ORIGINAL

IN THE HIGH COURT OF AUSTRALIA

IN THE MATTER OF LETTERS PATENT NO. 107649 GRANTED TO WILLIAMS & WILLIAMS LIMITED AND NO. 109458 GRANTED TO WILLIAMS & WILLIAMS LIMITED AND JACK WILLIAMS

ORIGINAL

21.06

REASONS FOR JUDGMENT

Judgment delivered at Sydney

on Thursday, 29th November 1956

W. M. HOUSTON, Govt. Print., Melb.

C.1978/55

IN THE MATTER OF LETTERS PATENT NO. 107649 GRANTED TO WILLIAMS & WILLIAMS LIMITED AND NO. 109458 GRANTED TO WILLIAMS & WILLIAMS LIMITED AND JACK WILLIAMS

O R D E R

Time for caveats extended to 27th July 1955.

Application dismissed.

Order that the plaintiffs pay the costs of the Commissioner and of the caveator.

IN THE MATTER OF LETTERS PATENT NO. 107649 GRANTED TO WILLIAMS & WILLIAMS LIMITED AND NO. 109458 GRANTED TO WILLIAMS & WILLIAMS LIMITED AND JACK WILLIAMS

JUDGMENT KITTO J.

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JUDGMENT KITTO J.

I am asked to extend the respective terms of two patents on the ground that the patentee as such has suffered loss or damage by reason of hostilities. The grant in each case was to an individual and a company, and they join in applying for the extensions. The individual, however, has no beneficial interest of his own in the patents, and he has assigned his legal interest in them to the company. Accordingly I need only consider the position of the company, and I shall refer to it as the patentee.

One of the patents, No. 107,649, was for an invention described as "improvements in or relating to glazing bars", and the other, No. 109,458, was for an invention described as "improvements in or relating to fittings for use with glazing bars". A glazing bar in the relevant sense is a strip of material (here of metal) for holding glass in its frame as part of the fabric of a building, especially in the roofs of buildings such as conservatories and glasshouses. The inventions I take to be useful and ingenious.

The application is opposed by a caveator, Wunderlich Limited, which is a company whose business includes the manufacture and sale in Australia of building materials. Its products include glazing bars, and it desires to make and sell glazing bars and fittings according to the patentee's inventions. The Commissioner of Patents suggests that the case is not one in which extensions should be granted.

The patents were granted on 17th October 1939 and 29th April 1940 respectively. The term of the first commenced to run on the application date, 29th December 1938, and accordingly it expired on 29th December, 1954. The term of the

second commenced to run on a convention date, the date of a corresponding patent in Great Britain, which was 1st February 1938, and accordingly it expired on 1st February 1954.

It is claimed by the patentee that conditions obtaining in Australia during the war completely precluded exploitation of the patented inventions throughout the war period, and that accordingly the case for an extension for that period has been made out. The caveator, on the other hand, contends that in all probability the patentee would not have attempted to exploit the inventions in Australia during that period even if there had been no war, and that therefore it suffered no loss or damage by reason of the war.

I am satisfied that during the period of hostilities the patentee could neither have established nor got a licensee to establish a market for the patented goods in Australia. There is, indeed, evidence adduced by the caveator which shows that glazing bars were in considerable demand during the war, and that the caveator itself sold them in substantial quantities. Butthese were not made of aluminium, and I think it is a fair conclusion on all the evidence that the patented inventions really depend upon aluminium for their successful practical exploitation. It is true that the monopoly claimed is not limited in either case by reference to any particular material, and that the only mention of a material is in the body of the specification for the second patent, which says that the parts of the glazing bar assembly shown therein are generally made by extrusion from aluminium or other non-corrosive (sic) alloy. Because of their shape, the patented glazing bars could hardly be painted <u>in situ</u>, and, as the condensation of moisture is one of the troubles with which it is claimed that they cope successfully, some non-corroding material would seem to be essential. The deponents to the affidavits on both sides appear to assume that aluminium is the natural material to use for these inventions, and I think I should consider the matter on that footing.

