



Australian Government

Department of Communications and the Arts

# Australian Government intellectual property manual

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## Acknowledgments

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## Versions

The current version of this Manual (Version 4) has been updated in 2018 to reflect some minor corrections and amendments.

This Manual will continue to be amended to reflect changes in IP law, policy or administration.

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# Intellectual property principles for Commonwealth entities

## Introduction

Officials working in the Commonwealth public sector are employed under various employment frameworks, including administrative personnel, uniformed service personnel, federal police, customs officers, park rangers, postal workers, camera operators or scientists. Some are chief executives, or members of boards; others are in administrative or support roles. All officials are employed under the [Public Governance, Performance and Accountability Act 2013](#) (the PGPA Act).

All officials have a set of general duties that they must meet, as individuals, under the PGPA Act. Sections 25 to 29 of the PGPA Act set out the general duties that apply to the officials of all Commonwealth entities, particularly in their management and use of public resources including a duty:

- of care and diligence
- to act honestly, in good faith and for a proper purpose
- in relation to use of position
- in relation to use of information, and
- to disclose interests.

A large number of officials are also engaged under the [Public Service Act 1999](#) (PS Act) and must also comply with the Australian Public Service (APS) Values and Code of Conduct obligations.<sup>1</sup> The Australian Public Service Commissioner has issued directions and associated guidance material about the responsibilities that apply to APS employees and office holders under the PS Act, particularly the APS Values and Code of Conduct.

The duties of officials in the PGPA Act relates to standards of governance, performance and accountability across all Commonwealth entities. The duties of officials in the Code of Conduct are broader than the duties in PGPA Act, for example the APS Values and Code of Conduct requires officials to avoid real or apparent conflicts of interest. If an official meets the requirements of the PS Act, then the official will ordinarily also meet his or her duties under the PGPA Act.

This document has been written to reflect the PGPA Act, but where appropriate will reference the PS Act.

The Australian Government is a major investor in the creation and development of intellectual property (IP) through its many activities in science, health, education, public infrastructure, information technology, defence and arts and culture.

The Intellectual Property Principles for Commonwealth Entities ('the Statement of IP Principles') provides a policy for the management of IP by Commonwealth entities covered by the PGPA Act.<sup>2</sup> Entities have been individually responsible for implementing the Statement of IP Principles since 1 July 2008.<sup>3</sup>

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<sup>1</sup> About 50% of public sector staff are employed under the Public Service Act, whereas close to 100% of staff employed by the public service are classified as officials under the PGPA Act. For example, Australian Federal Police are not employed under the APS Act, but are employed under the PGPA Act.

<sup>2</sup> While the *Statement of IP Principles* does not apply directly to Corporate Commonwealth entities, these agencies could also consider the Principles as an expression of good practice in the management of IP.

<sup>3</sup> The *Statement of IP Principles* was amended on 1 October 2010 to reflect Government decisions in relation to ownership of IP in software procured under ICT contracts (principle 8(a)) and free use of public sector information (principle 11(b)). PGPA Act agencies must comply with new principle 8(a) in ICT procurement contract negotiations starting from 1 October 2010.



IP covers the wide range of intangible property that is the result of the creative and intellectual effort of individuals and organisations. This includes inventions, literary and artistic works, computer programs, databases, broadcasts, films, sound recordings, plant varieties, trade marks and designs.

The Statement of IP Principles covers principles relevant to IP management, including procurement, record keeping, industry development and broader innovation policy, and public access.

The business practices and purposes of Commonwealth entities are varied. Many entities create, publish and distribute materials for the purpose of informing and educating the community. They do not necessarily seek to control the extent to which this public sector information is used. In contrast, other entities have a strong commercial focus where active management and control of IP may be necessary to achieve business outcomes.

The Statement of IP Principles provides a broad policy framework for IP management by Commonwealth entities. Entities are encouraged to develop individual IP management frameworks that reflect their own needs and purposes, consistent with other relevant Australian Government policies and requirements. Entities should also consider IP management frameworks for matters that cross portfolio interests. For example, a specific IP management framework exists in relation to Government funded research (National Principles of Intellectual Property Management for Publicly Funded Research).

The Statement of IP Principles is supported by extensive guidance material:

- this manual
- model contract clauses for ICT contracts, and related explanatory material
- guidelines on licensing Public Sector Information (PSI) for Australian Government Entities.

Together with the Statement of IP Principles, these materials constitute the Australian Government IP Rules. The Australian Government IP Rules, Statement of IP Principles, and other related documents are available from the Department's website at [www.communications.gov.au](http://www.communications.gov.au).



# Intellectual property principles

## General principles

Commonwealth entities are responsible for managing IP in their control or custody in an effective, efficient and ethical manner.

The Government, through its entities, seeks to manage IP for the benefit of the Australian community as a whole. IP should be managed in accordance with all relevant legislation, policies and guidelines.

Entities should periodically evaluate the overall effectiveness, including cost, risks, and benefits of the policies and practices they have in place for the management and use of IP.

In considering its approach to the management and use of IP, entities should be mindful not only of their own purposes, but also of broader government purposes, including the benefit to the Australian community as a whole.

## Corporate framework

Each entity should have an IP management policy which reflects its objectives and these IP Principles.

Policies and practices established for the management and use of IP should be an integral part of entities' broader governance framework, including procurement, accountability, and records and asset management. Entities may have several IP management policies reflecting different business areas.

An IP policy should be supported by a management plan, strategy and/or guidelines.

An IP management policy should provide guidance to staff. It should describe an entity's principles, practices and procedures for managing IP and how these relate to the achievement of the purposes of the entity.

An IP management policy should outline an entity's approach to:

- dealing with acquisition, use, sharing, commercialisation, disposal, and public access to IP
- identifying and recording ownership of IP, and
- monitoring and protecting IP.

It should also detail any broader policy considerations that affect the entity's approach to management and use of IP.

Implementation of the IP management policy should be supported by appropriate training and resources, including access to expert advice.

Entities should maintain appropriate systems and processes to identify and record IP.

Identifying and recording IP, for example in a formal IP register, can support effective decisions on the management and use of IP, including the identification of IP which may be further leveraged in achieving the purposes of an entity.

Entities should pay particular attention to IP they have identified as being of special value or importance. This could include IP that is of public, strategic or financial value. Where entities believe that valuation systems are helpful, they should be directed towards valuations for internal risk and asset management purposes. Valuations should also not be used as the sole or principal justification for commercialisation decisions.



Systems for identifying and recording IP may complement, or be linked to, but generally not duplicate asset and record management systems. Where possible, IP information should be integrated into these systems.

Entities should have strategies and guidelines to ensure that IP is protected in an appropriate manner.

In line with their general responsibility for ensuring proper and effective use and management of assets, entities should put in place appropriate mechanisms to protect, monitor and prevent inappropriate use or infringement of IP.

Strategies and guidelines for protection of IP should be based on a well-considered risk assessment.

Entities should take care in disclosing any information regarding their IP to third parties prior to its publication or commercialisation. Premature disclosure may reduce the commercial value of the IP and/or in the case of patentable subject matter or a design, the opportunity to seek a registration may be entirely lost.

Entities should have procedures in place to reduce the risk of infringement of the IP rights of others.

The risk of infringement of IP rights can be reduced through a number of formal and informal processes, include training and awareness raising for staff, regular review of use of IP and record keeping within entities. These processes will assist in meeting expectations that entities will act ethically in the handling of the IP rights of others.

## Creating and acquiring IP

Entities should maintain a flexible approach in considering options for ownership, management and use of IP.

In considering their options, entities should be mindful of:

- their purposes and activities
- opportunities for obtaining appropriate value in all IP arrangements
- opportunities for financial savings in procurement contracts including through obtaining only those IP rights required to meet the purposes of the procurement
- the costs of managing and administering IP assets retained by entities and the potential for some IP assets to rapidly depreciate in value
- the desirability of making IP available to entities that are able to use Government IP to create jobs and commercial opportunities, and
- other relevant government policy purposes, including the promotion of industry development and the promotion of Government 2.0.

In respect of information and communication technology (ICT) contracts for software, entities should adopt a default position in favour of the ICT supplier owning the IP in the software developed under the procurement contract.

An entity will still be required to conduct an IP needs analysis to determine whether the Commonwealth should retain IP ownership (for example to provide an open licence for the public use of the IP). However, the default position is to be the starting position for this analysis. This ownership position is conditional on the ICT supplier granting the Commonwealth a perpetual, irrevocable, world-wide (if required), royalty free, fully paid up licence to all rights normally accompanying IP ownership (including a right to sub-license but excluding a right of commercial exploitation) in the developed IP for government activities. Where the supplier is not willing to agree to the whole-of-government licence, the supplier should not retain ownership of the IP.



Entities should only depart from the default position in exceptional circumstances. For example:

- reasons of national security and/or strategic interest
- reasons of law enforcement
- reasons in the public interest
- where there are statutes, regulations, Commonwealth policies or prior obligations to a third party or parties that preclude ownership of the developed IP by the ICT supplier
- where the main purpose of the ICT contract and the developed IP is to generate knowledge and information for public dissemination or the entity intends to allow free use of the IP on open source terms
- where the IP applies to a critical Government ICT system
- where the IP includes personal information
- where there are protected matters relating to fraud detection and return processing rules
- where complex information technology assets involve multiple build partners over the asset lifecycle
- where the underlying IP is wholly or predominantly owned by the Commonwealth before entering into the service agreement, and
- where there are economic and financial risks.

Entities should recognise innovation and creativity in the development of IP in an appropriate manner which is consistent with entity objectives.

Recognition of innovation and creativity within entities can be an important contribution to a rewarding, effective and efficient work environment. This can be linked to human resource performance management systems or other mechanisms which recognise and reward contributions to the achievement of entity purposes.

Contracts and other agreements must address IP issues where relevant.

IP issues should be addressed at an early stage, in developing contracts for the creation of IP.

Contracts in which IP might be created should address the identification of new and pre-existing IP and arrangements that apply to the ownership and use of the IP, including licensing arrangements. Entities should ensure that IP rights secured are appropriate to identified needs and purposes and should only obtain those rights required, taking into account questions of the efficient, effective and ethical use of entity resources.

## Sharing, commercialisation, disposal, and public access to IP

- (a) Entities should encourage public use and easy access to material that has been published for the purpose of:
- informing and advising the public of government policy and activities
  - providing information that will enable the public and organisations to understand their own obligations and responsibilities to Government
  - enabling the public and organisations to understand their entitlements to government assistance
  - facilitating access to government services, or
  - complying with public accountability requirements.

This includes all materials which entities are generally obliged to publish or otherwise allow for free public access. This material may also be described as 'public sector information'. It does not necessarily include materials that have been published for commercial purposes. Nor does it



cover materials which are of a sensitive nature, such as information that impacts on national security or information which would destroy the possibility of subsequently obtaining patent protection where such protection is necessary to achieve public benefit.

Permission for public use and re-use of such material should generally be given royalty free and on a non-exclusive basis. Exclusive licences to use such materials should only be given in exceptional circumstances.

- (b) Consistent with the need for free and open re-use and adaptation, public sector information should be licensed by entities under the Creative Commons BY standard as the default.

An entity's starting position when determining how to license its public sector information should be to consider [Creative Commons licences](#) or other open content licences.

Entities should license their public sector information under a Creative Commons licence or other open content licences following a process of due diligence and on a case-by-case basis.

Before releasing public sector information, for which the Commonwealth is not the sole copyright owner, under a Creative Commons BY standard or another open content licence, an entity may need to negotiate with any other copyright owners of the material.

- (c) At the time at which Commonwealth records become available for public access under the [Archives Act 1983](#), public sector information covered by Crown copyright should be automatically licensed under an appropriate open content licence. Entities will be responsible for the selection and use of an appropriate licence.

Commonwealth entities should be mindful of opportunities to share IP for which they are responsible with other entities.

IP in the custody of an entity which does not have a legal identity separate from that of the Commonwealth, may be useful to other Commonwealth entities. Entities should therefore maintain an awareness of opportunities to share IP.

Where it is the expectation that IP that is procured will be shared with other Commonwealth entities, then entities should make this clear to potential suppliers in the procurement process. In particular, in relation to ICT procurement contracts see principle 8(a). Entities should be mindful of potential savings from obtaining licences to IP which might preclude sharing it with other entities.

Entities should be responsive to opportunities for commercial use and exploitation of IP, including by the private sector.

Entities should consider the potential benefits that may be realised through appropriate transfer and uptake of IP, including commercialisation by the private or other sectors which can result in cost savings, and continued development of the product or service.

Unless commercial activities are required as an integral part of an entity's objectives, commercialisation of IP (including public sector information) by an entity should be no more than an ancillary part of its activities and should not become a core business activity.

Where entities consider opportunities to engage in commercialisation, they should be mindful of the resources, including expertise required. Where IP is identified as suitable for commercialisation, the private or other sectors should be considered. Entities should consider whether exposure to commercial risk is consistent with corporate purposes.



Where IP is commercialised or disposed of, entities must do so in an accountable manner consistent with Australian Government legislation, policies and guidelines.

Before commercialising IP, entities should conduct an assessment of the commercial potential of the IP and potential costs and risks. Entities should also be mindful of competitive neutrality principles and consider the potential impact on industry from such an activity.

The benefits flowing to the Government from the commercialisation of IP may be reduced unless commercialisation activities are carried out with the assistance of appropriate expertise. An emphasis should also be placed on avoiding risks that are disproportionate to the potential rewards.

Entities should have regard to their core activities and business purposes when commercialising IP, and avoid any detriment to those activities and purposes when engaging in commercialisation activities.



## Executive summary

### Chapter 1—Introduction

Intellectual Property (IP) generated, procured and licensed by entities is a valuable asset forming part of the resources of the Australian Government.

All entities have a responsibility under the Public Governance, *Performance and Accountability Act 2013* to ensure the proper use of these resources, and to ensure that they are appropriately managed and protected.

IP management involves implementing systems to identify, record, use, value, protect, and exploit IP in an efficient and effective manner.

### Chapter 2—What is Intellectual Property?

There are many forms of Intellectual Property. The most common to all entities is [copyright](#) (which applies to materials including written material, diagrams, photographs, and software) which employees use and generate on an almost daily basis.

Other forms of IP include [trade marks](#), [patents](#), [designs](#), [circuit layouts](#) and [plant breeder's rights](#). [Chapter 2](#) provides an overview of the different forms of IP and rules about ownership, rights, duration of rights, relevant exceptions for each. It provides guidance for [determining 'the Crown' for IP purposes](#).

It also explains the interrelationship between IP and protection of [confidential information](#), rules applying to use of [government indicia and insignia](#) and to [domain names](#).

Whilst not all entities will use or generate all forms of IP, it is important to assess what IP the entity does generate and use and to ensure appropriate systems are in place to manage it.

### Chapter 3—Creating an IP framework

Chapter 3 provides a step-by-step method for [establishing an entity IP framework](#)—as required by IP Principle 3. An IP framework should:

- provide systems to guide decision-making throughout the IP 'lifecycle' and to allow for periodic review of those decisions
- be shaped according to the core functions and service purposes of an entity
- encourage decision makers to develop an understanding of the issues, options, risks, costs and benefits associated with IP
- encourage better IP practice to achieve operational outcomes and avoid infringements of other parties' IP
- be integrated into the existing management and operations of the entity, and
- promote a culture of IP awareness throughout the entity.

An IP framework usually consists of:

- an overarching policy document setting out the purposes of managing IP
- a plan for implementing the policy (the IP implementation plan), and
- a mechanism for review and evaluation.





The [IP policy](#) should provide guidelines for managing IP tailored to the specific needs of an entity. It should take into consideration:

- the Statement of IP Principles and the regulatory environment
- IP Management Practices, and
- Entity purposes and needs.

The [IP Policy checklist](#) is included to assist entities to ensure their IP policies cover all relevant considerations. The IP Policy should be approved by the Executive of the Entity.

The IP Policy should be supported by an [IP implementation plan](#) which addresses:

- strategies for implementing the IP policy at an operational level, including all the elements identified in the IP policy (e.g. creation, acquisition, protection, management, use, valuation, commercialisation and disposal of IP)
- how to integrate the IP implementation framework into existing areas
- entity resources for implementation
- who has responsibility for implementing the various elements and the scope of their discretion in making IP decisions
- methods for increasing IP awareness
- sources of expert IP advice and assistance, and
- a review mechanism.

A further [IP implementation plan checklist](#) is provided to assist entities.

The IP Framework should be appropriately resourced, including support from senior management, corporate support, and appropriate reporting structures.

The IP Framework should be documented and communicated to staff in the entity, with awareness raising and training appropriate to particular duties.

The entity should subject the IP Framework to periodic review to:

- ensure the framework remains in line with the entity's purposes
- identify any deficiencies, and
- improve its effectiveness in managing IP.

## Employees and the IP framework

Entities need to ensure their employees are aware—e.g. through appropriate training and policies—of obligations relating to IP and that the relevant obligations are clearly reflected in the arrangements by which the employees are engaged. These obligations may include:

- general duties that apply to officials of all Commonwealth entities under the PGPA Act
- APS Values and Code of Conduct
- ownership by the Government of IP developed by its employees in the course of their employment or pursuant to the terms of their employment
- confidential obligations relating to the development of IP
- consents in relation to moral rights
- clauses governing any IP the employee brings to the entity, and
- requirements to comply with entity policies, practices and procedures relating to IP.

Entities should consider appropriate staff incentives and rewards in relation to development of IP, and for attributing authorship (IP Principle 9). Appropriate mechanisms for recognition of employee innovation should be determined by each entity.



## Chapter 4—Identifying, recording and managing IP

In accordance with IP Principle 5, entities should:

- identify existing and newly created IP
- conduct an IP review or ‘audit’
- keep appropriate records of IP, and
- monitor and manage IP.

This will enable an entity to:

- ensure the proper use of its IP (i.e. that it is used efficiently, effectively, economically and ethically in a way that is not inconsistent with the policies of the Australian Government (IP Principle 1)
- fulfil financial, record keeping and accountability obligations
- ensure its resources are put to efficient and effective use
- facilitate access to the IP by knowing its rights to use or distribute the IP
- avoid duplication in recording of IP, and
- lower the risk of infringing the IP of others.

Management of IP should ideally occur throughout the [lifecycle of the relevant IP](#)—from the time of its creation or acquisition through to the date of its expiry or disposal.

Not all IP has equal significance. An entity should actively manage the IP it has or uses that:

- are important to the operations of the entity
- contribute significantly to achieving the entity’s purposes
- are an outcome of the investment of substantial entity resources, or,
- are, or may be, included in commercialisation activity.

IP management tools should be integrated, where possible, into existing processes and systems. The tools used to identify, record and manage IP will vary between entities.

The management of IP should not impose an onerous burden on entities and, in most cases, probably does not require the development of a separate IP system. It may be sufficient to integrate elements of IP management into existing systems and procedures.

### Conducting an IP review/audit

An [IP review](#) is a process undertaken by an entity to:

- identify and record systematically the IP that an entity has acquired, created or developed, and
- determine the extent of the entity’s ownership and rights with respect to that IP.

The form and scope of the review will be determined by having regard to each entity’s specific circumstances.

Upon completion of an IP review, entities will be in a better position to:

- determine which of its IP assets may need to be secured, preserved and managed and those that may need to be disposed of or allowed to lapse
- identify risks associated with its IP
- determine the value of its IP, and
- make informed decisions on potential transactions.

Undertaking an IP review may require the assistance of an IP professional.



Specific [IP registers](#) are ideal for recording registrable forms of IP (such as patents, trade marks and designs), facilitate monitoring of critical dates (e.g. renewal dates) and minimise the risk of the rights lapsing or being placed at risk through unintended activity or inactivity.

Where information about IP assets is being kept in a variety of forms using existing systems, an entity may wish to create an overarching IP register which records and coordinates the other IP registers. This may need to be considered as part of the implementation of the entity's IP implementation plan.

### Entities engaged in research and development

Entities engaged in research and development and the creation of new technologies should:

- have in place a laboratory notebook keeping policy
- ensure employees are aware of the policy
- introduce mechanisms for compliance, and
- store the laboratory notebooks safely.

Potential inventions should be recorded using standard invention disclosure forms.

When entering into [projects with third parties](#), entities should adopt measures to identify any new IP generated by contractors. Key measures to identify such IP, and to provide for its ownership and/or licensing, need to be included in the contract and in relevant project management systems.

Practical tips on [how to record IP](#) are given.

Entities should comply with rules [relating to disposal of records](#) relating to IP.

Where [functions of entities transfer](#) under Administrative Arrangement Orders or through new legislation, IP transfers in line with the functions and should be managed accordingly.

## Chapter 5—making IP protection decisions

IP Principle 6 requires that strategies and guidelines be in place to appropriately protect IP. IP protection may take a number of forms depending upon the nature of the IP and the purposes and resources of the entity.

Chapter 5 outlines the protection issues for all the primary types of registered IP. Practical means of protecting unregistered IP rights are also outlined.

Where IP arises automatically without a need for registration (copyright and circuit layouts), IP protection considerations arise more in the context of practical and operational requirements.

For registrable IP (Patents, Trade Marks, Designs and PBR), the [advantages and disadvantages of different types of protection](#) should be carefully considered.

An entity's IP Policy should provide a source for guidance in making IP protection decisions. Factors to consider when assessing whether or not to protect IP, are set out in an [IP Protection Framework checklist](#).

Disclosure, exploitation or commercial use of information forming the basis of some types of IP may prevent the entity from obtaining IP protection (e.g. for designs and patents). Before protection decisions have been made for these types of IP, it is extremely important that the entity protects its position by restricting access to and use of such information and by enforcing obligations of confidentiality.



Key issues to consider when protecting [copyright](#) materials include:

- the purpose for which the copyright material was created (e.g. with the aim of wide distribution via the Internet, or for specialised training purposes)
- the Australian Government's default position of licensing public sector information under a Creative Commons BY licence or any other open access licence ownership of copyright in materials produced by third parties for the Commonwealth
- how to deal with moral rights of creators and performers' rights whether additional protective measures are necessary for works in digital form, and
- the form of notice, distribution or licensing mechanisms to be used.

Key issues to consider when pursuing protection of [innovations and inventions](#) include:

- whether the innovation or invention should be patented or protected by keeping it confidential as a 'trade secret' or for national security reasons
- whether a standard or innovation patent should be used
- the cost of patenting, and
- whether to obtain foreign patent protection.

It is very important to ensure appropriate confidentiality agreements are in place with persons who are not employees of an entity that are accessing confidential information.

Key issues to consider when pursuing protection of new [designs](#) include:

- whether the design should be registered or published
- the costs of registration, and
- whether foreign protection should be obtained.

Key issues to consider in the protection of [names and brands](#) include:

- whether the names or brands are able to be protected as a registered trade mark
- whether the trade mark should be registered or unregistered
- whether to register a word mark or a device (e.g. logo with or without words) mark
- the cost of registration
- whether to obtain foreign trade mark protection, and
- whether to obtain domain name registration.

Various indicia and insignia used by the Government are protected by separate legislation.

Key issues to consider when pursuing protection of new [plant varieties](#) (unlikely to be a concern for most entities) include:

- whether the plant variety can be registered
- whether the plant variety should be registered
- the costs of registration, and
- whether foreign protection should be obtained.

Key issues to consider in protection of [circuit layouts](#) are:

- when is a circuit layout protected, and
- whether to obtain foreign protection.

All of these issues are discussed in detail in [Chapter 5](#).



## Chapter 6—Assessing and Valuing IP

Entities should assess and value their IP because:

- entities have a legislative responsibility under sections 15 and 21 of the PGPA Act to manage their resources, including intangible assets such as IP, in an efficient, effective, economical and ethical manner that is not inconsistent with the policies of the Commonwealth, and
- identifying the value of IP assists in educating employees to recognise the importance of managing and exploiting (commercialisation, sharing, leveraging for engagement with industry and foreign governments) IP appropriately.

IP may be assessed quantitatively (i.e. by monetary value) or qualitatively (i.e. by measuring its strategic importance to the entity and its contribution to entity functioning or public benefit).

### Quantitative valuation of IP

This involves assigning a dollar value to an IP asset. The entity's IP policy and management plan should provide a guide as to when to conduct a quantitative valuation of a particular piece of IP. An entity generally values its IP for one or more of the following purposes:

- to quantify its worth in monetary terms as a business asset
- as part of the development of an initial business case when considering the commercialisation of the IP
- to calculate the total value of the proposed procurement
- to determine the price of, or payment relating to, transactions that involve the IP, and
- to calculate potential damages in a legal action involving IP.

IP may also be valued for purposes such as restructures, taxation, donations or for debt security.

Some key considerations in obtaining a useful and effective IP valuation include:

- the strength of the IP rights
- the life expectancy of the IP
- the size of the potential market
- the stage of technology, and
- competing products, services and IP.

There are a number of different methods to value IP assets, each with their own strengths and limitations. Ultimately, the valuation method chosen will be dependent on the type of IP asset being valued, the purpose for valuing it and the information available. The most common approaches to quantitatively valuing IP are the:

- cost approach
- market approach, and
- income approach.

The objective of an IP valuation will influence the breadth and detail of the valuation and the expertise required to conduct it. The scope of the valuation should be carefully set to ensure that the cost of conducting it does not exceed the intended benefit. It may be necessary to value the same IP for more than one purpose.

For IP that may have significant commercial worth, it is advisable to seek expert advice. Expert valuation advice may also be required if an entity is considering, threatened with, or involved in litigation in relation to IP. The person conducting a valuation should have no perceived or actual conflict of interest.



## Qualitative assessment

An entity's IP policy and management plan will provide direction as to how to conduct a qualitative assessment. The importance of the IP should be considered in the following areas:

- strategic and operational significance to the entity
- public benefit, and
- commercial potential.

An entity's IP management plan may set out what IP management decisions need approval and who should provide that approval.

## Chapter 7—Dealing with IP in Government Procurement, Grant Agreements and Other Arrangements

In accordance with IP Principle 8, entities should maintain a flexible approach in considering options for ownership, management and use of IP. In accordance with IP Principle 10, entities should address IP ownership and use when developing contracts and grants agreements.

An entity should always have regard to the Commonwealth Procurement Rules and other relevant policies when planning procurement or the Commonwealth Grant Guidelines when planning a grant activity. Australian Government officials are required to comply with policies of the Commonwealth in considering approval of expenditure of public monies (sections 15, 21 and 23 of the PGPA Act). The relevant policies including the Statement of IP Principles change over time.

IP issues should be addressed at all stages of the procurement or grants process and during the lifecycle of the resulting contracts, grant agreements and deliverables.

Entities should identify their needs and purposes clearly before commencing any procurement or grant process and consider the entity's IP needs in relation to deliverables.

Identifying the entity's preferred IP position can be achieved by undertaking an '[IP needs analysis](#)'. [Chapter 7](#) details the process for undertaking such an analysis.

It is generally not appropriate to have a default position for IP ownership for procurement contracts. Entities should instead consider IP needs on a case by case basis. As a general principle with regards to grants, the Commonwealth should usually not seek to obtain IP from the grant recipient, but may wish to consider licensing arrangements. If a default IP position exists within an entity, it may be appropriate to assess it and confirm whether it reflects the true needs of the entity in the current circumstances. Exceeding the actual IP needs may increase costs and, in some cases, reduce the attractiveness of a contract to a potential supplier or reduce the potential pool of potential grants applicants.

In the case of ICT software contracts, entities should adopt a default position in favour of the ICT supplier retaining IP ownership in the software, in accordance with the Statement of IP Principles. This default position is conditional on the ICT supplier providing the entity with an appropriate whole-of-government licence to the IP. Exceptional circumstances where the default position may not apply are discussed in [Chapter 7](#).

