



# Patents Act 1977

## 1977 CHAPTER 37

### PART I

#### NEW DOMESTIC LAW

##### *Licences of right and compulsory licences*

#### **46 Patentee's application for entry in register that licences are available as of right**

- (1) At any time after the grant of a patent its proprietor may apply to the comptroller for an entry to be made in the register to the effect that licences under the patent are to be available as of right.
- (2) Where such an application is made, the comptroller shall give notice of the application to any person registered as having a right in or under the patent and, if satisfied that the proprietor of the patent is not precluded by contract from granting licences under the patent, shall make that entry.
- (3) Where such an entry is made in respect of a patent—
  - (a) any person shall, at any time after the entry is made, be entitled as of right to a licence under the patent on such terms as may be settled by agreement or, in default of agreement, by the comptroller on the application of the proprietor of the patent or the person requiring the licence;
  - (b) the comptroller may, on the application of the holder of any licence granted under the patent before the entry was made, order the licence to be exchanged for a licence of right on terms so settled ;
  - (c) if in proceedings for infringement of the patent (otherwise than by the importation of any article) the defendant or defender undertakes to take a licence on such terms, no injunction or interdict shall be granted against him and the amount (if any) recoverable against him by way of damages shall not exceed double the amount which would have been payable by him as licensee if such a licence on those terms had been granted before the earliest infringement;

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- (d) the renewal fee payable in respect of the patent after the date of the entry shall be half the fee which would be payable if the entry had not been made.
- (4) The licensee under a licence of right may (unless, in the case of a licence the terms of which are settled by agreement, the licence otherwise expressly provides) request the proprietor of the patent to take proceedings to prevent any infringement of the patent; and if the proprietor refuses or neglects to do so within two months after being so requested, the licensee may institute proceedings for the infringement in his own name as if he were proprietor, making the proprietor a defendant or defender.
- (5) A proprietor so added as defendant or defender shall not be liable for any costs or expenses unless he enters an appearance and takes part in the proceedings.

#### **47 Cancellation of entry made under s. 46**

- (1) At any time after an entry has been made under section 46 above in respect of a patent, the proprietor of the patent may apply to the comptroller for cancellation of the entry.
- (2) Where such an application is made and the balance paid of all renewal fees which would have been payable if the entry had not been made, the comptroller may cancel the entry, if satisfied that there is no existing licence under the patent or that all licensees under the patent consent to the application.
- (3) Within the prescribed period after an entry has been made under section 46 above in respect of a patent, any person who claims that the proprietor of the patent is, and was at the time of the entry, precluded by a contract in which the claimant is interested from granting licences under the patent may apply to the comptroller for cancellation of the entry.
- (4) Where the comptroller is satisfied, on an application under subsection (3) above, that the proprietor of the patent is and was so precluded, he shall cancel the entry; and the proprietor shall then be liable to pay, within a period specified by the comptroller, a sum equal to the balance of all renewal fees which would have been payable if the entry had not been made, and the patent shall cease to have effect at the expiration of that period if that sum is not so paid.
- (5) Where an entry is cancelled under this section, the rights and liabilities of the proprietor of the patent shall afterwards be the same as if the entry had not been made.
- (6) Where an application has been made under this section, then—
  - (a) in the case of an application under subsection (1) above, any person, and
  - (b) in the case of an application under subsection (3) above, the proprietor of the patent,may within the prescribed period give notice to the comptroller of opposition to the cancellation; and the comptroller shall, in considering the application, determine whether the opposition is justified.

