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Version 2.0

Applicable to: QH employees as defined in the QH Intellectual Property Policy.

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Management of Intellectual Property purchased by Queensland Health

1 Purpose

To assist Queensland Health (QH) employees identify and manage intellectual property (IP) issues that arise when QH pays external organisations/consultants to create IP for use within QH.

2 Overview

Key points of this procedure:

- when QH pays external organisations/consultants to create IP as part of a QH project's deliverables, two assets are created i.e.:
 - a "physical" asset i.e. the deliverables that you can pick up and hold in your hands; and
 - an "intangible" asset i.e. the bundle of legal rights called intellectual property (IP) (usually in the form of copyright), that enable the owner of the rights to control who can use the deliverables in what way.
- if there is no written agreement between QH and the external organisation/consultant, (or if there is a written agreement but IP terms are not included in the agreement), then in almost every case:
 - QH only obtains ownership of the "physical" asset
 - QH does not obtain ownership of the "intangible" IP asset
 - instead, the external organisation/consultant will own the "intangible" IP asset
 - all that QH will obtain is the right to use the "intangible" IP asset in the ways that were made clear to the external organisation/consultant at the time QH engaged their services.
- the seemingly common sense thinking of "*We paid for it, therefore we own it*", does not apply in almost all cases when the "it" is the "intangible" IP asset created for QH by an external organisation/consultant paid by QH.

- this trap creates the following risks to both QH and the external organisation/consultant:
 - in almost every case, QH will not own the “intangible” IP asset when QH may need to own it
 - there will be confusion as to who owns the “intangible” IP asset which may lead to later problems
 - QH may not even obtain appropriate rights to use the “intangible” IP asset to achieve its long term objectives even though QH had paid for the IP to be created in the first place.
- one of the main objectives of Queensland Government Purchasing Policy as reflected in QH’s *“Procurement Procedures”*¹, is to ensure that QH obtains the best value for money. Where IP is created by an external organisation/consultant having been paid for by QH, this means that it may be better value for money if QH merely obtains appropriate rights to use the IP for QH’s purposes, instead of ownership.
- so in order to achieve these objectives, it’s now necessary to step through the following process:
 - Step 1: Determine if IP will be created as part of the project’s deliverables
 - Step 2: If yes, then estimate if the cost will be < or => \$20,001
 - Step 3: Identify which standard QH agreement should be used
 - Step 4: Decide if QH needs to own the IP
 - Step 5: Communicate QH’s needs regarding IP ownership for the project
 - Step 6: Select the most appropriate tenderer
 - Step 7: Ensure that the required IP ownership position is activated in the standard QH agreement.
- for projects costing \$20,001 or over:
 - there are three main types of standard QH agreements: a) Consultancies; b) Services; and c) Government Information Technology Conditions (GITC) (specifically for software);
 - both of the standard a) Consultancies; and b) Services agreements, have default terms that place ownership of IP created with QH. For most cases, the default terms will be suitable and there will not be the need to amend them;
 - The GITC agreements do not have default terms; and
 - if necessary, each of the three standard agreements IP terms can be amended to place ownership of IP with the external organisation/consultant while still ensuring that QH retains appropriate rights to use the IP for QH’s purposes.
- for projects costing less than \$20,001:
 - QH’s *“Procurement Procedures”* do not require you to use a standard QH agreement but you can use one if you want. The standard QH agreement titled: *“Service Agreement (for Professional Services) short form, suitable for low risk, low value services”* available at the Services Agreement website link in the table on page 13 is suitable for these low cost projects.
 - if you don’t use a standard QH agreement then at a minimum, include the following words in a letter or email to the external organisation/consultant when requesting a quote (so that the external organisation/consultant is aware of QH’s need to own IP prior to providing a quote to QH):
 - *“Ownership of intellectual property rights in material created in this project vests in The State of Queensland (Queensland Health)”*

¹ Links to all documents mentioned in this procedure in italics, are provided at the *“Further Assistance”* section.

2.1 When IP is an issue in purchasing

IP will be an issue when QH pays an external organisation/consultant to undertake a project and IP is created as part of a project's deliverables. The type of IP that will be created, will almost always be copyright. Other types of IP that may be created by an external organisation/consultant for QH are designs, trade marks and patentable IP.

Example

Some of the more common examples of IP in the form of copyright created by external organisations/consultants for QH as part of the project's deliverables include:

- written materials e.g. assessment or measurement tools and training course resources
- multimedia materials e.g. videos, CD's, DVD's and websites
- software developed specifically for QH's needs (not "off the shelf" software) and databases
- advertising campaigns and logos.

Conversely, IP will not be an issue and this procedure will not be relevant to QH employees, where an external organisation/consultant is not required to create IP as part of the project deliverables.

Example

Examples of common QH purchases that do not require the external organisation/consultant to create IP as part of the deliverables include:

- products such as drugs, disposable gloves, medical gases and medical equipment²
- services which do not result in the creation of deliverables i.e. contract nursing recruitment, parcel delivery, equipment maintenance or cleaning services
- "Off the shelf" software not created specifically for QH.

2.2 Why IP is an issue in purchasing

QH invests substantial public funds paying external organisations/consultants to do work for QH in which IP (usually in the form of copyright), is created as part of the project deliverables for the purpose of providing QH's broad range of public health services.

