patent No. 16658/34, which patent also stood in the names of Usines de Melle and Firmin Boinot, that is to say in the names of a living individual and a defunct corporation. At the date of the order the patent had expired, and the order of *Kitto* J. took the form of directing a new grant. In that case, however, no difficulty arose, because the application for that patent had taken place before the agreement of 12th February 1937. The beneficial interest of Usines de Melle passed, therefore, to the new company, *Les* Usines de Melle, by virtue of that agreement. The patent having expired, there could be no assignment of the old company's legal interest in it, but there could be no objection to a new grant, as from the expiry date, to *Les* Usines de Melle and Firmin Boinot, who were the absolute beneficial owners at the date of expiry. The order of *Kitto* J. in fact directed a new grant to those two persons.

The difference in the present case is that the agreement of 12th February 1937 did *not* pass any interest in patent No. 103,508 to *Les* Usines de Melle. Two things thus seem clear. First, I cannot order a new grant to be made to Usines de Melle and Boinot, because there is no such person as Usines de Melle. And, secondly, I cannot order a new grant to be made to *Les* Usines de Melle and Boinot, because *Les* Usines de Melle is not shown ever to have had any interest of any kind in the patent. Two arguments, however, were put to me, acceptance of either of which would justify the making of an order on the present application. Counsel would prefer that I should accede to the first argument.

The first submission of counsel (who, I should say, announced their appearance for *Les* Usines de Melle and M. Boinot) was that I could and should make an order directing a new grant to M. Boinot alone. This submission was based on the contention that, on the dissolution of the old company (Usines de Melle), M. Boinot became the sole legal owner of the patent.

In considering this contention the first question that arises is—by reference to what law is the devolution of the undivided one-half interest of the old company on its dissolution to be determined ? As to this matter I cannot say that I have felt any doubt. So far as Australia is concerned, the rights conferred by the letters patent are conferred by grant from the Crown under the authority of an Act of the Parliament of the Commonwealth. The Commonwealth, which is the creator of the right, may attach to it what conditions

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and incidents it pleases, and in particular may provide for the devolution of the right on the death of an individual grantee or the dissolution of a corporate grantee. We must look, therefore, first to the *Patents Act* 1903-1950 for an answer to the question of what became of the interest of Usines de Melle on the dissolution of that company. If, however, the Act is silent on the subject, we shall have to look to general principles of private international law. The provision of the Act on which the applicants rely is s. 110A (2), which provides:—"Where . . . a patent is granted to two or more persons jointly, they shall, unless otherwise specified in the patent, be treated for the purpose of the devolution of the legal interest therein as joint tenants, but, subject to any contract to the contrary, each of such persons shall be entitled to use the invention for his own profit without accounting to the others, but shall not be entitled to grant a licence without their consent, and, if any such person dies, his beneficial interest in the patent shall devolve on his personal representatives as part of his personal estate." This sub-section has to be read with s. 32 which provides (*inter alia*) that "two or more persons may make *joint* application for a patent, and a patent may be granted to them *jointly*". The same section includes among the persons who may make application for a patent "(c) the actual inventor or his nominee *jointly* with the assignee of a part interest in the invention."

In so far as it applies to natural persons, s. 110A (2) seems to present no difficulty. I do not think that either the word "joint" or the word "jointly" in s. 32 or the word "jointly" in s. 110A (2) is used in the technical sense. Each word means, I think, simply "as co-owners", and the purpose of s. 110A (2) is to prescribe the effect of a grant of letters patent to two or more co-owners. The words "as joint tenants", however, in s. 110A (2) are, I think, used in their technical sense. (The word "tenants" is, of course, wrongly used in relation to personalty, but this occasions no difficulty.) The words "unless otherwise specified in the patent" seem to indicate that a grant may be made to two or more persons as tenants in common, in which case the sub-section will not apply—there being, of course, no need for it.