Entities must also ensure that the IP position in the contract reflects a [proper use of resources](#) that is not inconsistent with Australian Government policy, is [value for money](#), and meets broader government purposes. (e.g. an appropriate IP position can ensure the promotion of Gov 2.0, or that small and medium enterprises have a reasonable opportunity to engage in fair competition for Government business). A [checklist](#) is provided to ensure key factors are considered when assessing broader government benefits.



An understanding of the legal significance of the [different ownership positions](#) as well as their benefits and risks, is necessary to determine the entity's preferred IP position for a particular procurement or grant. The benefits and risks involved with sole ownership, joint ownership and licences are outlined in Chapter 7. Means to consider the [scope of licences](#) is also discussed in detail.

Other policies and guidelines relevant for dealing with IP in Australian Government ICT contracts include [SourceIT model contracts](#) and the Information and Communications Technology Multi Use List.

Entities should provide guidelines to employees on the use of [open source software](#), and in respect of shrink-wrap or click-wrap licences.

A section specifically dealing with IP in [research and development contracts](#) or grants agreements (including material transfer agreements, or collaborative research agreements) should be read by entities involved in these activities.

When administering Government grants, it is recommended that relevant IP issues be addressed in the grant agreement. Conditions imposed by an entity will vary according to the purposes of the grant program. The agreement should assert ownership of Government IP provided to the recipient and set out terms of use, clarify who will own IP in the project deliverables, and any conditions attached to use and exploitation of IP.

## Chapter 8—Using the IP of Other Parties

It is important that IP rights are considered when planning a grant, procurement or project. This is particularly important for entities conducting research and development (R&D) projects. A failure to address IP rights at an early stage may disadvantage the Australian Government. Early consideration of IP rights can assist in avoiding:

- delay or an inability to complete the project if IP rights are unable to be acquired
- an inability to use the results of the project in the manner required or at all
- an increased risk of infringement, or
- a claim which prevents implementation of the project or seeks compensation.

There are 4 steps to obtaining permission to use IP in a project:

1. identifying the IP to be used in the project
2. determining whether use of the IP requires permission
3. identifying who holds the IP rights
4. obtaining permission for use of the IP.

### Statutory licences

There are [special rights of Government to use the IP of others](#), particularly in relation to copyright, where the Government has [arrangements with declared collecting societies](#) (Copyright Agency and Screenrights) to cover a large range of copying for the purposes of Government. Where copying is covered by such agreements, it is not necessary to identify the copyright owner, nor seek prior permission for copying. Remuneration payable to copyright owners is collected in accordance with the terms of the agreements and distributed in compliance with statutory requirements under the [Copyright Act 1968](#).

Other things to consider when obtaining rights to use IP include due diligence, and seeking warranties, indemnities and other contractual rights.

Entities may take a number of other measures to assist in respecting a third party's IP rights—a list of [tips for avoiding infringement](#) is provided.





Where any [allegation is made the entity has infringed IP rights](#) (e.g. by a letter of demand, delivery of a writ or written court statement of claim orally, either by telephone or in a meeting) expert advice should be sought immediately.

## Chapter 9—sharing IP—within government, and granting public access

As set out in IP Principle 11a, Commonwealth entities should be ensuring that licensing decisions are made at the outset before publishing new Commonwealth copyright material. This material should, by default, be made as openly and publicly accessible as possible. This supports the position of a declaration of open government as set out in the response to the report Engage: Getting on with Government 2.0.

As set out in IP Principle 12, Commonwealth entities should be mindful that their IP may be useful to other entities, and be alert to opportunities to share IP.

Sharing of IP between government entities may:

- promote efficient and effective use of resources
- provide opportunity for learning, innovation and promotion of best practice
- promote awareness of the IP, and
- reduce overall costs, especially by avoiding the costs of duplicating the creation of IP.

Matters to be considered before sharing IP within government include:

- IP Principles
- Entity purposes
- Purpose of the IP
- Impact on entity's use of the IP
- Cost and risk
- Privacy
- National security, and
- Pre-existing third party contracts and arrangements.

An entity must determine whether it has the right to provide access to IP before it decides to share it with other entities. Review records relating to the IP, including any conditions that apply to its use.

Written documents assist in providing certainty and clarity to the sharing arrangement, particularly where external parties have an interest in the IP.

In responding to requests for access to and commercial exploitation of Commonwealth copyright, entities should consider whether the:

- Commonwealth is the rightful owner of the material
- proposed use is appropriate, and
- material is already covered by a Creative Commons licence or any other standard format licence.

## Chapter 10—Commercialisation of government IP

For most entities, commercialisation of IP is likely to be rare and not a large part of the entity's operations. Chapter 10 addresses general requirements and key steps in the process of commercialisation, but it is not intended to provide a complete treatment of all possible circumstances and issues of relevance.

Entities considering commercialisation should seek independent legal advice and contact the Department of Finance for guidance.





## Chapter 11—Enforcing IP rights

IP enforcement arises when:

- somebody (e.g. a current or former employee, contractor, or member of the public), is suspected of using an entity's IP without permission, or in an inappropriate manner, and the entity would like to restrain them from doing so, or
- where somebody claims that an entity has infringed their IP rights.

This chapter focuses primarily on enforcement of IP rights by an entity of its own IP.

When considering IP enforcement action, entities should carefully consider their aims and purposes in enforcing the IP rights. These may include:

- protecting the value of IP
- protecting the reputation and image of the entity or the Australian Government generally
- recovering financial damage suffered by the entity
- meeting contractual obligations the entity may have to other parties, e.g. licensees
- deterring infringement of the IP by others, and
- resolving a dispute commercially.

The functions and purposes of the entity and its broader government obligations may impact upon the manner in which the entity takes enforcement action.

Seek legal advice immediately when an entity becomes aware that a person is infringing rights in IP the entity owns or manages. Failure to respond in a timely manner may impact upon the entity's rights and possibly reduce the remedies available for the infringement of the IP.

Any decision to bring enforcement action must be preceded by an appropriate risk assessment and be consistent with the entity's corporate mission.

Entities should consult with their internal legal services before taking any informal or practical enforcement steps, and advice should also be sought on potential liability which may arise in bringing an enforcement action. Entities should consult the [Legal Services Directions](#) issued by the Attorney-General and the Office of Legal Services Coordination (OLSC) before taking any informal or practical enforcement steps.

### Infringement of IP by employees

Where copying and use of IP by an employee occurs without the entity's authorisation, the employee may be committing an offence. If the infringement:

- proves to be conscious
- has a significant impact on an entity's operational or strategic business
- risks accusations of third party infringement, or
- risks accusations of being in breach of the Commonwealth Procurement Rules

Entities have an obligation to ensure action is taken to limit that infringement and risk-manage the consequences.

This may be achieved through letters of demand, mediation, administrative or disciplinary action. For serious cases of infringement, administrative or disciplinary action may be taken in accordance with the [Public Service Act](#), the [Parliamentary Service Act 1999](#), [Defence Force Discipline Act 1982](#), [Australian Federal Police Act 1979](#) or other relevant legislation, and under terms and conditions under which that person is or was employed.



## Chapter 12—Working with Aboriginal and Torres Strait Islander communities

This chapter sets out some key issues entities should consider when working with Aboriginal and Torres Strait Islander Communities.

This chapter provides:

- three scenarios and a case study as a guide to best practice, and
- advice on how to discuss the use of traditional knowledge and traditional cultural expressions with Aboriginal and Torres Strait Islander Peoples.

The Chapter also provides some suggested further reading.

## Chapter 13—Further information and assistance

This chapter lists helpful resources for further information—including Federal Government resources, state and territory resources, publications relating to IP, online services and international sites.

## Chapter 1. Introduction

### The purpose and scope of this manual

The Intellectual Property Principles for Commonwealth Entities (the Statement of IP Principles), provides the policy basis for management of IP.

The objective of this Manual is to provide Commonwealth entities with a tool to assist them in implementing the IP Principles. It provides guidance for the management of IP throughout its lifecycle including its creation, identification, management and sharing.

This Manual provides practical advice for the implementation of better practice IP management within the policy framework set out in the Statement of IP Principles. Officers are reminded to keep entity purposes and responsibilities in mind when considering this advice. Consistent with the Statement of IP Principles, the Manual is primarily directed to entities that must comply with the PGPA Act. It is not intended that this Manual would have general application to Corporate Commonwealth entities, though these bodies may find it a useful reference for good practice.

### Why is IP important?

Intellectual property or 'IP' refers to the rights granted by law for the results of innovation and creativity. The most common forms of IP are patents, designs, trade marks, plant breeder's rights and copyright. The law of confidential information can also protect intellectual property. These forms of IP exist in subject matter such as written, artistic, audio-visual or multimedia content, new inventions and innovations, brands and new types of products or services.

IP constitutes an important strategic and financial asset for the Australian Government. The PGPA Act requires entities to be responsible for the proper use of assets such as IP in their control or custody (i.e. IP must be used in an efficient, effective, economical and ethical manner that is not inconsistent with the policies of the Commonwealth).

Questions concerning IP arise in many of the activities undertaken by government entities, including the delivery of services, procurement, contracting and in the distribution and sharing of government information and materials. Government entities are not only responsible for managing IP because it is a valuable asset; consideration of options for ownership of IP may also affect prices paid or other benefits gained in procurement. IP management can determine how an entity is able to use contract deliverables and can contribute to risk management within the entity. IP forms part of the operations of most government entities and not just to entities with a substantial research and development function.

### What is IP management?

IP management involves implementing systems to identify, record, use, value, protect, and exploit IP in an efficient and effective manner. An example of a common tool for IP management is a register of software.

In contrast to most other forms of property, IP is intangible and may be more difficult to identify and manage than tangible forms of property. Without proper management, entities may be unaware of the existence of IP, may not recognise its value or benefits, or may unintentionally expose themselves to risk. By managing IP systematically, entities are able to maximise the IP's operational and strategic utility, and minimise the risks of third party abuse or accidental loss or infringement.



IP management is most effective when incorporated into existing entity asset management systems and processes. It does not require the creation of a whole new framework or infrastructure and will generally not result in a substantial ongoing drain on entity resources.

Each entity has different purposes and responsibilities. Good entity IP management practices need to reflect this and there is no one strategy or IP management framework that will fit all entities. Entities are encouraged to use this Manual to review and develop their IP systems to meet their particular needs.

## How to use this manual

The Manual takes a functional, ‘how to’ approach to the implementation of IP management. Wherever possible, step by step instructions and flow-charts are included to provide assistance to users in their day to day activities. The Manual is not intended to provide an in-depth description of the legal elements of IP or to provide legal advice. Users are encouraged to seek advice specific to their circumstances.

Although there is a need for a basic understanding of IP concepts (which are explained in [Chapter 2](#)) users are encouraged to use the Manual as they would any other manual—by reference to those elements which are particularly applicable to them in their day to day work. For example, different officers may use the Manual to assist them to write an IP policy ([Chapter 3](#)), to formulate better record keeping policies and practices ([Chapter 4](#)), or to better understand IP issues in procurement ([Chapter 7](#)).

A table of [abbreviations](#) and a [glossary](#) are provided at the back of the Manual. [Chapter 13](#) also lists additional resources providing more information on IP and its management.



## Chapter 2. What is intellectual property?

### What this chapter covers

- an introduction to the concept of IP, and
- a brief description of the different types of IP.

### What is IP?

The term intellectual property, or 'IP', refers to the various rights which the law accords for the protection of creative effort—and especially for the protection of economic value of creative efforts. IP is 'intangible' as opposed to 'physical' in character.

The Convention Establishing the World Intellectual Property Organisation 1967 (WIPO) defines 'intellectual property' as rights relating to:

- 'literary, artistic and scientific works
- performances of performing artists, phonograms and broadcasts
- inventions in all fields of human endeavour
- scientific discoveries
- industrial designs
- trade marks, service marks and commercial names and designations
- protection against unfair competition, and
- all other rights resulting from intellectual activity in the industrial, scientific, literary or artistic fields.'

In Australia, there are distinct statutory regimes regulating the four 'core areas' of IP—copyright, patents, registered designs and trade marks. Legislation also protects integrated circuits, plant breeder's rights and assorted rights relating to logos and symbols. Other matters are protected at common law or in equity, that is, trade secrets or confidential information and business reputation and goodwill.

The table below sets out the primary forms of IP and the entities which are responsible for policy and advice.

Policy responsibility for intellectual property:

1. Copyright and Circuit Layout Rights—Department of Communications and the Arts
2. Patents, Designs, Trade Marks and Plant Breeder's Rights—IP Australia.

### What types of IP are relevant to your entity?

Most government employees will use copyright material on a daily basis; for example, email, written reports, software, letters, web content, photographs and databases. Patents, trade marks and designs may be important in some entities, whilst plant breeder's rights and circuit layout rights, arise only in specialised circumstances.

The table below provides examples of the different types of subject matter that IP can protect. The table is not exhaustive and is only intended as a guide to identifying the types of IP that may arise in entity operations. Also, it is important to note that material may be subject to more than one form of IP protection. For example, some computer programs may be protected by copyright and be the subject of a patent.



## Examples of Different types of subject matter arising in entity operations

Subject matter	Example	Type of IP	Is registration necessary?
Works of art Literature Music Films Broadcasts	Photographs Illustrations Reports Website TV and radio advertisements	Copyright	No
Computer software	Word processing package Source code Executable code	Copyright	No
Computer software	Software directed to the operation of a computer	Patents	Yes
Slogan Logo Sound Smell Shape Aspect of packaging	Golden arches of McDonald's®	Trade Mark	Yes  No—Some protection is available under Common Law—such as passing off.
Visual features of shape Configuration Pattern or ornamentation	Artwork imprinted on stationery, mugs, pens Artistic works Architectural plans	Design Copyright	Yes No
Device Substance Method Process	A new form of insecticide A threat assessment system and process.	Patent	Yes
Plant variety	Plants produced through biotechnology	Patents	Yes
Plant variety	New plant variety	Plant breeder's rights	Yes

## Who owns IP?

Entities need to be able to identify the ownership of IP that they use or intend to use.

In the normal course of government activities, IP may be created in a wide variety of activities involving people with different relationships to an entity including employees, contractors, grant recipients and volunteers.

In general the initial owner of IP is the person who created the material. However, there are some important exceptions. Perhaps the most important is that where the creator has performed the relevant work under a contract of service, ownership is vested in the employer rather than the employee, unless there is agreement to the contrary. It is important that explicit provisions are written into any contract clearly stating the owner of any intellectual property created during employment.



Sometimes more formal arrangements will need to be made clearly setting out ownership, particularly in multi-jurisdictional working groups.

## Who is ‘the Crown’ when determining Crown ownership of IP?

The ‘Crown’ is an authority of the Commonwealth of Australia or an authority of a State. The Commonwealth of Australia is a legal entity, defined under the Australian Constitution, which can enter into contracts and own intellectual property. Australian Government Departments and many entities do not have a legal identity which is separate from the Commonwealth.

Determining whether the Commonwealth is the owner can be important, for example where two entities are considering whether to share responsibility for management of copyright material. It may also be important when considering whether to give anyone outside of the Australian Government permission to use Commonwealth copyright material—see the section [‘Sharing IP between Commonwealth entities’](#) in Chapter 9 for further information.

Ownership of IP can be varied subject to the terms of any agreement. This general principle is clearly stated in most of the legislation governing IP.

In order to protect the entity’s ownership of IP created by its employees, entities should:

- have an IP policy clearly addressing and providing guidance on ownership issues
- ensure its IP policy is applicable to and readily accessible to all the entity’s employees
- ensure it has in place an employment agreement with each of its employees confirming the nature of the relationship, and clearly stating the duties of the employee
- include an express assignment clause in its employment agreements, under which employees agree to assign all IP rights created during the normal course of employment, and
- obtain the necessary consents to acts or omissions that might otherwise infringe the moral or performers’ rights in copyright material created by employees.

Ownership of patentable inventions made by employees is not addressed by the [Patents Act 1990](#). If an entity seeks to assert ownership of any patented invention made by an employee, it must usually rely upon the general law as outlined above.

For more information on developing an IP policy, see Chapter 3 [‘Creating an IP framework’](#).

## IP ownership and contractors

In the absence of an agreement to the contrary, the ownership of IP generated by a contractor usually belongs to the contractor. The entity that paid for the work created is entitled to use the work only for the purpose for which it is created.

An exception to this general position is that copyright in material made under the direction or control of the Commonwealth or a State, or first published by the Commonwealth or a State, is taken to belong to the Commonwealth or State (see the section [‘Specific rules for the Commonwealth’](#) later in this chapter for a discussion of what ‘direction and control of the Commonwealth’ means’).

When negotiating a contract, an entity may seek to own all IP rights created by the contractor, or may agree to the contractor retaining ownership of some or all of the IP rights. The IP policy of an entity should provide guidance in this regard. For more information on the different approaches in dealing with IP ownership in contracts, and the specific issues that arise in relation to ICT software procurement contracts, see Chapter 7 [‘Dealing with IP in government procurement and funding contracts’](#).



## IP ownership and volunteers

Volunteers who perform voluntary work for Australian Government entities may be involved in a wide range of activities that may produce IP. If there is no agreement between an entity and the volunteer addressing ownership of the IP, it is possible that the volunteer will own the IP. If an entity anticipates that volunteers may develop IP that may be of operational or commercial value to the entity, a written agreement dealing with IP may need to be signed by all volunteers as a condition of their appointment.

Given the nature of volunteer employment, a written agreement may be a useful tool to establish a mutual understanding of expectations with respect to IP ownership.

## Need for written assignments of ownership

It is necessary for entities to be able to identify the ownership of IP as part of any decision on how to use it.

Most IP ownership positions can be varied by written agreement—it is always important to review any relevant documentation when determining IP ownership. Ownership in IP can take different forms—it can be exclusive to one party or shared between several. See Chapter 7 '[Dealing with IP in Government Procurement and Contracts](#)' for a discussion of different IP ownership models.

A written agreement is best, where possible, to minimise the risk of uncertainty about ownership, and maximise clarity about rights and obligations of each party. It will also enable the parties to negotiate an IP position best suited to their needs and purposes.

Whilst legislation provides the 'Crown' with particular rights to access and use different forms of IP, entities should take care in relying on these. Not only is the Australian Government generally expected to pay just compensation, it should not unduly rely on the privileges available to the Australian Government, particularly in procurement contracts. See Chapter 8 '[Using the IP of another party](#)'.

Issues that are specific to different forms of IP are discussed in the following sections.

## Copyright

### What is copyright?

Copyright is a bundle of exclusive economic rights in original literary, dramatic, musical and artistic works and similar, but more limited rights, in sound recordings, films, television and sound broadcasts and the typographical arrangements of published editions of works. Copyright also gives protection to the rights of performers in their live performances.

Copyright is a form of personal property. It is an intangible right that is distinct from property rights in a physical article embodying a copy of a work or other subject matter.

#### Example:

A painting exhibited in the foyer of an entity's building is purchased by an entity—and thus the physical object is owned by the entity. However, copyright in the painting is owned by the artist unless the artist has also assigned the copyright (e.g. in the contract of sale). The entity would not be able to use a reproduction of the painting on its website unless it has authority to do so (e.g. through a licence from the copyright owner).

Most of the economic rights in a copyright work may be transferred to another person or licensed. These rights are divisible. Individual rights may be transferred to different persons. The rights of copyright owners are discussed in more detail later in this chapter.





Copyright is governed by the [Copyright Act](#). The Department of Communications and the Arts has primary responsibility for providing policy advice and guidance on copyright matters for Australian Government entities. See the [Department's website](#) for more information.

### What is protected by copyright?

Copyright does not subsist in ideas; it protects the expression of ideas, not the ideas themselves.

#### Example:

This Manual, written about managing IP, is an expression of ideas which is protected by copyright. Writing a different publication about managing IP will not be prevented by copyright so long as the content is substantially original (i.e. does not copy) material from this Manual.

The [Copyright Act](#) gives protection to different forms of expression:

#### Examples of copyright works and other subject matter

Copyright works and other subject matter	Examples
Literary works	Materials in written form, whether in electronic or hard copy form, including: books, reports, journals, letters, emails, articles, song lyrics, poems, notes, computer programs, databases, timetables and directories.
Artistic works	Drawings, paintings, graphs, maps, sculptures, blueprints, photographs, works of artistic craftsmanship, buildings and models of buildings.
Dramatic works	Plays, screenplays, choreographic works.
Musical works	Musical scores, sheet music.
Cinematograph films	Feature films, documentaries, television programs, short films, moving images generated by computer games.
Sound recordings	Recorded music and talking books (e.g. on CDs, tapes, mp3, DVDs), podcasts.
Broadcasts	Television or sound broadcasts (such as radio programs).
Published editions	Publisher's typeface and layout of a published work.

In the [Copyright Act](#), literary, dramatic, musical and artistic works are collectively known as 'works'. Cinematograph films, sound recordings, television and sound broadcasts and published editions are referred to as 'subject matter other than works'.

### Copyright and overlap with registered designs

A registered design can protect the visual features applied to a product. In some limited situations, both copyright and registered design protection can co-exist. However, as a general rule, products that are mass produced may be best protected through design registration. Entities are encouraged to seek expert advice on how to best protect designs under both design and copyright law (further information on registered designs can be found in the section on 'Designs' later in this chapter).



## When is copyright protection given?

No formalities are required in order to gain copyright protection. Copyright protection is granted automatically from the time an original work is created. A work will be regarded as original if it is created as a result of the author's independent skills and labour and is not a mere copy of another work.

## What is the term of protection?

The duration of copyright protection depends on the type of subject matter, when it was made, and if it is published. Different terms apply to materials in which the copyright is owned by the Crown (i.e. the Commonwealth or a State or Territory).

Under the *Copyright Amendment (Disability Access and Other Measures) Act 2017*, new terms of protection will apply in Australia to copyright materials made on or after 1 January 2019, and to copyright materials made before 1 January 2019 that remain unpublished or otherwise not made public at that date. This includes new standard terms for:

- works (including literary, dramatic, musical and artistic works)—70 years after the death of the author of the work
- works where the author is unknown—70 years after the making of the work or, if the work is made public within 50 years of its making, 70 years after the material is first made public
- sound recordings and films—70 years after the making of the sound recording or film or, if the material is made public within 50 years of its making, 70 years after the material is first made public.

A new, standard protection term will also apply to all Crown copyright material, whether or not the material was made or published before 1 January 2019—50 years after the making of the material.

A table setting out the new copyright terms that will apply from 1 January 2019 can be found on the [Department's website](#).

## Who is the copyright owner?

In Australia, there is no register to record ownership of copyright. Tracing and confirming ownership of copyright may require a time consuming search. However, a copyright notice attached to a copy of a work may assist to identify the person claiming ownership at the time and place the work was made.

Maintaining good and easily accessible records identifying copyright ownership is therefore an important part of the management and use of copyright materials. See Chapter 4—[Identifying, Recording and Managing IP](#) and Chapter 9 '[Sharing and granting public access to IP](#)'.

Generally speaking, the creator of a work is the owner of the copyright in that work, unless otherwise agreed in writing. This includes moral and performers' rights, which are personal in nature and cannot be assigned or licensed. Exceptions to this general rule are set out below:

### Examples of copyright owners in different copyright material creation scenarios

Creator	Copyright owner
Employee	Where an employee creates a work in the course of their employment, the copyright owner is usually the employer (see below for Crown copyright).
Contractor	Generally, the contractor is the copyright owner—the person who paid for the work may use it for the purpose for which it is created. However, it is not always easy to distinguish whether a person is a contractor or an employee (see below for Crown copyright).



Creator	Copyright owner
Film and sound recording	The first owner of copyright is 'the maker'. In the case of a sound recording the 'maker' is the person who owns the master tape when the recording was produced (e.g. the record company). In the case of a film, the 'maker' is the person who arranged for the film to be made (e.g. the film producer). The situation may be varied for a commissioned sound recording or film where the commissioning party is the first copyright owner.
Commissioned work	Generally the creator is the copyright owner. However, in the case of certain artistic works (including private photographs, engravings and painted and drawn portraits), the person commissioning a work is the first copyright owner, subject to any agreement to the contrary.

### Specific rules for the Commonwealth in relation to Copyright ownership

The [Copyright Act](#) includes special provisions for the Commonwealth to own copyright (see information about who is the Crown earlier in this chapter ([Who is 'the Crown' when determining Crown ownership of IP?](#))).

Unless there is a written agreement to the contrary, the Commonwealth will be the owner of copyright in material, where a:

- work, sound recording or film is made by, or under the direction or control of the Commonwealth (s176 Copyright Act), or
- literary, dramatic, musical or artistic work is first published by, or under the direction or control of, the Commonwealth (s177 [Copyright Act](#)).

The exact scope of the 'direction or control' test is uncertain. Factors to consider in determining whether a work has been produced under Commonwealth 'control' may include whether an entity can oblige a person to comply with its instructions and the entity's ability to dismiss the person. The term 'direction' has a broader meaning and may encompass a wide range of situations; including whether the relevant entity guided, managed, instructed or ordered the making of the work. The 'direction or control' test may encompass works created for the Commonwealth by an independent contractor where the work is primarily created as an immediate consequence of the direction and control. The situation may be different for works that were created as an incidental result.

The outcome of a past case (*Copyright Agency Limited v NSW* [2007] FCA FC 80) has held that 'under the direction and control' requires [the Commonwealth] to have brought about the making of the work. The outcome of this case also suggests that entities should not overly rely on these provisions of the [Copyright Act](#) in order to vest copyright, as courts may be reluctant to give them broad interpretation. Therefore it is recommended that the agreed position with respect to ownership and licensing of copyright should be clearly specified, particularly in procurement contracts.

See Chapter 5 ([Making IP Protection decisions](#)) Chapter 7 ([Dealing with IP in Government Procurement and Contracts](#)) and Chapter 9 ([Sharing and granting access to Government IP](#)) for further information.

### What are the rights of a copyright owner?

A copyright owner has a number of exclusive rights to do certain things with their copyright works. The nature of these rights varies depending on the type of work or other subject matter protected. These rights include the right to copy, publish, communicate (e.g. broadcast, make available online) and publicly perform the copyright material (see below).



A person wanting to exercise one of the exclusive rights in relation to a copyright work will need permission from the copyright owner. Exploitation without authority from the copyright owner may be an infringement of copyright (see the section [‘When is copyright infringed?’](#) later in this chapter). There are two primary types of rights existing within the general term of ‘copyright’:

### Moral rights

Personal rights protecting the integrity and right of attribution of the creator.

### Economic rights

A bundle of exclusive rights preventing the exploitation of copyright work by someone other than the copyright owner.

### Economic rights

The exclusive economic rights granted to the copyright owner vary for each type of subject matter. All economic rights may be transferred by an assignment or may be licensed.

#### Examples of exclusive rights granted under the Copyright Act for different subject matters

Subject matter	Exclusive rights granted under the Copyright Act
Literary, Dramatic and Musical Works	Reproduce Communicate to the public Publish Perform in public Make an adaptation Enter into commercial rental arrangements (for a computer program or sound recording of a literary, musical or dramatic work)
Artistic Works	Reproduce Communicate to the public Publish
Sound recordings and cinematograph films	Copy Communicate to the public Cause to be heard/seen in public Enter into commercial rental arrangement (sound recording only)
Broadcasts	Make a film of a television broadcast of a copy of that film Make a sound recording of a broadcast (or a copy of that sound recording) Rebroadcast or communicate to the public
Published Editions	Make a facsimile of the copy of the published edition

In addition to economic rights, the [Copyright Act](#) provides for moral rights of the creator.

