IN THE HIGH COURT OF AUSTRALIA

IN THE MATTER OF LETTERS PATENT NO. 17,139/34 GRANTED TO ELECTRIC & MUSICAL INDUSTRIES LIMITED

XX

181.

REASONS FOR JUDGMENT

Judgment delivered at Sydney

on Friday, 4th May 1956.

W. M. Houston, Govt. Print., Melb.

C.1978/55

IN THE MATTER OF LETTERS PATENT NO. 17,139/34 GRANTED TO ELECTRIC & MUSICAL INDUSTRIES LIMITED

ORDER

Order that the term of Letters Patent No. 17139/34 be further extended for three years from 13th April 1956 and that the applicant pay the costs of the Commissioner of Patents.

I regrant — Calodex

IN THE MATTER OF LETTERS PATENT NO. 17,139/34 GRANTED TO ELECTRIC AND MUSICAL INDUSTRIES LIMITED - APPLICATION FOR FURTHER EXTENSION OF TERM

JUDGMENT

WEBB J.

IN THE MATTER OF LETTERS PATENT NO. 17,139/34 GRANTED TO ELECTRIC AND MUSICAL INDUSTRIES LIMITED - APPLICATION FOR FURTHER EXTENSION OF TERM

JUDGMENT WEBB J.

This is an application under s. 95 of the Patents Act 1952-1954 for a further extension, for three years, of the term of a Convention patent relating to a system of circuits to be used in television receivers and transmitters. The letters patent were granted originally in the United Kingdom on the 13th April 1933 for sixteen years.

S. 95 provides, omitting immaterial parts:

" (1) Where, by reason of hostilities between Her Majesty "and a foreign state, a patentee as such has suffered loss "or damage, including loss of opportunity of dealing in or "developing his invention, the patentee may, after adver- "tising, as prescribed, his intention to do so, apply to "the High Court ... for the extension of the term of the "patent".

... ...

" (4) An application for the extension of a patent may be "made under this section notwithstanding that the patent has "previously been extended, or a new patent for the invention "has previously been granted, on the ground of inadequate "remuneration or, on one or more occasions, on the ground "of loss or damage suffered by reason of hostilities "between Her Majesty and a foreign state."

" (5) An application under this section shall be made at "least six months before the expiration of the term of the "patent or at such later time as the High Court ... allows."

... ...

" (7) A person interested may ... give notice of "opposition to the granting of the application ..."

" (8) A person so giving notice is entitled to appear and "be heard ..."

" (9) If the High Court finds that the patentee has "suffered loss or damage by reason of hostilities ... ... "the High Court may ... order the extension of the term "of the patent ... or ... order the grant of a new patent..."

... ...

" (11) The term granted in the application ... shall not "exceed ten years but where the term ... has previously been "extended or a new patent ... has previously been granted, "on the ground of loss or damage suffered by reason of "hostilities ... the aggregate of the terms ... shall not "exceed ten years."

A regrant was made in this Court in December 1949 on the ground of war loss and was for seven years from the expiration of the original grant, that is to say for a term expiring on 13th April 1956. This application was made by motion dated 10th October 1955 and filed on that date.

The reasons for the regrant appear in the report of In re Electric and Musical Industries Ltd.'s Patent (1949) 79 C.L.R. 643.

The applicant says that it is not sought by this application to have the war loss re-assessed, but merely to secure a further extension of the term for the recoupment of that loss. This further extension cannot exceed three years because of s. 95(11).

It is unquestioned that the period of seven years was insufficient to enable the patentee to recover any part of the war loss, which was due wholly to uncertainty in the attitude of the Commonwealth Parliament and Government towards the introduction of television into Australia, as stated in 79 C.L.R. at pp. 647 and 648. That uncertainty continued pending the report of the Royal Commission on television made in November 1953 and the acceptance a year or two later of the Commissioner's recommendations.

