

## SCHEDULE

Regulation 5

### USE OF [F1supplementary unregistered] DESIGNS FOR SERVICES OF THE CROWN

**F1** Words in Sch. substituted (31.12.2020) by The Designs and International Trade Marks (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/638), reg. 1, Sch. 1 para. 64(2)(a) (with reg. 4, Sch. 2 Pt. 2) (as amended by S.I. 2020/1050, regs. 1(2), 14, 20); 2020 c. 1, Sch. 5 para. 1(1)

#### Use of [F1supplementary unregistered] design for services of the Crown

1.—(1) A government department, or a person authorised in writing by a government department, may without the consent of the holder of a [F1supplementary unregistered] design—

- (a) do anything for the purpose of supplying products for the services of the Crown, or
- (b) dispose of products no longer required for the services of the Crown;

and nothing done by virtue of this paragraph infringes the [F1supplementary unregistered] design.

(2) References in this Schedule to “the services of the Crown” are limited to those which are necessary for essential defence or security needs.

(3) In this Schedule—

“Crown use”, in relation to a [F1supplementary unregistered] design, means the doing of anything by virtue of this paragraph which would otherwise be an infringement of the [F1supplementary unregistered] 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.

(4) The authority of a government department in respect of Crown use of a [F1supplementary unregistered] 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 holder of the [F1supplementary unregistered] design to do anything in relation to the design.

(5) A person acquiring anything sold in the exercise of powers conferred by this paragraph, and any person claiming under him, may deal with it in the same manner as if the Crown was the holder of the [F1supplementary unregistered] design.

#### Settlement of terms for Crown use

2.—(1) Where Crown use is made of a [F1supplementary unregistered] design, the government department concerned shall—

- (a) notify the holder of the [F1supplementary unregistered] design 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 holder of the [F1supplementary unregistered] design cannot be ascertained on reasonable inquiry.

(2) Crown use of a [F1supplementary unregistered] design shall be on such terms as, either before or after the use, are agreed between the government department concerned and the holder of the [F1supplementary unregistered] design with the approval of the Treasury or, in default of agreement, are determined by the [F2design] court.

(3) In the application of sub-paragraph (2) to Northern Ireland the reference to the Treasury shall, where the government department referred to in that sub-paragraph is a Northern Ireland department, be construed as a reference to the Department of Finance and Personnel.

(4) In the application of sub-paragraph (2) to Scotland, where the government department referred to in that sub-paragraph is any part of the Scottish Administration, the words “with the approval of the Treasury” are omitted.

(5) Where the identity of the holder of the [F<sup>1</sup>supplementary unregistered] design cannot be ascertained on reasonable inquiry, the government department concerned may apply to the [F<sup>2</sup>design] court who may order that no royalty or other sum shall be payable in respect of Crown use of the [F<sup>1</sup>supplementary unregistered] design until the holder agrees terms with the department or refers the matter to the [F<sup>2</sup>design] court for determination.

**F2** Word in Sch. inserted (31.12.2020) by *The Designs and International Trade Marks (Amendment etc.) (EU Exit) Regulations 2019* (S.I. 2019/638), reg. 1, **Sch. 1 para. 64(2)(b)** (with reg. 4, Sch. 2 Pt. 2) (as amended by S.I. 2020/1050, regs. 1(2), 14, 20); 2020 c. 1, Sch. 5 para. 1(1)

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

**3.—(1)** The provisions of any licence, assignment or agreement made between the holder of the [F<sup>1</sup>supplementary unregistered] design (or anyone deriving title from him or from whom he derives title) and any person other than a government department are of no effect in relation to Crown use of a [F<sup>1</sup>supplementary unregistered] design, or any act incidental to Crown use, so far as they—

- (a) restrict or regulate anything done in relation to the [F<sup>1</sup>supplementary unregistered] 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) Sub-paragraph (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 [F<sup>1</sup>supplementary unregistered] design—

- (a) if the licence was granted for royalties—
  - (i) any agreement between the holder of the [F<sup>1</sup>supplementary unregistered] design and a government department under paragraph 2 (settlement of terms for Crown use) requires the consent of the licensee, and
  - (ii) the licensee is entitled to recover from the holder of the [F<sup>1</sup>supplementary unregistered] design such part of the payment for Crown use as may be agreed between them or, in default of agreement, determined by the [F<sup>2</sup>design] court;
- (b) if the licence was granted otherwise than for royalties—
  - (i) paragraph 2 applies in relation to anything done which but for paragraph 1 (Crown use) and sub-paragraph (1) would be an infringement of the rights of the licensee with the substitution for references to the holder of the [F<sup>1</sup>supplementary unregistered] design of references to the licensee, and
  - (ii) paragraph 2 does not apply in relation to anything done by the licensee by virtue of an authority given under paragraph 1.

(4) Where the [F<sup>1</sup>supplementary unregistered] design has been assigned to the holder of the [F<sup>1</sup>supplementary unregistered] design in consideration of royalties—

- (a) paragraph 2 applies in relation to Crown use of the [F<sup>1</sup>supplementary unregistered] design as if the references to the holder of the [F<sup>1</sup>supplementary unregistered] design 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 [F<sup>2</sup>design] court; and
- (b) paragraph 2 applies in relation to any act incidental to Crown use as it applies in relation to Crown use of the [F<sup>1</sup>supplementary unregistered] design.

(5) Where any model, document or other information relating to a [F<sup>1</sup>supplementary unregistered] design is used in connection with Crown use of the design, or any act incidental to Crown use, paragraph 2 applies to the use of the model, document or other information with the substitution for the references to the holder of the [F<sup>1</sup>supplementary unregistered] design of references to the person entitled to the benefit of any provision of an agreement rendered inoperative by sub-paragraph (1).

