



# Patents Act 1977

## 1977 CHAPTER 37

### PART I

#### NEW DOMESTIC LAW

#### *Employees' inventions*

### **39 Right to employees' inventions.**

- (1) Notwithstanding anything in any rule of law, an invention made by an employee shall, as between him and his employer, be taken to belong to his employer for the purposes of this Act and all other purposes if—
  - (a) it was made in the course of the normal duties of the employee or in the course of duties falling outside his normal duties, but specifically assigned to him, and the circumstances in either case were such that an invention might reasonably be expected to result from the carrying out of his duties; or
  - (b) the invention was made in the course of the duties of the employee and, at the time of making the invention, because of the nature of his duties and the particular responsibilities arising from the nature of his duties he had a special obligation to further the interests of the employer's undertaking.
- (2) Any other invention made by an employee shall, as between him and his employer, be taken for those purposes to belong to the employee.
- [<sup>F1</sup>(3) Where by virtue of this section an invention belongs, as between him and his employer, to an employee, nothing done—
  - (a) by or on behalf of the employee or any person claiming under him for the purposes of pursuing an application for a patent, or
  - (b) by any person for the purpose of performing or working the invention,shall be taken to infringe any copyright or design right to which, as between him and his employer, his employer is entitled in any model or document relating to the invention.]

*Status: Point in time view as at 01/01/2005.*

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### Textual Amendments

**F1** S. 39(3) added by [Copyright, Designs and Patents Act 1988 \(c. 48, SIF 67A\)](#), s. 295, [Sch. 5 para. 11\(1\)](#)

## 40 Compensation of employees for certain inventions.

[<sup>F2</sup>(1) Where it appears to the court or the comptroller on an application made by an employee within the prescribed period that—

- (a) the employee has made an invention belonging to the employer for which a patent has been granted,
- (b) having regard among other things to the size and nature of the employer's undertaking, the invention or the patent for it (or the combination of both) is of outstanding benefit to the employer, and
- (c) by reason of those facts it is just that the employee should be awarded compensation to be paid by the employer,

the court or the comptroller may award him such compensation of an amount determined under section 41 below.]

(2) Where it appears to the court or the comptroller on an application made by an employee within the prescribed period that—

- (a) a patent has been granted for an invention made by and belonging to the employee;
- (b) his rights in the invention, or in any patent or application for a patent for the invention, have since the appointed day been assigned to the employer or an exclusive licence under the patent or application has since the appointed day been granted to the employer;
- (c) the benefit derived by the employee from the contract of assignment, assignation or grant or any ancillary contract (“the relevant contract”) is inadequate in relation to the benefit derived by the employer from [<sup>F3</sup>the invention or the patent for it (or both)] ; and
- (d) by reason of those facts it is just that the employee should be awarded compensation to be paid by the employer in addition to the benefit derived from the relevant contract;

the court or the comptroller may award him such compensation of an amount determined under section 41 below.

(3) Subsections (1) and (2) above shall not apply to the invention of an employee where a relevant collective agreement provides for the payment of compensation in respect of inventions of the same description as that invention to employees of the same description as that employee.

(4) Subsection (2) above shall have effect notwithstanding anything in the relevant contract or any agreement applicable to the invention (other than any such collective agreement).

(5) If it appears to the comptroller on an application under this section that the application involves matters which would more properly be determined by the court, he may decline to deal with it.

(6) In this section—

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“the prescribed period”, in relation to proceedings before the court, means the period prescribed by rules of court, and

“relevant collective agreement” means a collective agreement within the meaning of [<sup>F4</sup>the Trade Union and Labour Relations (Consolidation) Act 1992], made by or on behalf of a trade union to which the employee belongs, and by the employer or an employers' association to which the employer belongs which is in force at the time of the making of the invention.

(7) References in this section to an invention belonging to an employer or employee are references to it so belonging as between the employer and the employee.

#### Textual Amendments

- F2** S. 40(1) substituted (1.1.2005) by [Patents Act 2004 \(c. 16\)](#), **ss. 10(1)**, 17(1) (with s. 10(8)); [S.I. 2004/3205](#), [art. 2\(d\)](#) (with [art. 9](#))
- F3** Words in s. 40(2)(c) substituted (1.1.2005) by [Patents Act 2004 \(c. 16\)](#), **ss. 10(2)**, 17(1) (with s. 10(8)); [S.I. 2004/3205](#), [art. 2\(d\)](#) (with [art. 9](#))
- F4** Words in s. 40(6) substituted (16.10.1992) by [Trade Union and Labour Relations \(Consolidation\) Act 1992 \(c. 52\)](#), **ss. 300(2)**, 302, **Sch. 2 para. 9**

## 41 Amount of compensation.

[<sup>F5</sup>(1) An award of compensation to an employee under section 40(1) or (2) above shall be such as will secure for the employee a fair share (having regard to all the circumstances) of the benefit which the employer has derived, or may reasonably be expected to derive, from any of the following—

- (a) the invention in question;
- (b) the patent for the invention;
- (c) the assignment, assignation or grant of—
  - (i) the property or any right in the invention, or
  - (ii) the property in, or any right in or under, an application for the patent, to a person connected with the employer.]

