



# Copyright, Designs and Patents Act 1988

## 1988 CHAPTER 48

### PART III

#### DESIGN RIGHT

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#### EXCEPTIONS TO RIGHTS OF DESIGN RIGHT OWNERS

##### *Crown use of designs*

#### **240 Crown use of designs**

- (1) A government department, or a person authorised in writing by a government department, may without the licence of the design right owner—
  - (a) do anything for the purpose of supplying articles for the services of the Crown, or
  - (b) dispose of articles no longer required for the services of the Crown; and nothing done by virtue of this section infringes the design right.
- (2) References in this Part to “the services of the Crown” are to—
  - (a) the defence of the realm,
  - (b) foreign defence purposes, and
  - (c) health service purposes.
- (3) The reference to the supply of articles for “foreign defence purposes” is to their supply—
  - (a) for the defence of a country outside the realm in pursuance of an agreement or arrangement to which the government of that country and Her Majesty’s Government in the United Kingdom are parties; or
  - (b) for use by armed forces operating in pursuance of a resolution of the United Nations or one of its organs.

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- (4) The reference to the supply of articles for “health service purposes” are to their supply for the purpose of providing—
- (a) pharmaceutical services,
  - (b) general medical services, or
  - (c) general dental services,
- that is, services of those kinds under Part II of the National Health Service Act 1977, Part II of the National Health Service (Scotland) Act 1978 or the corresponding provisions of the law in force in Northern Ireland.
- (5) In this Part—
- “Crown use”, in relation to a design, means the doing of anything by virtue of this section which would otherwise be an infringement of design right in the design; and
- “the government department concerned”, in relation to such use, means the government department by whom or on whose authority the act was done.
- (6) The authority of a government department in respect of Crown use of a design may be given to a person either before or after the use and whether or not he is authorised, directly or indirectly, by the design right owner to do anything in relation to the design.
- (7) A person acquiring anything sold in the exercise of powers conferred by this section, and any person claiming under him, may deal with it in the same manner as if the design right were held on behalf of the Crown.

#### **241 Settlement of terms for Crown use**

- (1) Where Crown use is made of a design, the government department concerned shall—
- (a) notify the design right owner as soon as practicable, and
  - (b) give him such information as to the extent of the use as he may from time to time require,
- unless it appears to the department that it would be contrary to the public interest to do so or the identity of the design right owner cannot be ascertained on reasonable inquiry.
- (2) Crown use of a design shall be on such terms as, either before or after the use, are agreed between the government department concerned and the design right owner with the approval of the Treasury or, in default of agreement, are determined by the court.
- In the application of this subsection to Northern Ireland the reference to the Treasury shall, where the government department referred to in that subsection is a Northern Ireland department, be construed as a reference to the Department of Finance and Personnel.
- (3) Where the identity of the design right owner cannot be ascertained on reasonable inquiry, the government department concerned may apply to the court who may order that no royalty or other sum shall be payable in respect of Crown use of the design until the owner agrees terms with the department or refers the matter to the court for determination.

#### **242 Rights of third parties in case of Crown use**

- (1) The provisions of any licence, assignment or agreement made between the design right owner (or anyone deriving title from him or from whom he derives title) and any

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person other than a government department are of no effect in relation to Crown use of a design, or any act incidental to Crown use, so far as they—

- (a) restrict or regulate anything done in relation to the design, or the use of any model, document or other information relating to it, or
- (b) provide for the making of payments in respect of, or calculated by reference to such use;

and the copying or issuing to the public of copies of any such model or document in connection with the thing done, or any such use, shall be deemed not to be an infringement of any copyright in the model or document.