#### **48 Compulsory licences**

- (1) At any time after the expiration of three years, or of such other period as may be prescribed, from the date of the grant of a patent, any person may apply to the comptroller on one or more of the grounds specified in subsection (3) below—
  - (a) for a licence under the patent,

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- (b) for an entry to be made in the register to the effect that licences under the patent are to be available as of right, or
  - (c) where the applicant is a government department, for the grant to any person specified in the application of a licence under the patent.
- (2) A rule prescribing any such other period under subsection (1) above shall not be made unless a draft of the rule has been laid before, and approved by resolution of, each House of Parliament.
- (3) The grounds are:—
- (a) where the patented invention is capable of being commercially worked in the United Kingdom, that it is not being so worked or is not being so worked to the fullest extent that is reasonably practicable ;
  - (b) where the patented invention is a product, that a demand for the product in the United Kingdom—
    - (i) is not being met on reasonable terms, or
    - (ii) is being met to a substantial extent by importation;
  - (c) where the patented invention is capable of being commercially worked in the United Kingdom, that it is being prevented or hindered from being so worked—
    - (i) where the invention is a product, by the importation of the product,
    - (ii) where the invention is a process, by the importation of a product obtained directly by means of the process or to which the process has been applied ;
  - (d) that by reason of the refusal of the proprietor of the patent to grant a licence or licences on reasonable terms—
    - (i) a market for the export of any patented product made in the United Kingdom is not being supplied, or
    - (ii) the working or efficient working in the United Kingdom of any other patented invention which makes a substantial contribution to the art is prevented or hindered, or
    - (iii) the establishment or development of commercial or industrial activities in the United Kingdom is unfairly prejudiced ;
  - (e) that by reason of conditions imposed by the proprietor of the patent on the grant of licences under the patent, or on the disposal or use of the patented product or on the use of the patented process, the manufacture, use or disposal of materials not protected by the patent, or the establishment or development of commercial or industrial activities in the United Kingdom, is unfairly prejudiced.
- (4) Subject to the provisions of subsections (5) to (7) below, if he is satisfied that any of those grounds are established, the comptroller may—
- (a) where the application is under subsection (1)(a) above, order the grant of a licence to the applicant on such terms as the comptroller thinks ;
  - (b) where the application is under subsection (1)(b) above, make such an entry as is there mentioned ;
  - (c) where the application is under subsection (1)(c) above, order the grant of a licence to the person specified in the application on such terms as the comptroller thinks fit.

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- (5) Where the application is made on the ground that the patented invention is not being commercially worked in the United Kingdom or is not being so worked to the fullest extent that is reasonably practicable, and it appears to the comptroller that the time which has elapsed since the publication in the journal of a notice of the grant of the patent has for any reason been insufficient to enable the invention to be so worked, he may by order adjourn the application for such period as will in his opinion give sufficient time for the invention to be so worked.
- (6) No entry shall be made in the register under this section on the ground mentioned in subsection (3)(d)(i) above, and any licence granted under this section on that ground shall contain such provisions as appear to the comptroller to be expedient for restricting the countries in which any product concerned may be disposed of or used by the licensee.
- (7) No order or entry shall be made under this section in respect of a patent (the patent concerned) on the ground mentioned in subsection (3)(d)(ii) above unless the comptroller is satisfied that the proprietor of the patent for the other invention is able and willing to grant to the proprietor of the patent concerned and his licensees a licence under the patent for the other invention on reasonable terms.
- (8) An application may be made under this section in respect of a patent notwithstanding that the applicant is already the holder of a licence under the patent; and no person shall be estopped or barred from alleging any of the matters specified in subsection (3) above by reason of any admission made by him, whether in such a licence or otherwise, or by reason of his having accepted such a licence.

#### **49 Provisions about licences under s. 48**

- (1) Where the comptroller is satisfied, on an application made under section 48 above in respect of a patent, that the manufacture, use or disposal of materials not protected by the patent is unfairly prejudiced by reason of conditions imposed by the proprietor of the patent on the grant of licences under the patent, or on the disposal or use of the patented product or the use of the patented process, he may (subject to the provisions of that section) order the grant of licences under the patent to such customers of the applicant as he thinks fit as well as to the applicant.
- (2) Where an application under section 48 above is made in respect of a patent by a person who holds a licence under the patent, the comptroller—
  - (a) may, if he orders the grant of a licence to the applicant, order the existing licence to be cancelled, or
  - (b) may, instead of ordering the grant of a licence to the applicant, order the existing licence to be amended.
- (3) Where, on an application under section 48 above in respect of a patent, the comptroller orders the grant of a licence, he may direct that the licence shall operate—
  - (a) to deprive the proprietor of the patent of any right he has to work the invention concerned or grant licences under the patent;
  - (b) to revoke all existing licences granted under the patent.
- (4) Section 46(4) and (5) above shall apply to a licence granted in pursuance of an order under section 48 above and to a licence granted by virtue of an entry under that section as it applies to a licence granted by virtue of an entry under section 46 above.