Aluminium was not controlled in Australia until late in 1940, but from that time until late in 1945 it was subject to strict control under National Security Regulations. It could not be used for industrial purposes, and indeed its use was confined to certain purposes of direct defence significance, such as the manufacture of aircraft, of fuses for ammunition, and of gun parts. At that time there was no production of aluminium in Australia. It was all imported by the Commonwealth, and stocks were therefore physically as well as legally under Commonwealth control. I am prepared to find that there was no possibility of the patentee making any use of the inventions in this country from 1940 to 1945. I am disposed to go even further in favour of the patentee, having regard to certain evidence contained in the affidavits of its director and co-patentee, Mr. Williams. This evidence is to the effect that a considerable period normally elapses between the time when the architect's specifications for a building are prepared and the time when glazing bars, if specified, are required to be delivered. Mr. Williams says that in many cases this period is as long as three years or more, but he does not give me much assistance in forming an opinion as to its duration in the generality of cases. He expresses in his supplementary affidavit the opinion that sales would have started in Australia in 1941 or 1942 if the war had not occurred, although no move towards commencing to put the inventions to profitable use in Australia had been made at the outbreak of war. I think I am making a sufficient allowance for the lag to which he refers if I assume that it was not practicable to establish a market for the patented goods in Australia during the period extending from the outbreak of war, not only to the end of hostilities (August 1945), but to the middle of 1947. In that period of two years, not only had controls over aluminium been virtually non-existent, but supplies had been "fairly easy" (to use the expression of a witness well-qualified to speak on the subject), so that

conditions had not been unfavourable to the launching of the new product on the market. I think it a safe conclusion from the evidence that reasonable promptness in attending to the exploitation of the patent after the end of hostilities would have led without difficulty to the Australian market being supplied with the patented goods, either by the patentee itself or by a licensee, by mid-1947.

Now, for part, at least, of any loss which hostilities may have caused to the patentee a measure of compensation has already been enjoyed in the form of a virtual monopoly from the expiration of the patents until the present time. For the better part of three years in the one case and for nearly two years in the other, this application has stood on the file in respect of an expired patent, as a practical deterrent to any potential user of the patented inventions. True, such a person might have felt assured that any order that might be made for extension of the patents would protect him from proceedings for infringement by reason of anything done in the interval between the expiration of the original terms and the making of the order for extension: Ex parte Celotex Corporation; In re Shaw's Patents (1937) 57 C.L.R. 19; Gillette Industries Ltd. v. Commissioner of Patents (1943) 67 C.L.R. 529, 535. But he would know that at any time his future use of the inventions might be stopped by the grant of an extension, so that any reputation for the goods that he might have built up would thereafter benefit the patentee instead of himself. Manufacturers were not likely to see much attraction in tooling-up their factories and organizing their businesses for the manufacture and sale of these goods while that position continued. The patentee has only itself to blame for not bringing the application on to be heard long ago. As early as 11th June, 1954, Fullagar J. gave directions for a hearing in the following September. Yet the patentee did not trouble to file even its main affidavit until 7th June 1956, and its supplementary affidavit was not filed

until 25th October 1956. Obviously any period of war loss must be matched by a period running from the expiration of the patents. It seems fair to proceed on the footing that two and a half years of the period during which exploitation of the inventions was impossible have already been sufficiently recouped.

The main question in the case, then, is whether the period from the beginning of the war up to, say, the end of 1944 (two and a half years before mid-1947) was a period in which hostilities caused loss or damage to the patentee. It is not a case in which hostilities destroyed or disrupted an existing market for the protected goods: the patentee had no market here at all, and had shown not the slightest sign of attempting to establish one. The loss of a mere possibility of establishing a market is not enough by itself to entitle a patentee to an extension. He must at least show a reasonable probability that he would have availed himself of the possibility if it had continued to exist. If the only benefit that he was likely to enjoy with respect to his invention if there had been no war was the exclusion of other persons from using the invention, the answer to his application for an extension is that the war did not prevent him getting that benefit in full.

In considering what would probably have happened with respect to the patents in suit up to the end of 1944, I should allow, for the reason already mentioned, for a lag of two years between the initiation of any attempt by the patentee or by any licensee to put the patented articles on the Australian market and the actual derivation of profit from the marketing. That means that no profit of any consequence would have been derived in Australia before the end of 1944 unless the patentee had turned its attention to the exploitation of the inventions in this country before the end of 1942. If I ask myself what likelihood there was that it might have done so, I must answer: so far as I can judge from the evidence, none whatever. My reasons for this answer are as follows.