- (2) Subsection (1) shall not be construed as authorising the disclosure of any such model, document or information in contravention of the licence, assignment or agreement.
- (3) Where an exclusive licence is in force in respect of the design—
  - (a) if the licence was granted for royalties—
    - (i) any agreement between the design right owner and a government department under section 241 (settlement of terms for Crown use) requires the consent of the licensee, and
    - (ii) the licensee is entitled to recover from the design right owner such part of the payment for Crown use as may be agreed between them or, in default of agreement, determined by the court;
  - (b) if the licence was granted otherwise than for royalties—
    - (i) section 241 applies in relation to anything done which but for section 240 (Crown use) and subsection (1) above would be an infringement of the rights of the licensee with the substitution for references to the design right owner of references to the licensee, and
    - (ii) section 241 does not apply in relation to anything done by the licensee by virtue of an authority given under section 240.
- (4) Where the design right has been assigned to the design right owner in consideration of royalties—
  - (a) section 241 applies in relation to Crown use of the design as if the references to the design right owner included the assignor, and any payment for Crown use shall be divided between them in such proportion as may be agreed or, in default of agreement, determined by the court; and
  - (b) section 241 applies in relation to any act incidental to Crown use as it applies in relation to Crown use of the design.
- (5) Where any model, document or other information relating to a design is used in connection with Crown use of the design, or any act incidental to Crown use, section 241 applies to the use of the model, document or other information with the substitution for the references to the design right owner of references to the person entitled to the benefit of any provision of an agreement rendered inoperative by subsection (1) above.
- (6) In this section—
  - “act incidental to Crown use” means anything done for the services of the Crown to the order of a government department by the design right owner in respect of a design;
  - “payment for Crown use” means such amount as is payable by the government department concerned by virtue of section 241; and

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“royalties” includes any benefit determined by reference to the use of the design.

### **243 Crown use: compensation for loss of profit**

- (1) Where Crown use is made of a design, the government department concerned shall pay—
  - (a) to the design right owner, or
  - (b) if there is an exclusive licence in force in respect of the design, to the exclusive licensee,compensation for any loss resulting from his not being awarded a contract to supply the articles made to the design.
- (2) Compensation is payable only to the extent that such a contract could have been fulfilled from his existing manufacturing capacity; but is payable notwithstanding the existence of circumstances rendering him ineligible for the award of such a contract.
- (3) In determining the loss, regard shall be had to the profit which would have been made on such a contract and to the extent to which any manufacturing capacity was under-used.
- (4) No compensation is payable in respect of any failure to secure contracts for the supply of articles made to the design otherwise than for the services of the Crown.
- (5) The amount payable shall, if not agreed between the design right owner or licensee and the government department concerned with the approval of the Treasury, be determined by the court on a reference under section 252; and it is in addition to any amount payable under section 241 or 242.
- (6) In the application of this section to Northern Ireland, the reference in subsection (5) to the Treasury shall, where the government department concerned is a Northern Ireland department, be construed as a reference to the Department of Finance and Personnel.

### **244 Special provision for Crown use during emergency**

- (1) During a period of emergency the powers exercisable in relation to a design by virtue of section 240 (Crown use) include power to do any act which would otherwise be an infringement of design right for any purpose which appears to the government department concerned necessary or expedient—
  - (a) for the efficient prosecution of any war in which Her Majesty may be engaged;
  - (b) for the maintenance of supplies and services essential to the life of the community;
  - (c) for securing a sufficiency of supplies and services essential to the well-being of the community;
  - (d) for promoting the productivity of industry, commerce and agriculture;
  - (e) for fostering and directing exports and reducing imports, or imports of any classes, from all or any countries and for redressing the balance of trade;
  - (f) generally for ensuring that the whole resources of the community are available for use, and are used, in a manner best calculated to serve the interests of the community; or

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- (g) for assisting the relief of suffering and the restoration and distribution of essential supplies and services in any country outside the United Kingdom which is in grave distress as the result of war.
- (2) References in this Part to the services of the Crown include, as respects a period of emergency, those purposes; and references to “Crown use” include any act which would apart from this section be an infringement of design right.
- (3) In this section “period of emergency” means a period beginning with such date as may be declared by Order in Council to be the beginning, and ending with such date as may be so declared to be the end, of a period of emergency for the purposes of this section.
- (4) No Order in Council under this section shall be submitted to Her Majesty unless a draft of it has been laid before and approved by a resolution of each House of Parliament.