Ed. Bk. No. 190 of 1955 (10)

IN THE HIGH COURT OF AUSTRALIA

IN THE MATTER OF LETTERS PATENT NO. 110859 GRANTED TO MELLOR BROMLEY & CO. LIMITED AND OTHERS AND ASSIGNED TO MELLOR BROMLEY & CO. LIMITED AND SUNSPEL LIMITED

V.

REASONS FOR JUDGMENT

Judgment delivered at MELBOURNE

on FRIDAY, 31ST MAY, 1957.

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

C.1978/55

IN THE MATTER OF LETTERS PATENT NO.110859 GRANTED TO MELLOR BROMLEY & CO. LIMITED AND OTHERS AND ASSIGNED TO MELLOR BROMLEY & CO. LIMITED AND SUNSPEL LIMITED.

ORDER

That there be a re-grant of Letters Patent No.110859 for the term of eight years from the expiration of the original grant, that is, from the 9th August 1954, (1955) subject to the conditions imposed in Ex parte Celotex Corporation; In Re Shaw's Patents (1937) 57 C.L.R. 19 at pp.25, 26.

The applicants will pay to the Commissioner of Patents his costs of this application.

This order to be subject to the filing of an affidavit of nationality and disclaimer of enemy interest by the four original individual patentees.

IN THE MATTER OF LETTERS PATENT NO.110859
GRANTED TO MELLOR BROMLEY & CO. LIMITED
AND OTHERS AND ASSIGNED TO MELLOR BROMLEY
& CO. LIMITED AND SUNSPEL LIMITED.

JUDGMENT WEBB J.

IN THE MATTER OF LETTERS PATENT NO.110859 GRANTED TO MELLOR BROMLEY & CO. LIMITED AND OTHERS AND ASSIGNED TO MELLOR BROMLEY & CO. LIMITED AND SUNSPEL LIMITED.

This is an application for the extension of Patent No.110859 dated 9th August 1939 on the ground of war loss. The subject matter of the patent comprises (1) a knitted fabric for garments of a luxury type, (2) a method of knitting the fabric, and (3) a machine for knitting it. The application is made under s. 95 of the Patents Act 1952-1955, but after the time prescribed by s. 95(5). However, I decided to allow it to be made.

The application for this patent was based on the application of Mellor Bromley & Co. Ltd. and four individuals for United Kingdom Patent No.518787 dated 30th September 1938. No licences have been granted under that patent.

Mellor Bromley & Co. Limited are builders of knitting machines and Sunspel Limited are manufacturers of knitted garments. Sunspel Limited is identical with C.L.K. Limited, who with Mellor Bromley & Co. Limited are registered assignees of the whole of the interest in Patent No.110859, but the change of name has not yet been entered in the Register of Patents.

There has been no exploitation of Patent No. 110859 except by these two companies, which are British companies, whose principal places of business are in England.

It was not possible during the second world war and the earlier post-war years to build this machine, as Mellor Bromley & Co. Limited were controlled by the Admiralty and concentrated almost entirely upon work connected with hostilities during the war years. In post-war years priority had to be given to the building of machines for knitting utility types. The British Ministry of Supply, as a result of the war, directed Mellor Bromley & Co. Limited to do

everything possible to earn dollars and for this purpose existing knitting machines producing utility garments were regarded as more important than new knitting machines producing luxury garments. Consequently, Mellor Bromley & Co. Limited were not able to supply the new machine to C.L.K. Limited, now Sunspel Limited, for knitting this luxury fabric during the war and the immediate post-war years.

The machines made under the United Kingdom Patent delivered to C.L.K. Limited were:-

In 1938	...	Nil
1939	...	3
1941-56	...	Nil

The value of knitted garments made and sold by C.L.K. Limited under the United Kingdom Patent during the years 1940-1956 ranged from nil in the years 1943, 1944, 1945, 1947 and 1948, to £4,852 in 1951. As might be expected the Australian conditions for the production of luxury goods were not more favourable during the war and the immediate post-war years than they were in Britain. Actually they prevented the exploitation of this patent on a commercial scale.