### Moral rights

Moral rights are personal rights granted to the individual creator of a work. They are the right:

- of attribution: the right of a creator to be identified with his or her work (i.e. be named as the creator)
- against false attribution: the right of a creator not to have authorship of a work falsely attributed to another person, and



- of integrity: the right not to have a work subjected to derogatory treatment. (e.g. substantially editing/altering reports, chopping off part of a photo or artwork to fit space requirements, making alterations to a building that the original architect did not include—if any of those actions is prejudicial to the creator’s honour or reputation).

The Act allows creators to make reasonable requests as to how they wish to be attributed, in association with the work (e.g. some Indigenous creators may request to have their community noted in addition to their own name).

As moral rights are personal rights, they cannot be assigned or licensed. Even if the Commonwealth owns the copyright in a work, the creator of that work will still retain moral rights in relation to it for the term of copyright in the work.

However, a creator can agree to the use of the work by providing a written consent, in which case it will not infringe their moral rights. There are precise requirements for consent to be effective.

A written consent from the creator consenting to an act or omission that would otherwise infringe moral rights must:

- specify the work(s) to which the consent relates
- specify the acts or omissions covered by the consent, and
- be voluntarily given (i.e. consent will be invalid if provided under duress).

If a use of the work would breach the author’s moral right of attribution or integrity but the user can show that it was reasonable in the circumstances, it will not be an infringement so consents are not required. When deciding whether an act is likely to be considered ‘reasonable’ and therefore may not be an infringement of moral rights, entities are advised to consider:

- the nature of the work and purpose for which it was used
- the manner and context in which the work was created and used
- any industry practice in relation to the work and any relevant voluntary code of practice
- whether the author made the work as an employee or under a contract for services
- the views of any joint authors on the intended use
- where use of the work without attribution is proposed, the difficulty or expense in identifying the author, and
- where the use of the work would amount to derogatory treatment, whether it was required to comply with the law (e.g. omission from the work of material that would contravene privacy requirements).

However, failure to obtain appropriate consent from third parties, where a court could find that the use was not ‘reasonable’, may mean an entity is not able to use the material as desired. There is no reasonableness exception to contravene the right against false attribution.

## Performers’ rights

Performers’ rights apply to the recording of performances of musical works, dramatic works, literary works, circus or variety acts, and expressions of folklore. In a government context its application may apply to performances by actors in sound recordings and audio visual materials produced by the Government, role players used in specialised training, musicians and conductors, delivery of speeches, and to performances of Indigenous cultural material.

Performers’ rights prevent the unauthorised recording, broadcasting and certain other uses of performances. Performers’ rights are personal rights and cannot be assigned.



Once a performer consents to these acts, they are dependent on the terms of their consent as regards any control by them over those acts. Consent does not have to be in writing and could consist of the performer's willing and knowing performance in the presence of equipment set up to record the performance.

Performers also have moral rights in their live performances and sound recordings thereof; these rights correspond largely, but with some minor differences, to authors' moral rights. Legal advice should be sought on the need to attribute performers in sound recordings produced by entities. Further detailed information is available in the Australian Copyright Council's sheet G022, Performers' Rights which can be found on the [Copyright Council's website](#).

Note: Neither the Commonwealth nor Australian Government entities have moral rights; only individuals can enjoy moral rights. If entities wish to prevent material being used in a derogatory way, or prevent it from being altered, e.g. as a condition of licensing copyright in the material, care should be taken to make any such restrictions clear in any agreement or contract with the person to whom material is provided.

### When is copyright infringed?

Copyright is infringed when any person other than the copyright owner (or assignee or licensee) deals with a 'substantial part' of the copyright material:

- in any of the ways that is exclusive to the copyright owner
- without permission from the copyright owner, and
- that use is not covered by a relevant exception or statutory licence in the [Copyright Act](#).

A 'substantial part' refers to the essence of, or what is important, recognisable or significant to, the work. It does not necessarily require the use of a large part of the work.

This test applies to the taking of copyright material from all kinds of sources, including downloading material from the Internet. Simply because material is available on the Internet does not mean that it can be downloaded or printed without infringing copyright.

Copyright may also be infringed indirectly by authorising infringement by a person who is not the copyright owner. For example, copyright may be infringed by providing a place for the public performance of a work for which the individual performer does not own copyright.

A Government entity has a statutory licence that permits them to copy and communicate copyright material for the purposes of carrying out their official functions without infringing copyright. It is also important to note that entities taking advantage of this statutory licence are required in most situations to notify and compensate owners for use of their copyright material. However, as a matter of good practice, entities should consider seeking prior permission to use copyright material where this is practical. (See [Using the IP of others](#) in Chapter 8).

Others may infringe copyright in Government copyright materials (see [Enforcing IP Rights](#)).

### Importation and commercial dealings in infringing articles

It is an offence to import infringing articles (i.e. pirated goods) into Australia or conduct commercial dealings with respect to the infringing articles (e.g. pirated CDs, DVDs or computer games). There are also restrictions on importing legitimate copyright articles into Australia without the permission of the copyright owner. These restrictions do not apply to importation for Government use.



## Circumvention devices and Electronic Rights Management Information

Technology has both made it easier to share and infringe copyright. It has also enabled new ways of protecting copyright. The [Copyright Act](#) provides civil remedies and criminal sanctions in relation to circumvention of Technological Protection Measures (TPMs) used by a copyright owner to protect their work and dealings with such devices and services. It also provides civil remedies and criminal sanctions in relation to removal or alternation of Rights Management Information (RMI) and dealings with material where RMI has been removed or altered. A short summary is set out below.

### 1. Technological Protection Measures (TPMs)

TPMs include software locks and password protection measures. It is an infringement to manufacture, import or deal commercially with devices or services designed to circumvent a TPM.

### 2. Electronic Rights Management Information (RMI)

RMI is a set of systems for identifying content, protecting copyright and tracking the usage of electronic information. It is an infringement to remove or alter electronic RMI attached to copyright material.

### 3. Broadcast Decoding Devices

It is an infringement to manufacture or deal in broadcast decoding devices, which permit unauthorised access to an encoded broadcast.

Whilst it is not particularly common for entities to apply TPMs or RMI to entity material, employees in IT and technical areas of entities should be mindful of these restrictions in dealing with any requests for access to third party material.

## What exceptions exist for acts that would otherwise constitute copyright infringement?

### Fair dealing

Doing an act that is within a copyright owner's exclusive rights will not infringe copyright if it is a 'fair dealing' for one of the following purposes:

- research or study
- criticism or review
- parody or satire
- reporting news
- professional advice by a legal practitioner, patent attorney or trade marks attorney, or
- access by persons with a disability.

Members of the public may seek to rely on one of the above 'fair dealing exceptions' to use government material.

The concept of what is a 'fair dealing' is largely undefined in the [Copyright Act](#); except with respect to reproductions made for research or study (where section 40 defines exhaustively the nature of a 'reasonable portion' of a work that may be copied as a fair dealing, including a single chapter of a work that is contained in a published edition of at least 10 pages).

When determining whether reproductions for other purposes listed above are 'fair' the relevant factors include; the purpose and character of the dealing, the nature of the work, the possibility of obtaining the work within a reasonable time at an ordinary commercial price, the effect of the dealing upon the potential market, or value of, the work and the amount and substantiality of a part copied in relation to the whole work. Other factors may be relevant.





## Specific exceptions for certain institutions and Government

The [Copyright Act](#) provides a number of exceptions and statutory licences that allow certain institutions to use copyright material for specified purposes. For example, in certain circumstances libraries and archives may copy and communicate works for users, to supply to other libraries and archives, or for preservation of their collections. Educational institutions may copy and communicate works for educational purposes and certain institutions may use copyright material to assist persons with a disability (e.g. section 113F).

Importantly, a statutory licence enables the Commonwealth to use copyright material for government purposes—s183 of the [Copyright Act](#). See '[Special rights of Government to use the IP of others](#)' in Chapter 8.

### Examples of other copyright exceptions

Copyright material	Exception
Literary, dramatic, musical and artistic works	<p>Making a temporary reproduction of a work as part of the technical process of using a copy of the work.</p> <p>Anything for the purposes of, or the reporting of, a judicial proceeding.</p>
Computer software	<p>The making of a copy of software resulting from the process of normal use of the program or for back-up purposes.</p> <p>To decompile, reverse engineer, reproduce or adapt a computer program to make an interoperable product, to test its security, or to correct an error (if the required information or error-free copy is not otherwise available).</p>
Sound recordings, Cinematograph films	The copying and communicating of sound recordings and films for research and preservation purposes.
All materials (works, films and sound recordings)	<p>For 'special purposes' including:</p> <ul style="list-style-type: none"> <li>by a library or archives—for maintaining or operating the library or archives or providing library services</li> <li>by an educational institution—for giving educational instruction,</li> <li>by a person with disability or someone else—for providing the material in an accessible form to assist the person with disability</li> </ul> <p><b>and</b> where that use is not made partly to obtain a commercial advantage or profit <b>and</b></p> <ul style="list-style-type: none"> <li>amounts to a 'special case'</li> <li>does not conflict with a normal exploitation of the material, or</li> <li>does not unreasonably prejudice the legitimate interests of the copyright owner.</li> </ul>

For further information, see '[Protecting copyright works](#)' in Chapter 5.





## Checklist

Does your entity IP policy:

- Include conventions for when (and how) it is reasonable to acknowledge the contribution of authors/employees to material produced by the entity, and/or by its contractors?
- Require officers negotiating contracts to properly consider moral rights and performers rights, and to obtain appropriate consents for intended uses?
- Require recordkeeping of all consents to moral rights, and permissions to record performances?

See also Chapter 3 [moral rights and employees](#) and Chapter 5 [Making IP Protection Decisions—moral rights consents](#).

## Patents

### What is a Patent?

A patent is a right granted for any device, substance, method or process which is new, inventive and useful. In return, patent applicants must share their know-how by providing a full description of how their invention works. This information becomes public and can provide the basis for further research by others.

A patent provides the owner of an invention (the 'patentee') with exclusive rights for a limited time frame.

These exclusive rights allow the owner to exploit the invention claimed in the patent and to authorise a third party to exploit the invention. In Australia, patents are granted by the Commissioner of Patents under the [Patents Act](#).

A patent is legally enforceable and gives the owner the exclusive right to commercially exploit or use the invention for the life of the patent. This is not automatic—a person must apply for a patent to obtain exclusive rights to exploit the invention. The extent of the exclusive right (or monopoly) is defined in one or more claims which form part of the patent specification.

There are two types of patents in Australia:

1. **A standard patent** gives long-term protection and control over an invention for up to 20 years
2. **An innovation patent** is a relatively fast, inexpensive protection option, lasting a maximum of eight years. The innovation patent replaced the petty patent on 24 May 2001.

Innovation patents are available for most of the types of invention currently covered by standard patents. As the innovation patent is granted without substantive examination, IP Australia has not made any checks that the patent is valid. This may make the innovation patent more difficult to sell or license until the innovation patent has been examined and certified. An innovation patent cannot be enforced until it has been examined and certified.

If a person demonstrates, sells or discusses the invention in public before filing a patent application, s/he may lose the opportunity to patent it. Talking to employees, business partners or advisers about the invention should only be done on a clearly 'in confidence' basis. Obtaining written confidentiality agreements is advisable.

Patent rights are specific to each country. If the patent applicant desires patent protection in a certain country, the applicant needs to apply in that country for the grant of the patent.



## What can be patented?

A patent may be granted for any device, substance, method or process which is new, inventive and useful. New, inventive and useful methods to carry out business (so-called 'business method patents') may also be patentable if there is something artificially created to implement the method, such as by utilising computers and information technology. It is not necessary that the advance be 'pioneering'—a small improvement or variation over what is already known or used may be patentable.

Some subject matters that are excluded from patenting include:

- human beings and the biological processes for their generation
- mere discoveries (such as the discovery of gravity)
- mathematical models, plans, schemes or other purely mental processes
- inventions which are contrary to law or generally inconvenient to the public
- mixtures of known ingredients being used as a food or medicine, and
- artistic creations.

## Who can own a patent?

Only the person who owns an invention can be given a patent for it. The patent can be owned by:

- the inventor(s)
- the person who has legally obtained rights to the invention from the inventor(s) or an intermediary, or
- an employer of someone who made the invention in the course of their normal duties.

Although a 'person' is mentioned above, a company or organisation may be recognised as a legal person (but not a firm or partnership). The partners in the firm or partnership can, however, obtain a patent jointly in their own names. Information about how to apply for a patent can be found in Chapter 5 ['Making IP Protection decisions'](#).

## When is a patent infringed?

Only granted patents and certified innovation patents can be enforced against infringement by others. Patent infringement may be either direct or indirect (contributory). A direct infringement occurs when a third party exploits an invention which falls within the scope of the claims of the patent without the permission of the patentee. Contributory infringement occurs when a product has been supplied without authorisation and the subsequent use of the product by a person would infringe the patent. In this case, the act of supplying the product itself constitutes infringement of the patent. Other factors, such as inducement to infringe may also be relevant.

Infringement of a patent claim can occur at any time after the date of publication of the patent application and the infringing action must affect each and every 'essential' feature of the relevant claim.

The patentee must request examination and have their innovation patent certified if they intend to enforce their rights by taking potential infringers to court.

Entities should seek expert advice when concerned that others may be infringing its patent rights or that its activities may infringe the patent rights of others.

For further information on patents, see the section ['Protecting innovations and inventions—patents and confidential information'](#) in Chapter 5.

Australian patents are administered by IP Australia, an Australian Government entity.



Further details of the scope of the rights can be found in the [Patents Act](#) or from the IP Australia website at [www.ipaustralia.gov.au](http://www.ipaustralia.gov.au).

## Confidential Information

### What is confidential information?

Confidential information is not a true form of intellectual ‘property’. The law protects obligations arising from a relationship of confidence, rather than the information itself. The obligations of confidence may arise under contract or common law.

Any sort of information can be the subject of obligations of confidence provided it has not already been disclosed. For example, know-how, business proposals and reports, designs of components, supplier and client lists, personal information and marketing strategies. ‘Trade secrets’ are a subset of confidential information in the context of business, commerce or trade.

The rights of confidentiality over information continue for as long as the information remains undisclosed and within the obligation of confidence. For example, a written confidentiality agreement may state the obligation continues until such time as the information enters the public domain or, alternatively, for a specified period. This form of protection can potentially be perpetual. However, should a breach of confidence occur, all protection is lost. This is because once the information is made public it cannot regain its confidential nature.

### How is confidential information protected?

It is usually preferable that confidential information be protected by a written confidentiality agreement. Such an agreement will define the specific information that is considered confidential, will set out the rights and obligations of the parties with respect to the information’s disclosure and use and provide a degree of certainty.

Outside of a written agreement, a right to confidentiality may arise where three conditions are satisfied:

- the information has the necessary quality of confidence about it
- the information is imparted in circumstances involving an obligation of confidence, and
- an unauthorised use is made of the information to the detriment of the party communicating it.

Confidential information may be protected by practical steps, such as clearly marking all documents containing confidential information as ‘confidential’ and restricting access to them.

Other laws and policies also require observance of confidentiality in Australian Government Entities:

- the APS Code of Conduct (set out in s13 of the [Public Service Act](#)) imposes obligations on officers to, e.g. maintain confidentiality and to appropriately use Government resources
- APS Regulation 2.1—see [APS circular 2006/3: Amendment to the Public Service Regulations 1999, regulation 2.1—Disclosure of information](#)
- Privacy laws govern use of personal information, and
- The [Australian Government Protective Security Policy Framework](#) is the primary means for disseminating Australian Government protective security policies, principles, standards and procedures. For inquiries about the PSPF contact the Attorney-General’s Department:  
Email: [pspf@ag.gov.au](mailto:pspf@ag.gov.au).



## When is the duty to protect confidential information breached?

Where there is a written confidentiality agreement, any contravention of the obligations set out in the agreement will amount to a breach of contract and be enforceable by the innocent party. Where there is no written agreement, an unauthorised disclosure of the confidential information may amount to an action of breach of confidence under general law, and/or disciplinary action of officers under the [Public Service Act](#).

Unlike most other forms of IP, if a breach of confidence occurs, the 'owner' of the relevant information will find it difficult to prevent use of that information by unrelated parties—even if it has rights against the party responsible for the breach of confidence.

For further information, see Chapter 5 '[Protecting innovations and inventions—patents and confidential information](#)' and '[Implementing protection of confidential information](#)'.

## Designs

### What is a design?

A design is the overall appearance of a product. The rights are a form of intellectual property, like patents and copyright, and are provided under the [Designs Act 2003](#).

The visual features that form the design include the shape, configuration, pattern and ornamentation which, when applied to the product, give it a unique appearance. A registered design can be a valuable commercial asset—registration of a design gives the owner protection for the visual appearance of the product but does not protect how the product works or otherwise, the materials that it is made from.

To be registrable, a design must be both new and distinctive.

'New' means the identical design has not been publicly used in Australia nor has it been published in a document within or outside Australia.

A design is not 'distinctive' if it is substantially similar in overall impression to other designs already in the public domain.

For example, a design would not be considered new if it had been 'published' on the Internet before the date it was filed (or its priority date, whichever is earlier).

An owner of a registered design can take steps to enforce their design rights. Once a registered design is examined and a certificate of examination has been issued (certified), the owner may sue for infringement if another person uses the registered design without the owner's permission.

As a registered owner, a person:

- has the exclusive right to use the design specified in the registration
- has the exclusive right to authorise other people to use the design as specified in the registration
- has a registered design that is his or her personal property that can grow in value and be sold
- has a registration that covers the whole of Australia, and
- can take action to stop other people using the design (after examination and certification).



## What is protected by design registration?

The visual features that form the design include the shape, configuration, pattern and ornamentation which, when applied to the product, give it a unique appearance.

The appearance does not have to have aesthetic appeal, and it does not matter that the features are for a functional purpose (e.g. a threaded screw). The product can be three-dimensional (e.g. a bowl or a bicycle) or two-dimensional (e.g. wallpaper or carpet) and it can be manufactured or hand made. However, the protection received is only for the appearance of the product and not how it works or what it is made from.

## Who is the owner of a registered design?

An application for registration can only be made by the owner of the design. The owner of the design can be the:

- author of the design (i.e. the person who conceived the design)
- employer of the author, if the author made the design in the course of his or her employment
- person who contracted the author to make the design for them, or
- person to whom the author has assigned the design (the assignment must be in writing).

Where two or more people own interests in a design, all owners must make the application for registration. The owner may be an individual, a company, an association or a partnership.

## What is the term of protection for registered designs?

Designs may be registered for a maximum term of 10 years. The initial period of registration lasts for five years from the date of filing and the registration can be renewed for a further five years. If the registration is not renewed it will cease and the design is then available for anyone to use.

## When is a registered design infringed?

Generally, a registered design will be infringed where there is an unauthorised use of an identical design (or one that is substantially similar in overall impression) to similar products for which the design is registered—including, importation, sale or hire and offering to sell or hire. Certain acts of repair or replacement of parts of a product that is protected by a registered design may be excluded from being an infringing act.

The infringement test is consistent with the definition of ‘distinctive’. If another design is used that is substantially similar in overall impression to a registered design, that use will be an infringement. This infringement test is designed to be clear and simple and for the design rights to be more readily enforceable.

Entities should seek expert advice if others may be infringing the entity’s design rights or if the entity is concerned that its activities may infringe the design rights of others.

Australian designs are administered by the Designs Office of IP Australia, an Australian Government entity.

## Registered designs and overlap with copyright

In some limited situations, both registered design and copyright protection can co-exist. However, as a general rule, articles that are mass produced are susceptible only to registered design protection. Entities are encouraged to seek expert advice on how to best protect designs under both design and copyright law.



Further information on registered designs can be found in the section '[Protecting new designs—design registration](#)' in Chapter 5. Further details of the scope of the rights can be found in the [Designs Act 2003](#) or from the [IP Australia website](#).

## Trade marks and certification marks

### What is a trade mark?

A trade mark can be a word, phrase, letter, number, sound, smell, shape, logo, picture, aspect of packaging, or a combination of these. The rights in a trade mark are a form of intellectual property, like patents and copyright, and are provided under the [Trade Marks Act 1995](#).

A trade mark is used to distinguish the goods and/or services of one trader from those of another.

A trade mark does not need to be registered in order to create rights. However, registration can significantly improve the certainty of ownership rights in a trade mark and provide certain other benefits. A registered trade mark gives you the legal right to use, license or sell it within Australia for the goods and services for which it is registered.

If a trade mark is not registered and another person uses that trade mark or a deceptively similar trade mark, a trade mark owner may have to rely on a passing off action under common law, or claim for a breach under s18 Volume 3, Part 2-1 of the [Competition and Consumer Act 2010](#) to prevent further unauthorised use—this can be a time-consuming and expensive exercise.

### What is protected by trade mark registration?

The [Trade Marks Act](#) defines a trade mark as a 'sign', which may include a word, letter, name, signature, numeral, device, brand, heading, label, ticket, aspect of packaging, shape, colour, sound or scent or any combination of these.

Commonly registered marks include logos, pictures and slogans.

Trade marks identify the goods and services provided in the course of trade as coming from a particular source. Any mark used by entities to identify goods and services in the course of trade may be a trade mark. Trade marks are the public face of an organisation and in marketing terms are assets which it may be appropriate to protect.

It is very difficult to register terms which are non-distinguishing descriptions when used in relation to the specified goods or services, for example, a directly descriptive term, a geographic name or a common surname. However, someone who has used one of these terms extensively for a considerable period of time may be able to achieve registration as a trade mark.

#### **To be registrable, a trade mark must NOT be:**

- the same or deceptively similar to another person's trade mark for similar goods or services
- misleading about the nature of the goods and services
- descriptive of the goods and services (e.g. a laudatory term)
- incapable of distinguishing the goods or services contained in the application (e.g. a common symbol, acronym, or a common surname, a generic word, a functional colour, smell or shape or a geographic term)
- scandalous or against the law
- a representation of the arms, flag or seal of the Commonwealth or of a State or Territory.



## Who is the trade mark owner?

Ownership of a trade mark is based on who first used the trade mark in the course of trade in Australia in relation to specific goods or services. In the absence of any use, ownership is based on who first files a trade mark application. This may be an individual, a company, an incorporated club, an incorporated association or a combination of these. If more than one person owns a trade mark, they may jointly apply to register that trade mark. They must use, or intend to use, the trade mark in relation to the goods or services included in the application. If the trade mark is to be used by a body corporate about to be formed, the applicant will need to assign the trade mark to the new body.

## What is the term of protection?

Once registered, the term of protection is 10 years from the date of the application. A registered trade mark is renewable every 10 years. The registration can be renewed indefinitely and the trade mark may thus have an indefinite life. An unregistered trade mark will last as long as there is 'goodwill' in the trade mark. Goodwill can diminish where sales are lost to a competitor trading under a similar name, so once registered, it is important to ensure that the trade mark continues to be regarded as a trade mark. If the trade mark becomes known as the generic name for the goods or services and ceases to be recognised as a trade mark, an application by another party to the courts to have the registration cancelled may be successful.

## What are the differences between trade marks, business and company names?

Differences are set out in the table below:

### Differences between trade marks, business and company names

Type	Description
Trade marks	<ul style="list-style-type: none"> <li>Identifies goods and services and confers the exclusive legal right to use or control the use of the mark in the course of trade throughout Australia.</li> <li>An asset which may be licensed or assigned to third parties.</li> </ul>
Business names	<ul style="list-style-type: none"> <li>Acts as a corporate identifier under which a business operates.</li> <li>Is necessary to trade using a name other than the personal name or registered company name.</li> <li>Registration is compulsory in each State and Territory in which the business operates, and must be completed before trading commences.</li> <li>Business names (unlike trade marks) do not confer any proprietary rights in the name.</li> </ul>
Company names	<ul style="list-style-type: none"> <li>The registered name of a company. Registration of a company name covers the operation of the company throughout Australia.</li> <li>Company names (unlike trade marks) do not confer any proprietary rights in the name.</li> </ul>

## When is a trade mark infringed?

A registered trade mark is infringed where there is unauthorised use of the registered mark, or use of a mark that is substantially identical or deceptively similar to it:

- in relation to any goods or services for which the trade mark is registered
- in relation to goods or services that are similar (unless the alleged infringer establishes the use is not likely to deceive or cause confusion), or





- where the relevant mark is well-known in Australia and use of the mark (even on unrelated goods or services) indicates a connection with the owner and adversely affects the owner's interests.

An unregistered trade mark is infringed where there is passing off, or misleading or deceptive conduct under the [Competition and Consumer Act](#).

Entities should seek expert advice if others may be infringing the entity's trade mark rights or if the entity is concerned that its activities may infringe the trade mark rights of others.

### Certification Trade Marks (CTM)

Certification trade marks (CTMs) are signs used in the course of trade which 'certify' or approve a particular good or service to consumers as meeting a particular standard in relation to quality, accuracy, origin, material, mode of manufacture or some other characteristic.

These certification trade marks are useful for entities that are responsible for overseeing, promoting or establishing schemes for certifying the standard, origin or some other characteristic of goods and services.

When registering a certification trade mark, an entity will need to file a copy of the rules governing use of the certification mark together with the application to register the CTM, or as soon as possible after the time of filing of the application.

Section 173 of the [Trade Marks Act](#) provides the rules should include provisions regarding:

- The requirements (the certification requirements) that goods and/or services must meet for the certification trade mark to be applied to them. (This may be a list of criteria a good or service must meet or pass e.g. geographical location of production, method of production, specific ingredients that must be used).
- The process for determining whether goods and/or services meet the certification requirements e.g. it may identify a specific method of determining the strength of a material where the standard requires material to have a certain strength.
- The attributes that a person must have to become a person (an approved certifier) approved to assess whether goods and/or services meet the certification requirements (e.g. an owner may decide that in order to be able to certify that goods or services meet criteria, a person must have a specific trade qualification and ten years' experience in the industry).
- The requirements that a person, who is the owner of the certification trade mark or an approved user, must meet to use the certification trade mark in relation to goods and/or services (e.g. payment of annual fees, continued compliance with the standards, manner in which the CTM must be used and displayed).
- The other requirements about the use of the certification trade mark by a person who is the owner of the certification trade mark or an approved user.
- The procedure for resolving a dispute about whether goods and/or services meet the certification requirements.
- The procedure for resolving a dispute about any other issue relating to the certification trade mark (e.g. refusal to certify certain goods or services, incorrect use of the CTM on packaging, accreditation issues).

The examination of a CTM is conducted in much the same way as an ordinary trade mark. However, before accepting an application for a CTM, the Registrar must send a copy of the application and the rules, and any other relevant documents, to the Australian Competition and Consumer Commission (ACCC) for approval.





The ACCC will ensure that the certifier is competent to certify the goods and/or services, the rules are not detrimental to the public and they accord with the principles in the [Competition and Consumer Act](#). The role of the ACCC is described in more detail in a brochure *Certification Trade Marks—role of the ACCC*—available from the [ACCC website](#).

### Other kinds of trade marks

There are other kinds of trade marks that are used for special purposes, including defensive and collective marks.

Further information on trade marks is available in the section '[Protecting names and brands—trade marks and domain names](#)' in Chapter 5.

In Australia, the registration and renewal of trade marks is administered by IP Australia.

Further details of the scope of the rights can be found in the [Trade Marks Act](#) or from the [IP Australia website](#).

## Government indicia and insignia

### What are Government indicia and insignia?

The Commonwealth Coat of Arms is the primary identifier of the Commonwealth and Commonwealth entities. The Coat of Arms is used to identify Commonwealth authority and property. Use of the Commonwealth Coat of Arms without permission may breach the [Competition and Consumer Act](#), the [Trade Marks Act](#) and the [Criminal Code Act 1995](#). For information about the use of the Commonwealth Coat of Arms refer to the '[It's an honour](#)' website.

