



# Patents Act 1977

## 1977 CHAPTER 37

### PART I

#### NEW DOMESTIC LAW

##### *Use of patented inventions for services of the Crown*

#### **55 Use of patented inventions for services of the Crown**

- (1) Notwithstanding anything in this Act, any government department and any person authorised in writing by a government department may, for the services of the Crown and in accordance with this section, do any of the following acts in the United Kingdom in relation to a patented invention without the consent of the proprietor of the patent, that is to say—
- (a) where the invention is a product, may—
    - (i) make, use, import or keep the product, or sell or offer to sell it where to do so would be incidental or ancillary to making, using, importing or keeping it; or
    - (ii) in any event, sell or offer to sell it for foreign defence purposes or for the production or supply of specified drugs and medicines, or dispose or offer to dispose of it (otherwise than by selling it) for any purpose whatever;
  - (b) where the invention is a process, may use it or do in relation to any product obtained directly by means of the process anything mentioned in paragraph (a) above;
  - (c) without prejudice to the foregoing, where the invention or any product obtained directly by means of the invention is a specified drug or medicine, may sell or offer to sell the drug or medicine ;
  - (d) may supply or offer to supply to any person any of the means, relating to an essential element of the invention, for putting the invention into effect;
  - (e) may dispose or offer to dispose of anything which was made, used, imported or kept in the exercise of the powers conferred by this section and which is

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no longer required for the purpose for which it was made, used, imported or kept (as the case may be),

and anything done by virtue of this subsection shall not amount to an infringement of the patent concerned.

- (2) Any act done in relation to an invention by virtue of this section is in the following provisions of this section referred to as use of the invention ; and " use ", in relation to an invention, in sections 56 to 58 below shall be construed accordingly.
- (3) So far as the invention has before its priority date been duly recorded by or tried by or on behalf of a government department or the United Kingdom Atomic Energy Authority otherwise than in consequence of a relevant communication made in confidence, any use of the invention by virtue of this section may be made free of any royalty or other payment to the proprietor.
- (4) So far as the invention has not been so recorded or tried, any use of it made by virtue of this section at any time either—
  - (a) after the publication of the application for the patent for the invention; or
  - (b) without prejudice to paragraph (a) above, in consequence of a relevant communication made after the priority date of the invention otherwise than in confidence;shall be made on such terms as may be agreed either before or after the use by the government department and the proprietor of the patent with the approval of the Treasury or as may in default of agreement be determined by the court on a reference under section 58 below.
- (5) Where an invention is used by virtue of this section at any time after publication of an application for a patent for the invention but before such a patent is granted, and the terms for its use agreed or determined as mentioned in subsection (4) above include terms as to payment for the use, then (notwithstanding anything in those terms) any such payment shall be recoverable only—
  - (a) after such a patent is granted ; and
  - (b) if (apart from this section) the use would, if the patent had been granted on the date of the publication of the application, have infringed not only the patent but also the claims (as interpreted by the description and any drawings referred to in the description or claims) in the form in which they were contained in the application immediately before the preparations for its publication were completed by the Patent Office.
- (6) The authority of a government department in respect of an invention may be given under this section either before or after the patent is granted and either before or after the use in respect of which the authority is given is made, and may be given to any person whether or not he is authorised directly or indirectly by the proprietor of the patent to do anything in relation to the invention.
- (7) Where any use of an invention is made by or with the authority of a government department under this section, then, unless it appears to the department that it would be contrary to the public interest to do so, the department shall notify the proprietor of the patent as soon as practicable after the second of the following events, that is to say, the use is begun and the patent is granted, and furnish him with such information as to the extent of the use as he may from time to time require.

- (8) A person acquiring anything disposed of in the exercise of powers conferred by this section, and any person claiming through him, may deal with it in the same manner as if the patent were held on behalf of the Crown.
- (9) In this section " relevant communication ", in relation to an invention, means a communication of the invention directly or indirectly by the proprietor of the patent or any person from whom he derives title.
- (10) Subsection (4) above is without prejudice to any rule of law relating to the confidentiality of information.
- (11) In the application of this section to Northern Ireland, the reference in subsection (4) above to the Treasury shall, where the government department referred to in that subsection is a department of the Government of Northern Ireland, be construed as a reference to the Department of Finance for Northern Ireland.

