



# Development of Inventions Act 1967

## 1967 CHAPTER 32

An Act to consolidate the Development of Inventions Act 1948, the Development of Inventions Act 1954 and the Development of Inventions Act 1965. [10th May 1967]

BE IT ENACTED by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

### *The National Research Development Corporation*

#### **1 Constitution**

- (1) There shall continue to be a body corporate called the National Research Development Corporation (in this Act referred to as " the Corporation ").
- (2) The Corporation shall consist of a chairman and a managing director appointed by the Minister of Technology (in this Act referred to as " the Minister "), and such number of other members so appointed, not being less than four or more than twelve, as the Minister may from time to time determine.
- (3) The members of the Corporation shall be appointed from among persons appearing to the Minister qualified as having had experience, and shown capacity, in matters relating to science, technology, industry, finance, administration or the acquisition and disposal of rights in inventions.
- (4) The provisions of the Schedule to this Act shall have effect with respect to the remuneration of members of the Corporation out of the funds of the Corporation, as to the appointment and tenure and vacation of office of the said members, and otherwise in relation to the Corporation.

#### **2 Functions**

- (1) The Corporation shall have the following functions, that is to say—

- (a) securing, where the public interest so requires, the development or exploitation of inventions resulting from public research, and of any other invention as to which it appears to the Corporation that it is not being developed or exploited or sufficiently developed or exploited;
  - (b) acquiring, holding, disposing of and granting rights (whether gratuitously or for consideration) in connection with inventions resulting from public research and, where the public interest so requires, in connection with inventions resulting from other sources;
  - (c) promoting and assisting, where the public interest so requires, research for satisfying specific practical requirements brought to the knowledge of the Corporation where they are of opinion that the research is likely to lead to an invention; and
  - (d) assisting, where the public interest so requires, the continuation of research where it appears to the Corporation that the research has resulted in any discovery such that the continuation of the research may lead to inventions of practical importance.
- (2) In the exercise of their functions under paragraph (a), (c) or (d) of subsection (1) of this section the Corporation shall have power, subject to the provisions of this Act, to carry on any activity the carrying on of which appears to the Corporation to be requisite, advantageous or convenient for or in connection with the exercise of their said functions, and in particular may carry on, or promote or facilitate the carrying on by other persons of, any business.
- (3) The activities which may be carried on by the Corporation under the last foregoing subsection shall include promoting and assisting research where in the opinion of the Corporation the results of the research are likely to further the development or exploitation of inventions to which the Corporation's functions extend or to enhance the value of such inventions.
- (4) The Corporation shall, except where it appears to them that special circumstances otherwise require, exercise their function of securing the exploitation of any invention by entrusting the exploitation thereof, on terms appearing to the Corporation to be appropriate, to persons engaged in the industry concerned.
- (5) In this section "public research " means research carried out by a Government department or other public body or any other research in respect of which financial assistance is provided out of public funds.

### **3 General directions**

- (1) The Minister may, after consultation with the Corporation, give to them directions of a general character as to the exercise of their functions, and the Corporation shall comply with any such directions.
- (2) It is hereby declared that the power to give directions to the Corporation under the foregoing subsection includes power to vary or revoke a previous direction so given.

### **4 Matters requiring Ministerial approval**

- (1) Subject to the provisions of this section, the approval of the Minister shall be requisite for the exercise by the Corporation of any of the following activities, that is to say—

- (a) the carrying out by the Corporation, or the entering by the Corporation into any agreement for the carrying out on their behalf, of any project for the making of goods, the construction of works or the provision of services, or the setting up by the Corporation of any company or other organisation for carrying out any such project;
  - (b) the provision of financial assistance to any person undertaking the development or exploitation of any invention;
  - (c) the acquisition of, or of any interest in, any under taking ;
- and for the exercise by the Corporation of the functions conferred on them by section 2(1)(c) and (d) of this Act.
- (2) Notwithstanding paragraphs (a) or (b) of subsection (1) of this section, the approval of the Minister shall not be requisite—
- (a) by virtue of the said paragraph (a), for anything done only by way of experiment or trial, or
  - (b) by virtue of the said paragraph (b), for the giving of assistance to a person in any year where the amount of that assistance together with any other assistance given to him by the Corporation in that year (less, where that other assistance took the form of a loan, any repayment made by him) does not exceed £1,000.
- (3) The approval of the Minister may be given for the purposes of this section either as respects any particular case or as respects any class of cases and subject to such conditions and limitations as the Minister thinks fit.