Grave difficulties, however, seem to me to attend any attempt to apply s. 110A (2) to the case of a grant to a natural person and a corporation as co-owners, and I am of opinion that it cannot be so applied. It is clear that the sub-section does not expressly provide for the devolution of the interest of a corporate co-owner which has been dissolved. The concluding words seem to me plainly to refer only to the death of a natural person: a corporation

does not "die", nor can it have "personal representatives". These concluding words, indeed, seem to indicate that the case of a corporate co-owner is excluded altogether from the contemplation of the section. It is said, however, that the case has been already covered by the general provision that "they shall . . . be treated, for the purpose of the devolution of the legal interest therein, as joint tenants." But these words can have no meaning except by reference to the common law, and it seems to be established that at common law there could be no such thing as a joint tenancy between two corporations aggregate or between a corporation aggregate and a natural person. A grant to two corporations or to a corporation and a natural person could at common law create nothing but a tenancy in common. So far as land is concerned, the reasons for this (though technical) seem clear enough, and I think I must take it, in the light of the decision of *Mathew* J. in *Law Guarantee & Trust Society Ltd.* v. *Governor and Company of Bank of England* (1) that the same rule applies where personalty is concerned. Since there can at common law be no such thing as a joint tenancy between a corporation and a natural person, the conception of a *jus accrescendi*, for the purposes of which the dissolution of a corporation has the same effect as the death of a natural person, is entirely foreign to the common law, and it seems to me impossible to regard the words "shall for the purposes of devolution be treated as joint tenants" as saying or implying that, where a corporation is a co-owner, its dissolution shall have the same effect, with respect to devolution, as the death of a natural "joint" owner. The true position, as I see it, is that the grant to the corporation and the natural person is a grant to them as tenants in common, and the application of the provision in question is really, in effect, excluded by the words "unless otherwise specified in the patent". That the case of a corporate co-owner should be overlooked is perhaps not altogether surprising. The sub-section is taken verbatim from s. 37 of the English Act of 1907, and at that time in England a corporation could apply for a patent only in limited and exceptional classes of case. An assignee of an invention could not apply as such, and a corporation could not, it was held, be a "true and first inventor", because it had no corporate mind with which it could conceive an invention. It would not at that time be unnatural, I think, for the draftsman in England to be thinking only of "true and first inventors."

The common law rule mentioned above was abrogated in England by the *Bodies Corporate (Joint Tenancy) Act* 1899, which expressly

(1) (1890) 24 Q.B.D. 406.

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provided that the dissolution of a corporation should have the same effect as the death of a natural person. This Act was adopted in Victoria in 1902, and now appears as s. 28 of the *Property Law Act* 1928. In New South Wales it appears as s. 25 of the *Conveyancing Act* 1919. It was suggested that one or other of these Acts might apply to the present case. But it does not appear to me that the law of any Australian State can have any application here. State statutes are not part of the law of the Commonwealth in the relevant sense. A statute of New South Wales or Victoria might, of course, have been applicable if the co-owners had been domiciled in New South Wales or Victoria, but here it is plain that the relevant domiciliary law is the law of France.

The result which I have so far reached is that there is nothing in the statute law of the Commonwealth which governs the devolution of the interest of Usines de Melle in patent No. 103,508. To what law then must we look ? Section 110A (1) provides that " the rights granted to a patentee by a patent are personal property and are capable of assignment and of devolution by operation of law." Mr. *Pape* submitted that those rights, although personal property, were to be classed as " immovables ", and that their devolution therefore depended on the *lex situs*. As authority for this proposition he referred me to *Potter* v. *Broken Hill Pty. Co. Ltd.* (1). I need not consider what consequences would follow from this view, because the rights conferred by a grant of letters patent for an invention are, in my opinion, movables, and I cannot regard that case as deciding otherwise, although *Griffith* C.J. (2) in the course of his judgment said that the " franchise or monopoly " conferred by a patent " partakes of the nature of an immovable as distinguished from a movable."

The general rule is that, in the case of movables, matters of succession and devolution are governed by the law of the domicil of the owner. *Mobilia sequuntur personam.* If, in the present case, M. Boinot had died, I should have thought it clear that what became of his interest in the patent would have had to be decided according to French law, which is the law of his domicil. Here, however, we have to deal not with the case of a deceased natural person but with the case of a dissolved corporation. The domicil of the corporation was undoubtedly French, but it may nevertheless be that it is the *lex situs* which applies to the case. It is clear that the patent must be regarded as locally situate in Australia.

The only two cases I have found which seem to throw any light on the matter are *In re Barnett's Trusts* (3) and *In the Estate of*

(1) (1906) 3 C.L.R. 479.
(2) (1906) 3 C.L.R., at p. 494.
(3) (1902) 1 Ch. 847.

