1946 *Present :* **Wijeyewardene and Rose JJ.**

FARBRIDGE, Appellant, *and* THE REGISTRAR OF PATENTS, Respondent.[1]

74—D. C. Inty. Colombo, 82.

Patents—Extension of term of patent—Points for consideration by Court—Right of appeal from decision of District Court—Patents Ordinance (Cap. 123), ss. 28, 36.

A decision of the court made under section 28 (3) of the Patents Ordinance is subject to an appeal to the Supreme Court.

Where the petition of a patentee for an extension of the term of his patent is referred to the court the court will, under section 28 (4) of the Patents Ordinance, consider whether (*a*) the petitioner has proved that his invention is of great practical utility, (*b*) the patentee's accounts show clearly and precisely how he has been remunerated in respect of his patent, (*c*) there are other circumstances favourable to the grant of an extension.

APPEAL from a judgment of the District Court of Colombo. The appellant, who was the patentee of an invention, presented a petition to His Excellency the Governor praying for an extension of the term of his patent. The petition was referred by the Governor to the District Court of Colombo.

H. H. Basnayake, Acting Attorney-General (with him *H. W. R. Weerasuriya, C.C.*), for the Crown, took a preliminary objection.—Under section 28 of the Patents Ordinance there is no right of appeal to the Supreme Court from a "decision" of the District Judge. See *The County Council of Kent and the Councils of the Boroughs of Dover & Sandwich* [1]. Section 28 is a self-contained section.

[WIJEYEWARDENE, J. referred to section 36.] That section refers to cases under sections 30, 31, 32, 33 and 34. The word "decision" in section 36 is the equivalent of a judgment, whereas the word "decision" in section 28 is not the equivalent of a judgment—*In re an Arbitration between Knight and the Tabernacle Permanent Building Society* [2]; *Vita Municipality v. Gangaram Lotyaji Jadhev.*[3]

H. V. Perera, K.C. (with him *D. W. Fernando*), for the petitioner, appellant.—So far as the English Act is concerned there is an express provision that no appeal lies—section 92 of the 1907 Act as amended by the Act of 1932. The case of *The County Council of Kent and the Councils of the Boroughs of Dover & Sandwich* (*supra*) has no application to the facts of the present case, but the reasoning is applicable. The "decision" contemplated in section 36 is a decision by Court. The same meaning should be given to the word "decision" in section 28. The report to the Governor has a legal significance and the decision of the court is a decision of a court acting judicially—*The King v. Electricity Commissioners* [4].

[1] (*1891*) *1 Q. B. D. 725.*
[2] (*1892*) *2 Q. B. D. 613.*
[3] (*1941*) *A. I. R. Bombay 184.*
[4] (*1929*) *1 K. B. 171.*

[At this stage Counsel was requested to argue on the merits.]

The application was for an extension of a patent. The matters to be considered by the District Judge in such an application are indicated in section 28 (4)—namely, the nature and merits of the invention in relation to the public, the profits made by the patentee, and the other circumstances of the case. The Judge must find whether the patentee was adequately remunerated within the fourteen years. The merit which has to be shown is that the invention is one of great practical utility. The Judge has erred when he said that "the acid test of utility is the quantum of sales". The quantum of sales is dependent on utility but that is not the only thing. See Terrell on Patents, 8th ed., p. 298. The question of degree of utility of the invention is only ancillary. The main question is adequate remuneration. The question whether the period of the patent should be extended depends on adequacy of remuneration, which in turn depends on the degree of utility of the invention and other circumstances—Terrell on Patents, 8th ed., p. 292. One cannot infer the utility of the invention by the number of sales as there is no method of correlating them. The invention from its very nature cannot reasonably be expected within a short period to come into general use. The Judge has found that the applicant has not been adequately remunerated. Therefore the applicant should succeed.

H. H. Basnayake Acting Attorney-General—The English Courts have held that the extension of a patent is not a matter of course but is a matter of favour. In the present case the patentee has sold his rights to Hoare & Co. A greater onus is therefore cast on him—Frost on Patents, 4th ed., p. 226. Further, no separate accounts of the patent have been kept. The accounts produced were compiled after presentation of the petition. The patentee is under an obligation to keep accounts and the petition must be dismissed if the patentee has not kept clear accounts—Frost on Patents 4th ed., p. 237. The law protects only the patentee. The licensee's position is immaterial. Here the petitioner has failed to show that he has suffered a loss and the fact that the licensee has lost is no consideration for an extension. As regards the matters to be considered in a petition for prolongation of a patent see *In re Johnson's Patent.*[1] Considerable benefit to the public must be shown. The whole purpose of the extension is for the public good. This is a matter of opinion on the part of the District Judge and the Appeal Court should be slow to interfere.

H. V. Perera, K.C., replied.

Cur. adv. vult.

April 8, 1946. WIJEYEWARDENE J.—

The appellant is the patentee of the Ceylon Patent No. 2479 relating to "Multiflu" tea drier. The patent was granted for fourteen years terminating in June, 1943. In December, 1942, the appellant presented a petition to His Excellency the Governor under section 28 (1) of the Patents Ordinance praying that the patent may be extended for a further period of fourteen years. That petition was referred by the Governor under section 28 (3) of the Ordinance to the District Court of Colombo.

[1] *L. R. (1909) 1 Ch. D. 114 at p. 118.*

The District Judge found that the invention was not one of more than ordinary utility. He accepted with some hesitation the statement that the appellant did not make any profits during the term of the patent and held that the failure to get adequate remuneration was not due to any fault of the appellant. The present appeal is preferred against the judgment of the District Judge.