The Commissioner of Patents, who appeared in this application by his counsel, Mr. Tredennick, does not suggest any reason for refusing it, if there is power to grant it. Mr. Tredennick submits that there is no such power. The Commissioner also points out that there is no evidence that a further extension of the term has been granted in the United Kingdom where it was due to expire on 13th April 1955, or of the absence of enemy interest in the patent. However, as I understand the Commissioner's attitude, he is not pressing this lack of evidence as a ground for refusing the application, but is bringing it under my notice as a matter to be considered in the proper exercise of my discretion.

As to the absence of power to grant a further extension, Mr. Tredennick submits that the power exists only where the war loss had been but partially assessed in the earlier proceedings, e.g. if it had been assessed for the period 1942-1943 but not for the period 1943-1944. For this he relies on the judgment of Vaisey J. in Armstrong's Patent (1949) 66 R.P.C. 81, where his Lordship was asked to grant a further extension of a term that had already been extended by Uthwatt J. The further application to Vaisey J. was based on the ground that better evidence of the extent of the war loss assessed by Uthwatt J. had become available. His Lordship rejected the application. What was sought was the re-assessment of the war loss. But the applicant says that here it is not sought to have the war loss re-assessed but only to have the time for its recoupment extended. However Vaisey J. in the course of his reasons for judgment observed that Uthwatt J. had investigated two questions (1) what loss or damage had been established? and (2) what was the proper and appropriate remedy? and for that purpose had assessed the loss on a certain basis and so there was an end of the matter. But Mr. Pape of counsel for the applicant relies on the later decision of Lloyd Jacobs J. in Schramm's Patent (1955) 72 R.P.C. 114. In that case the war loss had been expressed in a specified number of patented articles and the term of the patent had been extended to enable that number to be made. This extension proved to be too short. Part only could be made in the time allowed, and his Lordship further extended the term to enable the balance to be made. In so doing it might appear that his Lordship had not paid regard to what Vaisey J. had said in Armstrong's Patent as to the effect of what Uthwatt J. had done, although earlier in Terry and Carwardine's Patent (1954) 71 R.P.C. 81 at 84, Lloyd Jacobs J. had expressly approved of the reasoning of Vaisey J. Mr. Pape also relies on the observations of Wynn Parry J. in Leobowitz's Patent (1955) 72 R.P.C. 280 at 286 that a further

extension could properly be made if there were grounds for saying that the first extension had proved insufficient to recoup the patentee for the loss then estimated. In that case the loss had been estimated in a sum of money representing the sale proceeds of patented articles. However Wynn Parry J. refused to extend the term further on other grounds. It does not appear whether Lloyd Jacobs J. took into consideration trading prospects during the period of the further extension. I assume that his Lordship did so. See Blanco White on Patents for Inventions 2nd Edn. p. 203. When I made the grant in 1949 I did nothing more than find how much of the original term had been rendered ineffective by hostilities. That was the assessment of the war loss. To meet this loss I made the regrant for a term equal to the ineffective period of the original term, without paying any regard to trading prospects during the substitutional period, as Sargant J. termed it in Rhone's Patent (1922) 39 R.P.C. 27.

Then the question that now arises is whether a further extension can be granted where the war loss has been assessed in a period of time only, as in this case, and not in a specified number of articles to be made, or a specified sum to be realised. The reason why the loss was not estimated in 1949 in a specified number of articles or in a specified sum was because there had been no manufacture or sales in Australia of the patented articles on which to base an estimate. There was then no alternative but to fix a substitutional period equal to the part of the original term lost because of hostilities. That is still the case, as there have been no such sales or manufacture since. It would, I think, be remarkable if in such circumstances another substitutional period could not be granted where the first had proved insufficient, although it could be granted if such evidence had been available and acted on. I can see no difference in principle warranting the denial of a remedy to the patentee to whom no such evidence was available, even when,

in arriving at the substitutional period, trading prospects in that period had not been taken into account. In all cases the estimate of the loss involves the fixation of a period for its recoupment, and if the period proves insufficient through no fault of the patentee there is no reason apparent to me why it should be replaced by another period in one case but not in another, that is to say, why a further period can be substituted where the loss is estimated in patented articles not made or sold and the remedy is given by way of further time for making or selling them, which proves inadequate, but a further period cannot be substituted where the loss is estimated in time lost out of the original grant and the remedy is given by way of a substitutional period which proves inadequate. The distinction between the loss and the remedy is as clear in one case as in the other. I emphasise that in cases of this kind the war loss is that part of the original period lost because of the hostilities, and the remedy is a substitutional period.