Other forms of identification are used for different purposes: royal insignia for regal and vice-regal identification and corporate identifiers for particular operational groups. Different rules also apply to the use of the Australian National Flag and other Australian flags, official colours, floral emblems, the Australian National Anthem and the national gemstone.

For additional information refer to the '[it's an honour](#)' website referred to above.

The Australian Defence Force insignia are protected under s83 of the [Defence Act 1903](#). They are also registered trade marks.

### Naming government bodies

The importance of properly naming of Australian Government bodies should not be overlooked. As mentioned in the Department of Finance's [policy for the governance of Australian Government bodies](#) (Governance Arrangements for Australian Government Bodies see), 'Consider the name of a proposed body to minimise the potential for conflicts with existing enterprises, including those of other bodies or persons. Consider also acronyms, web site and trade mark issues.'

Accordingly, entities should closely consider a body's proposed name (including any acronym formed by that name) taking into account existing names of other bodies with which the proposed body might be closely associated, or with which it might interact in the general community. It is also important to try to reduce the chance for confusion with the titles, acronyms and websites of other existing agencies, companies, business names or trade marks.



## Domain names

### What is a domain name?

Domain names provide a system of easy to remember internet addresses, which can be translated by the Domain Name System into the numeric addresses used by the network. There are multiple levels of domain names. A top-level domain name is the part of the domain name located to the right of the dot (e.g. .au). Domain names (unlike trade marks) do not confer any proprietary rights in the name.

### Australian domain names

Australia has a number of open .au second-level domains that are available for registration by Australian companies, organisations, trade mark holders, and individuals in addition to the .gov.au domain. The second-level domains are all restricted and must meet certain eligibility criteria. For example, the .gov.au domain can only be used by all Australian Government, state and local government bodies, semi-government entities and departments. For registration information, go to the [Government Domain Name website](#).

General information about Australian domain names can be obtained from the [Australian Domain Name Administrator website](#).

For further information on domain name registration, see the section on '[Protecting names and brands—trade marks and domain names](#)' in Chapter 5.

## Plant breeder's rights

### What is a plant breeder's right?

Plant breeder's rights (PBRs) are exclusive commercial rights granted to the owner of a registered plant variety under the [Plant Breeder's Rights Act 1994](#) (Cth) (the PBR Act).

Only new or recently exploited varieties can be registered. A new variety is one which has not been sold with the breeder's consent. A recently exploited variety is one which been sold with the breeder's consent for up to 12 months in Australia and for overseas varieties this limit is up to four years (with the exception of trees and vines in which a six year overseas prior sale limit is permitted).

Under the PBR Act, PBR continues for 25 years from the date of granting in the case of tree and vine varieties, and in all other varieties, for 20 years from the date of granting. For Plant Variety Right (PVR) grants made under the previous *Plant Variety Rights Act 1987* all varieties were protected for 20 years. Once PBR or PVR has expired, the variety reverts to the public domain and is available to everybody.

To be eligible for protection the applicant must show that the new variety is distinct, uniform and stable. To obtain acceptance of an application and provisional protection it must be established that there is a prima facie case that the variety is distinct from all other varieties of common knowledge. To obtain a grant of PBR the applicant must verify these claims normally by conducting a comparative test growing which includes the new variety and the most similar varieties of common knowledge.

### What is protected by plant breeder's rights?

In relation to propagating material of the registered variety, successful applicants have exclusive rights to:

- produce or reproduce the material
- condition the material for the purpose of propagation (conditioning includes cleaning, coating, sorting, packaging and grading)



- offer the material for sale
- sell the material
- import and export the material
- stock the material for any of these purposes, and
- grant rights to others to do these things.

In certain circumstances, mainly if the breeder has not had a reasonable opportunity to exercise the right on the propagating material, PBR extends to harvested material and, subject to a similar set of qualifications, to products obtained from harvested material.

### Who is the owner?

Applications are accepted from the original breeder of a new plant variety (or from their employer if the breeder is an employee of an organisation) or from a person who has acquired ownership rights from the original breeder. Overseas breeders/owners must appoint an agent to represent their interest in Australia.

### When is a plant breeder's right infringed?

Other than for the prescribed exceptions, a PBR is infringed if any of the exclusive rights listed above are done in Australia without authorisation from the PBR owner. It is also an infringement to use a PBR registered name of a plant variety for any other plant variety of the same plant class.

Exceptions to the breeder's right are the use of the variety for private and non-commercial purposes, for experimental purposes, and for breeding other plant varieties. A variety can be used for these purposes irrespective of the existence of PBR. Farm saved seed is permitted; unless the crop is declared by regulation to be one to which farm saved seed does not apply.

Entities should seek expert advice if others may be infringing the entity's plant breeder's rights or if the entity is concerned that its activities may infringe the plant breeder's rights of others.

### Overlap with patents

Patenting may be an alternative means of protection to that provided by the PBR Act. At present in Australia you can obtain both forms of protection for a plant variety, provided that the requirements of both systems can be met. A patent for a plant variety requires that it is a manner of manufacture and involves an inventive step whereas PBRs are directed more towards traditional methods of plant breeding.

For further information on plant breeder's rights, see the section on '[Protecting new plant varieties](#)' in Chapter 5.

Australian plant breeder's rights are administered by IP Australia.

Further details of the scope of the rights can be found in the [Plant Breeder's Rights Act](#) or from the [IP Australia website](#).

## Circuit Layouts

### What are circuit layouts?

A circuit layout is 'a representation, in any material form, of the three-dimensional location of the active and passive elements and interconnections making up an integrated circuit' as defined in the [Circuit Layouts Act 1989 \(Cth\)](#).



An integrated circuit is a miniaturised electronic circuit. These are typically formed by a supporting layer (usually silicon) upon which layers of semiconductor material are formed to implement the desired circuit connection of transistors according to the function of the circuit. The layers of semiconductor material are built up by the use of 'masks', which are similar to stencils that mark out the shape (in the rough sense of hills and valleys) of each layer. The design process is highly automated and utilises industry standard programs and data formats.

The owner of a circuit layout has the exclusive rights to:

- copy the layout in material form
- make integrated circuits from the layout, and
- exploit the layout commercially in Australia.

### What is protected by circuit layout rights?

The circuit layout must be original, in the sense that it is the result of the designer's skill or labour. A circuit layout may not be original if it is commonplace or there was no creative contribution by the maker. An original circuit layout also must be eligible to enjoy protection. It must be created by an Australian citizen or an Australian corporation, and be first commercially exploited in Australia or originate from a country where like protection exists. Protection is available only for circuit layouts created after 1 October 1990. The expression 'material form' covers 'masks' as discussed above, but may not cover computer code that may be used to fabricate an integrated circuit by direct laser techniques.

### What is the term of protection?

The maximum term of protection for circuit layout rights is 20 years. The actual term will depend on whether or not the layout has been commercially exploited. If a layout is not commercially exploited within 10 years from the date it was made, then protection ends at the end of that period. If a layout is commercially exploited within 10 years from the date it was made, then protection lasts for a further 10 years from the year in which the layout was first commercially exploited.

### When are circuit layout rights infringed?

Circuit layout rights are infringed whenever a person exercises one of the exclusive rights without the consent of the owner. Commercial exploitation may occur by importing, selling, hiring or distributing the layout or integrated circuit made according to the layout.

### Overlap with copyright

There is some overlap between the [Circuit Layouts Act](#) and the [Copyright Act](#). Both forms of protection may be available to manufacturers of integrated circuits.

For further information, see '[Protecting circuit layouts](#)' in Chapter 5.



## Overlap between different types of IP

### Overlap between different IP types

	Patents	Designs	Trade marks	Business name	Copyright	Confidential information	Circuit layouts	Plant breeders rights
Patents	-	X			X <sup>4</sup>		X	X
Designs	X	-	X		X			
Trade marks		X	-	X	X			X
Domain names			X	X				
Business names			X	-				
Copyright	X <sup>5</sup>	X	X		-	X	X	
Confidential information	X	X			X	-		
Circuit diagrams	X	X			X		-	
Plant Breeder's Rights	X		X					-
Traditional knowledge <sup>^</sup>	X	X	X		X	X		X

<sup>4</sup> Business methods and software may include both copyright and patents.

<sup>5</sup> Business methods and software may include both copyright and patents.

<sup>^</sup> 'Traditional Knowledge' is not at present an IP right in Australia; the table represents existing regimes which protect this subject matter. Australian Government agencies should consider the special nature of traditional knowledge and cultural expressions when dealing with Aboriginal and Torres Strait Islander communities. [Chapter 12](#) provides further information on this issue.



## Chapter 3. Creating an IP framework

### What this chapter covers

This chapter describes how to go about properly managing IP by providing a step by step approach to the development of an IP Framework, including:

- how to formulate an IP policy specific to the entity's needs
- how to put the IP policy into practice through an IP implementation plan, and
- other relevant considerations that may play a part in shaping an IP framework.

Some of the key reasons why it is important to manage IP are outlined in [Chapter 1](#).

### Purposes of an IP framework

An IP framework will ideally:

- provide systems to guide decision-making throughout the IP 'lifecycle' and to allow for periodic review of those decisions
- be shaped according to the core functions and service purposes of the entity
- encourage decision makers to develop an understanding of the issues, options, risks, costs and benefits associated with IP
- encourage better IP practice to achieve operational outcomes and avoid infringements of other parties' IP
- be integrated into the existing management and operations of the entity, and
- promote a culture of IP awareness and open Government throughout the entity.

### What are the elements of an IP framework?

An IP framework usually consists of:

- an overarching policy document setting out the purposes of managing IP (the IP policy)
- a plan for implementing the policy (the IP implementation plan), and
- a mechanism for review and evaluation.

The IP framework, including the IP policy and implementation plan, will usually be documented and communicated to all relevant staff in the entity.

This Manual describes the stages in developing an IP policy and an IP implementation plan separately. In practice, an entity may seek to develop both the policy and implementation plan at the same time to take advantage of the feedback and information received in each process.

### How to develop an IP policy

#### What is the role of an IP policy?

An IP policy is a formal entity statement outlining the principles governing the management of IP in an entity. It sets out the entity's approach to managing IP throughout its lifecycle (see the diagram '[Lifecycle of IP](#)' in Chapter 4). This includes:

- the acquisition, use, sharing, commercialisation, disposal and granting of public access to IP
- identifying and recording ownership of IP
- monitoring and protecting IP, and
- ensuring effective IP management in these areas.

An overview of how to develop an IP policy is set out below:

1. Research:
  - Identify relevant requirements for managing Australian Government resources (including IP) in an efficient, effective and ethical manner.
  - Identify relevant IP principles for Commonwealth entities.
  - Identify management needs throughout the lifecycle of IP.
  - Identify different approaches to IP management.
  - Identify the corporate mission of the entity.
  - Identify categories of IP relevant to the entity.
  - Identify other entity policies that may impact on IP management.
2. Consult:
  - Consult with senior executives of the entity.
  - Consult with relevant stakeholders within the entity.
  - Consult with other entities that have developed IP policies.
3. Formulate:
  - Analyse and further refine the identified IP principles and practices to align with entity purposes and operational needs.
  - Conduct further consultation if necessary.
  - When writing the IP policy include:
    - a policy objective
    - scope of policy
    - description of IP types and rights (optional)
    - broad principles for IP management throughout the lifecycle of IP, and
    - a glossary.
4. Obtain approval.

### How to write an IP Policy

The content of an IP policy is driven by the purposes and strategies of the entity. Each entity will develop its IP policy taking into account:

- its corporate mission
- the nature of its work and responsibilities
- the characteristics of IP produced by the entity
- professional specialisations represented in its workforce, and
- ways in which it seeks to recognise the work of its staff.

Development of the policy requires a clear understanding of the IP issues set out in this Manual as well as knowledge of the entity's own purposes, systems and resources. It may be appropriate to enlist specialist expertise when developing the entity's IP policy.

### Stage 1. Research

An IP policy will provide guidelines for managing IP tailored to the specific needs of an entity. Research may be concentrated in three main areas:

- IP Principles and regulatory environment
- IP Management Practices, and
- Entity purposes and needs.



### *IP principles and regulatory environment*

The Statement of IP Principles for Commonwealth entities is reproduced at the front of this Manual. Review these principles, including the specific principles regarding the development of an IP policy. The broader regulatory and policy environment affecting the operation of an entity should also be taken into account e.g. the Declaration of Open Government in response to the Gov 2.0 Report, Engage: Getting on with Government 2.0 and the PGPA Act sets out a number of requirements concerning the proper use of the Australian Government resources and allowing access to these resources.

### *IP management practices*

The general requirements for managing IP throughout its lifecycle are also relevant to the development of the IP policy. Guidance on better management practices at the different stages of the lifecycle of IP can be found in Chapters 4 to 11 of the Manual.

In addition to this Manual, further information may be available from other sources such as those described in Chapter 13 '[Further information and assistance](#)'.

### *Entity purposes and needs*

Review documents that state the entity corporate mission, its core functions, service delivery obligations and other relevant outcomes. Consult entity senior executives as necessary.

The categories of IP relevant to the entity also need to be identified. For example:

- what IP assets are generated, acquired, used or dealt with in different areas of the entity, and
- the relative importance of the identified IP to the operation of those areas.

List all types of IP rights that are generated, acquired, used or being dealt with in the entity. Valuable IP could include software licences, trade marks and domain names related to the function of the entity, important reports and significant web material. For guidance on what types of IP exist generally, see [Chapter 2](#). Early identification of the types of IP relevant to the entity may be undertaken informally (e.g. discussions with relevant entity managers) or more formally by conducting a detailed IP review. See [Chapter 4](#).

Identify any other entity policies that may impact on entity IP management including:

- procurement
- national security
- privacy
- providing access to government materials / implementation of Government 2.0 and the Gershon Review
- government publications
- conflict of interests
- computer use
- using third party software, and
- acknowledging authorship.

### *Entity IP management needs and alternatives*

Identify the management issues that need to be addressed throughout the lifecycle in the entity. Using the information available in this Manual and other IP sources, identify the policy alternatives for each issue. Prepare preliminary recommendations addressing:

- what types of IP need to be actively managed (and by whom in the organisation)
- IP management in the creation, acquisition, protection, management, use, sharing, valuation, commercialisation and disposal of IP





- ownership of IP
- interaction of the IP policy with existing policies and procedures (internal and external)
- reporting on IP management, and
- a mechanism for review.

## Stage 2. Consultation

Consultations with the senior executives of the entity and relevant stakeholders are important in developing an effective IP policy. Entities are encouraged to consult with internal or third-party experts. Consultation should generally focus on the findings and recommendations identified in Stage 1.

## Stage 3. Formulating and drafting the IP policy

The outcomes of the consultation process should be carefully reviewed and incorporated into a draft IP policy. Use clear and succinct language. The checklist below will help you ensure relevant issues are addressed.

### IP policy checklist

Check	Description
<input type="checkbox"/> Introduction	In this section, set out the entity's core functions and purposes and the role of IP in achieving these functions and purposes. Explain why the entity considers IP important and valuable enough for identification and active management. The risks of not managing IP could also be outlined.
<input type="checkbox"/> Objective	The policy objective should ideally align with the entity's primary functions and service delivery obligations. It may state what the policy seeks to achieve, e.g. to the proper use of the IP requires managing the IP in an efficient, effective, economical and ethical manner including through identification and management of valuable IP in the entity.
<input type="checkbox"/> Scope	The scope should preferably define whom the policy will apply to. For example, staff, consultants, contractors, clients, related entities and other parties which may deal with IP (e.g. students or volunteers).  The scope may also define what types of entity IP the policy will apply to.
<input type="checkbox"/> Types of IP	This section may list what forms of IP the entity generates and their relative value or importance to the entity (see <a href="#">Chapter 2</a> to assist identifying types of IP that may be generated).  Some entities may choose to include a brief explanation of various types of IP rights. Alternatively, they may be defined in a glossary section.
<input type="checkbox"/> IP management principles	The IP management principles should ideally set out the entity's policy on various management points throughout the <a href="#">IP lifecycle</a> , including the sections below.  Generally the principles will emphasise the importance of making IP management an integral part of existing systems, policies and procedures (internal and external), such as those relating to asset management, acquisition and risk management.
<input type="checkbox"/> IP creation	See Chapter 4 ' <a href="#">Identifying, recording and managing IP</a> ' of this Manual for more information on identifying new IP.
<input type="checkbox"/> IP acquisition	See generally Chapter 7 ' <a href="#">Dealing with IP in government procurement and contracts</a> ' for more information on IP acquisition.



Check	Description
<input type="checkbox"/> IP protection	See generally Chapter 5 ' <a href="#">Making IP protection decisions</a> ' of this Manual for more information on IP protection.
<input type="checkbox"/> Ongoing IP management	See Chapter 4 ' <a href="#">Identifying Managing and Recording IP</a> ' for more information on ongoing IP management.
<input type="checkbox"/> IP valuation	See generally Chapter 6 ' <a href="#">Assessing and valuing IP</a> ' of this Manual for more information on IP valuation.
<input type="checkbox"/> IP commercialisation	See generally Chapter 10 ' <a href="#">Commercialisation of government IP</a> '.
<input type="checkbox"/> IP disposal	See Chapter 4 ' <a href="#">Ongoing management of entity IP</a> ' of this Manual for more information on making decisions regarding disposal of IP.
<input type="checkbox"/> IP ownership	This section sets out the entity's policy on ownership of IP created by staff, consultants, contractors, and others who may work with or for the entity (e.g. students or volunteers).
<input type="checkbox"/> Reporting and review	The policy should preferably emphasise the importance of the regular review of the IP framework as well as reporting IP management decisions to relevant stakeholders. See ' <a href="#">Reviewing and Updating the IP Framework</a> ' in this chapter for more information.
<input type="checkbox"/> Recognising employee contribution	This section should outline the entity's policy for recognising employee contributions to IP. See ' <a href="#">Employees and the IP framework</a> ' in this chapter for more information.
<input type="checkbox"/> Glossary	Some entities may choose to include a glossary in their IP policies. See the <a href="#">glossary</a> of this IP Manual for some examples.

#### Stage 4. Obtaining approval

The final IP policy should receive endorsement as an entity policy. This will require consideration by management in the entity. It is possible that the IP policy will need to be revised and re-formulated in order to achieve the appropriate level of endorsement in the entity.

## How to develop an IP implementation plan

### What is the role of an IP implementation plan?

An IP implementation plan sets out the manner in which the entity will put its IP policy into effect on a practical and operational level.

### How to develop an IP implementation plan

The IP implementation plan may be developed using a similar approach to the entity IP policy, but with an emphasis on procedures and practices.

The plan may either be developed after the IP policy has been approved or concurrently with the development of the IP policy, as the entity sees fit. An overview of how to develop an IP implementation plan is set out below.



1. Research
  - Examine the IP Policy of the entity.
  - Identify resources within the entity that may contribute to the implementation of the IP policy.
  - Identify existing systems that may impact on the implementation of the IP policy.
  - Identify requirements for IP awareness training and resources.
2. Consult
  - Consult with senior executives of the entity.
  - Consult with relevant stakeholders within the entity.
3. Formulate
  - Analyse the information gathered from stages 1 & 2.
  - Develop a draft IP plan (include visual tools).
  - Conduct further consultation if necessary.
4. Getting approval

### Stage 1. Research

To manage IP in an effective and efficient manner, an IP implementation plan will usually be integrated with, and receive support from, other existing systems used by the entity.

#### Research the following areas

Research area	Description
Review entity IP policy	Examine the IP policy and consider at a practical and operational level, what entity resources and infrastructure will be needed for its implementation.
Identify available resources within the entity	Identify available resources that may contribute to the successful application of the IP implementation plan. These may include human resources, material resources and existing systems (see examples below).
Consider IP training and awareness	Identify the level of IP awareness within the entity and current resources available for IP training.

Examples of existing systems that may be used or enhanced to support IP management are provided below. These examples are not exhaustive. The checklist includes things to consider when reviewing these systems.

The entity might identify other existing systems and policies that are specific to the entity which may contribute to the management of IP.



## Consider systems that may be used to contribute to the IP implementation plan

System	Description
Asset management	<input type="checkbox"/> Can IP information be included in the existing asset register of the entity? <input type="checkbox"/> Is any IP currently included in the entity's annual or financial report?
Risk management	<input type="checkbox"/> Are the risks concerning IP ownership, management, use, commercialisation and disposal identified and adequately managed by current systems? <input type="checkbox"/> Does the entity have a mechanism to ensure that any dealings with IP, including allocation of IP rights, are consistent with any prior arrangement relating to the IP? <input type="checkbox"/> Are appropriate clauses (e.g. warranties, indemnities, limitation of liability and insurance) included in contracts that have an IP component? <input type="checkbox"/> Is the entity managing IP projects and relationships with other parties adequately? <input type="checkbox"/> Is the entity obtaining necessary advice concerning IP? <input type="checkbox"/> Does the entity have safeguards to ensure it does not confer a commercial advantage to any private body either through inadequate protection of IP or the public dissemination of IP? <input type="checkbox"/> Does the entity consult regularly with the stakeholders of IP (e.g. other government entities and the business community)? <input type="checkbox"/> Does the entity have a mechanism to ensure that any contracted developer (including IP developer) has sufficient resources or insurance to meet potential liabilities to the entity?
Contract management	<input type="checkbox"/> Do all contracts in which IP may be created or acquired (e.g. employment, outsourcing, procurement, consultancies and government grants) specifically address IP rights and ownership issues? <input type="checkbox"/> Are standard form contracts with several options for IP clauses or disclaimers available? <input type="checkbox"/> Does the entity have mechanisms available for identifying and observing current (and potential) legal obligations, such as licence fees, confidentiality obligations relevant to development and use of IP, consultancies, collaborative research, joint ventures and other contractual dealings in relation to that IP? <input type="checkbox"/> Does the entity have guidelines on the negotiation of IP clauses to achieve the most desired outcome for an entity and in the case of ICT software procurement contracts, to ensure that supplier ownership of IP is the default position?
Financial approval and budgeting	<input type="checkbox"/> Are the costs for the procurement and management of IP integrated into existing financial and budgeting processes?
Record keeping requirement	<input type="checkbox"/> Is the entity observing record keeping and disposal guidelines issued by the National Archives of Australia? Can the practice be extended to records of IP? <input type="checkbox"/> What is the entity's current system for managing electronic documents (for example document management systems and website content management systems)? Can copyright and other IP information be integrated into the metadata of the relevant file?
Employee management	<input type="checkbox"/> Does the entity have systems in place to motivate or provide incentives to staff to create/add value to IP? <input type="checkbox"/> Is the entity's policy on recognising and rewarding employees reflected in the employment agreements?



There are no existing whole-of-Government policies on asset management or risk management. The checklist above provides only suggestions. More information on risk management processes can be found in:

- Comcover, Risk Management Policy, 2014—found on the [Comcover website](#).
- Standards Association of Australia, Australian and New Zealand Standard, AS/NZS ISO 31000:2009 Risk Management—Principles and guidelines available from the [Standards Association of Australia website](#).
- Australian National Audit Office, Better Practice Guide on the Strategic and Operational Management of Assets by Public Sector Entities found on the [ANAO website](#).
- Department of Finance [Overview of the Property Management Framework](#).

Once you have identified the existing systems that may be utilised in the IP implementation plan, you are in a position to make recommendations on methods to implement the IP policy.

- outline what systems or procedures are required, then
- list existing systems that may be utilised, then either:
  - systems or procedures that need to be put in place, or
  - existing systems into which IP management can integrate
- your preliminary recommendations will usually address:
- the objective of the IP implementation plan
- strategies for implementing the IP policy at an operational level, including all the elements identified in the IP policy (e.g. creation, acquisition, protection, management, use, valuation, commercialisation and disposal of the types of IP that the entity is dealing with)
- how to integrate the IP implementation framework into existing areas
- entity resources for implementation
- who has responsibility for implementing the various elements and the scope of their discretion in making IP decisions
- methods for increasing IP awareness
- sources of expert IP advice and assistance, and
- a review mechanism.

### Stage 2. Consultation

As in the development of the IP policy, the process of consultation is essential. Circulate your recommendations as well as any alternative approaches to relevant staff for comments.

### Stage 3. Formulating a draft IP implementation plan

Use the information gathered to prepare a draft IP implementation plan. It may be useful to use visual tools (process diagrams or flow charts), checklists and specify links to other relevant policies and procedures where appropriate.

Further consultation may also be required to determine the practicability of the IP implementation plan.



## IP implementation plan checklist

Plan	Description
Objective	<input type="checkbox"/> State what the plan seeks to achieve, e.g. to provide on an operational level, the procedures necessary for implementing the entity's IP policy.
Strategies for implementation	<input type="checkbox"/> These should address all areas of the IP policy. The entity IP policy should be reviewed to make sure that the strategies will put all topics mentioned in the IP policy into operation. <input type="checkbox"/> Where possible, the strategies should be integrated into existing areas of the entity's operations. Use the <a href="#">checklist</a> in Stage 1 to assist with this.
Entity resources for implementation	<input type="checkbox"/> Apart from existing systems that may be used to implement the IP implementation plan successfully, a clear commitment of the senior executive and corporate support within the entity are essential. See ' <a href="#">Resourcing the IP framework</a> ' in this chapter.
Authority and responsibility issues	<input type="checkbox"/> Include the authority structure for making decisions on different levels of IP management and the scope of discretion for those dealing with IP. See ' <a href="#">Resourcing the IP framework</a> ' in this chapter.
Strategies for increasing IP awareness	<input type="checkbox"/> A basic understanding of IP issues by entity staff will assist the successful implementation of the IP implementation plan. Include strategies to promote IP awareness within the entity. See ' <a href="#">Resourcing the IP framework</a> ' in this chapter.
Sources of expert advice and assistance	<input type="checkbox"/> Identify relevant sources of advice and assistance on IP matter in the entity. This may include internal as well as external sources. See Chapter 13 ' <a href="#">Further information and assistance</a> '.
Review mechanism	<input type="checkbox"/> It is recommended that the whole IP framework implemented by the plan be periodically reviewed. <input type="checkbox"/> Review mechanisms should preferably be developed to evaluate and report on the effectiveness of both the IP implementation plan and policy. See ' <a href="#">Reviewing and updating the IP framework</a> '.

## Stage 4. Obtaining approval

The IP implementation plan will generally need to be authorised by senior executives or the governing body of the entity. Use the established approval mechanism to gain the necessary approvals.

## Resourcing the IP framework

## What resources are required?

## Leadership from senior executive

Entity senior management is accountable for IP assets held by the entity. As with any other resources under the entity's control, IP assets should ideally be properly managed and used (i.e. efficiently, effectively, economically and ethically), and in an open and accountable manner.

Entity senior management should understand IP issues and appreciate the value of IP to the entity, including how IP fits within, and contributes to, the entity's functions and purposes. Leadership by senior executives on IP issues may be demonstrated by the development of an IP framework such as that described in this chapter.



### Corporate support

Without appropriate allocation of resources and structural support by the entity, the IP framework may not be used to its full potential.

Strategies to provide corporate support for the IP framework:

- establish an IP Committee to
  - decide on strategic IP matters
  - decide what is valuable IP for your entity
  - make IP issues a standard agenda item at meetings discussing entity resources
- appoint an IP Officer for the day to day management of IP. The IP Officer may be responsible for managing IP for the whole entity, or, the responsibility may be shared by staff from different divisions, as suited to the entity's needs.
- delegate appropriate authority concerning IP to officers that corresponds to management needs
- provide timely access to internal expertise and advice on issues of IP
- provide access to independent professional advice from legal and (where appropriate) commercialisation experts
- provide training on IP issues
- promote awareness and reinforce the importance of IP to the entity, include the need for compliance with entity IP policies and practices
- allocate sufficient resources to fulfil the entity's IP management needs.