When external organisations/ consultants create IP as part of the QH project's deliverables, two "assets" are created i.e.:

- a "physical" asset i.e. the hard copies of the project deliverables that you can hold in your hands such as an Assessment Tool, A Consultants Report, a CD, Video or Training Course Manual
- an "intangible" asset i.e. the bundle of legal rights called IP (usually in the form of Copyright) that exist in these project deliverables.

² Note: These products may incorporate various types of IP e.g.: Patents for the drugs and designs for the medical equipment. However QH generally does not pay for these products to be developed from scratch. Instead, QH just pays to purchase the existing physical item or services, and not the IP associated with the physical item. If QH was paying for the item to be developed from scratch, then IP would be an issue and this procedure would apply.

Example

An example of the “two asset” concept is:

- when you purchased the latest Brisbane street directory you obtained ownership of the physical asset i.e. the hard copy of the directory. You can use it, give it away, lend it or sell it.
- when you bought the hard copy, you didn’t obtain ownership of the intangible asset (in this case – copyright) which also exists in the street directory.
- ownership of the intangible copyright asset stays with the company or publisher (e.g. Universal Business Directories) that invested the time and resources to create it.
- the copyright owner (not yourself), is able to give rights to other organisations to use the intangible copyright asset eg: using the street directory maps in other directory tools such as: a) Telstra’s “whereis” internet directory; or b) the satellite navigation and mapping systems you can now purchase or that come as an accessory in new cars.

A common QH example is:

- after an open tender process, QH selects a University to create and deliver a training course to QH employees
- the “physical” assets created are: a) A written training Workshop Manual in either paper or digital format e.g. CD or DVD, and b) A Video on either tape, CD or DVD
- The “intangible” asset created is the Copyright in the Workshop manual and Video.

Some recent QH examples include:

Project	Physical Asset	Intangible IP Asset
Healthier Multicultural Communities	Translation tip sheets	Copyright (in the written materials)
Indigenous Falls Prevention - Artwork to be attached to a building and used in posters & guidelines.	The Artwork	Copyright (in the artwork)
Career Learning in Management Excellence	Career development training materials	Copyright (in the written materials)
Project & Consulting Services	Training Management Software	Copyright (in the software)
Gold Coast University Hospital	Building Plans	Copyright (in the building plans)

Which asset is the most valuable – physical or intangible? In general, the “intangible” IP asset is the most valuable because it gives an owner the complete range of legal rights to use the deliverables i.e. to have it copied, placed on the internet and to commercialise it with other organisations worldwide.

In contrast, the owner of the physical asset just owns the physical asset and only obtains rights to use the physical asset as stipulated in a written agreement, or as agreed at the time of commissioning the external organisation/consultant.

So there are always two issues to be aware of when purchasing something where IP will be created from QH funding:

- the purchase of the physical asset; and
- the purchase of the intangible IP asset (normally copyright) that exists in the physical asset.

2.3 The Trap: "We paid for it, therefore we own it" generally does not apply to IP

The general rule is that, if there is no written agreement between QH and the external organisation/consultant, (or if there is a written agreement but the ownership of IP is not included as a term in the agreement) then:

- QH will not obtain ownership of the "intangible" IP asset even though QH paid for it to be created³
- Instead, QH will only obtain ownership of the "physical" asset i.e. the project deliverables when they are delivered to QH
- The external organisation/consultant will own the "intangible" IP asset they created; and
- All QH will obtain is rights to use the "intangible" IP asset in the ways that were made clear to the external organisation/consultant at the time of negotiating the project.

The seemingly common sense thinking of "*We paid for it, therefore we own it*" does not apply in almost all cases, when the "it" is the "intangible" IP asset created by an external organisation/consultant⁴.

There are exceptions to this general rule (as the *Copyright Act 1968* treats Part 3 matter i.e. "works" differently from Part 4 matter i.e. "subject matter other than works"). For the purposes of this procedure, the main exception is:

- QH will own copyright where QH pays to have a film/video created and there is no written agreement to the contrary⁵.

While not directly relevant to this procedure, other exceptions to the general rule apply if you commission the creation of copyright material for your private domestic purposes (but not your private business purposes).

The combination of the general rule (i.e. If you pay for it you don't always own it), together with the existence of several exceptions, creates the following risks and potential adverse outcomes to both QH and the external organisation/consultant:

- there will be confusion about the ownership and ability to use the IP which will lead to the IP being underutilised and mismanaged
- there is a short term focus on purchasing the physical deliverables in place of a long term focus on purchasing the IP rights in the physical deliverables

³ Note for legal officers. The mere commissioning by QH does not satisfy the "*direction or control*" criteria of S176 & S178 of the Copyright Act 1968. Similarly, reliance is not placed on S177 of the Copyright Act (first published by Government) to ensure that ownership of copyright is vested in QH. These clauses create uncertainty rather than clarify and are seen as a "back up" only. Therefore the focus of this procedure is to clarify IP ownership issues via a written agreement.

⁴ For confirmation, see the section titled "*Can Intellectual Property be purchased*" within the publication "*Intellectual Property in Purchasing – Better Purchasing Guide*" at the link provided in the "*Further Assistance*" section below.