There is no reported decision of this Court on the question of the power to extend in cases like this; but a search of unreported decisions of the Court reveals that Kitto J. in the matter of Letters Patent No. 21410/35 granted to Kenneth Fraser and the Yorkshire Copper Works Limited, whilst refusing to grant a further extension on the ground of war loss, stated that he would have been prepared to grant it if satisfied that the conditions which the applicant found itself attempting to cope with in the period after his Honour had made his order were so much more disadvantageous to it than his Honour had expected that a further extension was required to offset the disappointment of his expectations as to what the future held. In that case, as in this, the war loss had not been expressed in so many articles or so much money.

I hold that I have power to grant the extension sought.

Then, as to the absence of evidence of a further extension in the United Kingdom I am assuming that there has been no further extension in the United Kingdom: the argument

proceeded on that basis, and so it is not really a case of the withholding by the applicant of facts which might prove to be material: As I said in Electric and Musical Industries Patent (supra) at p. 644 the Court on these applications generally confines its attention to the question whether the patentee has suffered loss or damage by reason of hostilities, but that, as pointed out by Williams J. in Gillette Industries v. Commissioner of Patents (1943) 67 C.L.R. 529 at 531, the Court may in the exercise of its discretion have regard to other matters that are taken into account on an application for extension based on inadequate remuneration. Such matters would include in the case of a conventional patent the non-extension of the term in the country where the letters patent were first granted. Now the special ground of this application, the continued uncertainty in the attitude of the Commonwealth towards television, could not have been taken in the United Kingdom, and there might have been no other ground for a further extension there. But in any event it is an important consideration if the prolongation of the patent here would place the Australian people at a disadvantage in competition with the people of the United Kingdom. In re Semet and Solvey's Patent (1895) A.C. 78 at 82. However, in the re-grant made in 1949 of the term of this patent I fixed the extended term for seven years, although in the United Kingdom the extended term had been for only six years. Now I am asked to extend the Australian term for a much longer period, i.e. another three years, or for four years after the United Kingdom term had, presumably, expired. There is no opposition by any interested party and the Commissioner does not suggest that the Australian people would be prejudiced if I grant the application. This, of course, is not conclusive; but in the absence of any evidence or suggestion of possible prejudice, and having regard to the type of invention we are dealing with and to the stage of development that television has reached in Australia, I do not feel warranted in rejecting the application

on the ground that the patent had expired in the United Kingdom. I have no reason to believe that the Australian people will be in any way prejudiced by this further extension even for three more years. In any event if there is a serious objection on this ground those aware of it and interested would be expected to bring the facts establishing it to the notice of the Court: Hadden's Patents (1924) 41 R.P.C. 166 at 169. In Terrell and Shelley on Patents (9th Edn.) p. 238 it is stated that the lapse of the foreign patent is not in practice considered.

As to evidence negativing enemy interest in the patent, that was given on the application for re-grant in 1949 and additional evidence is unnecessary, as there have been no further hostilities that need be considered, a fact of which I can take judicial notice.

The absence of any manufacture of the patented article in Australia is also satisfactorily explained by the state of uncertainty in the Commonwealth's attitude towards television, which only recently has become clear.

Then, notwithstanding these further matters, I think I should exercise my discretion in favour of the application.

The term of Letters Patent No. 17139/34 will be further extended for three years from 13th April 1956.

The applicant will pay to the Commissioner his costs of the application.