### Implementing a reporting structure

Responsible IP personnel will usually be given the necessary authority to make decisions regarding IP issues in the best interests of the entity. The IP implementation plan may set out the reporting and authority structure for making decisions about different levels of IP management. A sample reporting structure may be:

1. IP Committee
  - Consists of senior executives
  - Meets monthly
  - Decides on strategic IP matters (e.g. acquisition or disposal of IP), and
  - Instructs IP Officer.
2. IP Officer
  - Responsible for the day to day management of IP
  - Provides monthly report to IP committee
  - May make recommendations to IP committee
  - Instructs IP User/Developer, and
  - Reports to IP Committee.
3. IP user/developer
  - All employees, contractors and agents that use or develop IP as entity employees
  - Regularly provides details of IP use (e.g. type, quantity, frequency) to IP officer
  - Regularly provides details of IP development (type, form, purpose, value) to IP officer, and
  - Reports to IP Officer.

This reporting structure is supported by an IP register.



## What level of skills training and IP awareness is required?

IP is created, acquired and maintained at all levels within an entity. A basic understanding of the relevant IP issues, including the entity IP policy, by entity staff and how to seek help and advice on these issues can ensure that entity IP is recognised, protected and dealt with appropriately. It can also lower the risk of the entity infringing third party IP rights.

Training in IP issues may be designed to suit the entity's specific needs. Key elements of the training process may focus on the issues set out in this Manual. Other educational materials may be available through the resources identified in [Chapter 13](#).

Strategies for skills training and promoting IP awareness in an entity:

- communicate the entity IP policy and implementation plan to all staff
- place the IP policy on the entity's intranet
- dedicate part of the entity's intranet to IP issues and provide links to websites with information and updates on IP
- incorporate IP themes into staff inductions, in-house briefings and forums for staff
- include an IP module in existing training materials for career advancement within the entity
- encourage networks and knowledge diffusion for all staff in IP issues
- provide IP workshops for interested staff
- provide informal lunches with experts to share information and to provide forums to ask questions
- circulate booklets and pamphlets on IP within the entity
- include an IP section in the entity newsletter
- encourage staff to attend IP conferences
- include what the entity expects with regard to IP in workshops for industry
- develop standard contracts that address IP issues and alternatives, and
- provide relevant staff with training in contract management relating to IP issues.

## Reviewing and updating the IP framework

Reviewing and updating the IP framework enables an entity to:

- ensure the framework remains in line with the entity's purposes
- identify any deficiencies, and
- improve its effectiveness in managing IP.

## Measuring and reporting on IP management

Regular review, evaluation and reporting on IP management provides an entity with the necessary information to assess both the effectiveness of its IP framework and the actual management of IP it holds. It is recommended that information on the management of IP be reported regularly to senior executives and other stakeholders.

Types of information that may be included in regular reporting on IP management include:

- evaluation of the effectiveness of the entity's IP management approach, including difficulties encountered and areas for improvement
- cost of developing or acquiring significant IP
- inventory of major or significant entity IP assets
- important changes in IP assets held
- opportunities for leveraging or further development of entity IP





- risks associated with significant IP owned or controlled by the entity, or arising from projects in which the entity is involved
- number of licence agreements for the use of IP
- compliance/non-compliance with any legal obligations in relation to IP
- commercialisation activity of the entity
- revenue generated from the sale or license of IP
- infringement of entity's IP
- infringement by the entity of others' IP
- the proposed sale or disposal of IP
- conflict of interests issues arising from significant IP
- entity activities to raise staff awareness of IP issues, and
- information on IP valuation processes.

Source: Adapted from NSW Audit Office, Better Practice Guide: Management of Intellectual Property, 2001

Evaluation and reporting on entity IP management performance may be undertaken at different levels within the organisation:

At an operational level, an IP officer may regularly:

- report on and evaluate the effectiveness of the IP procedures and practices in implementing the entity's IP framework
- assess whether the procedures and practices are integrated with existing processes of the entity
- determine whether the procedures impose an undue burden on the everyday administration of the entity, and
- make recommendations to entity's senior management.

At a project level, project managers may submit progress and final reports that require identification of potential IP generated.

At a management level, senior executives may:

- commit to review the IP framework at regular intervals (e.g. every five years), and
- prepare annual reports that include information gathered from the IP register.

At an organisation level, the entity may define economic, environmental and social performance indicators for its output areas, including evidence of any significant IP generated.

## Employees and the IP framework

### Employee performance and recognition

The creation and development of IP by public sector employees can make significant contributions to Australia's international competitiveness and prosperity. An entity may consider how to promote innovation amongst its employees by rewarding it. Appropriate mechanisms for recognition of employee innovation should be determined by each entity with the aim of promoting creativity, staff morale and retaining talented employees. It may also be considered as an integral part of performance plans for individual staff.



**Recognition for employees may include:**

- public acknowledgment of work outcomes
- special announcements
- certificates and awards
- staff development opportunities, such as secondment to work for an organisation that licenses or purchases the IP which the employee developed
- financial rewards
- participation in commercialisation

**Policy considerations in relation to employee recognition**

Employees will need to be treated fairly and consistently with respect to recognition of their contributions and allocation of rewards. An entity may need to establish processes to obtain the necessary advice and information to make an informed evaluation of the employee's contribution if it chooses to provide this sort of recognition.

**General considerations may include:**

- whether the idea of creative activity giving rise to the IP was
  - above and beyond the employee's normal expected responsibilities or exceeding those required for the conduct of his or her duties
  - an external activity outside of normal working hours
  - an activity above and beyond their assigned employment duties
  - an activity for which the entity has provided no compensation
  - the field of the related IP, and
  - the extent of innovativeness and success of the IP.

If it is considered appropriate to provide any form of financial rewards, in addition to ensuring compliance with the entity's purposes and other policies, the entity may need to formulate policy addressing:

- the need to seek approvals
- all ethical considerations including any conflict of interest issues
- appropriate apportionment structure for the distribution
- upper limits for the distribution, and
- administrative and reporting issues.

**Rights and obligations in employee agreements**

The Government generally owns the rights to any IP developed by its employees. The exception to this rule is moral rights, which are automatically attributed to the creator. In addition, the APS Code of Conduct requires Australian Government employees not to gain any benefit or advantage for themselves from the performance of their duties or their knowledge of any inside information.

Entities need to ensure their employees are aware of obligations relating to IP and that the relevant obligations are clearly reflected in the arrangements by which the employees are engaged. These obligations may include:

- general duties that apply to officials of all Commonwealth entities under the PGPA Act
- APS Values and Code of Conduct
- ownership by the Government of IP developed by its employees in the course of their employment or pursuant to the terms of their employment



- confidential obligations relating to the development of IP
- consents in relation to moral rights
- clauses governing any IP the employee brings to the entity, and
- the requirement to comply with the entity's (and any relevant whole-of-government) policies, practices and procedures relating to IP creation, procurement, identification, reporting, protection, management and commercialisation.

The entity may also address these matters in the recruitment process and in exit interviews for employees leaving the entity.

### Moral rights

Since moral rights are personal in nature, i.e. they cannot be assigned or licensed, the entity may need to obtain the necessary consents to acts or omissions that might infringe the moral rights in copyright material created by entity employees. However, staff employed by government entities should be mindful that it is likely to be considered reasonable for an entity not to consider moral rights in a work when:

- it is not a major work and the author is an employee
- non-attribution of authorship is long-standing 'industry' practice in the circumstances
- attribution would detract from the official purpose of the work, such as a major speech by the Minister, and
- identifying the author or authors, particularly where there is a number of them, would incur unreasonable difficulty or expense.

Further information about moral rights can be found in [Chapter 2](#).

### Confidentiality obligations

As well as the PGPA Act (including General duties that apply to officials of all Commonwealth entities) and [Public Service Act](#) (including the APS Code of Conduct) there is a legal and regulatory framework that governs the general disclosure and use of official information by APS employees and access by the public. That framework includes:

- [Crimes Act 1914](#)
- [Criminal Code Act](#)
- [Freedom of Information Act 1982](#)
- [Archives Act](#)
- [Privacy Act 1988](#).

Also included in the legal and regulatory framework is an employee's common law duty of loyalty and fidelity, which is an implied term in any employment relationship.

At an administrative level, the [Australian Government Protective Security Policy Framework](#) sets out the protective security policy, practices and procedures for the Australian Government and the use of its national security information.

Further information about confidentiality requirements for public servants is available from the [Australian Public Service Commission website](#).



It is considered good practice that staff that are not APS employees or staff employed by APS entities under contract, and who are involved in the creation of significant IP should sign agreements to maintain the confidentiality of secret information both during and after employment with the entity. Unauthorised disclosure may breach the entity's statutory confidentiality provisions or privacy obligations, or it may destroy the commercial value of the IP asset (particularly where disclosure is made prior to publication or commercialisation).

### Employees and research and development projects

In research and development projects, there are additional employee issues relating to the generation and management of IP. These are discussed below.

### Disclosure of IP developments

Employees' ideas are only valuable if they are effectively communicated and disseminated to management. Entities should put in place proper mechanisms, such as invention disclosure forms and laboratory notebook keeping guidelines, to encourage employees to record and disclose IP developments. See Chapter 4 '[Invention disclosure or notification forms](#)'.

### Proper laboratory notebook keeping practice

The importance of carefully keeping laboratory notebooks may be vital to obtaining a valid patent in some jurisdictions. See Chapter 4 '[Maintenance of laboratory notebooks](#)'.

### Public disclosure issues—work that can be patented

Publication of work by researchers may destroy the potential to patent otherwise patentable subject matter. It is recommended that entities with research and development activities formulate public disclosure policies to govern all forms of public disclosure including manuscripts, abstracts, poster/slide presentations and talks to be given by entity staff. The policy will deal with the system by which any intended public disclosure for patentable subject matters will be reviewed. Research staff should be made aware of such policy.

### Ongoing obligations beyond the termination of employment with the entity

Some IP registration processes (e.g. patent registration) may extend over a number of years and a key employee contributing to the IP may leave the entity during that time.

Where necessary, employment arrangements may need to include obligations for employees to assign the title in any IP to an entity, even after the employee has left. This may include executing and delivering all papers necessary to enable the entity to protect its IP.



## Chapter 4. Identifying, recording and managing IP

### What this chapter covers

This chapter provides guidance on how to:

- identify existing and newly created IP
- conduct an IP review or 'audit'
- keep appropriate records of IP, and
- monitor and manage IP.

### Why identify, record and manage IP?

Maintaining appropriate mechanisms for identifying, recording and managing entity IP is a crucial part of good IP management practice. Among other things, it will enable entities to:

- put the IP to proper use in accordance with the PGPA Act (i.e. to manage its IP efficiently, effectively, economically and ethically in a way that is not inconsistent with the policies of the Commonwealth.
- fulfil financial, record keeping and accountability obligations
- ensure their resources are put to efficient and effective use
- facilitate access to the IP by knowing their rights to use or distribute the IP
- avoid duplication in the acquisition or creation of IP
- better protect and enforce their IP, and
- lower the risk of infringing the IP of others.

### When is it necessary to manage IP?

Management of IP should ideally occur throughout the lifecycle of the relevant IP—from the time of its creation or acquisition through to the date of its expiry or disposal. However, not all IP generated by the entity needs to be actively managed. As outlined in Chapter 3 '[Formulating and drafting the IP policy](#)', a key aspect of the implementation of an IP framework is identifying the IP that may need to be managed. The diagram on the next page outlines a typical IP lifecycle and the key management points at each stage. It also indicates which parts of this Manual are most relevant to those management points.

### What tools are necessary to manage IP?

A key consideration for each entity when implementing IP systems is the integration of IP management tools into its existing processes and systems. The tools used to identify, record and manage IP will vary between entities and careful consideration should be given to how they can best be leveraged to meet the IP management purposes.

#### **Important note:**

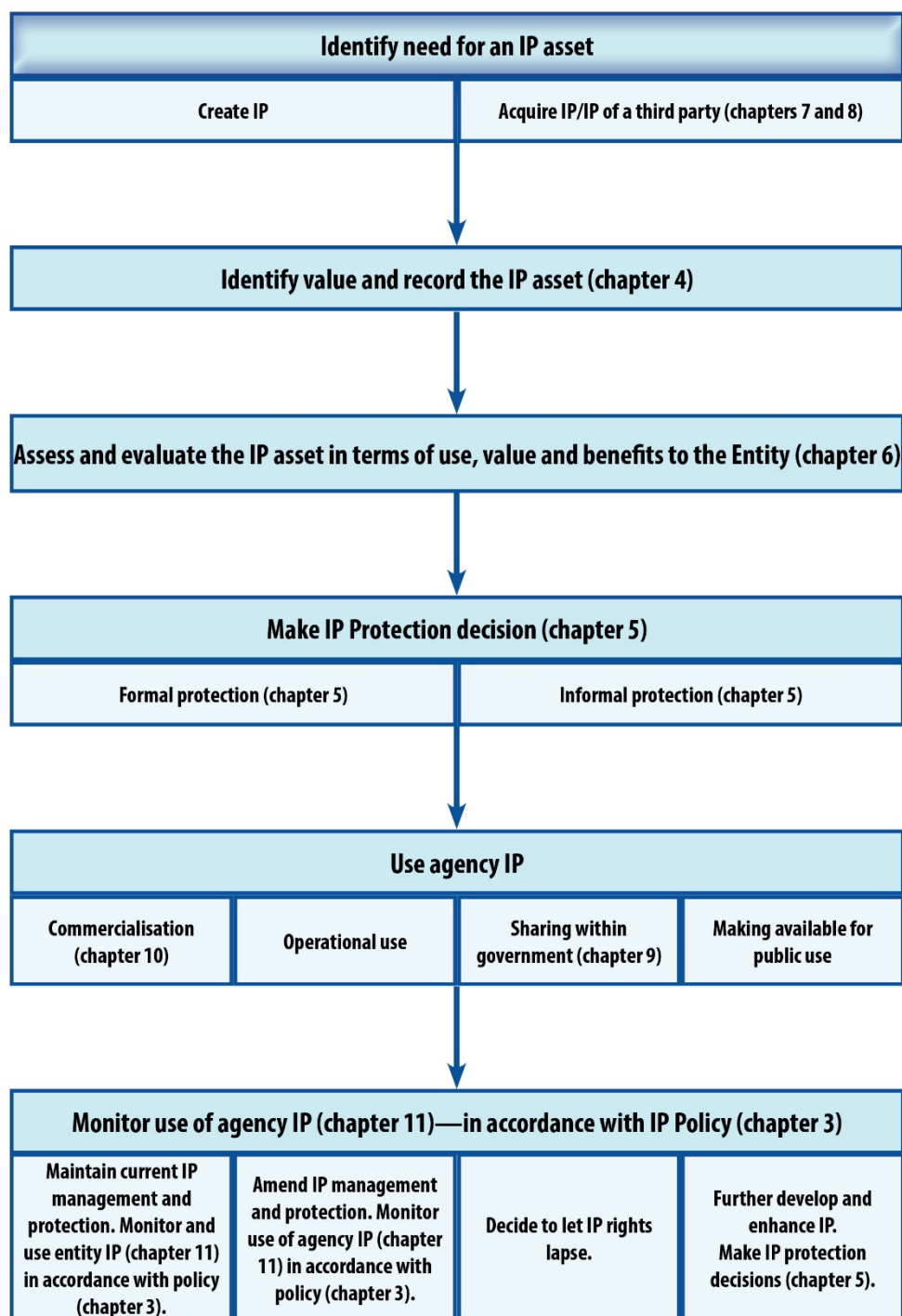
The management of IP should not impose an onerous burden on entities and, in most cases, probably does not require the development of a separate IP system. It may be sufficient to integrate elements of IP Management into existing systems and procedures.

See Chapter 3 [How to develop an IP implementation plan](#).



## Life cycle of IP

## Life cycle of IP



## How to identify IP that should be managed

IP is created in almost all of an entity's activities. It may include inventions that are registered as patents, software that manages the entity's data, and documents an entity produces including emails and letters. Detailed, active management of all of this IP would be an inappropriate application of resources. It is necessary, therefore, for each entity to have an efficient and cost-effective mechanism to identify and manage only the IP that warrants active management, as applies for the management of physical assets. It is unlikely that an entity would manage paper clips in a way that would require as much effort and careful attention to detail as more valuable assets such as computer hardware.

Broadly, an entity will generally need to actively manage the IP it has or uses that:

- is important to the operations of the entity
- contributes significantly to achieving the entity's purposes
- is an outcome of the investment of substantial entity resources, or,
- is or may be included in commercialisation activity.

Chapter 6 [Assessing and valuing IP](#) provides guidance on how to value IP both qualitatively and quantitatively. The entity IP policy and implementation plan developed with the assistance of Chapter 3 [Creating an IP framework](#) provides guidelines for IP management.

The following table presents a number of examples of IP that could be the subject of identification and recording within an IP management system.

### Examples of IP that could be identified and recorded within an IP management system

Subject matter	Type of IP	Comments on examples
Software or computer programs	Copyright	Developed for the entity where the costs exceeds \$X (an amount determined by the entity, e.g. specified in IP framework) Licensed by the entity (e.g. a software register)
Databases	Copyright	Maintained by the entity
Publications and promotional material	Copyright	Program guidelines, policy papers, reports, consultation documents, forms
Television and radio advertising material	Copyright	Developed by or for the entity
Artwork and photographs	Copyright	Commissioned or bought by the entity and used in promotional material
Training materials	Copyright	Developed for the entity where the costs exceeds \$X (an amount determined by the entity e.g. specified in IP framework) Licensed by the entity.
Trade marks or logos	Trade Marks	Used by the entity whether or not these are registered as trade marks or business names.
Designs	Designs	Created by, or on behalf of, the entity or for which the entity has acquired a licence.



## Conducting an IP review

### What is an IP review?

An IP review is a process undertaken by an entity to:

- identify and record systematically the IP that an entity has acquired, created or developed, and
- determine the extent of the entity's ownership and rights with respect to that IP.

IP reviews may take many forms and have varying levels of detail. The form and scope of the review will be determined having regard to each entity's specific circumstances. An IP review may be undertaken to:

- assist with implementing an IP policy and IP implementation plan
- support the ongoing management of the entity's IP
- ensure compliance with the entity's IP policy and procedures
- assess the relevance and performance of the IP portfolio, and
- update IP records with newly developed or acquired IP.

A more limited IP review may also be conducted as part of a due diligence process in the commercialisation of IP, or when an entity is enforcing or defending its IP rights. The IP review may also form the basis for a valuation of entity IP where that is appropriate.

### What are the outcomes of an IP review?

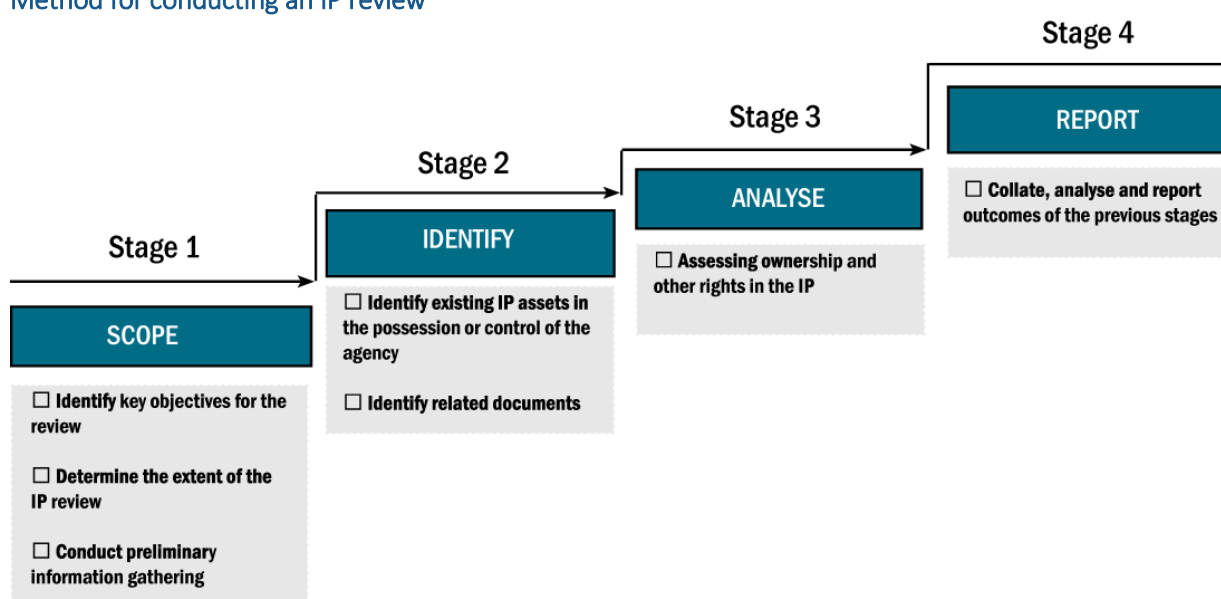
Upon completion of an IP review, entities will be in a better position to:

- determine which of its IP assets may need to be secured, preserved and managed and those that may need to be disposed of or allowed to lapse
- identify risks associated with its IP
- determine the value of its IP, and
- make informed decisions on potential transactions.

### How to conduct an IP review

Undertaking an IP review is not a simple exercise and may require the assistance of an IP professional.

#### Method for conducting an IP review





## Stage 1. Scope of the IP review

The scope or extent of an IP review will depend on its purpose and purposes. The following steps are recommended when planning an IP review. It may be appropriate to revisit and refine the results of these steps as the review progresses.

### *Identify key purposes for the review*

An IP review will be more effective if the entity identifies purposes for it. When determining the key purposes for an IP Review, it is important to:

- consider the entity's IP policy and implementation plan
- ascertain the specific purpose of the review (i.e. is it an initial or a periodic review? Is it for internal auditing purposes or other purposes, such as due diligence in a licensing arrangement?)
- obtain management input both as to scope and the proposed approach, and
- consider financial and resource constraints and requirements—it may not be economically feasible or cost effective to conduct a comprehensive review of all of the entity's IP assets.

### *Determine the extent of the IP review*

Depending on the purposes identified, an entity may choose to limit the IP review to targeted areas of operation which are known to produce valuable IP (e.g. research and development programme, divisions which produce regular publications, or divisions involved in regular production of content). Refer to the entity's organisational charts to map out those divisions that are known to generate significant IP. It may be useful to seek advice from managers of relevant divisions at this stage about their creation and use of IP.

In most cases, there is a need to set and clearly specify appropriate thresholds for the IP that will be the subject of review. This may require an assessment of the types of IP generated within the entity—see Chapter 6 '[Assessing and valuing IP](#)' regarding qualitative and quantitative assessments of IP.

### *Conduct preliminary information gathering*

Once the extent of the review is determined on a preliminary basis, relevant materials within the entity can also be identified and reviewed. All preliminary information which will assist in directing the enquiries in Stage 2 of the review should preferably be collected. These include:

- any existing records, registers or databases for IP—these may not be identified as 'IP' specifically, e.g. an image, database or contracts register
- entity and broader Government requirements relevant to IP management
- procedures adopted by the entity in acquiring or managing assets
- examples of employee policies and consultancy/contractor agreements and policies relevant to IP ownership, and
- project or research and development plans identifying IP used and created in projects.

## Stage 2. Identify the existing IP

Once the scope of the review has been finalised, the relevant IP assets and related documents need to be identified. The means of identifying relevant IP will vary from entity to entity. Generally speaking the process will need to be targeted and refined based upon the information identified in Stage 1. It may include:

- direct review of documentation
- direct targeted requests for specific information
- IP workshops and information sessions
- use of an IP survey, or
- site visits and interviews.



As the review process typically requires significant time and resources, it is critical that the process adopted is effective in obtaining all information required. Each request for information should be prepared with sufficient care to ensure that it captures all necessary data. For example, information which is likely to be recorded by the entity for ongoing IP management purposes may be included. If the identified IP is to be valued, additional information necessary to form the basis of the valuation (where otherwise appropriate) will generally need to be collected at this stage.

See the later section of this chapter [Determining what IP to record](#) for a useful checklist of information that may be sought at this stage of the review. This checklist may assist in the development of an IP survey or a template document prepared for the purposes of conducting the IP review.

### Stage 3. Analyse the relevant information

At this stage the collected information is analysed with the aim of providing only that information necessary to the IP review's purposes. This is likely to involve an assessment of the:

- existence and likely validity of the IP identified (See Chapters 2 and 5)
- ownership of the IP
- rights others may have in relation to the IP (such as licences etcetera), and
- remaining life of the IP.

To determine the extent of an entity's ownership of the IP, information provided in surveys or direct reports and in legal documentation which may affect IP rights will generally need to be reviewed. Relevant legal documentation may include agreements relating to projects or specific IP such as:

- employment terms and conditions
- supply or procurement contracts
- consulting terms and conditions
- grant or other funding agreements
- software development agreements
- research collaboration agreements or other contract research agreements
- joint venture/partnering or similar agreements
- confidentiality agreements (to the extent they may deal with ownership of confidential information or other IP)
- material transfer agreements, and
- licence and assignment agreements.

These documents will have been extracted or identified during site visits or may have been provided in response to direct enquires or surveys. It may be possible to review classes of documents e.g. employment agreements, rather than every individual agreement. Whether individual analysis is necessary will depend upon the scope and purpose of the IP review.

### Stage 4. Reporting

Entities should record the outcomes of the review in a format that enables the entity to meet the purposes identified in Stage 1. In addition to meeting its key purposes of identifying IP and its ownership, the review may also provide information on:

- the effectiveness of the entity's IP framework
- strengths and weaknesses of the entity's IP position within each area, division or workgroup
- mechanisms for best protecting and monitoring development of IP
- areas at risk of infringement of other party's rights, and
- IP for which active management is necessary (e.g. decisions about IP protection disposal, licensing or public dissemination).



## How to identify new IP generated by the entity

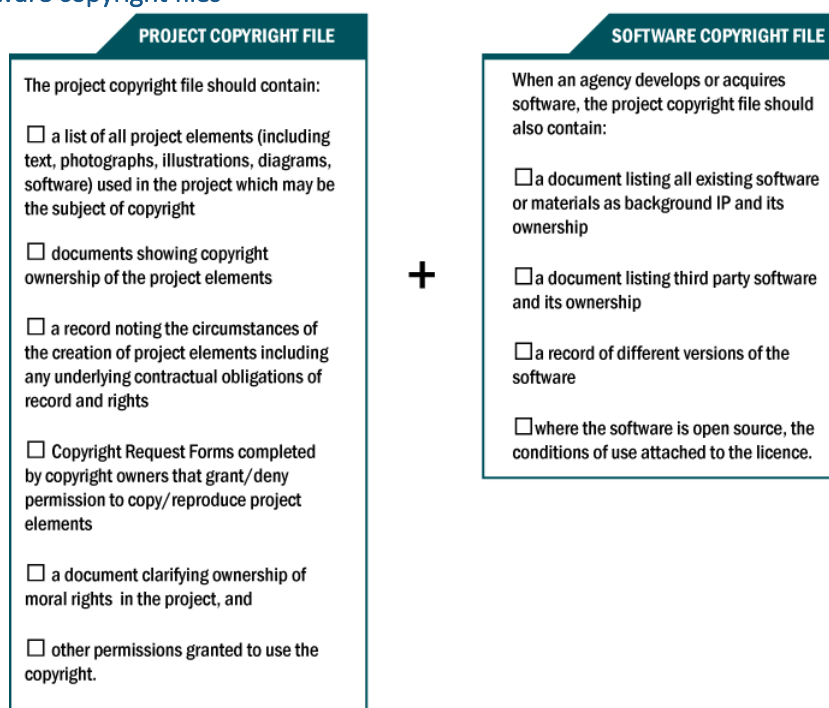
The IP framework of an entity should ideally include mechanisms to identify new IP created by the entity. A threshold question will be, in most cases, to determine what IP may need to be managed (this is discussed in the earlier section of this chapter).