⁵ Sections 97(3) & 98(3) of the Copyright Act 1968.

- both QH and the external organisation/consultant may not obtain appropriate rights to use the deliverables to meet each party's objectives; and
- in a worse case scenario, QH may have to pay twice to achieve its objectives, i.e. not only will QH first pay to have the IP developed, but secondly, may have to pay again to use it to achieve QH's changed objectives.

Three examples of these risks are:

Example 1

A common example is where QH pays a University to create and deliver a training course for QH employees. Consider the situation where there is either no written agreement, or the agreement does not include IP terms. So the agreement does not clarify: a) who will own the IP created (in this case Copyright in the Workshop Manual and Video training resources); or b) what rights QH has to use the training resources.

In this case then, the rules in the *Copyright Act 1968* (Cth) will apply, leading to the following result:

- QH will not obtain ownership of the copyright in the workshop manual. Instead, the University will own the copyright in the workshop manual. QH will however, obtain ownership of copyright in the video, because the rules treat ownership of written materials and videos/films differently.
- QH obtains "implied" rights to use the workshop manual for the purposes that QH engaged the University. As QH owns copyright in the video, QH obtains full rights to use the video for QH's purposes and to provide the video to other organisations (for a fee if appropriate).

QH's "implied" rights to use the workshop manual may be appropriate for QH's immediate needs. There may not be any current problem or risk. But fast forward 5 years where QH now finds that it wants to do the following things with the workshop manual training resources:

- substantially update it via a public tender process which may result in a different University being retained
- use the workshop manual in new ways that were not originally planned or communicated to the external organisation/consultant i.e.: placing "on-line"
- provide the workshop manual (together with the video) to another Queensland Government Department, another State's Health Department or the Federal Government to adapt for their specific purposes
- commercialise the workshop manual (together with the video) by licensing them directly to the private sector within Australia or internationally or by placing them on an on-line "shopping cart" style website.

In this example the University (as owner of the copyright in the workshop manual) could:

- stop QH from using the workshop manual (but not the video) in these additional ways
- charge QH extra fees to use the workshop manual in these additional ways. So QH may have to pay for the IP to be developed initially and then have to pay again to use it to achieve QH's changed objectives.

The University could do this because:

- QH did not obtain ownership of the copyright to the workshop manual in a written agreement when the University was first engaged
- the University could argue that QH only obtained implied rights to use the workshop manual for internal uses and not for the above additional uses.

The Solution

- Step 1 - use a standard QH written agreement
- Step 2 - preferably, retain the default IP clauses in the standard agreement that places ownership of the IP with QH; or alternatively
- Step 3 - if the University is to own the IP, amend the QH use clauses in the standard agreement with the assistance of your unit's legal officer.

Example 2

QH received funding from the Federal Government for a Mental Health project. There was a written "Funding Agreement" between QH and the Federal Government for the funding. There were IP terms in the agreement. The main IP terms were that:

- QH would own all IP created from the funding
- the Federal Government was to receive rights to use the IP, to enable the Federal Government to adapt and use the resources developed as they wished.

After a tender process, QH selected and entered into an agreement with a University whereby the University would create the deliverables (e.g. written reports and training materials) for the Mental Health project.

In this case, QH had a contractual obligation to ensure that the Federal Government obtained rights from QH to use the deliverables according to the terms of the QH/Federal Government "Funding Agreement". The most appropriate means to achieve this is for QH to be the owner of the IP created by the University by making use of the "default" IP terms in the QH standard agreement.

If QH agreed to the University owning the IP, QH may not have been able to meet its contractual obligation to the Federal Government, unless QH's use rights specifically included the right to allow other third parties to use the University owned Copyright.

The Solution

- Step 1 - use a standard QH written agreement
- Step 2 - preferably, retain the default IP clauses in the standard agreement that places ownership of the IP with QH.

Example 3

QH engaged an external company to gather data regarding the need for maintenance at QH facilities. The data was to be placed into QH's Asset Management information system to enable QH to identify maintenance works requiring priority.

The company claimed that by placing the data into QH's Asset Management information system, QH was infringing the company's IP rights. That is, the company claimed that:

- the data was IP in the form of copyright
- QH had paid the company to gather the data only, not to use the data in the QH system; and therefore
- QH was infringing its IP rights.

The company requested that QH pay additional fees to use the data in QH's Asset Management information system.

As there was a written agreement in place with the company, and the agreement included the standard default terms regarding IP, QH was in fact the owner of the copyright in the data (if any actually existed – but that's another matter), not the company. Accordingly, the company's claims were non-existent.

Consider this example if there was no written agreement in place. The company could claim that it owned the copyright in the data (again, if there was any). However, QH could claim that: a) it owned the copyright in reliance on clause 176 of the *Copyright Act 1968* (Cth), because it "directed or controlled" the company to create the data; or b) it had an implied right to use the data for QH's purposes, including in QH's Asset Management System, as this was QH's intention at the time it engaged the company.

If the company wanted to contest QH's claim to ownership or implied rights to use the data in the QH Asset Management System, it could have taken legal action. If so, QH may have been required to prove that it had "directed or controlled" the company to obtain ownership, and/or communicated its intention to use the data in this way to the Company, to show that the implied rights existed. This would have been more costly and time consuming to QH, than the clarity given by the existence of the IP terms in the standard QH written agreement.