#### *Financial provisions*

### **5 Financial duty**

- (1) The Corporation shall so exercise their functions as to secure, in so far as can be done consistently with the fulfilment of their purposes, that the return to them from their activities shall be sufficient to meet their outgoings on revenue account, taking one year with another.
- (2) Nothing in the foregoing subsection shall be taken as preventing the Corporation from exercising their functions so that the return to them from their activities exceeds their outgoings on revenue account.
- (3) Any surplus on revenue account shall be applied by the Corporation in such manner as the Minister, with the approval of the Treasury, and after consultation with the Corporation, may direct; and any such direction may require the whole or any part of the surplus to be paid into the Exchequer.

### **6 Temporary borrowing**

- (1) With the approval of the Minister given, with the consent of the Treasury, either generally or as respects the particular case, the Corporation may borrow temporarily, whether by way of overdraft or otherwise, sums required by them for meeting any of their obligations or discharging any of their functions:

Provided that the aggregate amount outstanding of any sums borrowed under this section shall not at any time exceed £250,000.

- (2) A person lending money to the Corporation shall not be bound to inquire whether the borrowing is within the power of the Corporation.

## **7 Exchequer advances**

- (1) The Minister with the consent of the Treasury may out of moneys provided by Parliament make advances to the Corporation within the limit specified in the next following subsection.
- (2) The aggregate amount outstanding in respect of any advances made under this section shall not at any time exceed £25 million.
- (3) The Corporation shall make to the Minister at such times and in such manner as the Minister may with the approval of the Treasury direct—
- (a) payments of such amounts as the Minister may with the like approval direct in or towards repayment of advances made to the Corporation under this section; and
  - (b) payments of interest on any sums for the time being outstanding in respect of such advances at such rate as the Minister may with the like approval direct.
- (4) Different rates of interest may be directed under this section as respects different advances and as respects interest for different periods.
- (5) Sums received by the Minister under this section shall be paid into the Exchequer.
- (6) The Minister shall lay before each House of Parliament a statement of any payment due from the Corporation under this section which is not duly paid to him as required thereunder.

## **8 Remission of liability to repay advances**

- (1) This section applies where—
- (a) the Corporation have written down, or propose to write down, the value in their books of any asset which in the opinion of the Minister represents expenditure incurred by the Corporation exclusively for or in connection with the development of an invention or expenditure incurred by the Corporation under section 2(1) (c) or (d) of this Act, and
  - (b) the Corporation apply to the Minister for relief under this section in respect of their liability to repay an advance under section 7 of this Act, being an advance which in the opinion of the Minister was used to defray all or any part of the expenditure represented by the asset.
- (2) If the Minister with the consent of the Treasury so directs, the Corporation's liability up to the amount specified in the direction, but not exceeding the amount written down, shall be extinguished from the date as on which the value of the asset is so written down.
- (3) The extinction under subsection (2) of this section of any liability shall not affect the obligation of the Corporation to pay interest under section 7(3)(6) of this Act on the extinguished debt in respect of any period or part of a period before the date on which the liability is extinguished.
- (4) No account shall be taken of the extinction of a liability under subsection (2) of this section for the purposes of section 7(2) of this Act.

- (5) If at any time after the giving of a direction under subsection (2) of this section it appears to the Minister that in consequence of a change in circumstances since the giving of the direction the value of the asset has increased, he may direct that all or any part of the liability extinguished shall revive, and where a direction is given under this subsection interest shall become payable by the Corporation under section 7(3)(b) of this Act for any period after the direction takes effect; and it shall be the duty of the Corporation to give the Minister such information as he may from time to time require for the purpose of enabling him to exercise his powers under this subsection.
- (6) At or before the time when the Corporation make an application under this section they shall submit to the Minister a statement setting out the grounds on which the application is made.
- (7) References in this section to the writing down of the value of an asset include references to writing off the whole of the value of an asset.
- (8) This section applies to assets written down, and liabilities incurred, before or after the passing of this Act.

## **9 Relief from interest on advances**

- (1) The Minister may with the consent of the Treasury give relief in respect of interest due under section 7(3)(b) of this Act in respect of any advance, being interest in respect of the whole or any part of the period of eight years beginning with the making of the advance.
- (2) The Minister shall give effect to any decision to give relief of any amount under this section by making a grant of that amount to the Corporation out of moneys provided by Parliament, and the grant shall be used to meet the Corporation's liability to pay interest.
- (3) This section shall apply in relation to advances made before or after the passing of this Act, and in relation to interest falling due before or after the passing of this Act.

## **10 Establishment of reserve**

- (1) The Corporation shall establish a reserve, applicable to the purposes of the Corporation at such times and in such manner as the Corporation may, subject to the provisions of this section, determine.
- (2) The management of the reserve and the sums to be carried from time to time to the reserve shall, subject as aforesaid, be as the Corporation may determine.
- (3) The power of the Minister to give directions to the Corporation under section 3 of this Act shall extend to the giving to them, with the approval of the Treasury, of directions as to any matter relating to the establishment or management of the reserve, the carrying of sums thereto, or the application thereof to the purposes of the Corporation, notwithstanding that the directions may be of a specific character.