## **50 Exercise of powers on applications under s. 48**

- (1) The powers of the comptroller on an application under section 48 above in respect of a patent shall be exercised with a view to securing the following general purposes:—
- (a) that inventions which can be worked on a commercial scale in the United Kingdom and which should in the public interest be so worked shall be worked there without undue delay and to the fullest extent that is reasonably practicable;
  - (b) that the inventor or other person beneficially entitled to a patent shall receive reasonable remuneration having regard to the nature of the invention ;
  - (c) that the interests of any person for the time being working or developing an invention in the United Kingdom under the protection of a patent shall not be unfairly prejudiced.
- (2) Subject to subsection (1) above, the comptroller shall, in determining whether to make an order or entry in pursuance of such an application, take account of the following matters, that is to say—
- (a) the nature of the invention, the time which has elapsed since the publication in the journal of a notice of the grant of the patent and the measures already taken by the proprietor of the patent or any licensee to make full use of the invention ;
  - (b) the ability of any person to whom a licence would be granted under the order concerned to work the invention to the public advantage ; and
  - (c) the risks to be undertaken by that person in providing capital and working the invention if the application for an order is granted,
- but shall not be required to take account of matters subsequent to the making of the application.

## **51 Application by Crown in cases of monopoly or merger**

- (1) Where, on a reference under section 50 or 51 of the Fair Trading Act 1973 (the 1973 Act), a report of the Monopolies and Mergers Commission (the Commission), as laid before Parliament, contains conclusions to the effect—
- (a) that a monopoly situation (within the meaning of the 1973 Act) exists in relation to a description of goods which consist of or include patented products or in relation to a description of services in which a patented product or process is used, and
  - (b) that facts found by the Commission in pursuance of their investigations under section 49 of the 1973 Act operate, or may be expected to operate, against the public interest,
- the appropriate Minister or Ministers may, subject to subsection (3) below, apply to the comptroller for relief under subsection (4) below in respect of the patent.
- (2) Where, on a reference under section 64 or 75 of the 1973 Act, a report of the Commission, as laid before Parliament, contains conclusions to the effect—
- (a) that a merger situation qualifying for investigation has been created ;
  - (b) that one of the elements which constitute the creation of that situation is that the condition specified in section 64(2) or (3) of the 1973 Act prevails (or does so to a greater extent) in respect of a description of goods which consist of or include patented products or in respect of a description of services in which a patented product or process is used; and

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- (c) that the creation of that situation, or particular elements in or consequences of it specified, in the report, operate, or may be expected to operate, against the public interest,

the Secretary of State may, subject to subsection (3) below, apply to the comptroller for relief under subsection (5) below in respect of the patent.

- (3) Before making an application under subsection (1) or (2) above, the appropriate Minister or Ministers shall publish, in such manner as he or they think appropriate, a notice describing the nature of the proposed application, and shall consider any representations which, within the period of thirty days from the date of publication of the notice, may be made to him or them by persons whose interests appear to the appropriate Minister or Ministers to be likely to be affected by the proposed application.
- (4) If on an application under subsection (1) above it appears to the comptroller that the facts specified in the Commission's report as being those which, in the Commission's opinion, operate or may be expected to operate against the public interest include—
- (a) any conditions in a licence or licences granted under the patent by its proprietor restricting the use of the invention concerned by the licensee or the right of the proprietor to grant other licences under the patent, or
  - (b) a refusal by the proprietor to grant licences under the patent on reasonable terms,

the comptroller may by order cancel or modify any such condition or may, instead or in addition, make an entry in the register to the effect that licences under the patent are to be available as of right.