Musurus, Dec'd. (1). In the former case an illegitimate person, domiciled in Austria, died intestate. He was entitled to a fund in court in England. There was no person entitled, either under the law of Austria or under the law of England, to succeed to his property. Under the law of Austria it was " confiscated as heirless property " by the Austrian Treasury. Under English law it would belong to the Crown as *bona vacantia*. The Austrian Government claimed the fund. *Kekewich* J., however, held that the Austrian law applicable was not a law relating to succession, and that the maxim *mobilia sequuntur personam* did not apply. In the absence of a law of the domicil providing for a succession, English law applied, and the fund went to the Crown as *bona vacantia*.

According to the common law of England the property of a dissolved corporation vests in the Crown as *bona vacantia* : *In re Higginson & Dean* ; *Ex parte Attorney-General* (2) and *In re Wells* ; *Swinburne-Hanham* v. *Howard* (3). I think that, in the case of patents, trade marks and copyrights, this rule should be regarded as part of the common law of the Commonwealth. Such " property " exists by virtue of a grant from the Crown in right of the Commonwealth, and it is locally situate in Australia, but cannot be regarded as locally situate in any State or Territory of the Commonwealth. If this is correct, a patent granted to a corporation which is subsequently dissolved without any disposition of the patent having been effected, will, if the matter is governed by the law of the Commonwealth, vest as *bona vacantia* in the Commonwealth. And I think that the position is the same where a patent is granted to two persons, and one, being a natural person, dies intestate without next of kin, or, being an artificial person, becomes defunct. I think that, if the matter is governed by the law of the Commonwealth, the " undivided " interest of the dead or dissolved person vests in the Commonwealth as *bona vacantia*. That the Commonwealth may become the owner of a patent, or of an interest in a patent, is, I think, shown by Pt. VII of the Act.

A new grant of patent No. 103,508 to M. Boinot and the Commonwealth might or might not be satisfactory to the present applicants. In any case I could only order such a new grant to be made if I were satisfied that the devolution of the interest of the dissolved company, Usines de Melle, was governed by the law of the Commonwealth as the *lex situs*. And I do not think that, on the material before me, I can be so satisfied. *Westlake* (*Private International Law*, 7th ed. (1925), p. 153) states the effect of *In re Barnett's*

(1) (1936) 2 All E.R. 1666.
(2) (1899) 1 Q.B. 325.
(3) (1933) Ch. 29.

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Trusts (1) thus :—" *Bona vacantia* situate in England pass to the Crown, and do not follow the law of the last domicil." But this is not, I think, an accurate statement of the rule. At least it is an accurate statement of it only if we read " *bona vacantia* " as meaning movables which are " heirless " both according to the law of England and according to the law of the foreign domicil : see *Dicey, Conflict of Laws*, 6th ed. (1949), pp. 817-8; *Woolf, Private International Law*, 2nd ed., pp. 157, 579 ; *Halsbury's Laws of England*, 2nd ed., Vol. 6, pp. 246-247, note (r). The true rule seems to be that, if there is any law of the domicil which is a true law relating to succession, that law will apply, and the property will not go as *bona vacantia* under the *lex situs*. In the present case it may be that according to French law there is a *jus accrescendi* on the dissolution of a corporate co-owner of movables. Another possibility is that there may be a French law having an effect similar to that of s. 294 of the Victorian *Companies Act* 1938 and that under that law the defunct French company could be restored to life for the purpose of transferring its interest in the patent to *Les* Usines de Melle. In view of these possibilities it does not seem to me that I can decide that *In re Barnett's Trusts* (1) applies to the case.

For the above reasons it appears to me that I cannot order that a new grant of the patent be made to any person or persons, for the simple reason that I do not know who was really entitled to the patent at the date of its expiration. There remains the possibility that I may make an order simply extending the term of the patent, and leaving at large the whole question of what became of the interest of Usines de Melle after the dissolution of that corporation. That I could and should make such an order was the subject of the second of the two arguments of counsel to which I have referred. Such an order would be practically effective, for it would enable M. Boinot to sue alone for any infringement : see *Sheehan* v. *Great Eastern Railway Co.* (2) and cf. *Dent* v. *Turpin* ; *Tucker* v. *Turpin* (3) and *Lauri* v. *Renad* (4). It may well be too that there could be no objection to the grant of a licence by M. Boinot alone notwithstanding *Powell* v. *Head* (5).