The Solution

Use a standard QH written agreement.

2.4 The Queensland Government's policy for purchased IP

The main points of the Queensland Government's policy in regards to the ownership of IP created by external organisations/consultants paid for by Queensland Government departments⁶ is:

- it's not mandatory for departments to obtain ownership of all IP created by external organisations/consultants when funded by departments
- instead, there may be cost benefits to departments and broader economic benefits to Queensland, if the external organisation/consultant owns the IP
- at an absolute minimum, departments must obtain appropriate IP use rights that achieve the department's objectives; and

⁶ At section 3.3.2 on page 15 of the "Queensland Public Sector Intellectual Property Guidelines" Version 2, located at the website address given in the "Further Assistance" section below.

- IP ownership and IP use rights must be clarified in a written agreement

Any previous policy position that the Queensland Government must own all IP created by external organisations/consultants is no longer relevant.

The rationale for the revised policy is that:

- a basic objective of Government procurement processes is to ensure that Government obtains the best value for money
- a key characteristic of IP of course, is that you don't need to own it in order to use it. Instead, all that departments may need is the right to use the IP, not to own the IP. Ideally, there should be an up-front cost saving to Government departments where the external organisation/consultant is to own the IP they create under funding provided by Government.
- a basic objective of IP management and a specific objective in QH's IP Policy, is to maximise the use of IP, not to let IP sit on a government shelf gathering dust. The value of IP generally increases the more it is used in contrast to physical assets which generally depreciate in value the more they are used. Ownership of IP by Government may not be the best way to maximise the use of IP
- ownership by Government may not suit the external organisation/consultant
- the private sector is generally better placed to commercialise the IP and this may also work more effectively to achieve the Governments bigger picture objectives e.g. private sector job creation, economic growth and increased tax receipts.

2.5 Ownership of IP v's rights to use IP:

Where IP will be created by the external organisation/consultant having been funded by QH, two key IP issues will always need to be clarified:

- who will own the IP created i.e. QH; or the external organisation/consultant; and
- if QH is not to own the IP, to ensure that QH obtains appropriate rights to use the IP to achieve QH's objectives.

Ownership of IP generally means that an owner has the legal rights to:

- use the IP unrestricted for the owners purpose
- allow other organisations to use or adapt the IP on terms suitable to the owner including for a fee if appropriate
- stop or restrict others from using the IP without the approval of the owner.

Example

Continuing with the example of the University developing training materials and then delivering the training to QH employees:

- QH and the University enter into a standard QH written agreement. Normally, the agreement will be a QH “Consultancy” or “Services” Agreement.
- both these agreements include QH’s default IP terms that place ownership of the IP created (in this case copyright in the workshop manual and video) with QH. (note however that the default terms can be changed to place ownership with the University)
- as the owner of the copyright, QH is able to:
 - use the workshop manual and video materials unrestricted for QH’s purposes
 - provide them to other organisations (for a fee if appropriate)
 - have them updated by another later successful tenderer
 - be entitled to obtain royalties from the copying of the materials by Educational Institutions such as Universities, TAFE’s or Primary and Secondary Schools as allowed under the Copyright Act.
- as the University is not the owner of the copyright in the workshop manual or video, then generally, the University will not be legally able to do the above things with the materials, without the approval of QH.

Having rights to use IP generally means that:

- a user can only use the IP in ways approved by the owner of the IP
- a user cannot give a third party rights to use the IP, unless this has been agreed to by the owner.

Example

Continuing with the example of the University developing training materials for QH, but with the important change that in the written agreement, the “default” IP terms that provide ownership of the Copyright to QH were reversed to place ownership of the copyright with the University. In this case then:

- the University may have required ownership of the copyright because:
 - the University had previously created a suitable training product for another organisation which only required slight variations to be suitable for QH’s needs; and
 - the University wanted to provide the training materials to other client organisations and also use them within the University itself.
- if QH obtained ownership of Copyright, then this would complicate things for the University because not being the owner of the Copyright, they could not adapt them to use with their other client organisations, or use for the University’s own internal purposes, without the permission of QH.
- even though the University owns the IP in the training materials, this may still be suitable for QH, as QH’s objectives can be achieved by merely obtaining rights to use the IP instead of ownership.
- in return for replacing QH ownership with University ownership, the up-front cost to QH should be lower.
- QH must ensure that QH obtains appropriate rights to use the IP in the agreement.
- the standard QH agreements already include default terms which ensure QH will obtain appropriate rights to use the IP where ownership is placed with the external organisation/consultant.

At the end of the day, if the two main IP issues of: a) ownership; and b) QH’s rights to use are not clarified in a written agreement, there will be confusion in regards to who has responsibility for managing the IP which will lead to the IP being mismanaged. The result being that your project may not reach the objectives of what you/QH set out to achieve.

3 Procedures

The following steps aim to assist QH project managers to ensure that: a) the risk to QH of not obtaining either ownership or appropriate rights to use the IP is minimized; and b) QH obtains better value for money when QH pays external organisations/consultants to create IP for use within QH.

