



Patents Act 1977

1977 CHAPTER 37

PART I

NEW DOMESTIC LAW

Contracts as to patented products, etc.

44 Avoidance of certain restrictive conditions

- (1) Subject to the provisions of this section, any condition or term of a contract for the supply of a patented product or of a licence to work a patented invention, or of a contract relating to any such supply or licence, shall be void in so far it purports—
 - (a) in the case of a contract for supply, to require the person supplied to acquire from the supplier, or his nominee, or prohibit him from acquiring from any specified person, or from acquiring except from the supplier or his nominee, anything other than the patented product;
 - (b) in the case of a licence to work a patented invention, to require the licensee to acquire from the licensor or his nominee, or prohibit him from acquiring from any specified person, or from acquiring except from the licensor or his nominee, anything other than the product which is the patented invention or (if it is a process) other than any product obtained directly by means of the process or to which the process has been applied;
 - (c) in either case, to prohibit the person supplied or licensee from using articles (whether patented products or not) which are not supplied by, or any patented process which does not belong to, the supplier or licensor, or his nominee, or to restrict the right of the person supplied or licensee to use any such articles or process.
- (2) Subsection (1) above applies to contracts and licences whether made or granted before or after the appointed day, but not to those made or granted before 1st January 1950.
- (3) In proceedings against any person for infringement of a patent it shall be a defence to prove that at the time of the infringement there was in force a contract relating to the patent made by or with the consent of the plaintiff or pursuer or a licence under the

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patent granted by him or with his consent and containing in either case a condition or term void by virtue of this section.

- (4) A condition or term of a contract or licence shall not be void by virtue of this section if—
- (a) at the time of the making of the contract or granting of the licence the supplier or licensor was willing to supply the product, or grant a licence to work the invention, as the case may be, to the person supplied or licensee, on reasonable terms specified in the contract or licence and without any such condition or term as is mentioned in subsection (1) above; and
 - (b) the person supplied or licensee is entitled under the contract or licence to relieve himself of his liability to observe the condition or term on giving to the other party three months' notice in writing and subject to payment to that other party of such compensation (being, in the case of a contract to supply, a lump sum or rent for the residue of the term of the contract and, in the case of a licence, a royalty for the residue of the term of the licence) as may be determined by an arbitrator or arbiter appointed by the Secretary of State.
- (5) If in any proceeding it is alleged that any condition or term of a contract or licence is void by virtue of this section it shall be on the supplier or licensor to prove the matters set out in paragraph (a) of subsection (4) above.
- (6) A condition or term of a contract or licence shall not be void by virtue of this section by reason only that it prohibits any person from selling goods other than those supplied by a specific person or, in the case of a contract for the hiring of or licence to use a patented product, that it reserves to the bailor (or, in Scotland, hirer) or licensor, or his nominee, the right to supply such new parts of the patented product as may be required to put or keep it in repair.

45 Determination of parts of certain contracts

- (1) Any contract for the supply of a patented product or licence to work a patented invention, or contract relating to any such supply or licence, may at any time after the patent or all the patents by which the product or invention was protected at the time of the making of the contract or granting of the licence has or have ceased to be in force, and notwithstanding anything to the contrary in the contract or licence or in any other contract, be determined, to the extent (and only to the extent) that the contract or licence relates to the product or invention, by either party on giving three months' notice in writing to the other party.
- (2) In subsection (1) above " patented product " and " patented invention" include respectively a product and an invention which is the subject of an application for a patent, and that subsection shall apply in relation to a patent by which any such product or invention was protected and which was granted after the time of the making of the contract or granting of the licence in question, on an application which had been filed before that time, as it applies to a patent in force at that time.
- (3) If, on an application under this subsection made by either party to a contract or licence falling within subsection (1) above, the court is satisfied that, in consequence of the patent or patents concerned ceasing to be in force, it would be unjust to require the applicant to continue to comply with all the terms and conditions of the contract or licence, it may make such order varying those terms or conditions as, having regard to all the circumstances of the case, it thinks just as between the parties.

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- (4) Without prejudice to any other right of recovery, nothing in subsection (1) above shall be taken to entitle any person to recover property bailed under a hire-purchase agreement (within the meaning of the Consumer Credit Act 1974).
- (5) The foregoing provisions of this section apply to contracts and licences whether made before or after the appointed day.
- (6) The provisions of this section shall be without prejudice to any rule of law relating to the frustration of contracts and any right of determining a contract or licence exercisable apart from this section.