Existing reporting, management systems and processes will usually form an integral part of the framework used by the entity to identify new IP it generates.

All entity employees need to be made aware of their responsibility to notify the entity of any work that may lead to the creation of IP. Seminars on IP are effective in encouraging employees to bring forward new IP for the entity's consideration.

Where an entity, or a division of an entity, is primarily engaged in creating written and artistic materials or software, the entity may wish to ensure its project managers create a project copyright file for each project. See [‘How to keep records of IP’](#) later in this chapter.

### Project and software copyright files



Source: Adapted from Department of the Prime Minister and Cabinet, Copyright Policy 2006 (Draft)



## Entities engaged in research and development and the creation of new technologies

### Project reports addressing IP issues

#### Example

Grains Research Development Corporation researchers are required to complete project conception forms that describe expected outcomes, outputs, milestones, methodology and budget for the project. Sections of that form require the researcher to describe:

- any third party owned technology associated with the project
- the development of any IP expected during, or as a result of, the project
- potential commercialisation opportunities for IP arising from the project, and
- existing IP.

Researchers must also complete progress and final reports. These reports require assessment against milestones and outcomes, including any IP produced. Final reports require a summary of strategies undertaken or planned to protect and/or commercialise a project's IP outputs. This requires officers to identify and record any patents filed, and any publications and confidential information created.

Source: Auditor-General, Intellectual Property—Policies and Practices in Commonwealth Agencies No. 25 2003-04.

### Maintenance of laboratory notebooks

Entities engaged in research and development and the creation of new technologies should:

- have in place a laboratory notebook keeping policy
- ensure employees are aware of the policy
- introduce mechanisms for compliance, and
- store the laboratory notebooks safely.

Although many employees will maintain records of their work electronically, it is important to keep hard copies of laboratory notebooks. Laboratory notebooks may be presented as legal evidence in establishing a date of invention in jurisdictions that award patents on a 'first to invent' basis.

#### Laboratory notebook keeping checklist

Laboratory notebook keeping checklist	Yes	No	N/A
All work written up in a permanently bound notebook with consecutively numbered pages	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Text written in permanent ink	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Errors remain legible, e.g. using strike through, not erased or covered.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
No blank spaces on a finished page and no skipped pages. To start an entry on a new page, draw a line through any unused portion of the previous page. Never tear out or destroy pages	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Each entry made consecutively, signed and dated	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Corrections are neat, dated, initialised and witnessed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Information is legible, consistent, chronological and complete, without any blank pages	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



Laboratory notebook keeping checklist	Yes	No	N/A
Entries required to be made at a later date are recorded separately and cross-referenced to earlier entry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Additional material is mounted in the notebook, and dated and identified by signature	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
All entries witnessed on a regular basis by an impartial reliable party	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Laboratory notebooks copied and are appropriately stored in a separate location	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Notebooks kept for as long as needed to verify the legitimacy of the work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Details of records of any pre-experimental work concluded in relation to the project, including details of any ideas generated during thinking/discussion sessions with co-workers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
All non-standard terms, processes and abbreviations defined	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Record of equipment details including manufacturer, model and serial number, indication of purpose of use, and a sketch of equipment set-up	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
No value judgments made on the protectability of the research	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ensure no unauthorised persons have access to the notebooks to preserve confidentiality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

See also, the Biotechnology IP Management Manual at [Biotechnology IP Management Manual](#).

### Invention disclosure or notification forms

It is suggested that potential inventions be recorded using standard invention disclosure forms. Completed forms can then be reviewed by the appropriate level of management (such as an IP Committee) to determine whether the inventions require further IP management (e.g. applying for a patent). A completed invention disclosure form will usually need to be signed, dated by all the inventors and witnessed by another person.

### Information that will need to be captured in a typical invention disclosure form

Information to be captured	Description
Work area	Details of the work area within the entity where the work leading to the invention was conducted
Title	A brief title of the invention
Description of the invention	Describe the invention comprehensively—include drawings, photos or prototypes if applicable
Description of all information publicly known about the invention (prior art)	Explain what information is currently publicly known about the invention, including relevant publications
Perceived novelty	Point out the novel features of the invention
Potential application/market size	Include known uses or applications, commercial applicability and market size



Information to be captured	Description
Ownership	Disclose who owns or controls background IP (if applicable) and describe whether other parties have rights to the invention (such as sponsored research)
Inventors	Specify name, title, employment status and funding route. List more than one inventor if required

## How to identify new IP generated by contractors

When entering into projects with third parties, entities are encouraged to adopt measures to identify any new IP generated by contractors. Key measures to identify such IP need to be included in the contract and in relevant project management systems. These include:

### Consideration of imposing contractual requirements

Imposing contractual requirements	Description
Identification of IP	Identify the IP to be brought to the project and the IP to be delivered. Details of pre-existing IP should preferably be included in an IP schedule, including its nature, source and ownership. Ownership of the IP deliverable(s) also needs to be specified.
Reporting	Contractors should regularly report on project outcomes (including new IP).
Rights of Inspection	Entities may maintain appropriate rights of inspection. These rights may be exercised if IP is not being reported.
Review prior to disclosure	Consider a review period prior to any disclosure of materials by publication or transfer; provides opportunity to identify IP and explore protection options.

## How to keep records of IP

### Determining what IP to record

All entities have different IP portfolios. Ideally, procedures for recording and reporting on entity IP are to be integrated with existing entity systems to suit the entity's specific purposes and operations.

Any IP record keeping mechanism should record sufficient information to enable officers to manage entity IP assets appropriately and efficiently. The scope and content of information that need to be maintained should be carefully considered, having regard to the entity's activities and the nature of the IP it generates, acquires and controls. Appropriate thresholds for determining what IP may need to be managed are also relevant (see the section of this chapter '[How to identify which IP should be managed](#)').

Existing systems and processes will usually be utilised in preference to the creation of new systems of IP management. Whether the entity chooses to incorporate IP record keeping into existing document



management systems or other databases, or develop a separate IP register, it is important that the IP records are linked to:

- the relevant contract document or the record in any contract database (if the IP was created pursuant to a contract)
- the relevant paper file reference, and
- any relevant records in the asset register.

The following checklist provides an overview of some of the information which may be recorded by an entity. It is a guide only. Each entity should tailor record keeping to best suit its needs.

#### Guide to information to be recorded in any IP record keeping system

Check	General information to be recorded
<input type="checkbox"/>	A systematic internal reference number for each piece of valuable IP
<input type="checkbox"/>	An identifier/name for the IP asset, e.g. version number, application number etc.
<input type="checkbox"/>	Adequate description of the IP including form, expression, format
<input type="checkbox"/>	The IP type e.g. copyright, design, patent, trade mark, confidential information
<input type="checkbox"/>	The date of creation of the IP (and publication date for copyright materials) including for valuable IP material on websites
<input type="checkbox"/>	The date of expiration of rights of the IP, including (especially for trade marks) expiration of the current registration of the IP
<input type="checkbox"/>	The creator's details including the entity's relationship with that person, e.g. employee, contractor, including joint creators or subsequent creators and the portions of the IP to which their work related (if identifiable) in order to provide for moral rights compliance and to assist in calculating the term of IP
<input type="checkbox"/>	Whether there is a written assignment in place from the creator to the entity
<input type="checkbox"/>	If not created internally, the circumstances or agreement under which the IP was acquired by the entity e.g. reference to IT contract or licence agreement
<input type="checkbox"/>	Details of ownership rights, including (where applicable) any third party rights or interests in the IP
<input type="checkbox"/>	The location of original records, laboratory notebooks, samples and embodiments of the IP and the person/division responsible for their management
<input type="checkbox"/>	Details of any dealings with the IP (such as distribution, licensing or assignment)
<input type="checkbox"/>	Details of any other party's involvement with creation of the IP
<input type="checkbox"/>	Details of any licence granting the entity any rights to other IP required to exploit the entity's IP (including expiry date, licensor and payments)
<input type="checkbox"/>	Details of any licence granted by the entity relating to the IP (including expiry, licensee, and payments)
<input type="checkbox"/>	Details of any encumbrances e.g. where the IP is subject to a mortgage or charge
<input type="checkbox"/>	Any potential or current risks or claims associated with the IP
<input type="checkbox"/>	Other material information relating to the IP or its history
<input type="checkbox"/>	Data on or for IP valuation purposes



Check	General information to be recorded
<input type="checkbox"/>	Data on or for commercialisation purposes
<input type="checkbox"/>	In case of software, a software register may be useful as well as details of ancillary material such as warranties and manuals and whether there is an escrow arrangement for the source code
<input type="checkbox"/>	Critical dates e.g. filing dates, publication dates, registration dates, renewal fees due
<input type="checkbox"/>	IP professional dealing with registration
<input type="checkbox"/>	Biological samples required to be maintained for patents

### Integration into existing systems

A common form of IP record keeping is by way of an internal entity database with searching capabilities. Such a database enables a variety of reports to be generated and used by senior management in strategic planning and decision-making on IP related matters. However, a separate database covering IP may not be required. In fact, in many cases it may be more appropriate to incorporate IP record keeping into established entity processes and systems, rather than creating a separate system.

### Examples of the integration of IP record keeping into established systems

System	Description
Document management	Entities may have some form of document management system which allows the keeping of key data with relevant documents or the categorisation of document types
Project management	All project and research and development plans will generally include a component that ensures the prompt identification of IP and enables IP record keeping. Any application procedures for the provision or receipt of funding/grants may require identification of existing and anticipated IP outcomes
Contract management	Contract registers will preferably provide for the recording of related IP in contracts, including the ownership of IP and conditions of use
Asset management	Publication lists will preferably incorporate details of copyright ownership and project files should ideally be maintained as outlined in earlier sections. Asset registers may be adapted to capture information relating to IP assets, such as software
Accounting	Report IP assets on financial statements in accordance with Australian standard accounting requirements

### Specific IP registers

Specific IP registers are ideal for recording registrable forms of IP such as patents, trade marks and designs. Specific IP registers facilitate monitoring of critical dates (e.g. renewal dates) and minimise the risk of the rights lapsing or being placed at risk through unintended activity or inactivity. An additional benefit of a specific IP register is that it provides an understanding of the various IP assets held at a whole-of-entity level.





An entity may find that information about IP assets is being kept in a variety of forms using existing systems. In this situation the entity may wish to create an overarching IP register which records and coordinates the other IP registers. This may need to be considered as part of the implementation of the entity's IP implementation plan (see generally Chapter 3 '[Creating an IP framework](#)').

### How to implement and maintain the record keeping system

The IP register (in whatever form—distributed or centralised) is a valuable tool in the ongoing management of IP under the control of the entity. It needs to contain accurate information about those IP assets and be accessible to entity staff in a timely manner.

### Completing the register

When completing the register for the first time, the IP information produced pursuant to an IP review may be entered immediately or over time as the IP is identified.

Appropriate constraints on access ensure control of the records and avoid unnecessary bottlenecks in record keeping procedures. An entity IP implementation plan may determine the authority and access rights of its officers to maintain and amend IP records.

Accuracy of the data in any record keeping system is critical. Entities should implement appropriate measures to facilitate the accurate entry of information, such as:

- providing written instructions/processes
- providing training to the staff entering the information
- using drop-down menus to prevent typing mistakes
- using automated systems to check data prior to confirmation of entry
- regularly checking the entered information, and
- locking the database so that only authorised staff may make or change an entry, while other staff of the entity may view the database.

### Maintaining the register

An IP register may be maintained by collecting data at relevant 'trigger points' in the lifecycle of the IP. Trigger points include creation or acquisition of IP, registration of IP or product development and contracting (see the diagram at the beginning of this chapter for the [IP lifecycle](#)). It may be appropriate to assign responsibility to a particular position to update the register at each critical point in the IP lifecycle so as to ensure continuity in record keeping.

It may also be most effective for the entity to assign certain officers or positions as the primary contact person for correspondence with IP Australia and IP professionals, especially in relation to prosecution of registrable IP rights, such as patents.

### Reporting to meet entity needs and other obligations

Information captured in the register may enable entities to fulfil multiple requirements including reporting requirements. The entity's IP registers need to generate useful information to assist in IP management in order to comply with government and entity requirements and meet the overall purposes of the entity. Reports available from the record keeping systems will usually be tailored to meet the specific needs of the entity as identified in its IP implementation plan.

From time to time, each entity may be required to report on the effect of its IP management to other authorities, such as the Australian National Audit Office. Ensuring that the entity's IP registers facilitate this reporting is a useful element in IP management.



## Disposing of IP Records

Deciding which records to make and keep is primarily the responsibility of each entity. Apart from strategic and operational needs, there may also be specific legal requirements that entities must observe.

Under the [Archives Act](#), specific permission may need to be sought from the National Archives of Australia, before destruction of a Commonwealth record. For more information on maintenance and disposal of records, go to the [National Archives webpage](#).

The Administrative Functions Disposal Authority (AFDA) within the National Archives authorises the disposal of records of administrative functions commonly performed by most Commonwealth entities. There are several disposal classes in the AFDA that concern IP. The key class (class 1583) relates to records documenting the establishment and management of an entity's IP and is classified under 'Legal Services—Intellectual Property'. It has the disposal action 'Destroy three years after IP rights lapse'. This class includes patents, trade marks, designs, plant breeder's rights, circuit layouts, trade secrets and copyright. When determining whether records are fit for disposal under this class, staff will need to be familiar generally with the duration of each type of IP (see generally [Chapter 2](#)). When disposing of documents apparently in other classes with a shorter minimum retention period, consideration should be given to whether they include any relevant material affecting IP. Such documents will usually need to be classified in accordance with class 1583.

### Example

In 1999 an entity engaged a company to take photographs for its website. The contract assigned copyright to the entity. The project was completed that year and the photographs were published in 2000. Although contracts carry a minimum retention period of seven years after the activity is completed, this contract should be retained in accordance with class 1583, until the year 2053, i.e. three years after expiry of the copyright in the photographs.

## Ongoing management of entity IP

Management of an entity's IP does not stop when an IP register has been established and all of the entity's IP details have been identified and entered. For good practice, an entity will usually implement a framework for the systematic ongoing management of entity IP.

Ongoing management allows an entity to:

- assess the appropriateness of its management or protection of particular IP assets
- better understand its use of IP and identify opportunities to leverage those assets, and
- detect potential infringement of IP (either of entity rights or of infringement of third party rights by the entity) and take appropriate, timely action to address them.

Source: Adapted from Auditor-General, Intellectual Property—Policies and Practices in Commonwealth Agencies No. 25 2003–2004

By periodically assessing whether it is appropriate to continue to maintain or protect IP, the entity will avoid unnecessary allocation of resources to that IP. Instead resources can be focused on other IP that play a more important role in achieving the entity's purposes. When reviewing IP it may be appropriate to also value the IP using one or more of the methods identified in [Chapter 6](#).



**Consider:**

- What IP does the Entity already have?
- Where does the individual item of IP fit in relation to the Entity's overall strategy?
- How is the item of IP being used by the Entity and is the IP still valuable to it?
- What is the likely future use of the IP?

This type of assessment will assist the entity to decide whether to:

- maintain current IP management or protection
- amend the particular IP management or protection
- further develop or enhance the IP
- take some other action with the IP (such as making it publicly available, sharing it with other entities or commercialising it), or
- let the IP rights lapse.

Entities are encouraged to decide on a case-by-case basis when making decisions concerning [sharing and granting public access to IP](#) (Chapter 9) or [commercialising Government IP](#) (Chapter 10).

Deciding to let IP rights lapse is an important decision that may depend on the assessment of the value of the IP as outlined in Chapter 6 [Assessing and Valuing IP](#). When deciding to let IP rights lapse, an entity should clearly understand that once IP rights lapse it is unlikely the entity will be able to have them reinstated.

Maintaining and disposing of IP may have costs and benefits. Where IP is maintained it may be necessary to ensure ongoing management or protection of the IP, including maintenance of the IP on an appropriate record keeping system. Disposal (except where IP is allowed to lapse) may also incur costs in terms of ongoing monitoring of the conditions of the disposal (e.g. such as in a licence) or in the actual costs of undertaking the disposal (e.g. implementing an assignment to a third party and ensuring no ongoing risk to the Government).

## Managing changes in entity structure or character

Specific issues relating to IP will arise when an entity changes its structure or character.

In the case of Administrative Arrangement Orders, IP related to a function will—as a matter of convention—usually transfer to the entity which manages that function consistent with the principle of [custodianship](#) (bearing in mind that the Commonwealth is in fact one legal entity).

Where other bodies are created to take on functions, expert advice may be required to ensure that the new body can hold and manage its own IP. IP assets may need to be transferred or licensed to a new entity.

### Example

If a PGPA Act entity devolves some of its functions to a separate Corporate Commonwealth entity (CC entity), its IP assets will need to be licensed or assigned to the new CC entity. IP assets created under a PGPA body are owned by the Commonwealth. As a CC entity is a body corporate with separate legal identity from the Commonwealth, the CC entity may own its own IP.

IP policies and purposes may also change which may affect the management and protection of IP assets. Existing contracts dealing with IP, such as any IP licences, may also need to be reviewed in view of a structural change of the entity. Good record keeping is thus essential to facilitate entity business as it changes over time.

(See tips on management and record-keeping in [Chapter 4](#)).



## Chapter 5. Making IP protection decisions

### What this chapter covers

This chapter outlines:

- a suggested process to assist in making decisions with respect to IP protection
- key issues to consider in the protection of different types of IP, and
- the steps necessary to implement protection for the different types of IP.

This chapter provides a general overview of options for IP protection.

### Making IP protection decisions

#### How to determine whether IP protection is required

IP protection may take a number of forms depending upon the nature of the IP and the purposes and resources of the entity. The advantages and disadvantages of each form of protection should be carefully considered. In many cases, a threshold question is whether IP protection should be pursued at all. Where IP arises automatically without a need for registration (such as copyright), IP protection considerations arise more in the context of practical and operational requirements.

Some of the factors that will need to be considered when assessing whether or not to protect IP, are set out in the following table. An entity's IP policy provides a source for guidance in making IP protection decisions (see Chapter 3 '[Creating an IP framework](#)').

#### IP protection assessment checklist

Check	Purpose and value
<input type="checkbox"/>	What is the intended use and purpose for the IP asset?
<input type="checkbox"/>	What is its value to the entity (quantitatively and/or qualitatively)? See Chapter 6 'Assessing and valuing IP' for more general information on assessing and valuing IP.
<input type="checkbox"/>	Is protection required to maintain the value (qualitatively or quantitatively)?
<input type="checkbox"/>	Entity's purposes and policies
<input type="checkbox"/>	What are the entity's purposes?
<input type="checkbox"/>	What are the entity's policies with respect to IP protection?
<input type="checkbox"/>	Is there any specific approval process for protection of IP?
<input type="checkbox"/>	What resources does the entity have to maintain registration of the IP?
<input type="checkbox"/>	Forms of IP protection available
<input type="checkbox"/>	What type of IP applies?
<input type="checkbox"/>	What form of protection is available for each type?
<input type="checkbox"/>	Does the IP require registration? What is the cost of obtaining registration?
<input type="checkbox"/>	Does the IP asset have a short life span? Is it prone to rapid product change and development?
<input type="checkbox"/>	How will the IP rights be enforced if infringed? Will they be enforced?



Check	Purpose and value
<input type="checkbox"/>	Determining appropriate protection
<input type="checkbox"/>	Will registration provide any useful protection for the entity?
<input type="checkbox"/>	Do the benefits of registration merit the costs of registration?
<input type="checkbox"/>	Is registration necessary to maintain or enhance the operational or commercial value of the IP?
<input type="checkbox"/>	If protection is not sought will the operational value of the IP be lost or reduced?
<input type="checkbox"/>	Will the IP be adequately protected without registration?
<input type="checkbox"/>	Can the IP be easily reverse-engineered or reproduced?
<input type="checkbox"/>	Is the need to be able to commercialise the IP asset important?
<input type="checkbox"/>	Has there been consideration of other factors such as international trade law obligations?

The advantages and disadvantages, including potential costs, of protection afforded by different types of IP vary greatly. Subject matter may be protected by more than one type of IP, each with its own advantages and disadvantages, e.g. some software can be protected by both copyright and patents. The following sections of this chapter describe some of the key considerations when considering IP protection for different types of IP.

### International trade law obligations

Entities have a responsibility to take into account Australia's obligations under international law including by ensuring that they do not confer an unfair commercial advantage to one private body over another, either through inadequate protection of IP or the dissemination of IP. These issues will be relevant to Government research and development contracts, Government procurement, the commercialisation of Government IP and when sharing and granting public access to IP. See [Chapter 10](#). For more information contact the Attorney-General's Department, [Office of International Law](#) or the [Department of Foreign Affairs and Trade](#).

### Preserving IP before protection

Disclosure, exploitation or commercial use of information forming the basis of some types of IP may prevent the entity from obtaining IP protection, particularly for types of IP which require registration such as designs and patents.

Before protection decisions have been made for these types of IP, it is extremely important that the entity's position be protected by keeping relevant information confidential and by restricting use of such information. See [Key issues to consider in protecting innovations and inventions](#).

Below is a checklist to assist preservation of IP before making protection decisions:

#### Checklist for preserving an IP asset before protection

Check	IP asset preserved before protection
<input type="checkbox"/>	Ensure all employees understand obligations of confidentiality (including under APS Code of Conduct).
<input type="checkbox"/>	Ensure there are confidentiality clauses in relevant contracts and tender documents.
<input type="checkbox"/>	Enter into confidentiality agreements with contractors and anyone else who might be involved with developing the IP.
<input type="checkbox"/>	Mark all sensitive documentation as confidential information, for example by marking it as 'Commercial-in-confidence'.
<input type="checkbox"/>	Control and restrict access to the IP and associated information on a need-to-know basis, and by use of technological prevention measures, such as encryption and password protection.
<input type="checkbox"/>	Document the entity's guidelines on preserving IP and prohibiting disclosure of confidential information in its IP policy and circulate to all staff.
<input type="checkbox"/>	Provide training and information sessions on the importance of IP and the need to adhere to IP controls and procedures, including the need to keep information confidential.
<input type="checkbox"/>	Track the status of the IP during development, and record who comes into contact with the confidential information.
<input type="checkbox"/>	Act promptly to protect IP after its creation.

#### The impact of joint ownership on IP protection

Managing the protection of jointly owned IP can be very difficult due to the need to obtain agreement on a range of decisions (e.g. the manner and form of protection, other decisions that may be required in the course of obtaining protection). It is important that joint owners clearly agree on the means by which IP will be protected.

Questions that should ideally be addressed before the IP is created include:

- which party is responsible for ongoing management of the IP, including the making of strategic and tactical decisions for the protection of IP?
- if both parties wish to be involved, how are decisions to be made and what happens if no agreement can be reached?
- how are the costs of protecting the IP to be met (e.g. each party pays 50%)?
- have the parties agreed to assist each other in obtaining protection e.g. signing relevant documents, providing technical assistance, obtaining assignments from employees?

See Chapter 7 '[Types of IP rights in contracts](#)'.



## Protecting copyright material

Key issues to consider when protecting copyright works include:

- the purpose for which the copyright material was created (e.g. brochures or other public sector information with the aim of wide distribution via the Internet, or for specialised training purposes)
- the promotion of Government 2.0, in particular the need to facilitate free and open reuse and adaptation of public sector information through the use of open content licensing arrangements
- ownership of copyright in materials produced by third parties for the Commonwealth
- how to deal with moral rights of creators
- whether additional protective measures are necessary for works in digital form—see the following section ‘Implementing Copyright Protection’, and
- the form of notice, distribution or licensing mechanisms to be used.

### Is the scope of protection afforded by copyright adequate?

As outlined in Chapter 2, copyright protects only the expression of the idea and not the idea itself. If relying on copyright to protect information, this should be borne in mind. Strictly managed access using various forms of technical protection measures (TPMs) may impede distribution of the information and be inappropriate in most cases where copyright material produced by government entities is intended for wide distribution or Government 2.0 initiatives.

In some circumstances, such as where an entity with a commercial objective has developed software with unique functionality, the code may be protected by copyright. However, other developers will be free to develop software with the same functionality provided they independently develop the code for that software. In such cases it may also be appropriate to consider patent protection to protect the functionality of the software—regardless of the particular code by which that functionality is achieved.

See Chapter 9 on [Sharing of IP between Commonwealth entities](#) and [Responding to a requests for public access and commercial exploitation of IP](#), and Chapter 10 on [Commercialisation of IP](#).

### Does copyright subsist in the work?

Recent developments in case law have raised questions for any party seeking to establish copyright in databases, compiled automatically from factual information by computer systems with little or no human control. In seeking copyright protection for public sector information (PSI) in the form of data, entities should consider the extent to which, if at all, copyright subsists in that data.

### Who should own copyright in materials developed?

As outlined in Chapter 2, in the absence of an agreement to the contrary, employers own copyright in the work of their employees. The Commonwealth owns the copyright in materials which are ‘made’ or ‘first published’ under its direction or control.

In situations where it is intended the entity (the Commonwealth) will own copyright in the materials generated, it is good practice to ensure the contract makes it clear that any copyright in materials generated under it vests in the Commonwealth (and also deals with moral rights). The entity should consider whether it is important for the Commonwealth to own copyright or whether copyright could instead vest in the service provider with a licence back to the entity (the Commonwealth) to use it for specified purposes, and possibly obtain licences for future improvements (in contracts for development of computer programs, this should be the default position—for further information and exceptions to this rule, see The Response to the Gershon ICT Review—The Government’s IP Policy and ICT Contracts in [Chapter 7](#)). This may, for example, reduce the contract price. It is recommended that entities seek





specific legal advice during contract negotiations. Issues surrounding decisions about copyright ownership is discussed in more detail in [Managing IP issues in procurement](#) (Chapter 7), [Sharing IP](#) (Chapter 9) and [Commercialisation of IP](#) (Chapter 10).

## Moral rights

### Moral rights—consents

Moral rights are personal rights granted to the individual creator or performer. It is only this person, not the copyright owner or owner of the physical material, who is entitled to exercise those rights relating to the work or performance. These rights cannot be assigned or licensed to anyone, including the individual or organisation who owns the copyright in the work or sound recording of a performance. There are special rules for the exercise by others of the rights of authors and performers who have died or become incapable of managing their affairs.

However, creators and performers can provide wide ranging written consents which will allow their creations and performances to be used without infringing moral rights. It is important to ascertain what consent from the creator or performer of the work or performance should be obtained to facilitate the intended use of the material.

Entity contracts with third parties should therefore:

- obtain consent for all proposed uses of the material (including future uses, editing)
- set out clearly any expectations as to attribution of authorship, or whether/how performers will be credited, and
- consider whether there should be a one off fee for the consent, which may be administratively easier than fees per copy/performance.

Legal advice should be sought when considering asking creators and performers to consent to uses of their works and performances that would otherwise infringe moral rights.

#### Example

A photographer is commissioned to take photographs for a Departmental report. As well as setting out who will own copyright in the photos, the Department may wish to set out in the contract how the photographer will be named—e.g. in a list of credits at the end of the report rather than under each photograph. It may also wish to ask the photographer to consent to the Department being able to crop and edit photographs without this constituting an infringement of moral rights.

