



Patents Act 1949

1949 CHAPTER 87

Compulsory licences, etc.

37 Compulsory endorsement

- (1) At any time after the expiration of three years from the date of the sealing of a patent, any person interested may apply to the comptroller upon any one or more of the grounds specified in the next following subsection for a licence under the patent or for the endorsement of the patent with the words " licences of right."
- (2) The grounds upon which application may be made for an order under this section are as follows, that is to say:—
 - (a) that the patented invention, being capable of being commercially worked in the United Kingdom, is not being commercially worked therein or is not being so worked to the fullest extent that is reasonably practicable ;
 - (b) that a demand for the patented article in the United Kingdom is not being met on reasonable terms, or is being met to a substantial extent by importation ;
 - (c) that the commercial working of the invention in the United Kingdom is being prevented or hindered by the importation of the patented article;
 - (d) that by reason of the refusal of the patentee to grant a licence or licences on reasonable terms—
 - (i) a market for the export of the patented article manufactured 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 patentee upon the grant of licences under the patent, or upon the purchase, hire or use of the patented article or process, the manufacture, use or sale of materials not protected by the patent, or the establishment or development of commercial or industrial activities in the United Kingdom is unfairly prejudiced.

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- (3) Subject as hereinafter provided, the comptroller may, if satisfied that any of the grounds aforesaid are established, make an order in accordance with the application ; and where the order is for the grant of a licence, it may require the licence to be granted upon such terms as the comptroller thinks fit:

Provided that—

- (a) 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 worked to the fullest extent that is reasonably practicable, and it appears to the comptroller that the time which has elapsed since the sealing of the patent has for any reason been insufficient to enable it 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;
 - (b) an order shall not be made under this section for the endorsement of a patent on the ground that a market for the export of the patented article is not being supplied, 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 the patented article may be sold or used by the licensee;
 - (c) no order shall be made under this section in respect of a patent on the ground that the working or efficient working in the United Kingdom of another patented invention is prevented or hindered unless the comptroller is satisfied that the patentee in respect of that other invention is able and willing to grant to the patentee and his licensees a licence in respect of that other invention on reasonable terms.
- (4) An application under this section may be made by any person notwithstanding that he is already the holder of a licence under the patent; and no person shall be estopped from alleging any of the matters specified in subsection (2) of this section 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.
- (5) In this section the expression " patented article " includes any article made by a patented process.

38 Provisions as to licences under section 37

- (1) When the comptroller is satisfied, on application made under the last foregoing section, that the manufacture, use or sale of materials not protected by the patent is unfairly prejudiced by reason of conditions imposed by the patentee upon the grant of licences under the patent, or upon the purchase, hire or use of the patented article or 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 the last foregoing section is made by a person being the holder of a licence under the patent, the comptroller may, if he makes an order for the grant of a licence to the applicant, order the existing licence to be cancelled, or may, if he thinks fit, instead of making an order for the grant of a licence to the applicant, order the existing licence to be amended.
- (3) Where on an application under the last foregoing section the comptroller orders the grant of a licence, he may direct that the licence shall operate—

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- (a) to deprive the patentee of any right which he may have as patentee to make, use, exercise or vend the invention or to grant licences under the patent;
 - (b) to revoke all existing licences in respect of the invention.
- (4) Subsection (3) of section thirty-five of this Act shall apply to any licence granted in pursuance of an order under the last foregoing section as it applies to a licence granted by virtue of the said section thirty-five.

39 Exercise of powers on applications under section 37

- (1) The powers of the comptroller upon an application under section thirty-seven of this Act shall be exercised with a view to securing the following general purposes, that is to say:—
- (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 therein 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 the foregoing subsection, the comptroller shall, in determining whether to make an order in pursuance of any such application, take account of the following matters, that is to say:—
- (a) the nature of the invention, the time which has elapsed since the sealing of the patent and the measures already taken by the patentee 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 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 is granted;
- but shall not be required to take account of matters subsequent to the making of the application.

40 Endorsement, etc. on application of Crown

- (1) At any time after the expiration of three years from the date of the sealing of a patent, any Government department may apply to the comptroller upon any one or more of the grounds specified in section thirty-seven of this Act for the endorsement of the patent with the words " licences of right" or for the grant to any person specified in the application of a licence under the patent; and the comptroller may, if satisfied that any of those grounds are established, make an order in accordance with the application.
- (2) Subsections (3) and (5) of section thirty-seven of this Act and sections thirty-eight and thirty-nine of this Act shall, so far as applicable, apply in relation to an application and an order under the last foregoing subsection as they apply in relation to an application and an order under the said section thirty-seven.
- (3) Where according to a report of the Monopolies and Restrictive Practices Commission as laid before Parliament under section nine of the Monopolies and Restrictive

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Practices (Inquiry and Control) Act, 1948, conditions to which that Act applies prevail in respect of the supply of goods of any description which consist of or include patented articles, or in respect of exports of such goods, or in respect of the application to goods of any description of any process which consists of or includes a patented process, and, not earlier than three months from the date on which the report was laid before the Commons House of Parliament, a resolution has been passed by that House declaring that those conditions or any things which, according to the report as laid before Parliament, are done by the parties concerned, as a result of or for the purpose of preserving those conditions, operate or may be expected to operate against the public interest, a competent authority within the meaning of the said Act of 1948 may apply to the comptroller for an order under the next following subsection in respect of the patent.