*Miscellaneous and supplementary*

**11 Projects sponsored by Government departments**

- (1) Where in the exercise of their functions the Corporation carry out any project in response to representations made by any Government department other than the Post Office that it is in the public interest that the project should be carried out, the Minister in charge of the department may with the consent of the Treasury make to the Corporation out of moneys provided by Parliament—
  - (a) payments to meet all or any part of the expenditure (including overhead expenditure) incurred by the Corporation in carrying out the project and payments by way of fees to the Corporation for carrying out the project, or
  - (b) payments in respect of any loss arising in the carrying out of the project.
- (2) Any Minister may with the consent of the Treasury undertake to make at a future time any payment which he has power to make under the foregoing subsection.
- (3) Except with the approval of the Minister of Technology, the Corporation shall not enter into arrangements with the Minister in charge of a Government department (other than the Minister of Technology) to carry out any project in the exercise of their functions under section 2 of this Act, being arrangements under which the Minister in charge of the Government department concerned undertakes to make any payment to the Corporation of the kind described in paragraph (a) or (b) of subsection (1) of this section.
- (4) Where a Government department requests the Corporation to enter into arrangements for carrying out any project, being arrangements under which any such payment as aforesaid is to be made, then for the purposes of section 2(1)(a), (c) and (d) of this Act a representation made to the Corporation by the Government department—
  - (a) that it is in the public interest that the project should be carried out, or
  - (b) both that it is in the public interest that the project should be carried out and that the relevant invention is not being developed or exploited or sufficiently developed or exploited, or, as the case may be, that the requirements in the said section 2(1)(c) or (d) are fulfilled as respects the relevant research,shall be conclusive, but that shall not of itself impose a duty on the Corporation to carry out the project.

**12 Accounts and audit**

- (1) The Corporation shall keep proper accounts and proper records in relation to the accounts, and shall prepare in respect of each financial year of the Corporation (which shall be a year ending on 31st March) a statement of accounts in such form as the Minister may with the approval of the Treasury direct.
- (2) The accounts of the Corporation shall be audited by auditors to be appointed annually by the Minister.
- (3) A person shall not be qualified to be so appointed unless he is a member of one or more of the following bodies—
  - The Institute of Chartered Accountants in England and Wales;
  - The Institute of Chartered Accountants of Scotland;
  - The Association of Certified and Corporate Accountants;
  - The Institute of Chartered Accountants in Ireland;

Any other body of accountants established in the United Kingdom and for the time being recognised for the purposes of section 161(1)(a) of the Companies Act 1948 by the Board of Trade;

but a Scottish firm may be so appointed if each of the partners is qualified to be so appointed.

- (4) So soon as the accounts of the Corporation for any financial year thereof have been audited, the Corporation shall send to the Minister a copy of the statement of accounts prepared in respect of that year together with a copy of any report made by the auditors on the statement or on the accounts.
- (5) On receipt by the Minister under the last foregoing subsection of the Corporation's copy of their statement of accounts he shall send a copy of the statement (with a copy of any accompanying report by the auditors) to the Comptroller and Auditor General.
- (6) The Comptroller and Auditor General shall examine every statement and report sent to him under the last foregoing subsection, and may inspect the accounts to which the statement relates and any records relating thereto, and shall certify the statement and lay a copy of it together with his report thereon before Parliament.

### **13 Information and annual report**

- (1) The Corporation shall furnish the Minister with such information concerning the property and activities of the Corporation as the Minister may from time to time require.
- (2) The Corporation shall as soon as possible after the end of each financial year of the Corporation make a general report to the Minister as to the exercise by the Corporation of their functions during that year, and the report for any year shall set out any direction given to the Corporation under section 3 of this Act during that year unless the Minister has notified to the Corporation his opinion that it would be against the national interest so to do.
- (3) The Corporation's annual report under this section shall record any application made by the Corporation under section 8 of this Act in the financial year to which the report relates, and include a statement in a form approved by the Minister showing the grounds on which the application is made; and if the application was granted in whole or part the report shall record that fact and include particulars of the manner in which the application was granted.
- (4) The Corporation's report shall also record any direction given by the Minister under section 8(5) of this Act in the financial year to which the report relates.
- (5) The Minister shall lay a copy of every report of the Corporation before Parliament.

### **14 Powers of Parliament of Northern Ireland**

Nothing in this Act shall operate to preclude the Parliament of Northern Ireland from enacting legislation for purposes similar to the purposes of this Act.