In some situations, the entity may form a view that use of the work in the manner proposed is reasonable and consents are not required. When deciding whether an act is ‘reasonable’ and therefore may not be an infringement of moral rights, entities are advised to consider:

- the nature of the work and purpose for which it was used
- the manner and context in which the work was created and used
- any industry practice in relation to the work and any relevant voluntary code of practice
- whether the author made the work as an employee or under a contract for services, and
- the views of any joint authors on the intended use.

However, failure to obtain appropriate consents from third parties, and where it would be open to a court to find that the use was not ‘reasonable’ may result in an entity not being able to use the material as desired.





The entity's IP Policy could outline conventions for when and how it is reasonable to acknowledge the contribution of authors to material produced by the entity, and/or by its contractors. Legal advice should be sought when considering asking creators to consent to uses of their works that would otherwise infringe moral rights.

Note: Commonwealth entities do not have moral rights; only individuals can enjoy moral rights. If entities wish to prevent material being used in a derogatory way, or prevent it from being altered, e.g. as a condition of licensing copyright in the material, care should be taken to make any such restrictions clear in any agreement or contract with the person to whom material is provided. See Chapter 9.

### How copyright protection operates

The [Copyright Act](#) does not require the completion of formalities (such as publication, registration or the payment of fees) in order to obtain protection in Australia, or any other country which is also a party to an international copyright treaty. Protection arises automatically from the time an original work is created.

Many materials created, published or performed<sup>6</sup> by Commonwealth entities are intended to be freely accessible to the public and other entities. Whilst the Commonwealth owns copyright in such material (public sector information), it is easily available for public use and re-use on a royalty free and non-exclusive basis. The Government Response to the Report of the Government 2.0 Taskforce supports the free and open re-use and adaptation of public sector information, and the Statement of IP Principles was updated in October 2010 to reflect this decision. However, it may be that not all material will be appropriate for this type of open content licensing.

The management of public sector information and the use of open content licensing models are discussed in further detail in Chapter 9—[Sharing and Granting Public Access to IP](#).

Many entities develop their own IP for internal education and training purposes, and this is frequently used for engagement with industry and foreign governments. It is important that the Commonwealth's copyright ownership of these works is clearly identified and not overlooked. Where necessary, an entity may decide to take active steps to support copyright protection of the material. Deciding which additional protective measures to implement (if any), and the extent of that protective measure, will depend on the nature, value and intended use of the copyright work.

### Use of a copyright notice and the © symbol

There is no legal requirement to place a copyright notice and/or the mark © on protected works. However, it is sound practice to do so to notify users of the existence of copyright and to identify the copyright owner to assist others seeking permission for use. Open content licensing, such as releasing material under a Creative Commons BY licence, does not transfer ownership of the copyright. A copyright mark can therefore be used in conjunction with an open content licence.

The term 'copyright notice' encompasses all of the information provided about the copyright ownership and permitted or encouraged use of document or set of materials. It may include the copyright mark (©) and identify the copyright in work as being owned by the Commonwealth, and at the same time state how the material may be used (either through employing a standard Creative Commons licence symbol, or through written description of the permitted uses and limitations that the entity considers appropriate for the material in question).

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<sup>6</sup> It is not uncommon for agencies to create and perform musical, audio visual or theatrical works as part of their duties, especially in the areas of education, training, and for ceremonial purposes.

In accordance with the Statement of IP Principles, the default position for public sector information generated by an entity should be that it is released under a Creative Commons BY licence (see the [Creative Commons website](#)) or other open content licence.

There is no set form of words for a copyright notice, but under the Creative Commons licensing system there are standard symbols that can be used to indicate particular licences and permitted uses. Options for varying levels of copyright protection and open content licensing (including examples of copyright notices and licences) are discussed further in Chapter 9—[Sharing and Granting Public Access to IP](#).

## Restricting access to source code

Software is usually encoded into two forms: source (human readable) code, and object (machine readable) code. If the source code is made available to the user, the programming instructions of the software are disclosed, and the user is able to make modifications and alterations to the program. Both forms of code may be subject to copyright. An additional common form of protection implemented by developers of software is to restrict provision of, or access to, the source code.

Where an entity has agreed to license software only, rather than own it, it may nonetheless need to have access to the source code in special circumstances (e.g. where the developer becomes unavailable to support the software) and a common mechanism that may be put in place is to put the source code in 'escrow'. This allows the licensee to access the source code only under certain conditions, e.g. if the developer is bankrupt. See Chapter 7 on [Dealing with IP in Software Contracts](#).

In some circumstances an entity may own the copyright in software it uses (e.g. if the software was developed in-house or there were compelling reasons to require full IP ownership of software developed under an ICT software procurement contract). If an entity is considering making such software or the underlying code publically available, it must carefully consider the appropriate licensing structure to use.

Standard Creative Commons licences are not designed for use with software. However, there are a number of alternative standard, open content licences that are specifically designed for use with software. Creative Commons recommends considering licences made available by the [Free Software Foundation](#) or the [Open Source Initiative](#). Entities are encouraged to seek expert advice if they are considering publically releasing software and/or underlying code.

## Digital Rights Management (DRM), Metadata and Technological Protection Measures (TPM)

DRM systems can record, track and monitor rights in copyright material. A DRM system can range from simply recording the work and rights information in a spreadsheet or metadata tags, to a more advanced system implementing TPMs such as encryption. Most entities will not have a need to rely on DRM or TPM technology.

However, if adopting or developing a DRM system, an entity will need to consider the nature and rights associated with the copyright material, its value, distribution risks and costs, and whether the entity should set up its own system or purchase an established proprietary system.

The main considerations to take into account when deciding on any DRM system are:

- the level of restrictions to be placed on accessibility of the work
- the format of the metadata for easy location of specific works and rights information, and
- whether to build the DRM system in-house or outsource it, purchase components of the system or a complete assembled system.

Source: Adapted from the Department of Communications, A Guide to Digital Rights Management 2002



## Metadata

‘Metadata’ is information that describes the content that is held digitally. For example, this may be in the form of descriptive tags included in documents published on a website. It may be visible or hidden. Metadata can be a valuable tool in protecting copyright and identifying rights information.

The format of the metadata should preferably be uniform and be meaningful throughout the entity. Using varying metadata formats within an entity can make it impossible to locate specific material and its rights information.

Commonwealth entities are required to follow the AGLS Metadata Standard, AS 5044:2010, and comply with the requirements set out in the Australian Government Implementation Manual for AGLS Metadata. The standard has a set of 19 descriptive elements which government departments and entities must use to assist in the visibility and accessibility of their services and information over the Internet. The [National Archives of Australia](#) is the maintenance entity for the AGLS Metadata Standard.

## Technological Protection Measures (TPMs)

There are various forms of TPMs that can be used to restrict access to works, preventing any potential unauthorised use. These include:

- encryption
- read-only access, or
- password-only access.

However, the need to protect material should also be balanced against the policy of facilitating accessibility to material, and also to particular groups e.g. by people with disability. For example, creating PDF versions of documents may ensure that the material cannot be edited and thus act as a form of copy control; however, the PDF format can present accessibility issues for people with disability who use specialised software to read documents. Accessible versions (e.g. Word documents) should also be provided or a note provided on websites that accessible versions are available on request, and include appropriate contact details.

## Standard format licences

See [Open Access Licensing of Public Sector Information](#) in Chapter 9 for information on Creative Commons and open source licences.

## Protecting innovations and inventions—patents and confidential information

### Key issues to consider in protecting innovations and inventions

Key issues to consider when pursuing protection of innovations and inventions include:

- whether the innovation or invention should be patented or protected by keeping it confidential as a ‘trade secret’ or for national security reasons
- whether the innovation or invention should be protected by a standard or innovation patent
- the cost of patenting, and
- whether to obtain foreign patent protection.



## Patents v Confidential Information

Often an innovation or invention may be protected either by patenting or by keeping it as confidential information or a 'trade secret'. Confidential information may be appropriate for subject matter which is highly unlikely to be discovered by someone else. However, a generic improvement that has a good chance of being reverse engineered or found by others may be more appropriately protected by a patent. In a Government context it may not be appropriate from a policy perspective to protect an invention or innovation by keeping it confidential. In some cases, national security considerations will exclude the option of patenting due to strict confidentiality requirements. Entities should ensure that all appropriate safeguards are observed to protect the material, e.g. complying with the Australian Government Protective Security Policy Framework.

The following table compares a number of factors involved in a consideration of whether to protect an innovation or invention through a patent or as confidential information.

### Number of factors involved in a consideration of whether to protect an innovation or invention through a patent or as confidential information

Factor	Patent	Confidential information
Subject matter	Not all innovations or inventions are patentable.	May be protected as long as the innovation or invention can be kept secret and no-one else independently reproduces it.
Scope	Confers rights to exclude others from exploiting the invention as limited by the claims, i.e. protects against independent discovery. Protection will be limited to the scope of the invention defined in the patent claims.	No protection against independent discovery or reverse engineering of the innovation or invention. Protection may be broad—anything may be kept secret.
Term	20 years for standard patents (with a possible term extension of up to five years for some patents), eight years for innovation patents—provided renewal fees are paid.	Protection lasts as long as the innovation or invention is kept secret. Once it is disclosed all protection is lost.
Costs	May be expensive, especially if foreign patent protection is required.	Primarily internal administrative costs only. These could be expensive.
Risks	The patent application may not be successful. The patent may be opposed or invalidated. The best method known to the applicant to use the innovation or invention must be disclosed in order to get a patent. This may increase the chance of third parties trying to copy the innovation or invention or work around the patent.	The trade secret may be disclosed and protection lost. If the invention is a product, there is a risk that the invention may be reverse engineered. Someone else may independently develop the same invention and obtain a patent for it. Possibility of being sued for infringement if you cannot prove that your information pre-dated the other party's patent application.



Factor	Patent	Confidential information
Publication	A majority of patent applications are published and the information is disseminated.	No opportunity for publication or dissemination of the information.
Enforcement	Enforcement of patent rights, including possibility of orders preventing infringement.	Breach of confidence, breach of contract or breach of fiduciary duty. Only remedy is likely to be damages—protection will not be able to be reinstated through patenting or any other avenue.

### Choosing whether to protect by a standard or an innovation patent

The choice between a standard and an innovation patent is often governed by commercial or technical rather than legal considerations. See [Chapter 2](#).

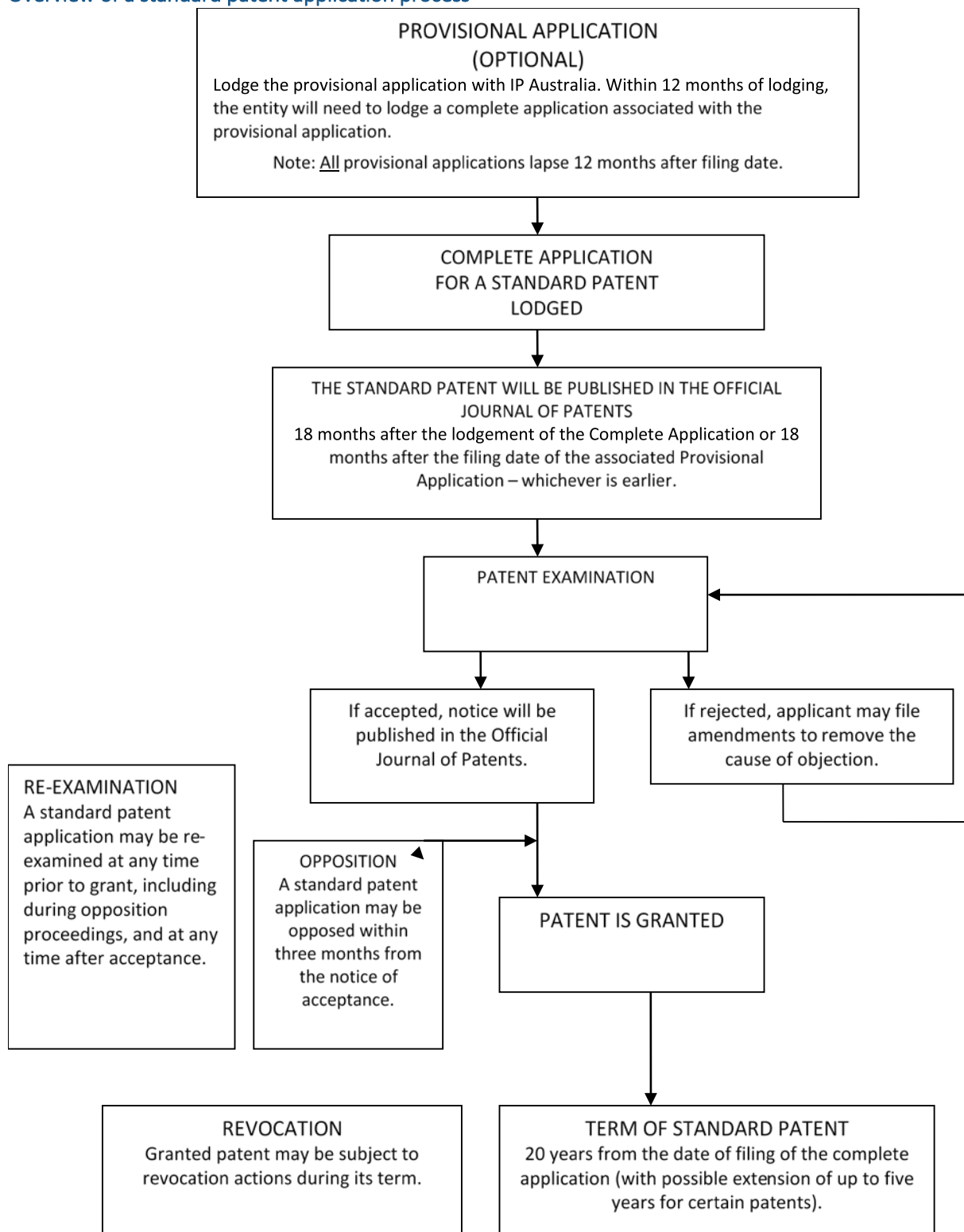
### What is the cost of patent protection?

Patent protection is relatively expensive and needs careful consideration. The costs associated with the preparation of a provisional application for a patent can vary considerably (e.g. from \$1,500 to \$8,000) for a variety of reasons, such as the length of the specification and the complexity of the invention. The preparation and prosecution through to grant of a subsequent complete application incurs further costs. In addition, substantial additional costs may be incurred if patents are sought in foreign countries. An up-to-date fee schedule for filing and maintaining Australian patents is available from [IP Australia](#). This schedule only covers the statutory costs—substantial additional fees and charges will arise from the engagement of patent attorneys or other IP professionals.

### Implementing patent protection

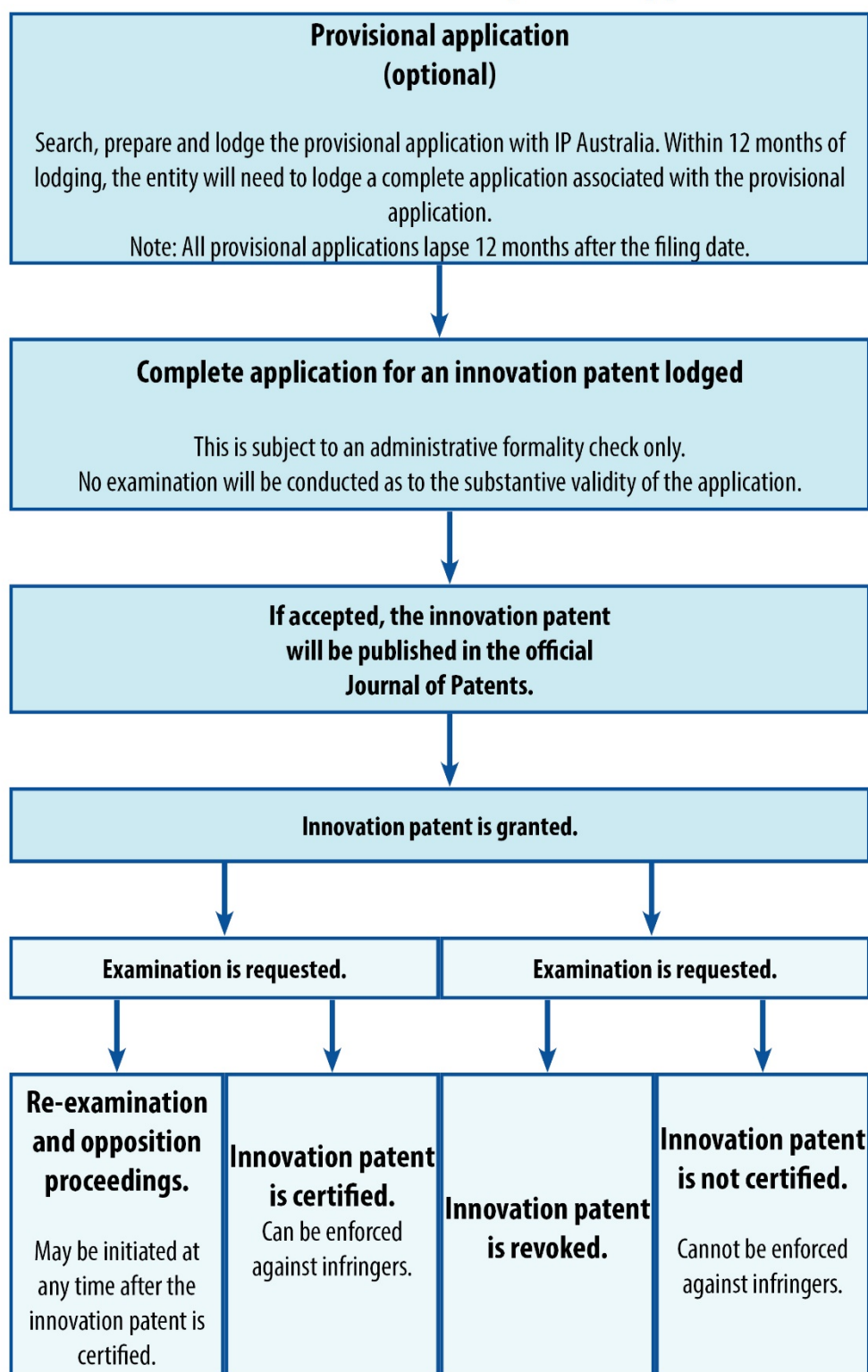
The diagrams on the following pages provide an overview of the patent registration processes for a standard patent application and an innovation patent application.

## Overview of a standard patent application process



## Overview of an innovation patent application process

## Overview of an innovation patent application





### Performing patent searches

Before lodging a patent, it is often appropriate to perform patent searches. Searches are useful for:

- ensuring the invention is not infringing the rights of other patents, and
- discovering existing information which relates to the invention, such as in patent applications and journals which may impact on the patentability of the entity's invention.

Patent searches are not infallible and are often subject to time and resource constraints. Nevertheless, by adopting an appropriate search strategy, the chances of overlooking important documents can be minimised. Expert assistance should be obtained. Different types of patent searches are listed in the table below.

### Examples of patent searches

Type of Search	Aim of Search	Scope of Search
Patentability	Find closely related prior art	Any relevant documents before filing date of invention
Infringement	Find closely related patent claims	Any unexpired patents
State of the Art	Provide complete overview of a technological field	Any documents, including journals, and pending or granted patents
Bibliographic Searches	Find other pending/granted patents by the same inventor or applicant	Any documents, including journals, and pending or granted patents bearing the inventor's name

While a number of IP offices provide open access to their databases, it is recommended that professional assistance be obtained to conduct a search or to interpret the results of the search. Commercial searchers and professionals including registered Patent Attorneys can conduct patent searches.

### Preparing the patent application

Preparing a patent application is complex, and once filed, there are limited options to change the specification. Consult a patent attorney. A patent application consists of a patent request form and a patent specification (a description of the invention, one or more drawings or diagrams, and one or more claims that define the monopoly of protection being sought).

### Examination and acceptance

Standard patent applications are examined against a number of criteria. Generally, examination must be requested within five years of the Australian filing date of the complete specification or within six months of the issue of a direction to request examination (whichever is the earlier), otherwise the application lapses. The deadline for getting the application accepted is 21 months from the date of the examiner's first report.

An innovation patent will be accepted after a formalities check. Examination of an innovation patent only occurs at the request of the patentee or a third party, or at the initiative of the Commissioner of Patents. An innovation patent is 'certified' if it is found valid after examination (otherwise it is revoked). Only certified innovation patents have enforceable rights.





### Publication of patent applications

Publication releases the information making up the patent to the public—at which point confidentiality of the information is lost. Standard patent applications are published 18 months from the earliest priority date, unless the application lapses, is refused, or is withdrawn. It is from the date of publication that rights with respect to infringement accrue. Innovation patents are published once the administrative formality checks are completed and the patent is granted. This usually occurs within a month of filing.

### Opposition

Both standard and innovation patent applications may be opposed on grounds specified in the [Patents Act](#). A standard patent application may be opposed within three months of the notice of acceptance appearing in the Australian Official Journal of Patents. An innovation patent may be opposed any time after it has been certified. If an opposition is filed, parties' evidence is exchanged and the matter proceeds to a Patent Office hearing. It is worth noting that even when an opposition is withdrawn, the Commissioner of Patents will consider the evidence on file, which may result in re-examination of the application.

### Re-examination of patent application or patents

A third party may request re-examination of a standard patent application between acceptance and grant, or any time during the term of a granted standard patent or certified innovation patent. The Commissioner may voluntarily commence re-examination of a patent application that has been accepted, a granted patent or a certified innovation patent. A re-examination is restricted to consideration of novelty and inventive step. If an adverse re-examination report cannot be overcome, the Commissioner may refuse to grant a patent on the application or can revoke the patent. In either case the applicant or patentee may appeal to the Federal Court against the Commissioner's decision.

### Revocation of a patent

A standard or a certified innovation patent may be revoked on grounds prescribed by the [Patents Act](#). Any person can apply for revocation of a patent, or a court may act on a counterclaim for revocation by a person accused of infringing the patentee's rights.

### Maintaining patent rights

To keep an application pending and a granted patent in force, it is necessary to pay an annual fee (annuity) to the Patent Office. Annuities are payable pre-grant and after grant in respect of a standard patent each year—(i.e. fees commence five years from the filing date for standard patent, and two years from filing date for innovation patents).

### Using a patent notice

It is generally recommended that a patent notice be used on products or the packaging of products that have a pending or issued patent. While there is no approved form of words, the forms commonly used are shown below. This notice should be removed should the pending application lapse or the patent cease.

The form of the notice may be for:

- a pending patent, 'Patent Pending'
- an issued patent, 'Australian Patent No. XXX XXX. All rights reserved'.



## Implementing foreign patent protection

Patent protection must be sought on a country-by-country basis. There is no such thing as an international patent right. As a general rule, any application for patent protection in other countries should be filed before there is any public disclosure or commercial exploitation of the invention requiring patent protection.

Australia is a signatory to the:

- Paris Convention for the Protection of Industrial Property of 1883 (Paris Convention), and
- Patent Cooperation Treaty 1970 (PCT).

It is possible to file a Convention patent application in another member country of the Paris Convention within 12 months of the filing date of the first filed patent application. This later application can claim priority from the first filed application. A PCT international patent application filed within 12 months of an earlier application can also claim the priority date of the earlier application.

The PCT provides an administrative process whereby a single international patent application is recognised by the national patent offices of each of the PCT signatory countries. A search report and a preliminary examination opinion are prepared for every PCT application. The PCT applicant can nominate various national patent offices where protection will be sought and request examination of their PCT application according to the national patent laws of the nominated countries. In the absence of any patent agreements between Australia and a particular country, it will be necessary to file patent applications at the time of filing an Australian provisional application for a patent, or at least before using or publishing the invention. It is usual to appoint a patent attorney in Australia to coordinate foreign patent protection with overseas firms.

Disadvantages of PCT applications include:

- additional costs (may be recovered by efficient national phase processing), and
- if claims are narrowed during the preliminary examination process, they may be limited to an extent which is more than necessary to secure a valid patent under some national laws.

Advantages of PCT applications include:

- deferral of the major costs of filing, including national filing fees and translation costs
- receipt of an international search report and written preliminary examination opinion—these provide an informed view of the likelihood of securing patent protection and give the opportunity to amend claims and/or descriptions, and
- a firm decision on the countries in which patent protection is to be sought can be deferred from 18–30 months after the priority date.

## Implementing protection of confidential information

Information arising within an entity, such as information of operational or strategic significance to the entity may be protected by keeping it confidential. An entity may consider the factors set out in [‘Patents v Confidential Information’](#) to assess whether trade secrets offer an appropriate form of protection for its innovation and inventions.



## Practical steps to protect confidential information

Practical steps that can be implemented to protect confidential information from being disclosed include:

- **General internal practices**
  - Ensure all documents are classified, stored and marked in compliance with the Australian Government Protective Security Policy Framework.
  - Where material is not classified but is in confidence, mark as 'In Confidence' and consider including a copyright notice such as © [date] [name of author/entity]'.
  - Keep documents and products on the entity's premises and store them securely.
  - Restrict access to confidential information and products (including computer access).
  - Implement a system that clearly identifies information that is considered to be in confidence and the purposes for which that information can be used.
  - Keep records of what information is disclosed, its use, when and to whom.
  - Supervise visitor entry onto entity premises and ensure that confidential information is not visible.
  - Ensure employees are aware of document destruction procedures, such as shredding and providing locked disposal bins.
  - Review general office and plant security periodically.
  - In consultation with Entity Security Advisors, document and date the above procedures and circulate them to employees regularly.
- **Manage online access appropriately**
  - Create a standard confidentiality notice for relevant outgoing emails.
  - Implement user-identification and password-only access (or stronger security features) for entity intranets and databases where trade secrets are contained.
- **Employees and contractors**
  - Insert confidentiality clauses in employment contracts to maintain confidentiality of information both during and after employment with the entity and inform and educate employees as to the importance of observing these obligations.
  - Enter into confidentiality agreements that clarify the confidentiality obligations of outside consultants, researchers, contract manufacturers and others who create, develop, receive or use such information.
  - In relation to each project, clearly identify which information is considered to be 'confidential information' and the purposes for which that information can be used.
  - Conduct exit interviews, reminding employees of their confidentiality obligations.

Ensuring appropriate confidentiality agreements are in place with persons who are not employees of an entity but who are accessing confidential information is very important. Entity legal services officers can assist with drafting.

It is important to monitor disclosure and use of confidential information. Entities should take prompt action to prevent any suspected unauthorised use or disclosure.

## Protecting new designs—design registration

### Key issues to consider in protection of new designs

Key issues to consider when pursuing protection of new designs include:

- whether the design should be registered or published
- the costs of registration, and
- whether foreign protection should be obtained.



### Should the design be registered or published?

New industrial designs will only be protected by way of registration with IP Australia in accordance with the [Designs Act](#). An alternative to registration is publication. While publication doesn't provide any formal rights to protect the design it may be an effective barrier to prevent others from registering invalid designs.

There is no protection for unregistered designs and there is minimal protection for designs by copyright.

Whether a design should be protected will be dependent upon the nature of the design, its proposed use, entity purposes and other relevant considerations.

### What is the cost of registration/publication?

There are a number of different costs involved in registering or formally publishing a design and these costs will vary depending on whether it is obtained with or without the assistance of a professional adviser. An up-to-date fee schedule for design registration and maintenance is available from [IP Australia](#).