3.1 Step 1: Determine if IP will be created as part of the project’s deliverables

- Identify each of the deliverables of the project.
- Does the project require the external organisation/consultant to new material as part of the project deliverables? If no, then there are no IP implications in this purchase, and no need to continue reading this procedure. If yes, then continue to Step 2.

Example

A QH Health Service District undertook a tender process for a health promotion program. The following deliverables to be created by the external organisation for QH, in which IP in the form of copyright exists were identified as follow:

	Deliverables	Is this IP?	Type of IP?
1	A standardised patient assessment tool	Yes	Copyright – Written materials
2	Short term care plan		
3	Training and orientation packages		

3.2 Step 2: Estimate if the cost will be < or => \$20,001

If equal to or greater than \$20,001, go to Step 3.

If less than \$20,001 then:

- QH's "Procurement Procedures" (at section 1.1), do not require you to use a standard QH agreement, but you can use one if you want. The standard QH agreement titled: "Service Agreement (for Professional Services) short form, suitable for low risk, low value services" available at the Services Agreement website link in the table on page 13 is suitable for these low cost projects.
- if there is nothing in writing, then in general, the external organisation/ consultant will own the IP created.
- if there is no reduction in the up-front cost between the external organisation/consultant owning the IP and QH owning the IP, then it is rational for QH to own the IP
- to ensure QH owns the IP, at a minimum include the following words in an email or letter to each potential external organisation/consultant inviting them to quote for the project:
 - "Ownership of intellectual property rights in all material created in this project (including copyright) will vest upon it's creation in The State of Queensland (Queensland Health)"

Example 1

QH's Population Health Branch developed a physical activity and nutrition program for secondary schools. In order to make the program easily recognisable, the Branch arranged for a logo to be created by an external graphic artist.

As the cost was approximately \$2,000, a standard QH written agreement was not required. As the issue of IP (in this case Copyright in the logo), was not discussed or reduced to writing, the external consultant retained ownership of copyright in the logo. All that QH obtained was implied rights to use the logo for QH's purposes, which was appropriate at the time.

Example 2

Continuing the facts of example 1 above but fast forward three years. The QH physical activity and nutrition program for secondary schools has been a success and other Australian states education departments have expressed interest in adapting the QH program for a national health promotion campaign.

As a result, the logo will now be used on national tv, newspaper advertising and an internet site. In order to provide a legal means of protecting use of the logo by unsuitable organisations, a Trade Mark is applied for.

As QH does not own the copyright in the logo, it is open for the external consultant as the owner of copyright in the logo, to object to this wider use and to seek additional fees. There may also be problems in QH applying for a trade mark for the logo, as QH has not obtained ownership of copyright in the logo.

In these circumstances, it would have been more appropriate for QH to obtain ownership of copyright in the logo at the time of commissioning the graphic artist.

The Solution

QH could have obtained ownership of the copyright in the logo, by including the following words in an email or letter sent to graphic artists to advise them of QH's requirements, prior to commissioning the preferred provider: *"Ownership of intellectual property rights in material created in this project vests in The State of Queensland (Queensland Health)"*

3.3 Step 3: identify which standard QH agreement should be used

Where you purchase services from external organisations/consultants with a value of =>\$20,001, QH's "Procurement Procedures" (at section 1.1), mandates the use of a standard QH agreement. In addition, your task will be made easier if you use a standard QH written agreement.

Which standard QH written agreement you use, depends on the type of services you are purchasing. There are three main standard QH written agreements used for the purchase of services. Each standard agreement includes default terms re IP. The three main standard agreements are:

- consultancies
- services
- Government Information Technology and Communications (GITC).

In addition, your Branch/Unit may already have a specific form of agreement in use e.g. Many QH units have previously entered into “*Master*” or “*Principal*” agreements with Universities for specific long lived projects, where the main non changing terms are agreed to once in the “*Master*” or “*Principal*” agreement, with more specific terms for each sub-project in a subsidiary “*Project*” or “*Secondary*” agreement. So first check whether there is an existing Branch/Unit specific agreement currently in force that specifically suits your project.

The following table identifies:

- which standard QH agreement you should use
- where you can obtain one
- who you can talk to if required.

Standard QH purchasing agreements

Purchase Need	Examples	Standard Agreement	Location and Contact
Consultancies Provision of independent, expert advice with recommendations to QH as the basis for making a decision or taking a certain course of action e.g.	<ul style="list-style-type: none"> • providing expert advice on technical and professional matters • carrying out research projects, feasibility studies and fact finding investigations where recommendations are made • designing, developing, analysing and reporting on attitudinal survey • designing and developing a benchmarking framework/process and standards • providing advice in the development of policy and strategic planning issues. 	Consultancy Agreement	<p><i>Website link</i> http://qheps.health.qld.gov.au/pl/corp_governance/consultancies/index.htm</p> <p><i>Contact</i> Business Consultant, Health Services Purchasing and Logistics Branch,- phone: 3006 2902 after viewing information at above link.</p>
Services Provision of specified services that are part of the service provider's day to day business. Services are divided into Professional Services and Non-Professional Services.	<p>Professional Services include:</p> <ul style="list-style-type: none"> • Auditing services • Accounting services • Training services • Engineering services • Policy advice/development <p>Non – Professional Services include:</p> <ul style="list-style-type: none"> • Cleaning services • Security services • Laundry services • Catering services • Gardening services 	<p>Services Agreements of two types:</p> <p>Professional Services</p> <p>And</p> <p>Non-Professional Services</p>	<p><i>Website link</i> http://qheps.health.qld.gov.au/pl/soas_tenders/templates/service_agree.htm</p> <p><i>Contact</i> Business Consultant, Health Services Purchasing and Logistics Branch,- phone: 3006 2902 after viewing information at above link – especially the document titled “<i>Service Instructions</i>”.</p>
Government Information Technology and Communications	<ul style="list-style-type: none"> • Software created specifically for QH's specifications. 	GITC Version 5	<p><i>Website link</i> http://www.health.qld.gov.au/hspl/tenders_contracts/Info_con</p>