### **15 Short title, interpretation, repeals, savings and commencement**

- (1) This Act may be cited as the Development of Inventions Act 1967.
- (2) In this Act, unless the context otherwise requires—

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*Status: This is the original version (as it was originally enacted).*

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" the Corporation " means the National Research Development Corporation;

" invention " includes any new process or new technique and shall be construed without regard to whether or not a patent has been or could be granted;

" the Minister " means the Minister of Technology.

- (3) The Development of Inventions Act 1948, the Development of Inventions Act 1954 and the Development of Inventions Act 1965 are hereby repealed.
- (4) Any approval, consent or direction given, any appointment made or any other thing done under or by virtue of any provision of the said Acts shall be deemed for the purposes of this Act to have been given, made or done under or by virtue of the corresponding provision of this Act; and anything begun under any provision of those Acts may be continued under the corresponding provision of this Act.
- (5) Without prejudice to the last foregoing subsection, any provision of this Act relating to anything done, or required or authorised to be done, under, or by reference to, that provision or any other provision of this Act shall have effect as if any reference to that provision or to that other provision, as the case may be, included a reference to the corresponding provision of any Act repealed by this Act.
- (6) So much of any document as refers expressly or by implication to any enactment repealed by this Act shall, if and so far as the context permits, be construed as a reference to this Act or the corresponding enactment therein.
- (7) Nothing in this section shall be construed as affecting the general application of section 38 of the Interpretation Act 1889 with regard to the effect of repeals.
- (8) This Act shall come into force at the expiration of the period of one month beginning with the day on which it is passed.



## SCHEDULE

Section 1.

### THE NATIONAL RESEARCH DEVELOPMENT CORPORATION

- 1 The Corporation shall have a common seal.
- 2 (1) The Minister shall have power, exercisable by statutory instrument, to make regulations with respect to—
- (a) the appointment of the members of the Corporation and their tenure and vacation of office;
  - (b) the execution of instruments and the proof of documents purporting to be executed, issued or signed by the Corporation or a member or officer thereof.
- (2) Subject to the provisions of regulations under sub-paragraph (1) of this paragraph, the Corporation shall have power to regulate their own procedure, including the manner in which matters subject to the determination of the Corporation are to be determined by or on behalf of the Corporation.
- (3) Regulations made under this paragraph shall be subject to annulment in pursuance of a resolution of either House of Parliament.
- 3 The validity of any proceeding of the Corporation shall not be affected by any vacancy among the members thereof or by any defect in the appointment of a member thereof.
- 4 The Corporation shall—
- (a) pay to each member of the Corporation other than the managing director, in respect of the member's office as such, such remuneration and allowances as the Minister may with the consent of the Treasury determine, and to the chairman, in respect of his office as such, such remuneration and allowances (in addition to any remuneration and allowances to which he may be entitled in respect of his office as a member) and to the managing director such salary and allowances, as the Minister may with the like consent determine; and
  - (b) as regards any member in whose case the Minister may with the consent of the Treasury determine to make provision for the payment on his death or retirement of a pension, gratuity, or other like benefit, pay or provide for the payment of such pension, gratuity or other like benefit to him or to others by reference to his service as the Minister may with the like consent determine.
- 5 If any member of the Corporation, other than the chairman or the managing director, is employed about the affairs of the Corporation otherwise than as a member thereof, the Corporation may pay to that member such remuneration and allowances (in addition to any remuneration or allowances to which he may be entitled in respect of his office as a member) as the Corporation may determine.
- 6 The Corporation shall—
- (a) pay to their officers, servants and agents such remuneration as the Corporation may determine; and
  - (b) as regards any officer, servants or agents in whose case it may be determined by the Corporation with the approval of the Minister to make provision for the payment on their death or retirement of pensions, gratuities or other like benefits, pay, or provide for the payment of, such

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- pensions, gratuities or other like benefits to them or to others by reference to their service as may be so determined.
- 7 Provision for pensions, gratuities or other like benefits under this Schedule may be made either by contributory or by non-contributory arrangements or partly by the one and partly by die other.
- 8 Without prejudice to the provisions of section 2(2) of this Act, the Corporation shall have power to do any thing and to enter into any transaction which in their opinion is calculated to facilitate the proper discharge of their functions or is incidental or conducive thereto:
- Provided that—
- (a) the borrowing powers of the Corporation shall not extend beyond the powers expressly conferred by the provisions of this Act in that behalf ;
  - (b) the provisions of this paragraph shall not affect the provisions of this Act as to the giving of directions to the Corporation.
- 9 It is hereby declared that nothing in this Act exempts the Corporation from liability to any tax, duty, rate, levy or other charge whatsoever, whether general or local.