A preliminary objection was taken at the hearing of the appeal on the ground that no appeal lay from the finding of the District Judge. In support of this contention the Acting Attorney-General relied mainly on the following authorities :—*The County Council of Kent and the Councils of the Boroughs of Dover & Sandwich* [1] and *In re an Arbitration between Knight and the Tabernacle Permanent Building Society* [2].

In the former case the County Council of Kent appealed from a decision of the Queen's Bench Division upon certain questions submitted to the High Court of Justice under section 29 of the Local Government Act, 1888, by the County Council of Kent and the Councils of the Boroughs of Dover & Sandwich. As the Act itself did not give a right of appeal either expressly or by implication, the Court of Appeal proceeded to consider whether the " decision " given under the Act " filled the character of a judgment or order or decree or rule " which was appealable under the Judicature Act of 1873. It was held that, as the proceedings in question were " purely of a consultative character ", the provisions of the Judicature Act would not give a right of appeal from a finding in those proceedings.

In the latter case a dispute between the Building Society and Knight, a member, was referred to arbitration. During the arbitration Knight requested the arbitrators to state a special case for the opinion of the Court upon the question of law whether the society had the power to make certain alterations in the rules so as to bind Knight who had not consented to such alterations. On the refusal of the arbitrators to state a case, they were directed to do so by an order of Court under section 19 of the Arbitration Act, 1889. A case was then stated by the arbitrators and the Queen's Bench Division expressed an opinion in favour of Knight on the question of law. It was held that no appeal lay from that opinion. In the course of his judgment Lord Esher, M.R., said :

" The enactment now in question (section 19 of the Arbitration Act, 1889) provides that " any referee, arbitrator or umpire may at any stage of the proceedings under a reference, and shall, if so directed by the Court or a Judge, state in the form of a special case for the opinion of the Court any question of law arising in the course of the reference ". The words are not " for the determination " or " decision of the Court ", so that there is not the *prima facie* difficulty which existed in the case (viz. :—*The County Council of Kent and the Councils of the Boroughs of Dover & Sandwich*) where the statute spoke of " the decision of the Court ". It appears to me that what the statute in terms provides for is an " opinion " of the Court to be given to the arbitrator or umpire ; and that there is not to be any determination or decision which amounts to a judgment or order."

[1] *(1891) 1 Q. B. D. (Court of Appeal) 725.* [2] *(1892) 2 Q. B. D. 613.*

Both these cases appear to me to be clearly distinguishable from the present case, as section 36 of the Patents Ordinance states in express terms that "all decisions and orders of the Court made under the authority of the Ordinance shall be subject to an appeal to the Supreme Court". The only provision of this Ordinance which refers to a "decision" of the Court is section 28 (4) where the Legislature has described as a "decision" the finding of the District Judge on a reference made to the Court by the Governor under that section.

It is, no doubt, true that section 28 (5) does not make it obligatory for the Governor to act entirely in conformity with the finding of the Court. But that does not appear to be a good reason for ignoring the clear provisions of section 36.

I would, therefore, hold against the respondent on the preliminary objection.

The Ordinance requires the District Judge to consider the following matters in coming to a decision under section 28 (4) :—

(*a*) the nature and merits of the invention in relation to the public ;
(*b*) the profits made by the patentee, and
(*c*) "the other circumstances of the case".

The merit which has to be shown is that the invention is one of great practical utility. On an application for an extension of the term of a patent the petitioner must establish the existence of a greater degree of merit than is sufficient to support the grant of the patent itself.

One of the tests to be applied in deciding this question of merit is the extent to which the invention has been used. (See Terrell on Patents, 8th. Edn. 297). Now this invention has been patented not only in Ceylon but in the United Kingdom, India, Straits Settlements, Canada, the United States, Holland and Germany. The total sales for the period 1931-1943 were 152. There is no evidence to show how many of these sales were in Ceylon. The sales may, no doubt, have been reduced by the trade depression affecting the tea market in certain places during a part of this period. There is also the fact that the invention is of such a nature that its adoption necessitates to some extent, at least, the displacement of existing machinery and the erection of new machinery. But after making due allowance on these grounds I am unable to say on the evidence before me that the recorded sales tend to show that the invention is one of more than ordinary utility. The letters from the customers which the petitioner has annexed to his application do not help the petitioner much. I do not see any good reason for disturbing the finding of the learned District Judge that the petitioner has failed to prove that his invention is one of great practical utility.

It is well settled law that the patentee's accounts should show clearly and precisely how he has been remunerated in respect of his patent.

The accounts filed by the petitioner with the petition are very unsatisfactory. The statement shows only the accounts with regard to sales in Ceylon for the year ending September 30, 1939. During the pendency of the proceedings before the District Court an accountant prepared a statement of accounts from the books of Hoare & Co., a firm of engineers, to whom the petitioner had assigned the sole and exclusive right to sell

and manufacture the heaters in Ceylon. That account shows that Hoare & Co. have suffered a loss. That result is, however, reached by calculating on an arbitrary basis the cost of labour, establishment charges and other expenses incurred by Hoare & Co. in respect of the invention. I find it difficult to form a correct idea as to the profits, if any, made by the patentee. I think the District Judge has taken a view somewhat too favourable to the patentee on this question of remuneration.

As regards the " other circumstances of the case " I may say that there is no evidence whatever to show that the corresponding patents are in force outside Ceylon. The patentee's witnesses could not give any evidence on this point. That too is a circumstance unfavourable to the grant of an extension.

For the reasons given by me I would dismiss the appeal with costs.

ROSE J.—I agree.

Appeal dismissed.