(GITC)			t_mngmt.asp <i>Contact</i> Manager, ICT Procurement Unit, Purchasing and Logistics Branch, phone: 3006 2947 or email ICT_Procurement@Health.qld.gov.au after viewing information at above link.
Branch Specific	<ul style="list-style-type: none"> Branch specific funding agreements "Master" or "Principal" agreements with Universities for specific long lived projects, where the main non changing terms are agreed to once in the "Master" or "Principal" agreements, with more specific terms for each project agreed to in a subsidiary "Project" or "Secondary" agreement. 	Branch Specific	<i>Contact</i> Your Manager/Business Manager/Director

3.4 Step 4: decide if QH needs to own the IP

Considering the issue of IP before tenders or bids are invited and consultants engaged, will enable QH to reduce up-front costs via only obtaining rights to use the IP created for the project, not to own the IP outright where suitable.

In reality however, there may not be enough time or it will simply be too hard and therefore the issue of IP ownership may not even be considered. Where this is the case, the safe and easy option is to ensure that QH is the owner of the IP as this will reduce risk and place QH in the strongest position. If you use the "Consultancy" or "Services" agreement, then these agreements place ownership of IP with QH as a default position, so no amendment to these standard agreements is required.

In some cases it will be clear that QH must own the IP, or the external organisation/consultant will make it clear that they require ownership. For others, the decision may not be so clear cut.

The tables below identify several criteria that you can consider to assist you to make a rational decision between QH owning the IP or merely obtaining rights to use the IP. To use the table, do the following steps:

- consider each of the criteria divided into Critical, Important and From the External Organisation/Consultant's Viewpoint
- ask yourself the question at each criteria
- score your answer a score using the scoring guide
- the rationale and example columns advise why this criteria affects the ownership decision
- add up the scores for all criteria
- the Score Indicator gives an indication whether QH should own the IP or not.

Critical

Criteria	Scoring Guide	Rationale	Example
<p>1. A Prior Contractual Obligation:</p> <p><i>Question</i> Is QH under a prior contractual obligation to provide rights to use the IP created to a third party for this project?</p>	<p>If yes score 500 and there is no need to consider the following criteria. QH must own the IP to be created.</p> <p>If no score = 0, and continue with following criteria.</p>	<p>To enable QH to comply fully with any previous contractual obligations that QH may have entered into.</p>	<p>QH obtained funding from the Federal Government for a Mental Health project. There was a written agreement between QH and the Federal Government where it was agreed that: a) QH was to own all IP created from the Federal funding; and b) The Federal Government would obtain a licence to use the IP.</p> <p>QH therefore must ensure that it retains the ability to provide the licence to the Federal Government preferably via retaining ownership of any IP if created by an external organisation or consultant for QH.</p>
SCORE			

Important

Criteria	Scoring Guide	Rationale	Example
<p>2. The IP to be created is to be added to existing IP already owned by QH.</p> <p><i>Question</i> Will the deliverables from this project be added to existing material that is owned by QH to make one consolidated item?</p>	<p>If Yes, Score 250.</p> <p>If No, Score 0.</p>	<p>If Part A is already owned by QH, and Part B is now being funded to create finished Product C, then it is generally more efficient for QH to also own Part B, so that one entity (i.e. QH) will own Product C rather than to have split ownership.</p>	<p>QH's Office of the Chief Nurse engaged an external organisation to develop a Nurse Mentoring training program. A body of work had previously been done by QH employees on Mentorship.</p> <p>The Nurse Mentoring training program was to incorporate, build on and update the existing QH material. In this case, it made more sense for QH to retain ownership of the IP (i.e. Copyright) in the updated course.</p>
SCORE			
<p>3. Multiple external service providers will create individual deliverables for the one QH project.</p> <p><i>Question</i> Will this QH project source various deliverables from multiple providers?</p>	<p>If Yes, Score 250.</p> <p>If No, Score 0.</p>	<p>In general, IP management is more effective where the ownership of multiple items of IP relating to one project, vests in one entity rather than split ownership.</p>	<p>A QH Multicultural Health project required multiple translation services to provide translation tip sheets. No one translation service was able to provide translations for all languages required by QH. The tip sheets were all required to adhere to a set template design devised by QH, to simplify use by QH clinical staff.</p> <p>QH required ownership of Copyright from all translation services in order to simplify the management of the project.</p>
SCORE			

