

Grant v Australian Knitting Mills [1936] 54 CLR 49 Case Factsheet

UNIT 2 AOS 1
UNIT 3 AOS 2
CIVIL LIABILITY:
VICTORIAN CIVIL
JUSTICE SYSTEM

Grant v Australian Knitting Mills is a case that demonstrates the application of facts and decision of a different case to the factual scenario. It also explores the law of negligence.



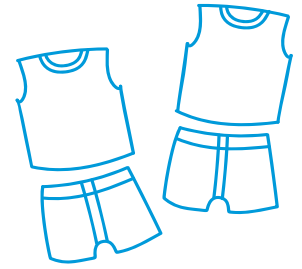
Learning goals:

- Students are to consider actual scenarios giving rise to a civil claim, apply legal reasoning to determine liability and explain the impact of a breach on the parties.



Fact:

In 1931, Dr Grant bought two pairs of woollen underwear from a shop in Adelaide, trusting they were safe to wear. After trying the first pair, and then the second a week later, he developed a severe rash. Doctors diagnosed him with dermatitis, and the condition was so serious that he was confined to bed for around 17 weeks, suffering significant discomfort.



Testing later revealed the underwear contained sulphites which, when mixed with sweat, produced harmful acids that caused the dermatitis. Dr Grant had no way of discovering the defect himself and had relied on the retailer's judgement that the product was safe. Despite having no direct contract with the manufacturer, Australian Knitting Mills Ltd, Dr Grant decided to sue. The case travelled through three courts, starting in South Australia, then the High Court of Australia, and finally the Privy Council, which was Australia's highest court at the time.



Issue:

The court had to determine:

- ① Whether the dermatitis was caused by the underwear?
- ② Whether Dr Grant reasonably relied on the retailer's skill and judgement?
- ③ Whether the manufacturer owed a duty of care to the ultimate consumer despite the absence of a direct contract?

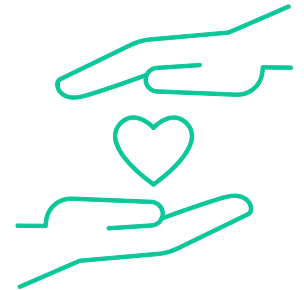


Decision:

The Privy Council held that:

- » The dermatitis was caused by the chemicals present in the underwear
- » Dr Grant had reasonably relied on the retailer and could not be expected to discover the hidden defect
- » Australian Knitting Mills Ltd owed a duty of care to Dr Grant as the ultimate consumer

The manufacturer failed to take reasonable care during the manufacturing process, breaching that duty of care. As a result, the manufacturer was negligent and Dr Grant was entitled to compensation for his injuries.



Significance/ratio:

The Privy Council applied the principle from *Donoghue v Stevenson*, confirming that a manufacturer owes a duty of care to the ultimate consumer where goods are supplied in a form that prevents the discovery of hidden defects through reasonable inspection.

A manufacturer must take reasonable care to ensure that products are free from hidden defects likely to cause injury. A duty of care exists even where there is no direct contractual relationship between the manufacturer and the consumer.

This case was the first application of the law of negligence in Australia and established a binding precedent for Australian courts. Although appeals to the Privy Council were abolished in 1986, the legal principles from this case remain central to Australian negligence law.