By way of comparison, consider what happened after hostilities had come to an end. More than five years went by before the patentee, so far as appears, made any move to use the inventions in relation to Australia. In 1951 it exported from Great Britain to Australia some £3,099 worth of patented goods, and in the same year it granted a licence to use the patents to an Australian company, Australian Consolidated Industries Ltd., and its subsidiaries. That the market was readily receptive was at once demonstrated by events. In 1952 the exports to Australia rose to £6,536 worth. In 1953 they fell to £509 worth, but by then the licensees had got into production and royalties were beginning to flow in. The royalties were only £35 in 1953; but in 1954, although the patentee exported £6,396 worth of goods from Great Britain to Australia the royalties rose to £437. The patentee has not troubled to supply the Court with up-to-date figures, and the only additional figure before me is one of £3,532 for royalties in the first nine months of 1955. There is nothing in the evidence to explain why a similar development was not started at least as early as 1947. I am not told what, if anything, the patentee did by way of preparation for its invasion of the Australian market in 1951 or for its granting of the licence in that year. For all that appears, both events may have been due to the initiative of Australian Consolidated Industries Ltd., and the patentee, if left to itself, might still be completely inactive in regard to Australia, and for that matter might not even yet have brought the present application to a hearing. Even if one assumes that the developments of 1951 were produced by substantial antecedent activity on the part of the patentee, there is still, on the view most favourable to the patentee, a considerable gap between the time when the inventions might have been put to profitable use in Australia after the end of hostilities and the first sales of the patented goods in Australia.

It does not necessarily follow, of course, from the bare fact of the patentee's neglect of the Australian market for a substantial period after the end of hostilities, that if there had been no war a similar neglect would have occurred in the early 1940's. But the neglect that occurred after the war is not unexplained; and the explanation makes it much more probable than not that hostilities merely made impossible what in any event the patentee would not have made any attempt to do. Mr. Williams' affidavits show plainly that it has been a matter of settled policy with the patentee to leave the Australian possibilities for the inventions unexplored until such time as a market for the goods had been fully developed, first in the United Kingdom, and thereafter in certain other countries (South Africa, Belgium, the United States and Canada) in which the patentee had built up before the war established commercial connections. So, from 1947 to 1951 the company busied itself in overtaking a banked-up demand in Great Britain and in exporting (in much lesser quantities) to the other countries I have named, and the commencement of exports to Australia coincided with the settling down of the British demand towards a level which the patentee regards, according to Mr. Williams, as normal. Now, in 1940 the sales in Great Britain had not yet reached that level, though they were mounting towards it; and the markets in the other four countries, so much more easy of entry than the Australian because of the patentee's existing commercial connections in those countries, had not yet been substantially touched. It seems very clear that in 1940, if there had been no war, Australia's turn to be attended to was still a long way off. Mr. Williams' supplementary affidavit shows that on the part of those directing the patentee's affairs there was an attitude of mind which made this almost a certainty. In a passage of which the candour is indubitable, whatever deficiencies in other respects it may be thought to exhibit, he says: "The patentees are moreover a

British Company and their first concern was naturally to obtain a demand for and establish a reputation for the new product in Great Britain and then, as their production facilities grew and that reputation was established, to extend the commercialisation progressively to overseas countries. Further, in the present instance glazed roof structures of the kind embodying the inventions were at the time of applying for the patents a novelty outside Great Britain and the commercialisation and the building-up of a reputation in the home country was not only obviously the first concern of a British Company but was in fact practically a necessity before architects, builders and/or possible licensees in Australia and other distant countries could be convinced of the efficacy and advantages of this new type of structure."

In these extension applications there are frequently more ways than one of approaching the question whether there has been any, and if so what, loss or damage to the patentee by reason of hostilities. The burden lies upon the patentee of satisfying the Court that in fact he has sustained such a loss and of providing sufficient material for a reasonable (though not necessarily an accurate) assessment of the loss so that an appropriate period of extension may be decided upon. In this case I have made as many assumptions and inferences in favour of the patentee as I have felt could fairly be made, and, while not intending necessarily to deny the validity of other ways of looking at the case which were put to me by counsel for the caveator, I have reached a conclusion against the patentee by following a line of reasoning which has seemed to me to allow the fullest weight to such considerations as tended to assist the application. In the result I am not satisfied that in Australia, whatever may be the situation elsewhere, the patentee suffered any such loss or damage as would justify an extension of the patents for a period longer than that which has already elapsed since the respective dates of expiration. The application therefore fails.

The caveat was filed out of time, but the delay is explained and no prejudice has been caused to the plaintiffs. I therefore extend the time for caveats until 27th July 1955, the day after the caveat was in fact filed.

I dismiss the application, and order that the plaintiffs pay the costs of the Commissioner and of the caveator.