- (5) If on an application under subsection (2) above it appears to the comptroller that the particular matters indicated in the Commission's report as being those which, in the Commission's opinion, operate or may be expected to operate against the public interest (whether those matters are so indicated in pursuance of a requirement imposed under section 69(4) or 75(3) of the 1973 Act or otherwise) include any such condition or refusal as is mentioned in paragraph (a) or (b) or subsection (4) above, the comptroller may by order cancel or modify any such condition or may, instead or in addition, make an entry in the register to the effect that licences under the patent are to be available as of right.
- (6) In this section " the appropriate Minister or Ministers ", in relation to a report of the Commission, means the Minister or Ministers to whom the report is made.

## **52 Opposition, appeal and arbitration**

- (1) The proprietor of the patent concerned or any other person wishing to oppose an application under sections 48 to 51 above may, in accordance with rules, give to the comptroller notice of opposition; and the comptroller shall consider the opposition in deciding whether to grant the application.
- (2) Where an appeal is brought from an order made by the comptroller in pursuance of an application under sections 48 to 51 above or from a decision of his to make an entry in the register in pursuance of such an application or from a refusal of his to make such an order or entry, the Attorney General, Lord Advocate or Attorney General for Northern Ireland, or such other counsel as any of them may appoint, shall be entitled to appear and be heard.

- (3) Where an application under sections 48 to 51 above is opposed under subsection (1) above, and either—
  - (a) the parties consent, or
  - (b) the proceedings require a prolonged examination of documents or any scientific or local investigation which cannot in the opinion of the comptroller conveniently be made before him,the comptroller may at any time order the whole proceedings, or any question or issue of fact arising in them, to be referred to an arbitrator or arbiter agreed on by the parties or, in default of agreement, appointed by the comptroller.
- (4) Where the whole proceedings are so referred, section 21 of the Arbitration Act 1950 or, as the case may be, section 22 of the Arbitration Act (Northern Ireland) 1937 (statement of cases by arbitrators) shall not apply to the arbitration; but unless the parties otherwise agree before the award of the arbitrator or arbiter is made an appeal shall lie from the award to the court.
- (5) Where a question or issue of fact is so referred, the arbitrator or arbiter shall report his findings to the comptroller.

### **53 Compulsory licences; supplementary provisions**

- (1) Without prejudice to section 86 below (by virtue of which the Community Patent Convention has effect in the United Kingdom), sections 48 to 51 above shall have effect subject to any provision of that convention relating to the grant of compulsory licences for lack or insufficiency of exploitation as that provision applies by virtue of that section.
- (2) In any proceedings on an application made in relation to a patent under sections 48 to 51 above, any statement with respect to any activity in relation to the patented invention, or with respect to the grant or refusal of licences under the patent, contained in a report of the Monopolies and Mergers Commission laid before Parliament under Part VII of the Fair Trading Act 1973 shall be prima facie evidence of the matters stated, and in Scotland shall be sufficient evidence of those matters.
- (3) The comptroller may make an entry in the register under sections 48 to 51 above notwithstanding any contract which would have precluded the entry on the application of the proprietor of the patent under section 46 above.
- (4) An entry made in the register under sections 48 to 51 above shall for all purposes have the same effect as an entry made under section 46 above.
- (5) No order or entry shall be made in pursuance of an application under sections 48 to 51 above which would be at variance with any treaty or international convention to which the United Kingdom is a party.

### **54 Special provisions where patented invention is being worked abroad**

- (1) Her Majesty may by Order in Council provide that the comptroller may not (otherwise than for purposes of the public interest) make an order or entry in respect of a patent in pursuance of an application under sections 48 to 51 above if the invention concerned is being commercially worked in any relevant country specified in the Order and demand in the United Kingdom for any patented product resulting from that working is being met by importation from that country.

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- (2) In subsection (1) above "relevant country" means a country other than a member state whose law in the opinion of Her Majesty in Council incorporates or will incorporate provisions treating the working of an invention in, and importation from, the United Kingdom in a similar way to that in which the Order in Council would (if made) treat the working of an invention in, and importation from, that country.