(6) In this paragraph—

“act incidental to Crown use” means anything done for the services of the Crown to the order of a government department by the holder of the [F<sup>1</sup>supplementary unregistered] design in respect of a design;

“payment for Crown use” means such amount as is payable by the government department concerned by virtue of paragraph 2; and

“royalties” includes any benefit determined by reference to the use of the [F<sup>1</sup>supplementary unregistered] design.

**F2** Word in Sch. inserted (31.12.2020) by The Designs and International Trade Marks (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/638), reg. 1, Sch. 1 para. 64(2)(b) (with reg. 4, Sch. 2 Pt. 2) (as amended by S.I. 2020/1050, regs. 1(2), 14, 20); 2020 c. 1, Sch. 5 para. 1(1)

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

4.—(1) Where Crown use is made of a [F<sup>1</sup>supplementary unregistered] design, the government department concerned shall pay—

- (a) to the holder of the [F<sup>1</sup>supplementary unregistered] design, or
- (b) if there is an exclusive licence in force in respect of the [F<sup>1</sup>supplementary unregistered] design, to the exclusive licensee,

compensation for any loss resulting from his not being awarded a contract to supply the products to which the [F<sup>1</sup>supplementary unregistered] design is applied or in which it is incorporated.

(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 products to which the [F<sup>1</sup>supplementary unregistered] design is applied or in which it is incorporated otherwise than for the services of the Crown.

(5) The amount payable shall, if not agreed between the holder of the [F<sup>1</sup>supplementary unregistered] design or licensee and the government department concerned with the approval of the

Treasury, be determined by the [F<sup>2</sup>design] court on a reference under paragraph 5; and it is in addition to any amount payable under paragraph 2 or 3.

(6) In the application of this paragraph to Northern Ireland, the reference in sub-paragraph (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.

(7) In the application of this paragraph to Scotland, where the government department referred to in sub-paragraph (5) is any part of the Scottish Administration, the words “with the approval of the Treasury” in that sub-paragraph are omitted.

**F2** Word in Sch. inserted (31.12.2020) by *The Designs and International Trade Marks (Amendment etc.) (EU Exit) Regulations 2019* (S.I. 2019/638), reg. 1, **Sch. 1 para. 64(2)(b)** (with reg. 4, Sch. 2 Pt. 2) (as amended by S.I. 2020/1050, regs. 1(2), 14, 20); 2020 c. 1, Sch. 5 para. 1(1)

### Reference of disputes relating to Crown use

5.—(1) A dispute as to any matter which falls to be determined by the [F<sup>2</sup>design] court in default of agreement under—

- (a) paragraph 2 (settlement of terms for Crown use),
- (b) paragraph 3 (rights of third parties in case of Crown use), or
- (c) paragraph 4 (Crown use: compensation for loss of profit),

may be referred to the [F<sup>2</sup>design] court by any party to the dispute.

(2) In determining a dispute between a government department and any person as to the terms for Crown use of a [F<sup>1</sup>supplementary unregistered] design the [F<sup>2</sup>design] court shall have regard to—

- (a) any sums which that person or a person from whom he derives title has received or is entitled to receive, directly or indirectly, from any government department in respect of the [F<sup>1</sup>supplementary unregistered] design; and
- (b) whether that person or a person from whom he derives title has in the court's opinion without reasonable cause failed to comply with a request of the department for the use of the [F<sup>1</sup>supplementary unregistered] design on reasonable terms.

(3) One of two or more joint holders of the [F<sup>1</sup>supplementary unregistered] design may, without the concurrence of the others, refer a dispute to the [F<sup>2</sup>design] court under this paragraph, but shall not do so unless the others are made parties; and none of those others is liable for any costs unless he takes part in the proceedings.

(4) Where the consent of an exclusive licensee is required by paragraph 3(3)(a)(i) to the settlement by agreement of the terms for Crown use of a [F<sup>1</sup>supplementary unregistered] design, a determination by the [F<sup>2</sup>design] court of the amount of any payment to be made for such use is of no effect unless the licensee has been notified of the reference and given an opportunity to be heard.

(5) On the reference of a dispute as to the amount recoverable as mentioned in paragraph 3(3)(a)(ii) (right of exclusive licensee to recover part of amount payable to holder of [F<sup>1</sup>supplementary unregistered] design) the [F<sup>2</sup>design] court shall determine what is just having regard to any expenditure incurred by the licensee—

- (a) in developing the design, or
- (b) in making payments to the holder of the [F<sup>1</sup>supplementary unregistered] design in consideration of the licence (other than royalties or other payments determined by reference to the use of the design).

**Changes to legislation:** There are currently no known outstanding effects for the The Community Design Regulations 2005. (See end of Document for details)

F<sup>3</sup>(6) .....

- |   |
|---|
| <p><b>F2</b> Word in Sch. inserted (31.12.2020) by The Designs and International Trade Marks (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/638), reg. 1, <b>Sch. 1 para. 64(2)(b)</b> (with reg. 4, Sch. 2 Pt. 2) (as amended by S.I. 2020/1050, regs. 1(2), 14, 20); 2020 c. 1, Sch. 5 para. 1(1)</p> <p><b>F3</b> Sch. para. 5(6) omitted (31.12.2020) by virtue of The Designs and International Trade Marks (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/638), reg. 1, <b>Sch. 1 para. 64(2)(c)</b> (with reg. 4, Sch. 2 Pt. 2) (as amended by S.I. 2020/1050, regs. 1(2), 14, 20); 2020 c. 1, Sch. 5 para. 1(1)</p> |
|---|

**Changes to legislation:**

There are currently no known outstanding effects for the The Community Design Regulations 2005.