## **56 Interpretation, etc., of provisions about Crown use**

- (1) Any reference in section 55 above to a patented invention, in relation to any time, is a reference to an invention for which a patent has before that time been, or is subsequently, granted.
- (2) In this Act, except so far as the context otherwise requires, " the services of the Crown " includes—
  - (a) the supply of anything for foreign defence purposes;
  - (b) the production or supply of specified drugs and medicines; and
  - (c) such purposes relating to the production or use of atomic energy or research into matters connected therewith as the Secretary of State thinks necessary or expedient;and " use for the services of the Crown " shall be construed accordingly.
- (3) In section 55(1)(a) above and subsection (2)(a) above, references to a sale or supply of anything for foreign defence purposes are references to a sale or supply of the thing—
  - (a) to the government of any country outside the United Kingdom, in pursuance of an agreement or arrangement between Her Majesty's Government in the United Kingdom and the government of that country, where the thing is required for the defence of that country or of any other country whose government is party to any agreement or arrangement with Her Majesty's Government in respect of defence matters ; or
  - (b) to the United Nations, or to the government of any country belonging to that organisation, in pursuance of an agreement or arrangement between Her Majesty's Government and that organisation or government, where the thing is required for any armed forces operating in pursuance of a resolution of that organisation or any organ of that organisation.
- (4) For the purposes of section 55(1)(a) and (c) above and subsection (2)(b) above, specified drugs and medicines are drugs and medicines which are both—
  - (a) required for the provision of pharmaceutical services, general medical services or general dental services, that is to say, services of those respective kinds under Part II of the National Health Service Act 1977, Part IV of the National Health Service (Scotland) Act 1947 or the corresponding provisions of the law in force in Northern Ireland or the Isle of Man, and

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- (b) specified for the purposes of this subsection in regulations made by the Secretary of State.

## **57 Rights of third parties in respect of Crown use**

### (1) In relation to—

- (a) any use made for the services of the Crown of an invention by a government department, or a person authorised by a government department, by virtue of section 55 above, or
- (b) anything done for the services of the Crown to the order of a government department by the proprietor of a patent in respect of a patented invention or by the proprietor of an application in respect of an invention for which an application for a patent has been filed and is still pending,

the provisions of any licence, assignment, assignation or agreement to which this subsection applies shall be of no effect so far as those provisions restrict or regulate the working of the invention, or the use of any model, document or information relating to it, or provide for the making of payments in respect of, or calculated by reference to, such working or use; and the reproduction or publication of any model or document in connection with the said working or use shall not be deemed to be an infringement of any copyright subsisting in the model or document.

- (2) Subsection (1) above applies to a licence, assignment, assignation or agreement which is made, whether before or after the appointed day, between (on the one hand) any person who is a proprietor of or an applicant for the patent, or anyone who derives title from any such person or from whom such person derives title, and (on the other hand) any person whatever other than a government department.

- (3) Where an exclusive licence granted otherwise than for royalties or other benefits determined by reference to the working of the invention is in force under the patent or application concerned, then—

- (a) in relation to anything done in respect of the invention which, but for the provisions of this section and section 55 above, would constitute an infringement of the rights of the licensee, subsection (4) of that section shall have effect as if for the reference to the proprietor of the patent there were substituted a reference to the licensee; and
- (b) in relation to anything done in respect of the invention by the licensee by virtue of an authority given under that section, that section shall have effect as if the said subsection (4) were omitted.

- (4) Subject to the provisions of subsection (3) above, where the patent, or the right to the grant of the patent, has been assigned to the proprietor of the patent or application in consideration of royalties or other benefits determined by reference to the working of the invention, then—

- (a) in relation to any use of the invention by virtue of section 55 above, subsection (4) of that section shall have effect as if the reference to the proprietor of the patent included a reference to the assignor, and any sum payable by virtue of that subsection shall be divided between the proprietor of the patent or application and the assignor in such proportion as may be agreed on by them or as may in default of agreement be determined by the court on a reference under section 58 below ; and
- (b) in relation to any act done in respect of the invention for the services of the Crown by the proprietor of the patent or application to the order of a

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government department, section 55(4) above shall have effect as if that act were use made by virtue of an authority given under that section.