Mellor Bromley & Co. Limited concluded from its experience of the Australian market for knitting machines generally that it would not be considered practicable to manufacture a machine of this type, as the market here would not warrant the heavy expenditure required, and further concluded that the only practicable method of exploiting the patent would be to export to Australia machines built in England and license them for use in Australia. Accordingly in 1948 an exclusive licence was granted to an Australian company, Lustre Hosiery Limited, to make the fabric and manufacture and sell garments therefrom on the patented machines to be supplied by Mellor Bromley & Co. Limited. At that time it was thought that these machines would be delivered in Australia in 1950. The machines delivered to Lustre Hosiery Limited amounted to six and they were not delivered until 1952. There were no

deliveries before that and none since. The highest amount for garments knitted and sold under the licence was realised in 1954 when it approximated about £26,000 and produced a royalty just under £1,300. However, these figures as to machines delivered and garments sold have no bearing on the result of the application but are matters of interest deposed to in the affidavit supporting the application, unless directed to a full disclosure or to show an existing demand.

The applicant seeks an extension for eight years, that is to say, for the years 1940-1947 inclusive. The Commissioner of Patents, however, suggests that there is no case for any extension, or, if there is a case, then that the extension should be limited to the five war years. He suggests that there is not sufficient proof that there was no opportunity to exploit the patent in Australia during the war and the immediate post-war years. But I think it is notorious that there was no opportunity to make goods of a luxury type during that period.

Counsel for the Commissioner directed criticism to the affidavit supporting the application which sets out that matters therein stated are within the deponent's knowledge unless otherwise indicated. However, there is some things deposed to which might not have been within the knowledge of the deponent, although the contrary is not otherwise indicated and is not altogether unlikely. But if in a further affidavit the deponent persisted that he had personal knowledge or said that through inadvertence these matters were not indicated as being stated on information and belief, I would in the absence of evidence to the contrary be prepared to act on it, and there is no material before me at present which indicates that I should do otherwise. Among these statements represented to be within the deponent's personal knowledge is one to the effect that the four individuals registered as original patentees had not made any separate exploitation of the patent. These individuals transferred their interests to the present registered patentees in July 1941. Their opportunity to exploit the

patent during the brief period of their interest would not have been greater than that of Mellor Bromley & Co. Limited during that period. Again the affidavit did not disclaim that the interest of these individuals was an enemy interest for the purposes of s. 95(2). But as I am satisfied to find that there was no exploitation by these individuals, I am not disposed to insist on a formal disclaimer. Counsel for the Commissioner also referred to the fact already admitted by counsel for the applicant that the British patent had not been renewed. If so, it would have expired on the 30th September 1953. As pointed out in Terrell and Shelley on Patents, 9th ed. 238 information as to corresponding foreign patents should be given though their lapse is not in practice considered. In any event, I have no reason to suppose that the prolongation of this patent will place the Australian people at a disadvantage in competition with United Kingdom people and so affect the patentees' right to renewal. In Re Electric and Musical Industries Limited's Patent (1949) 79 C.L.R. 643 at pp.645, 646.

In addition to the Australian patent, patents corresponding with the United Kingdom patent were obtained in several foreign countries including the United States of America, Canada and New Zealand. In the United States the date of expiry is the 17th March 1959, in Canada, the 10th December 1959 and in New Zealand, the 2nd February 1958. In the other foreign countries the corresponding patents have expired. No machines have been sold and no licences have been granted under any of the additional patents; so there has been no increase in profits under the connected foreign patents due to the war that could be set off against the loss and damage in respect of the Australian patent. See In Re Electric and Musical Industries Limited's Patent supra at p.645.

I have come to the conclusion that there should be a re-grant of Letters Patent No.110859 for a term of eight years from the expiration of the original, that is to say, from the 9th August 1955, subject to conditions of the kind imposed by Dixon J. in Ex parte Celotex Corporation; In Re Shaw's Patent (1937) 57 C.L.R. at pp.25, 26. I have given consideration to the nature of the conditions that should be imposed having regard to the fact that this application was made so long after the expiry of the patent that it is possible that it has been assumed by some that no re-grant would be sought and that on that assumption expenditure has been incurred by them for the production indefinitely of the patented articles or one of them. But if that were so I think opposition could be expected to the re-grant.

As the applicants are prepared to file an affidavit of nationality and disclaimer of enemy interest by the four original individual patentees the order will be subject to such affidavit being filed.