Criteria	Scoring Guide	Rationale	Example
<p>4. Later updates by a different external organisation/consultant.</p> <p><i>Question</i> Will this QH project be long lived or permanent and therefore, updates may be needed to be made to the material by organisations other than the original creators at a later date?</p>	<p>If Yes, Score 250.</p> <p>If No, Score 0.</p>	<p>There is a need to ensure that QH can have the material freely adapted by organisations other than the original developer to suit QH's requirements if/when necessary.</p>	<p>QH engaged a University to develop a post graduate management course, tailored specifically for QH's requirements. The post graduate course was offered to QH employees both part time and externally via the University for a 10 year period. The University obtained ownership of IP (i.e. copyright) in the course.</p> <p>At the end of the ten year contract term, QH required the course to be upgraded. After an open tender process, another University was the preferred tenderer to upgrade and deliver the course.</p> <p>As the original University retained ownership of copyright in the course via the original agreement, (and therefore was able to stop QH from providing the course materials to the new University) the new University was required to develop the course from scratch.</p>
SCORE			
<p>5. The project is being piloted in a QH District and there is a high probability of rolling it out across QH state-wide.</p> <p><i>Question</i> Will the project be a pilot project that if successful will be rolled out to other QH HSD's or state-wide?</p>	<p>If Yes, Score 250.</p> <p>If No, Score 0.</p>	<p>Many QH projects begin life as single branch or District projects. As evidence confirms the projects effectiveness, the project is then rolled out across QH. This may require updates to be made. Where this is the case, it will be more suitable if QH owns the IP from the beginning.</p>	
SCORE			
<p>6. The project will be commercialised by QH.</p> <p><i>Question</i> Is this project to be commercialised by QH?</p>	<p>If Yes, Score 250.</p> <p>If No, Score 0.</p>	<p>If the project is suitable for commercialisation, then generally, QH should own the IP as a pre-requisite.</p>	<p>The Gold Coast Health Service District piloted a commercialisation project with the Australian Institute for Commercialisation. A list of potential suitable projects for commercialisation were identified. In order for QH to commercialise the IP, generally QH should own the IP as a necessary prerequisite.</p>
SCORE			

From the external organisation/consultant's viewpoint

Criteria	Scoring Guide	Rationale	Example
<p>7. Minor modifications from an existing product only are required for QH's purposes.</p> <p><i>Question</i> Is the QH deliverable a minor modification only to an existing product that is provided by the external organisation / consultant to other clients?</p>	-250 (i.e. negative 250)	If the deliverables for the QH project only require the external organisation / consultant to make minor modifications to an existing product, then the external organisation / consultant will need to own the IP in order to continue to use it in its business.	<ul style="list-style-type: none"> Software requiring minor modification. Architectural/Design firm plans for standardized hospital facilities.
SCORE			

Score Indicator

- Positive:* a positive score (especially 500 or above), indicates that QH should own the IP. The greater the positive score the more important it is for QH to own the IP.
- Negative:* a negative score indicates that the external organisation/consultant will require ownership of the IP.
- Neutral:* the closer the score is to zero indicates that there is more uncertainty as to whether ownership of the IP should be with QH or the external organisation/consultant.

3.5 Step 5: communicate QH's needs regarding IP ownership

The analysis undertaken at Step 4 will produce the three possible results shown in the following table. Corresponding words to insert in documentation provided to potential tenderers to enable them to price their offer with full knowledge of QH's position in regards to the ownership of IP created in the project, are provided in the following table.

Result	Words to include in documentation to potential tenderers
1. QH must own the IP	QH requires that all intellectual property to be created in the deliverables for this project will be owned by QH.
2. QH is open to whether it owns the IP or not; or 3. The external organisation/consultant may prefer to own the IP.	<p>The Department is flexible in regards to the ownership of intellectual property created by the Consultant/Service Provider/Respondent for the project.</p> <p>The Department invites tenderers to tender prices based on the following two ownership models:</p> <ul style="list-style-type: none"> external organisation/consultant to own the IP QH to own the IP.

3.6 Step 6: select the most appropriate tenderer

Where QH is open to the external organisation/consultant retaining ownership of the IP, the evaluation of tenders can be undertaken by comparing the cost benefit to QH between QH owning the IP or not owning the IP.

Note: Any reduced up front cost to QH between the owning and not owning IP options, is only one criteria that may influence the selection process for the most appropriate supplier.

As a general guide the following table may assist in comparing any discounts received.