(2) For the purposes of subsection (1) above the amount of any benefit derived or expected to be derived by an employer from the assignment, assignation or grant of—

- (a) the property in, or any right in or under, a patent for the invention or an application for such a patent; or
- (b) the property or any right in the invention;

to a person connected with him shall be taken to be the amount which could reasonably be expected to be so derived by the employer if that person had not been connected with him.

(3) Where the Crown or a Research Council in its capacity as employer assigns or grants the property in, or any right in or under, an invention, patent or application for a patent to a body having among its functions that of developing or exploiting inventions resulting from public research and does so for no consideration or only a nominal consideration, any benefit derived from the invention, patent or application by that body shall be treated for the purposes of the foregoing provisions of this section as so derived by the Crown or, as the case may be, Research Council.

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In this subsection “Research Council” means a body which is a Research Council for the purposes of the <sup>M1</sup>Science and Technology Act 1965 [<sup>F6</sup> or the Arts and Humanities Research Council (as defined by section 1 of the Higher Education Act 2004) ] .

- (4) In determining the fair share of the benefit to be secured for an employee in respect of <sup>F7</sup>... an invention which has always belonged to an employer, the court or the comptroller shall, among other things, take the following matters into account, that is to say—
- (a) the nature of the employee’s duties, his remuneration and the other advantages he derives or has derived from his employment or has derived in relation to the invention under this Act;
  - (b) the effort and skill which the employee has devoted to making the invention;
  - (c) the effort and skill which any other person has devoted to making the invention jointly with the employee concerned, and the advice and other assistance contributed by any other employee who is not a joint inventor of the invention; and
  - (d) the contribution made by the employer to the making, developing and working of the invention by the provision of advice, facilities and other assistance, by the provision of opportunities and by his managerial and commercial skill and activities.
- (5) In determining the fair share of the benefit to be secured for an employee in respect of <sup>F8</sup>... an invention which originally belonged to him, the court or the comptroller shall, among other things, take the following matters into account, that is to say—
- (a) any conditions in a licence or licences granted under this Act or otherwise in respect of the invention or the patent [<sup>F9</sup>for it ] ;
  - (b) the extent to which the invention was made jointly by the employee with any other person; and
  - (c) the contribution made by the employer to the making, developing and working of the invention as mentioned in subsection (4)(d) above.
- (6) Any order for the payment of compensation under section 40 above may be an order for the payment of a lump sum or for periodical payment, or both.
- (7) Without prejudice to [<sup>F10</sup>section 12 or section 14 of the <sup>M2</sup>Interpretation Act 1978], the refusal of the court or the comptroller to make any such order on an application made by an employee under section 40 above shall not prevent a further application being made under that section by him or any successor in title of his.
- (8) Where the court or the comptroller has made any such order, the court or he may on the application of either the employer or the employee vary or discharge it or suspend any provision of the order and revive any provision so suspended, and section 40(5) above shall apply to the application as it applies to an application under that section.
- (9) In England and Wales any sums awarded by the comptroller under section 40 above shall, if a county court so orders, be recoverable by execution issued from the county court or otherwise as if they were payable under an order of that court.
- (10) In Scotland an order made under section 40 above by the comptroller for the payment of any sums may be enforced in like manner as [<sup>F11</sup>an extract registered decree arbitral bearing a warrant for execution issued by the sheriff court of any sheriffdom in Scotland.] .

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- (11) In Northern Ireland an order made under section 40 above by the comptroller for the payment of any sums may be enforced as if it were a money judgment.

#### Textual Amendments

- F5** S. 41(1) substituted (1.1.2005) by [Patents Act 2004 \(c. 16\)](#), **ss. 10(3)**, 17(1) (with s. 10(8)); S.I. 2004/3205, [art. 2\(d\)](#) (with [art. 9](#))
- F6** Words in s. 41(3) inserted (16.12.2004) by [Higher Education Act 2004 \(c. 8\)](#), s. 52(2), **Sch. 6 para. 5**; S.I. 2004/3255, [art. 2](#)
- F7** Words in s. 41(4) repealed (1.1.2005) by [Patents Act 2004 \(c. 16\)](#), **ss. 10(4)**, 17(1), **Sch. 3** (with s. 10(8)); S.I. 2004/3205, [art. 2\(d\)\(g\)](#) (with [art. 9](#))
- F8** Words in s. 41(5) repealed (1.1.2005) by [Patents Act 2004 \(c. 16\)](#), **ss. 10(4)**, 17(1), **Sch. 3** (with s. 10(8)); S.I. 2004/3205, [art. 2\(d\)\(g\)](#) (with [art. 9](#))
- F9** Words in s. 41(5)(a) inserted (1.1.2005) by [Patents Act 2004 \(c. 16\)](#), **ss. 10(5)**, 17(1) (with s. 10(8)); S.I. 2004/3205, [art. 2\(d\)](#) (with [art. 9](#))
- F10** Words substituted by virtue of [Interpretation Act 1978 \(c. 30\)](#), **s. 25(2)**
- F11** Words in s. 41(10) substituted (1.1.2005) by [Patents Act 2004 \(c. 16\)](#), s. 17(1), **Sch. 2 para. 11**; S.I. 2004/3205, [art. 2\(k\)](#) (with [art. 9](#))

#### Marginal Citations

- M1** 1965 c. 4.  
**M2** 1978 c. 30.