I feel no doubt that I can and should make such an order. Subsection (5) of s. 84 of the Act provides that the Court may " order the extension of the term of the patent for a further term " or " order the grant of a new patent for the term therein mentioned ". This would perhaps be read most naturally if we regarded the first

(1) (1902) 1 Ch. 847.
(2) (1880) 16 Ch. D. 59.
(3) (1861) 2 J. & H. 139 [70 E.R. 1003].
(4) (1892) 3 Ch. 402.
(5) (1879) 12 Ch. D. 686.

alternative as relating to cases where the patent is still in force at the date of the order, and the second as relating to cases where the patent has expired at the date of the order. It has, I think, been the invariable practice, both in England and in Australia, to order a new grant in cases where the patent has expired: see, e.g., *Ex parte Celotex Corporation*; *In re Shaw's Patents* (1) and cases there cited. But it is clearly a legitimate reading of s. 84 (5) to treat it as merely authorizing two alternative forms of order, either of which may be made whether the patent has expired or not. And I think that two good reasons exist for so reading it. The first is to be found in sub-s. (7) of s. 84. This sub-section clearly contemplates cases where not merely the order but the application for extension is made after the expiration of a patent, and yet it refers *only* to applications "for the extension of the term of the patent". The other form of order is not mentioned. The second reason is found in the history of the English legislation. The first Act which provided for the "prolongation" of the term of a patent was 5 & 6 Wm. IV., c. 83. Under this Act the application had to be heard by the Judicial Committee of the Privy Council before the expiry of the patent. If their Lordships reported that an "extension of the term" should be granted, His Majesty was empowered "to grant new letters patent" for the term recommended. The Act 2 & 3 Vict., c. 67, provided for cases in which the patent had expired before the application could with reasonable diligence be brought to a hearing. In such cases His Majesty was empowered, on a favourable report from the Judicial Committee, to grant an "extension" or to grant "new letters patent". It seems quite clear that the two forms of order are regarded in both these Acts indifferently as mere formal alternatives. The reason for the adoption of the practice to which I have referred seems to be found in the wording of s. 25 (5) of the *Patents Designs and Trade Marks Act* 1883 (46 & 47 Vict., c. 57), which was the first real consolidation. Section 25 (5) was based on s. XL of 15 & 16 Vict., c. 83, and it is couched in the same terms as s. 84 (5) of the Australian Act. Sub-section (7) of our s. 84 does not appear in it. It is seen that the words "containing any restrictions conditions and provisions that the Court may think fit" appear to apply only to an order for a new grant and not to an order for an extension of the term. Because it was usually necessary or desirable to attach conditions in cases where a patent had expired, the form of order expressly authorized to be made subject to conditions was naturally preferred. It would seem too that special considerations, which no longer exist, dictated

(1) (1937) 57 C.L.R. 19, at p. 25.

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in some cases a preference for ordering a new grant even in cases where no conditions or restrictions were necessary: see *In re Cocking's Patent* (1) and *In re Newton's Patents* (2). But I am quite unable to take the view that, where the order takes the form of ordering an extension, it cannot be made subject to conditions. Wherever a court is empowered in its discretion to make an order, it may impose terms and conditions. In the present case I can see no reason whatever why I should not make an order for extension as distinct from an order for a new grant, imposing what have come to be known here as the "Celotex" conditions.

I should add that I was concerned to inquire whether the Commissioner of Patents saw any objection to my making an order for extension in the present case, and I was assured by counsel that he saw no such objection.

The proceedings should be amended so as to make the application an application by M. Boinot only. The amendment may, I think, properly be made without ordering the publication of any further advertisements.

I will order that the term of the letters patent be extended, subject to the "Celotex" conditions, for seven years from the date of their expiry. The applicant, Firmin Boinot, must pay the commissioner's costs.

Orders accordingly.

Solicitors for the applicants, *Waters & Stewart.*

Solicitor for the Commissioner of Patents, *D. D. Bell*, Crown Solicitor for the Commonwealth of Australia.

R. D. B.

(1) (1885) 2 R.P.C. 151.

(2) (1884) 9 App. Cas. 592.

NOTE.—The Editor of C.L.R. has called my attention to *In the Estate of Maldonado Deceased* (1954) P. 225, in which a similar view to mine seems to have been taken by the Court of Appeal of the effect of *In re Barnett's Trusts* (1902) 1 Ch. 847.—W.K.F.