Cost considerations

Criteria	Score	Rationale	Example
<p>2.1 External organisation / consultant offers QH an up-front discount:</p> <p><i>Question</i> Is the external organisation/consultant prepared to offer QH an up-front discount where the consultant is to own the IP, compared to the cost to QH where QH is to own the IP?</p> <p><i>Calculated by</i> (Cost if QH owns IP minus Cost if consultant owns IP) divided by Cost if QH owns IP.</p> <p><i>Simplistic example</i> $(100 - 75) / 100 =$ a 25% Discount to QH.</p>	<p>If no discount is offered Score 500.</p> <p>If a discount $\leq 10\%$ is offered, Score 400.</p> <p>If a discount $>10\% \leq 20\%$ is offered, Score 300.</p> <p>If a discount $>20\% \leq 30\%$ is offered, Score 200.</p> <p>If a discount $>30\% \leq 40\%$ is offered, Score 100.</p> <p>If a discount $>40\%$ is offered, Score 0.</p>	<p>A discount in the upfront contract price should be obtained when the external organisation/consultant retains ownership of the IP.</p> <p>If there is no cost savings to be made in comparison to the situation if QH was to obtain ownership of the IP, then it is best for QH to own it.</p>	<p>Following an open tender process, a QH Health Service District engaged a University to undertake an evaluation of a QH program.</p> <p>IP in the form of Copyright was to be created by the University in fulfilling the deliverables. The deliverables included: Measurement Tools, and an Evaluation Framework.</p> <p>The University offered QH a 25% discount (from \$100,000 to \$75,000) in the up-front cost if the University was to own the IP. In this case, QH only needed to use the IP in the deliverables, and not to own the IP. The University wanted to own the IP to use for other projects. QH therefore used IP to obtain better value for money.</p>
SCORE			

3.7 Step 7: ensure that the selected IP ownership position is activated in the standard QH agreement

Having evaluated and selected the most appropriate tender with regard to the ownership of IP, the following table explains how to finalise the process by ensuring that the ownership of IP model is correctly recorded in the appropriate standard QH agreement.

Standard Agreement	How IP is managed in each agreement
Consultancy Agreement	<p>If QH is to own the IP:</p> <ul style="list-style-type: none"> • Clause 11.1 is a default position that ensures QH will own any IP created as part of the project's deliverables. • At Item 13 of Schedule 2, delete all of the instruction wordings and insert "Not Applicable". • You do not need to alter any other clause of the standard "Consultancy Agreement" to enable QH to own the IP via the operation of the default position of Clause 11.1. <p>If the external organisation/consultant is to own the IP:</p> <ul style="list-style-type: none"> • At Item 13 of Schedule 2, delete the instruction wordings and insert "The Consultant". • You do not need to alter any other clause of the standard "Consultancy Agreement" to enable the Consultant to own the IP, or to ensure that QH obtains appropriate rights to use the IP. • QH obtains appropriate rights to use the IP for QH's purposes through the operation of Clause 11.3 (a).
Service Agreement (for Professional Services)	<p>If QH is to own the IP:</p> <ul style="list-style-type: none"> • Clause 11.1 is a default position that ensures that QH will own any IP created as part of the project's deliverables. • At Item 13 of Schedule 2, delete the instruction wordings and insert "Not Applicable". • You do not need to alter any other clause of the standard "Service Provider Agreement – for Professional Services" to enable QH to own the IP via the operation of the default position of clause 11.1. <p>If the external organisation/consultant is to own the IP:</p> <ul style="list-style-type: none"> • At Item 13 of Schedule 2, delete the instruction wordings and insert "The Service Provider". • You do not need to alter any other clause of the standard "Service Provider Agreement– for Professional Services" to enable the Service Provider to own the IP, or to ensure that QH obtains appropriate rights to use the IP. • QH obtains appropriate rights to use the IP for QH's purposes through the operation of Clause 11.3 (a).
Service Agreement (for Professional Services) short form, suitable for low risk, low value services	<ul style="list-style-type: none"> • Clause 6.3 ensures that QH will own any IP created as part of the project's deliverables. • There is no ability under this agreement to enable the external organisation/consultant to own the IP.
Service Agreement (for non-Professional services)	<ul style="list-style-type: none"> • Clause 10.1 ensures that QH will own any IP created as part of the project's deliverables. • There is no ability under this agreement to enable the external organisation/consultant to own the IP.
GITC Version 5	<p>There is no "default" position in regards to IP created for the project. So you are required to choose between one of three template IP ownership and use models.</p> <p>If QH is to own the IP:</p> <ul style="list-style-type: none"> • IP Model 1 – Option A: department owns. no licence to Contractor to commercialise. • IP Model 1 – Option B: department owns. licence to contractor to commercialise. <p>If the external organisation/consultant is to own the IP:</p> <ul style="list-style-type: none"> • IP Model 2: - Contractor Owns.
Branch Specific	The terms will vary between agreements. Contact your Manager, Business Manager or Director.

4 Further assistance

4.1 What should I read?

Section 9.1 of the “QH Procurement Procedures” located at: <http://qheps.health.qld.gov.au/policy/docs/pcd/gh-pcd-044-1.pdf>

Queensland Department of Public Works publication “*Intellectual Property in Purchasing - Better Purchasing Guide 2001*” <www.qgm.qld.gov.au/00_downloads/bpg_intellprop.pdf>

Section 3.3.2 on page 15 of the Queensland Public Sector Intellectual Property Guidelines (Version 2) located at: <http://www.dtrdi.qld.gov.au/dsdweb/v4/apps/web/content.cfm?id=6775>

Section 2.4 at page 13 of the GITC “*User Guide*” located at: http://www.qgm.qld.gov.au/gitc/framework_documents.htm

4.2 Who should I speak with?

Your Manager, Business Manager or Research Manager

The Intellectual Property Officer, Office of Health and Medical Research, Centre for Healthcare Improvement. Phone: 3234 1479 e-mail: ip_officer@health.qld.gov.au.

5 Document Custodian

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