- (5) Where section 55(4) above applies to any use of an invention and a person holds an exclusive licence under the patent or application concerned (other than such a licence as is mentioned in subsection (3) above) authorising him to work the invention, then subsections (7) and (8) below shall apply.
- (6) In those subsections " the section 55(4)" payment means such payment (if any) as the proprietor of the patent or application and the department agree under section 55 above, or the court determines under section 58 below, should be made by the department to the proprietor in respect of the use of the invention.
- (7) The licensee shall be entitled to recover from the proprietor of the patent or application such part (if any) of the section 55(4) payment as may be agreed on by them or as may in default of agreement be determined by the court under section 58 below to be just having regard to any expenditure incurred by the licensee—
  - (a) in developing the invention, or
  - (b) in making payments to the proprietor in consideration of the licence, other than royalties or other payments determined by reference to the use of the invention.
- (8) Any agreement by the proprietor of the patent or application and the department under section 55(4) above as to the amount of the section 55(4) payment shall be of no effect unless the licensee consents to the agreement; and any determination by the court under section 55(4) above as to the amount of that payment shall be of no effect unless the licensee has been informed of the reference to the court and is given an opportunity to be heard.
- (9) Where any models, documents or information relating to an invention are used in connection with any use of the invention which falls within subsection (1)(a) above, or with anything done in respect of the invention which falls within subsection (1)(b) above, subsection (4) of section 55 above shall (whether or not it applies to any such use of the invention) apply to the use of the models, documents or information as if for the reference in it to the proprietor of the patent there were substituted a reference to the person entitled to the benefit of any provision of an agreement which is rendered inoperative by this section in relation to that use; and in section 58 below the references to terms for the use of an invention shall be construed accordingly.
- (10) Nothing in this section shall be construed as authorising the disclosure to a government department or any other person of any model, document or information to the use of which this section applies in contravention of any such licence, assignment, assignation or agreement as is mentioned in this section.

## **58 References of disputes as to Crown use**

- (1) Any dispute as to the exercise by a government department or a person authorised by a government department of the powers conferred by section 55 above, or as to terms for the use of an invention for the services of the Crown thereunder, or as to the right of any person to receive any part of a payment made or agreed to be made in pursuance of subsection (4) of that section or determined by the court in pursuance of that subsection and this section, may be referred to the court by either party to the dispute after a patent has been granted for the invention.

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- (2) If in such proceedings any question arises whether an invention has been recorded or tried as mentioned in section 55 above, and the disclosure of any document recording the invention, or of any evidence of the trial thereof, would in the opinion of the department be prejudicial to the public interest, the disclosure may be made confidentially to counsel for the other party or to an independent expert mutually agreed upon.
- (3) In determining under this section any dispute between a government department and any person as to the terms for the use of an invention for the services of the Crown, the court shall have regard—
  - (a) to any benefit or compensation which that person or any person from whom he derives title may have received or may be entitled to receive directly or indirectly from any government department in respect of the invention in question ;
  - (b) to whether that person or any person from whom he derives title has in the court's opinion without reasonable cause failed to comply with a request of the department to use the invention for the services of the Crown on reasonable terms.
- (4) In determining whether or not to grant any relief under this section and the nature and extent of the relief granted the court shall, subject to the following provisions of this section, apply the principles applied by the court immediately before the appointed day to the granting of relief under section 48 of the 1949 Act.
- (5) On a reference under this section the court may refuse to grant relief by way of compensation in respect of the use of an invention for the services of the Crown during any further period specified under section 25(4) above, but before the payment of the renewal fee and any additional fee prescribed for the purposes of that section.
- (6) Where an amendment of the specification of a patent has been allowed under any of the provisions of this Act, the court shall not grant relief by way of compensation under this section in respect of any such use before the decision to allow the amendment unless the court is satisfied that the specification of the patent as published was framed in good faith and with reasonable skill and knowledge.
- (7) If the validity of a patent is put in issue in proceedings under this section and it is found that the patent is only partially valid, the court may, subject to subsection (8) below, grant relief to the proprietor of the patent in respect of that part of the patent which is found to be valid and to have been used for the services of the Crown.
- (8) Where in any such proceedings it is found that a patent is only partially valid, the court shall not grant relief by way of compensation, costs or expenses except where the proprietor of the patent proves that the specification of the patent was framed in good faith and with reasonable skill and knowledge, and in that event the court may grant relief in respect of that part of the patent which is valid and has been so used, subject to the discretion of the court as to costs and expenses and as to the date from which compensation should be awarded.
- (9) As a condition of any such relief the court may direct that the specification of the patent shall be amended to its satisfaction upon an application made for that purpose under section 75 below, and an application may be so made accordingly, whether or not all other issues in the proceedings have been determined.