- (4) If upon an application under the last foregoing subsection it appears to the comptroller that the matters which, according to the resolution mentioned in that subsection, operate or may be expected to operate against the public interest include—
- (a) any conditions in a licence or licences granted by the patentee under the patent restricting the use of the invention by the licensee or the right of the patentee to grant other licences under the patent; or
 - (b) a refusal by the patentee to grant licences under the patent on reasonable terms, he may by order cancel or modify any such condition as aforesaid or may, if he thinks fit, instead of making such an order or in addition to making such an order, order the patent to be endorsed with the words " licences of right".

41 Inventions relating to food or medicine, etc.

- (1) Without prejudice to the foregoing provisions of this Act, where a patent is in force in respect of—
- (a) a substance capable of being used as food or medicine or in the production of food or medicine ; or
 - (b) a process for producing such a substance as afore said ; or
 - (c) any invention capable of being used as or as part of a surgical or curative device,

the comptroller shall, on application made to him by any person interested, order the grant to the applicant of a licence under the patent on such terms as he thinks fit, unless it appears to him that there are good reasons for refusing the application.

- (2) In settling the terms of licences under this section the comptroller shall endeavour to secure that food, medicines, and surgical and curative devices shall be available to the public at the lowest prices consistent with the patentees' deriving a reasonable advantage from their patent rights.
- (3) A licence granted under this section shall entitle the licensee to make, use, exercise and vend the invention as a food or medicine, or for the purposes of the production of food or medicine or as or as part of a surgical or curative device, but for no other purposes.

42 Revocation of patent

- (1) Where an order for the grant of a licence under a patent has been made in pursuance of an application under section thirty-seven of this Act, any person interested may, at any time after the expiration of two years from the date of that order, apply to the comptroller for the revocation of the patent upon any of the grounds specified in

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subsection (2) of the said section thirty-seven; and if upon any such application the comptroller is satisfied—

- (a) that any of the said grounds are established ; and
- (b) that the purposes for which an order may be made in pursuance of an application under the said section thirty-seven could not be achieved by the making of any such order as is authorised to be made in pursuance of such an application,

he may order the patent to be revoked.

- (2) An order for the revocation of a patent under this section may be made so as to take effect either unconditionally or in the event of failure to comply, within such reasonable period as may be specified in the order, with such conditions as may be imposed by the order with a view to achieving the purposes aforesaid.; and the comptroller may, on reasonable cause shown in any case, by subsequent order extend any period so specified.

43 Procedure on application under sections 37 to 42

- (1) Every application under sections thirty-seven to forty-two of this Act shall specify the nature of the order sought by the applicant and shall contain a statement (to be verified in such manner as may be prescribed) setting out the nature of the applicant's interest (if any) and the facts upon which the application is based.
- (2) Where the comptroller is satisfied, upon consideration of any such application, that a prima facie case has been made out for the making of an order, he shall direct the applicant to serve copies of the application upon the patentee and any other persons appearing from the register of patents to be interested in the patent in respect of which the application is made, and shall advertise the application in the Journal.
- (3) The patentee or any other person desiring to oppose the application may, within such time as may be prescribed or within such further time as the comptroller may on application (made either before or after the expiration of the prescribed time) allow, give to the comptroller notice of opposition.
- (4) Any such notice of opposition shall contain a statement (to be verified in such manner as may be prescribed) setting out the grounds on which the application is opposed.
- (5) Where any such notice of opposition is duly given, the comptroller shall notify the applicant, and shall, subject to the provisions of the next following section with respect to arbitration, give to the applicant and the opponent an opportunity to be heard before deciding the case.
- (6) In any proceedings on an application made in relation to a patent under sections thirty-seven to forty-two of this Act, any statement with respect to the making, using, exercising or vending of the patented invention, or with respect to the grant or refusal of licences under the patent, contained in a report of the Monopolies and Restrictive Practices Commission as laid before Parliament under section nine of the Monopolies and Restrictive Practices (Inquiry and Control) Act, 1948, shall be prima facie evidence of the matters stated.

44 Appeal and references to arbitrator

- (1) An appeal shall lie from any order made by the comptroller in pursuance of an application under sections thirty-seven to forty-two of this Act.

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- (2) On any appeal under this section the Attorney General or such other counsel as he may appoint shall be entitled to appear and be heard.
- (3) Where any such application is opposed in accordance with the last foregoing section, 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 therein, to be referred to an arbitrator agreed on by the parties, or, in default of agreement, appointed by the comptroller.
- (4) Where the whole proceedings are referred as aforesaid, section nine of the Arbitration Act, 1934 (which relates to the statement of cases by arbitrators) shall not apply to the arbitration; but unless the parties otherwise agree before the award of the arbitrator is made, an appeal shall lie from the award to the Appeal Tribunal.
- (5) Where a question or issue of fact is referred as aforesaid, the arbitrator shall report his findings to the comptroller.

45 Supplementary provisions

- (1) Any order under this Act for the grant of a licence shall, without prejudice to any other method of enforcement, have effect as if it were a deed, executed by the patentee and all other necessary parties, granting a licence in accordance with the order.
- (2) An order may be made on an application under sections thirty-seven to forty of this Act for the endorsement of a patent with the words " licences of right" notwithstanding any contract which would have precluded the endorsement of the patent on the application of the patentee under section thirty-five of this Act; and any such order shall for all purposes have the same effect as an endorsement made in pursuance of an application under the said section thirty-five.
- (3) No order shall 'be made in pursuance of any application under sections thirty-seven to forty-two of this Act which would be at variance with any treaty, convention, arrangement or engagement applying to the United Kingdom and any convention country.