## 42 Enforceability of contracts relating to employees' inventions.

- (1) This section applies to any contract (whenever made) relating to inventions made by an employee, being a contract entered into by him—
- with the employer (alone or with another); or
  - with some other person at the request of the employer or in pursuance of the employee's contract of employment.
- (2) Any term in a contract to which this section applies which diminishes the employee's rights in inventions of any description made by him after the appointed day and the date of the contract, or in or under patents for those inventions or applications for such patents, shall be unenforceable against him to the extent that it diminishes his rights in an invention of that description so made, or in or under a patent for such an invention or an application for any such patent.
- (3) Subsection (2) above shall not be construed as derogating from any duty of confidentiality owed to his employer by an employee by virtue of any rule of law or otherwise.
- (4) This section applies to any arrangement made with a Crown employee by or on behalf of the Crown as his employer as it applies to any contract made between an employee and an employer other than the Crown, and for the purposes of this section "Crown employee" means a person employed under or for the purposes of a government department or any officer or body exercising on behalf of the Crown functions conferred by any enactment [<sup>F12</sup> or a person serving in the naval, military or air forces of the Crown.]

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### Textual Amendments

**F12** Words added (retrospectively) by [Armed Forces Act 1981 \(c. 55, SIF 7:1\)](#), s. 22(1)(2)

## 43 Supplementary.

- (1) Sections 39 to 42 above shall not apply to an invention made before the appointed day.
- (2) Sections 39 to 42 above shall not apply to an invention made by an employee unless at the time he made the invention one of the following conditions was satisfied in his case, that is to say—
  - (a) he was mainly employed in the United Kingdom; or
  - (b) he was not mainly employed anywhere or his place of employment could not be determined, but his employer had a place of business in the United Kingdom to which the employee was attached, whether or not he was also attached elsewhere.
- (3) In sections 39 to 42 above and this section, except so far as the context otherwise requires, references to the making of an invention by an employee are references to his making it alone or jointly with any other person, but do not include references to his merely contributing advice or other assistance in the making of an invention by another employee.
- (4) Any references [<sup>F13</sup>in sections 39 to 42] above to a patent and to a patent being granted are respectively references to a patent or other protection and to its being granted whether under the law of the United Kingdom or the law in force in any other country or under any treaty or international convention.
- (5) For the purposes of sections 40 and 41 above the benefit derived or expected to be derived by an employer from [<sup>F14</sup>an invention or patent] shall, where he dies before any award is made under section 40 above in respect of [<sup>F15</sup>it] , include any benefit derived or expected to be derived from [<sup>F15</sup>it] by his personal representatives or by any person in whom it was vested by their assent.
- [<sup>F16</sup>(5A) For the purposes of sections 40 and 41 above the benefit derived or expected to be derived by an employer from an invention shall not include any benefit derived or expected to be derived from the invention after the patent for it has expired or has been surrendered or revoked.]
- (6) Where an employee dies before an award is made under section 40 above in respect of a patented invention made by him, his personal representatives or their successors in title may exercise his right to make or proceed with an application for compensation under subsection (1) or (2) of that section.
- (7) In sections 40 and 41 above and this section “benefit” means benefit in money or money’s worth.
- (8) Section 533 of the <sup>M3</sup>Income and Corporation Taxes Act 1970 (definition of connected persons) shall apply for determining for the purposes of section 41(2) above whether one person is connected with another as it applies for determining that question for the purposes of the Tax Acts.

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### Textual Amendments

- F13** Words substituted by [Copyright, Designs and Patents Act 1988 \(c. 48, SIF 67A\)](#), s. 295, **Sch. 5 para. 11(2)**
- F14** Words in s. 43(5) substituted (1.1.2005) by [Patents Act 2004 \(c. 16\)](#), **ss. 10(6)(a)**, 17(1) (with s. 10(8)); [S.I. 2004/3205](#), **art. 2(d)** (with art. 9)
- F15** Word in s. 43(5) substituted (1.1.2005) by [Patents Act 2004 \(c. 16\)](#), **ss. 10(6)(b)**, 17(1) (with s. 10(8)); [S.I. 2004/3205](#), **art. 2(d)** (with art. 9)
- F16** S. 43(5A) inserted (1.1.2005) by [Patents Act 2004 \(c. 16\)](#), **ss. 10(7)**, 17(1) (with s. 10(8)); [S.I. 2004/3205](#), **art. 2(d)** (with art. 9)

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### Marginal Citations

- M3** [1970 c. 10](#).

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