- (10) In considering the amount of any compensation for the use of an invention for the services of the Crown after publication of an application for a patent for the invention and before such a patent is granted, the court shall consider whether or not it would have been reasonable to expect, from a consideration of the application as published under section 16 above, that a patent would be granted conferring on the proprietor of the patent protection for an act of the same description as that found to constitute that use, and if the court finds that it would not have been reasonable, it shall reduce the compensation to such amount as it thinks just.
- (11) Where by virtue of a transaction, instrument or event to which section 33 above applies a person becomes the proprietor or one of the proprietors or an exclusive licensee of a patent (the new proprietor or licensee) and a government department or a person authorised by a government department subsequently makes use under section 55 above of the patented invention, the new proprietor or licensee shall not be entitled to any compensation under section 55(4) above (as it stands or as modified by section 57(3) above) in respect of a subsequent use of the invention before the transaction, instrument or event is registered unless—
- (a) the transaction, instrument or event is registered within the period of six months beginning with its date; or
  - (b) the court is satisfied that it was not practicable to register the transaction, instrument or event before the end of that period and that it was registered as soon as practicable thereafter.
- (12) In any proceedings under this section the court may at any time order the whole proceedings or any question or issue of fact arising in them to be referred, on such terms as the court may direct, to a Circuit judge discharging the functions of an official referee or an arbitrator in England and Wales or Northern Ireland, or to an arbiter in Scotland; and references to the court in the foregoing provisions of this section shall be construed accordingly.
- (13) One of two or more joint proprietors of a patent or application for a patent may without the concurrence of the others refer a dispute to the court under this section, but shall not do so unless the others are made parties to the proceedings ; but any of the others made a defendant or defender shall not be liable for any costs or expenses unless he enters an appearance and takes part in the proceedings.

## **59 Special provisions as to Crown use during emergency**

- (1) During any period of emergency within the meaning of this section the powers exercisable in relation to an invention by a government department or a person authorised by a government department under section 55 above shall include power to use the invention for any purpose which appears to the department 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;

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- (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
- (g) for assisting the relief of suffering and the restoration and distribution of essential supplies and services in any country or territory outside the United Kingdom which is in grave distress as the result of war;

and any reference in this Act to the services of the Crown shall, as respects any period of emergency, include a reference to those purposes.

- (2) In this section the use of an invention includes, in addition to any act constituting such use by virtue of section 55 above, any act which would, apart from that section and this section, amount to an infringement of the patent concerned or, as the case may be, give rise to a right under section 69 below to bring proceedings in respect of the application concerned, and any reference in this Act to " use for the services of the Crown " shall, as respects any period of emergency, be construed accordingly.
- (3) In this section " period of emergency" means any period beginning with such date as may be declared by Order in Council to be the commencement, and ending with such date as may be so declared to be the termination, of a period of emergency for the purposes of this section.
- (4) A draft of an Order under this section shall not be submitted to Her Majesty unless it has been laid before, and approved by resolution of, each House of Parliament.