



CROWN USE OF PATENTS AND DESIGNS

This fact sheet provides updated information on ‘Crown use’ provisions for patents and designs. Crown use relates to government-authorized use of intellectual property rights without the authorisation of the rights owner.

This fact sheet sets out your rights under the Crown use provisions of the *Patents Act 1990* and the *Designs Act 2003*, including what you can do if you think the government is using your intellectual property without your permission. Recent changes have been made to these Acts to clarify when and how Crown use can be applied. Any use of a patent or a design by the government must comply with these changes.

What is Crown use?

The Crown use provisions of the *Patents Act 1990* and the *Designs Act 2003* permit certain government bodies, and others authorised by government, to use a patented invention or a registered design for certain purposes without the permission of the patent or design owner. These purposes must be for the provision of services primarily provided or funded by the government.

Why is the government able to use my patent or design without my permission?

Crown use is a rarely used safeguard intended to be used only when it is essential that the government has access to the invention or design, but only when the government is unable to obtain authorisation from the owner or in an emergency.

If Crown use is invoked, the government must pay you reasonable compensation for the use of your invention or design.

Patent and design rights grant monopolies to the patent and design owners. The Crown use provisions ensure that governments in Australia can balance the grant of those exclusive rights with the needs of the Australian public.

What are the obligations and rights of a government under the Crown use provisions?

The government must approach you and attempt to obtain your permission to use your invention or design before invoking Crown use, unless the situation is an emergency.

The recent changes to Crown use provisions set out a new process that a government must satisfy to rely on ‘Crown use.’

The steps are:

1. Attempting to negotiate with you for a reasonable period to use your patent or design under reasonable terms before using your patent or design under ‘Crown use.’ An outcome of the negotiation may be a licence to use your patent. This step can be waived in exceptional cases, such as a national emergency.
 - Emergencies may include a public health crisis, national security threats, natural disasters and other situations of urgency. The Minister will have the discretion to determine if a situation is an emergency.

2. Seeking approval of Crown use by the relevant Minister in cases where negotiation with you to use your patent or design is not successful. If the Minister approves Crown use, you will be notified 14 days before the government begins using your patent or design (unless the situation is an emergency). At a Federal level the relevant Minister is the Minister responsible for the administration of patents or designs. At a State or Territory level the relevant Minister is the State or Territory Attorney-General.
3. Providing a statement of reasons 14 days before using your patent or design under 'Crown use.' The statement informs you of the reasons why the government needs to use your patent or design. In cases of an emergency, the statement must be provided as soon as practicable after the use has begun.
4. Providing you with reasonable remuneration for the use of your patent or design under Crown use.

Who can make use of the Crown use provisions?

A range of government entities may be able to make use of the Crown use provisions. The changes make it clearer which entities can use the new Crown use provisions.

These are:

- Commonwealth, State or Territory departments and agencies;
- authorities of the Commonwealth, the States and the Territories; and
- local governments.

The government may also provide written authorisation for other people to use your patent or design, for example, contractors who are engaged to carry on work for the government. Agreements or licences of this nature must be approved by either the relevant State or Territory Attorney-General or Commonwealth Minister.

The new changes provide a clearer standard of licensing arrangements between a government and a third party (such as a contractor) wanting to use your patent or design. The third party must be providing services primarily provided or funded by a government.

Under the new changes, the third party must give you a copy of written approval by the Minister to use your patent or design and a statement of reasons. A third party must not breach the terms of the agreement with government (for example by using your design or patent outside of the scope and terms of the agreement with a government).

What are my rights under the Crown use provisions?

The government must negotiate with you first

Under the changes, a government must negotiate with you for a reasonable period before using your design or patent.

You are entitled to be informed.

If negotiations fail, you are entitled to be informed of the government's use of your patent or design, and to have a statement of reasons from the government about why Crown use of your patent or design is necessary.

The government must inform you 14 days before using the design or patents or, in cases of an emergency, as soon as practicable after it has used your patent or your design.

You are also entitled to require the government to provide you with information about the use, if:

- your requirements are reasonable; and
- the government does not believe that giving you that information would be contrary to the public interest.

You are entitled to negotiate terms and be paid for the Crown use

If the government is using your patent or design, you are entitled to negotiate with the government and agree to the terms for the use and the remuneration payable to you. Alternatively, you may agree to a method for determining the terms of the use and remuneration with the government.

If you are unable to reach an agreement, you are entitled to apply to a court for a determination of the terms of the use and the remuneration payable to you.

The new changes to the *Patents Act 1990* and *Designs Act 2003* provide further guidance on remuneration. The Courts must determine the amount of remuneration that is just and reasonable by considering the economic value of the exploitation of your patent or design and any other facts the Court considers to be relevant in your case.

The terms of use will also be considered by the Court in setting remuneration. For example, a reduced remuneration may be negotiated or ordered because of advantageous terms to the patent or design holder.

You can seek a court can order to cease the government use of your patent or design

You are entitled to commence an action in the court for a declaration that the government is to cease using your patent or design.

The court will be able to make this declaration if it is satisfied that:

- the use of your patent or design is not necessary for the proper provision of services of the Commonwealth, a State or a Territory; and
- it is fair and reasonable to make this declaration.

However, the court would only make this declaration if it is satisfied that the legitimate interests of the Commonwealth, a State or a Territory will not be adversely affected by the declaration.

What court can I apply to?

You can apply to the Federal Court of Australia or a State or Territory Supreme Court.

Seek professional advice

This sheet provides only basic information. Intellectual property matters can involve complex legal issues and it may be in your best interests to consult a patent attorney, solicitor experienced in intellectual property matters, or your business adviser.

For a list of IP professionals, visit the trans-Tasman IP Attorney Board website <https://www.ttipattorney.gov.au/resources/find-an-attorney> or search your local directory.

Other information on patents and designs matters is available from www.ipaustralia.gov.au.

Other information on copyright matters is available from www.ag.gov.au/copyright.

Disclaimer:

This information is intended to help the reader gain a basic understanding of some IP principles. It is not designed to provide legal, business or other relevant professional advice.

IP Australia recommends that you seek independent legal, business or other relevant specialist advice.

© Commonwealth of Australia 2020



You may share and adapt the information in this publication for any purpose, as long as you attribute the material as follows: This work by the Commonwealth of Australia is licensed under a Creative Commons Attribution 4.0 International Licence.