### Obtaining foreign protection

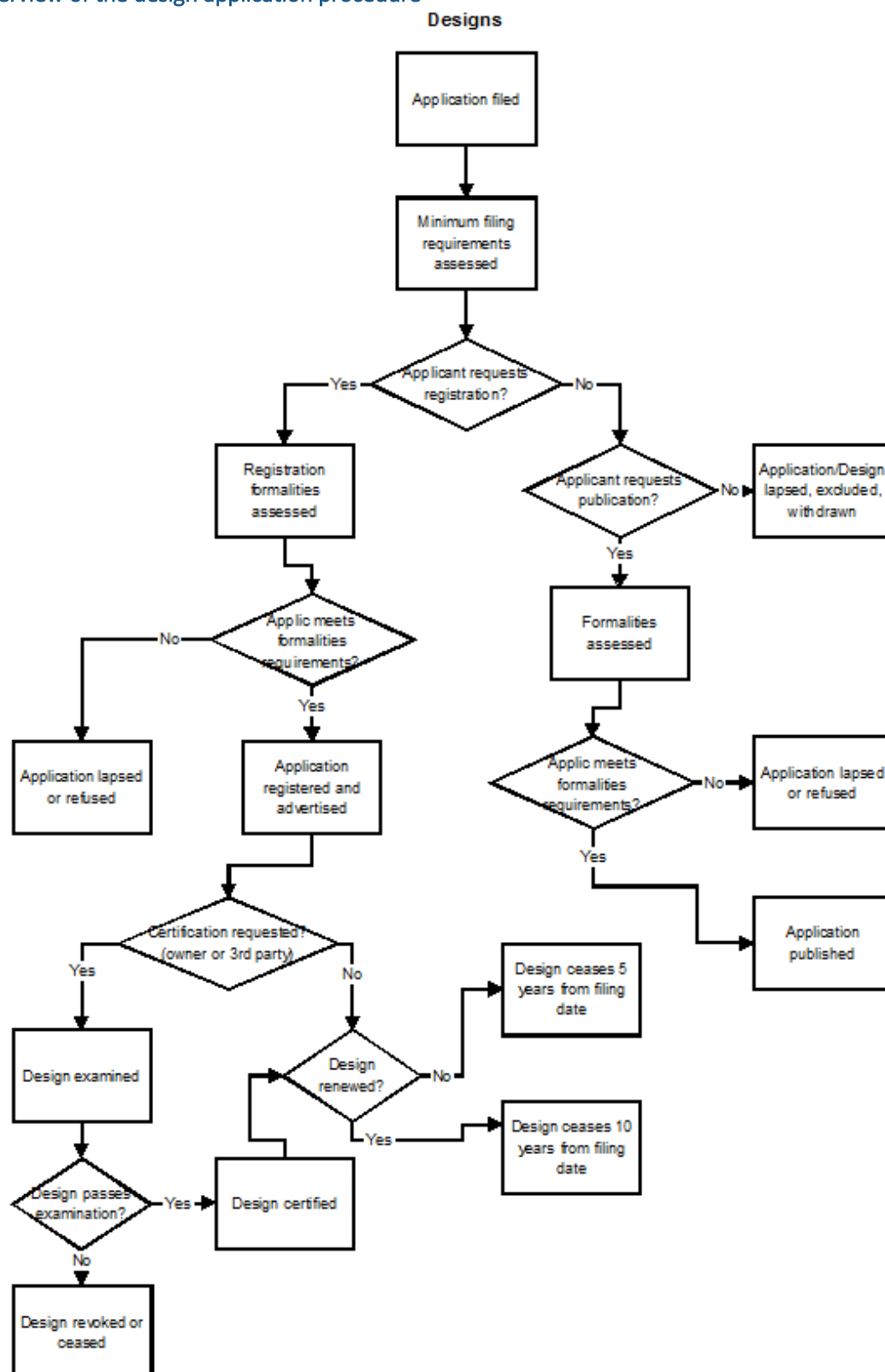
Design protection must be sought on a country-by-country basis. There is no such thing as an international designs right. As a general rule, any application for design protection in other countries should be filed before there is any public disclosure or commercial exploitation of the product to which the design is applied.



## Implementing designs protection

The diagram on the following page provides an overview of the design application procedure.

### Overview of the design application procedure



Further information about the designs application process is available from [IP Australia](http://IP Australia).

## Performing design searches

It is advisable to conduct a search of existing designs (known as the ‘prior art’) before filing a design application, particularly if foreign filings are contemplated. If the proposed design is not new and distinctive, it may not be possible to gain a certificate of examination (certification) and the registration will be invalid. An entity may also face legal action if it infringes the design rights of the owners of other similar designs.

A searchable electronic database of Australian designs called the Australian Designs Data Searching (ADDS) system is available from [IP Australia](#). The database has images of all registered designs from 1985. A number of other international IP offices also provide free access to searchable databases (including the US Patent & Trademark Office and the UK Patent Office). Earlier published designs can be found in the Australian Official Journal of Designs and relevant trade magazines. IP Australia has an office in each State capital where people can access and search ADDS.

While IP Australia provides open access to its databases, it is recommended that professional assistance be obtained to conduct a search or to interpret the results of the search. Commercial searchers and professionals including registered Patent and Trade Marks Attorneys can conduct prior art searches. The cost of such searches can range from \$1,000 to many thousands of dollars depending on the extent of the search.

## Preparing the design application

The design application must include:

- the designer’s details
- an indication of the product for which the design registration is sought, and

five copies of each ‘representation’ of the design in the form of line drawings, photographs or printed digital images to clearly show the design applied to the product from a range of viewpoints.

An optional statement of newness and distinctiveness may be included, which identifies any particular visual feature(s) of the design as new and distinctive. For example, the statement may be used to distinguish between the visual features of the design and features that are generic to the product. A design application kit is available from IP Australia.

## Examination of the design application

The Designs Office will conduct a formalities check on every design application. If the application meets the formality requirements, it will progress immediately to registration. To fully enforce the rights, the design will need to be examined with a resulting certificate of examination issued (certified). While examination is not mandatory it is a prerequisite to certification and the commencement of infringement action.

Examination may be requested by the owner of the design or a third party seeking to ascertain the validity of the registration. During the examination process, the Designs Office considers whether the design is new and distinctive. However, even when the design is registered and certified, it is possible to challenge the validity of the design by submitting material to the office to demonstrate that the design is not new and distinctive and to also request re-examination. Alternatively, the registration may be challenged in court.



## Using a designs notice

It is recommended that any product (or packaging associated with the product) be marked to indicate that it is the subject of a registered design. While this is not compulsory, it puts an infringer on notice of the existence of an IP right and increases the damages that might be awarded by a court in an infringement action. This notice should be removed should the design registration lapse or cease.

The form of the notice may be:

- 'Australian Registered Design No. [xxxx]'.

## Implementing foreign protection for designs

Design protection must be sought on a country-by-country basis. There is no such thing as an international design right. As a general rule, any application for design protection in other countries should be filed before there is any public disclosure or commercial exploitation of the design requiring protection.

It is important to note that an earlier filed design may invalidate a subsequent filing in a foreign jurisdiction but this will be dependent on the laws of the countries where further protection is being sought.

An entity can apply for foreign design protection by making a new national application or by filing a Convention application in each country where protection is desired. To file a national application, the entity will need to complete the appropriate application forms and submit representations in the style required by the design laws of each foreign country.

Australia is a signatory to the Paris Convention. It is possible to file a Convention design application in another member country of the Paris Convention within six months of the filing date of the first filed design application. This later application can claim priority from the first filed application (i.e. it can be attributed with the earlier filing date of the first filed application). Schedule 1 to the Designs Regulations 2004 (Cth) provides a list of the countries that are party to the Paris Convention.

It is recommended that professional advice be sought prior to the filing of any application or publication of the design. As attorney firms in overseas countries generally need to be engaged, it is recommended that an experienced IP attorney in Australia be appointed to coordinate foreign designs protection.

## Protecting names and brands—trade marks

### Key issues to consider in protecting names and brands

Key issues to consider in the protection of names and brands include:

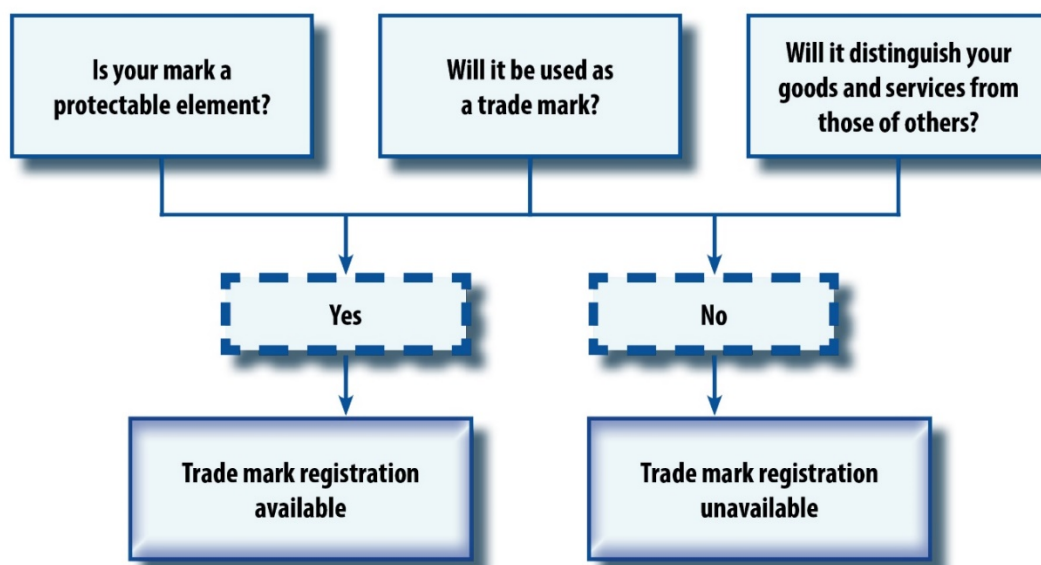
- whether the names or brands are able to be protected as a registered trade mark
- whether the trade mark should be registered or unregistered
- whether to register a word mark or a device (e.g. logo with or without words) mark
- the cost of registration
- whether to obtain foreign trade mark protection, and
- whether to obtain domain name registration.

Various indicia and insignia used by the Australian Government are protected by separate legislation. For further information, see '[Government Indicia and Insignia](#)' in [Chapter 2](#).



## Can the name or brand be registered as a trade mark?

### Threshold issues in considering registered trade mark protection



#### Is your mark a protectable element?

A trade mark can be any sign used to distinguish an entity's goods or services. It may be a letter, a word, a name, a signature, a numeral, a device, a brand, a heading, a label, a ticket, an aspect of packaging, a shape, colour, sound, scent or a combination of the above.

#### Will it be used as a trade mark?

To qualify for trade mark registration, the trade mark must be used or intended to be used to indicate a connection in the course of trade between the person who applies the mark and the goods or services offered.

#### Will it distinguish the entity's goods or services from those of others?

A sign must distinguish or be capable of distinguishing an entity's goods or services from the goods or services of others. Other organisations or traders should not have a legitimate need to use the trade mark to describe or produce their own goods or services.

## Should the trade mark be registered or unregistered?

Registration of a trade mark is not compulsory or necessary to create rights in the mark, but does have considerable benefits. Registration of a trade mark:

- confers an exclusive right to use the mark in relation to the sale of goods or services of a particular kind, without the necessity of proving reputation in the mark
- usually provides protection throughout Australia, rather than being geographically limited as may be the case with passing off protection
- acts as notice that trade mark rights are claimed in the mark, which assists in dissuading others from using similar marks
- may be significantly easier and cheaper to enforce than unregistered trade marks
- is property which can be sold or licensed
- can be used to provide the Australian Customs Service with a notice objecting to the importation of goods that infringe the registered trade mark, and
- can complement and supplement other associated IP rights, such as IP rights in underlying technology or creative works.







Use of a trade mark similar to an existing Australian registered trade mark may infringe the rights of the registered trade mark owner and could result in costly litigation and/or the withdrawing of the infringing products from the market. A trade mark search should be conducted prior to using the trade mark to avoid infringement of existing trade mark rights.





### What type of trade mark should I register?

To be registrable, a trade mark must be capable of being distinguished. While registering a trade mark as a plain word provides the broadest protection for the mark, an entity may need to file an application using a stylised word, or a word with a logo to satisfy the requirement of distinctiveness. Below are some examples of different types of trade marks and the issues for their registration that an entity may consider.



#### Examples of different types of trade marks

Type	Example of mark	Registered owner	issues
Word (plain word)	(No. 729674) Seafarer	The Crown in Right of the Commonwealth of Australia (Hydrographic Service, Royal Australian Navy)	A plain word registration: provides the broadest protection for a word, including use of the word in a stylised format, and avoids the need to update to reflect particular style in use (which may change from time to time).
Word (invented word)	(No. 717049) Questacon	The Crown in Right of the Commonwealth of Australia (Department of Industry and Science)	Word can be a newly coined word. Invented words are generally regarded as capable of distinguishing as they have no known meaning or connotation.
Word (stylised)	(No. 809761) National Youth Week & Logo 	The Crown in Right of the Commonwealth (Department of Education)	The rights in a trade mark consisting of a stylised word are vested in the trade mark as a whole, as represented. In addition, if the style of representation of the word changes, a new registration may need to be considered and applied for.
Graphics only	(No. 840211) Disc atop looped stripe is disc-head dividing diamond 	The Crown in Right of the Commonwealth of Australia (Department of Veterans' Affairs)	There is no limitation on the type of graphic representation which can be used.



Type	Example of mark	Registered owner	issues
Stylised single letter or two letter marks	(752089) O or Q 	The Crown in Right of the Commonwealth of Australia (National Archives of Australia)	Single letter applications often require evidence of use to show that the trade mark is capable of distinguishing. A single letter is not usually distinctive on its own but if it is stylised or combined with other elements, it can be considered distinctive and capable of registration.
Three letter marks	(No. 758003) AEI	The Crown in Right of the Commonwealth of Australia (Department of Education and Training)	The acronym must not be an acronym with a well-known descriptive meaning in relation to the specified goods and services.
Combination of elements	(No. 817090) 	The Crown in Right of the Commonwealth of Australia (Australian Federal Police)	There is no limit to the number of different elements that can be incorporated into a trade mark.
Slogan/Phrase with other elements	(No. 790554) Australian Radiation Laboratory (ARL) 	The Crown in Right of the Commonwealth of Australia (The Australian Radiation Protection and Nuclear Safety Agency)	Provided that the phrase does not directly describe the goods or services it may be registered. However, if the phrase is descriptive, incorporating a logo can make the mark as a whole distinctive.
Numbers/Letters	(No. 950496) 000 EMERGENCY & Logo 	The Crown in Right of the Commonwealth of Australia (Emergency Management Australia)	Numbers are generally not considered distinctive but when combined with other elements, the mark as a whole can be capable of distinguishing.



Type	Example of mark	Registered owner	issues
Series	(No. 679932) 	The Crown in Right of the Commonwealth of Australia (Department of Employment)	Variations of a trade mark which meet certain strict criteria may be registered as a 'series', provided that the different representations of the trade mark retain the same identity.
Certification	(No. 708908) 	The Crown in Right of the Commonwealth of Australia (Department of Industry and Science)	Certification trade mark (CTM) must be capable of distinguishing and Certification Rules must be approved by the ACCC before registration of the trade mark can be achieved.
Distinctive through use	(No. 716235) Ausindustry	The Crown in the Right of the Commonwealth (Department of Industry)	A trade mark which is descriptive may be registered if there is sufficient use to establish it is distinctive in the marketplace or capable of distinguishing the goods and services.

### What is the cost of trade mark registration and maintenance?

The cost associated with filing a trade mark application is primarily based on the number of classes covered by the application. A trade mark application can be technical in nature and may require expert advice.

If problems arise when attempting to register the trade mark, the costs may also vary considerably depending on the nature of those problems. An up-to-date fee schedule for filing and maintaining Australian trade marks is available from [IP Australia](http://IP Australia). This schedule only covers the statutory costs. Substantial additional costs will arise from the engagement of trade mark attorneys or other IP professionals.

### Should foreign trade mark protection be obtained?

If it is anticipated that the trade mark will be used in a foreign country, it is generally advisable that an application for trade mark registration be lodged in that country or through the Madrid Protocol. Use of a trade mark overseas which is similar to an existing registered trade mark in another country may infringe the rights of the owner of the registered trade mark. This could result in costly litigation and/or the withdrawing of a product from the overseas market. Additionally, where goods and/or services are made available over the Internet, this may infringe a trade mark in another country even though the person offering the goods/services over the Internet does not have a physical presence in that country.

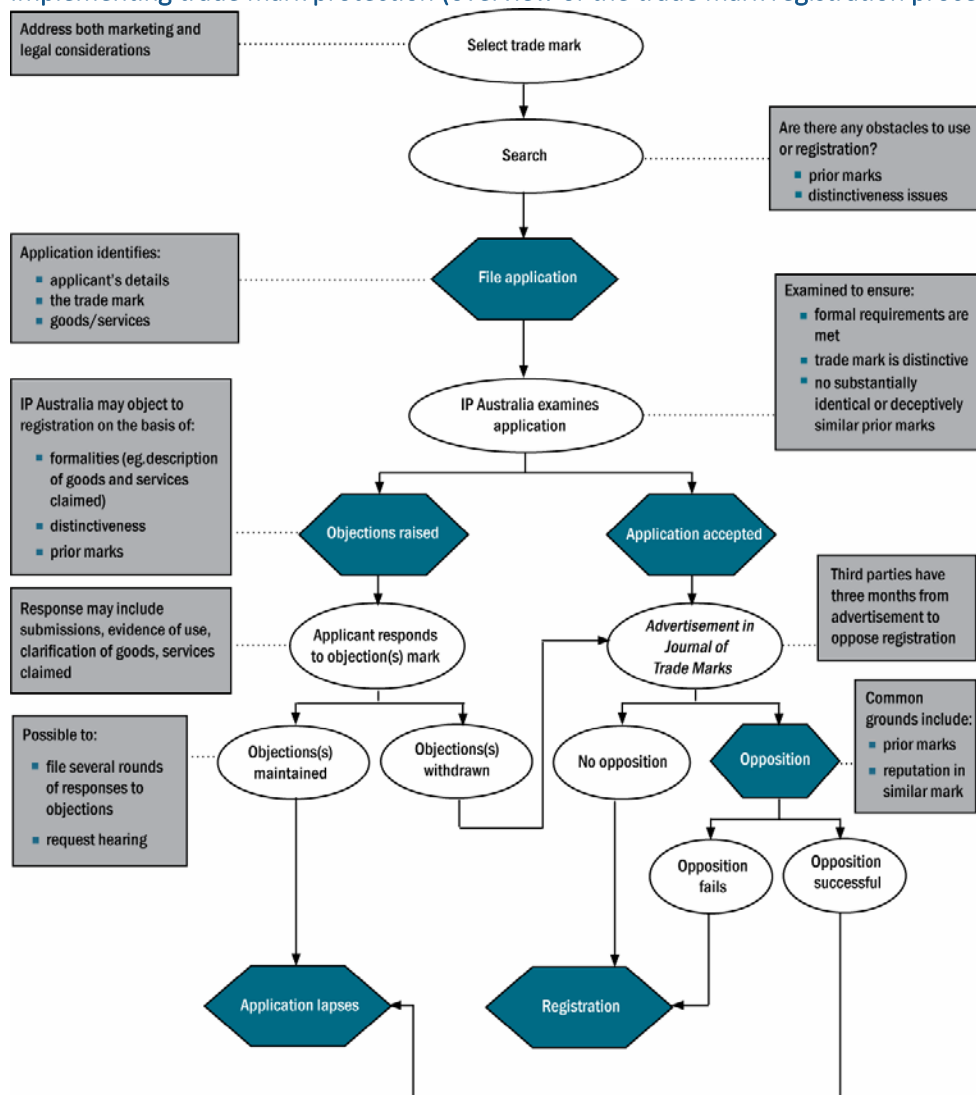


For these reasons, it is recommended that a trade mark search be conducted prior to using the trade mark in that country, to avoid infringement of existing trade mark rights.

### Should domain name registration be obtained?

A successful domain name registration means that no other person may register the same name as an internet domain. However, it does not guarantee that the domain name may be used if the name, for instance, infringes a registered trade mark, or by using the name, the registrant is trying to pass off the goods and services as another trader. See [Domain names](#) in Chapter 2 and [Implementing domain name protection](#) in this chapter.

### Implementing trade mark protection (overview of the trade mark registration process)



Further information on the trade mark application process, as well as the fees payable at certain stages, is available from [IP Australia](#).

### Selecting the trade mark

When selecting a mark to be used or registered as a trade mark to distinguish the entity's goods and services, consider the issues outlined in the checklist below. This checklist may form a useful basis for instructing a trade mark attorney to assist with the registration.



## Checklist of issues to consider for registration of trademarks

Question	Response
Type of trade mark	<input type="checkbox"/> word <input type="checkbox"/> phrase <input type="checkbox"/> letter <input type="checkbox"/> numeral <input type="checkbox"/> sound <input type="checkbox"/> smell <input type="checkbox"/> shape <input type="checkbox"/> logo <input type="checkbox"/> picture <input type="checkbox"/> colour <input type="checkbox"/> aspect of packaging
Use of the trade mark	<input type="checkbox"/> in goods <input type="checkbox"/> in services
List the goods and services to be used:	
Where used:	<input type="checkbox"/> use in Australia <input type="checkbox"/> use in other countries
List the countries the mark is to be used in:	
Is the trade mark already in use?	<input type="checkbox"/> yes <input type="checkbox"/> no
If yes, how long has the mark been used?	
Proposed launch date:	
How long will the mark be used:	
Checklist of marketing considerations	<input type="checkbox"/> Is the mark an invented word? <input type="checkbox"/> Is the mark legible and pronounceable? <input type="checkbox"/> Is the mark capable of distinguishing? <input type="checkbox"/> Is it necessary for the mark to be in harmony with the image of the entity and its existing brands, products and services? (Refer to the entity's 'Style Guide') <input type="checkbox"/> Does the mark achieve other marketing purposes? <input type="checkbox"/> Is the mark offensive or misleading in the language of any potential market?
Checklist of other legal considerations	<input type="checkbox"/> Does the entity own copyright in the artwork of the mark? <input type="checkbox"/> Is the mark adopted from a foreign trade mark? <input type="checkbox"/> Is the mark available for use by the entity, i.e. it does not infringe third party trade mark rights? <input type="checkbox"/> Can the mark be protected? Through registration? Through actions for protection of common law rights and reputation in the mark?



## Performing trade mark searches

After a mark has been selected, it is important to ensure that use of the selected mark will not infringe the rights of others. Conducting a clearance search before investing in the trade mark is a critical, but often overlooked step. Conducting a clearance search will:

- ensure the selected mark is not infringing the rights of other trade marks
- discover any trade marks which may be phonetically or visually similar to the selected mark in closely related goods or services and therefore preclude registration of the selected mark, and
- allow the selected mark to be amended if necessary.

Clearance searches may be:

- informal in-house preliminary searches, including searches on the Internet and through discussions with staff familiar with the other brands available on the market, and
- formal searches by expert advisers, including the Trade Marks Register as well as other registers which show use, such as business and domain name registers, and telephone directories.

The TM Headstart service offered by the Australian Trade Marks Office provides an early assessment of whether the proposed trade mark can be registered and may assist in identifying any barriers to registration. The trade mark will still need to meet the requirements of the [Trade Marks Act](#). More information on the TM Headstart service is available from [IP Australia](#).

## Preparing a trade mark application

Once a decision on an appropriate trade mark has been made, an application to register the trade mark may be made by filing an application with the Australian Trade Marks Office directly (either electronically or on paper) or enlisting an IP professional to file the application. A trade mark application kit is available from [IP Australia](#).

## What classes should be registered for the mark?

An application to register a trade mark must designate the goods and/or services which will be used with the mark. For administrative purposes, there are presently 34 classes of goods and 11 classes of services. Some goods and services may fall into multiple classes. Consultation with an IP professional is recommended to determine the necessary and sufficient classes in which the application is to be filed. A searchable and up to date list of all the classes of goods and services is available on the [ATMOSS search system](#).

## Examination and acceptance of a trade mark application

Australian applications are usually examined within three to four months from filing. Once an application has been accepted for registration, it is advertised in the Official Journal of Trade Marks. IP Australia will notify the applicant of the date of advertisement.

## Opposition to a trade mark application

Accepted applications are open to opposition for a period of three months (which may be extended for a limited time in certain circumstances) from the date of advertisement in the Official Journal of Trade Marks. There are various grounds for an opposition set out in the [Trade Marks Act](#).

Any interested party may file an opposition to the registration of a trade mark. Due to the complexity of opposition procedures, it is recommended that experienced IP professionals act in any opposition proceedings.



## Maintaining trade mark registration

Once registered, the initial period of registration of a trade mark lasts for 10 years from the filing date. If the subsequent renewal fees are paid, the trade mark will have an indefinite life. Renewal fees may be paid within 12 months prior to the renewal date.

### Correct trade mark use

After registration, the trade mark must be used properly as a trade mark to maintain registration.

### Risk of generic use

If a trade mark becomes generic for goods or services, the registered owner may no longer be able to exercise the exclusive rights to use, or authorise others to use the trade mark on goods or services of the same description. For example, the words 'lino' and 'nylon' were initially registered as trade marks but are now used to indicate goods of the kind rather than the source.

When using a trade mark, always:

- indicate the owner or authorised user of the trade mark, e.g. indicate the entity which owns the mark in any documentation
- distinguish the trade mark from other words, e.g. use capitals or italics when listing the trade mark in any documentation
- use a generic description of goods or services, e.g. always use a noun after the trade mark—use a KLEENEX tissue not a Kleenex, and
- use ® and ™ symbols, e.g. KLEENEX ®.

### Using a ™ or ® symbol

Although there is no requirement under the [Trade Marks Act](#) to identify a trade mark with a ™ or ® symbol, it is advisable to do so.

The ™ symbol may be used in conjunction with any trade mark, registered or unregistered. The ® symbol or any other indication of registration may only be used once the mark is registered in the territory where the mark is mentioned. For instance, if the trade mark is only registered in Australia, and the entity anticipates distributing a brochure containing the trade mark to other countries where the mark is not registered, the entity should use the ™ symbol and not the ® symbol.

### Preventing removal of trade mark registration for non-use

Failure to use a trade mark continuously after registration can result in the registration being removed from the register on application by another party. Procedures in applying for or defending a removal application can be complex involving various stages of evidence and a formal hearing before a representative of the Trade Marks Office. An experienced IP professional may assist with any non-use application. It is an offence (for which penalties apply) to use the ® symbol in Australia with a trade mark which is not registered.

### Implementing foreign trade mark protection

Trade marks in overseas countries can be registered by filing:

- national applications in each country.
- single Community Trade Mark (CTM) application for the European Union countries.
- international applications for countries which are a signatory to the Madrid Protocol.





Each foreign application is independently examined and if any objections are raised they must be overcome before the trade mark can be registered in that country. Once registered, the foreign registration can remain in force indefinitely provided regular renewal fees are paid and use requirements are met.

Generally attorney firms in overseas countries need to be engaged—it may be useful to appoint an experienced IP attorney in Australia to coordinate foreign trade mark protection.

## Domain names

### Implementing domain name protection

The .gov.au domain is managed by the Department of Finance and such domain names may be registered at the [Government Domain Name website](#).

Most Australian Government bodies will register domains directly within .gov.au.

Domain names are allocated on a first come first serve basis, so it is important to ascertain at an early stage whether a proposed name is available. For further information on eligibility and naming requirements see 'Government Domain Policies' and 'Better Practice Advice' at the [Government Domain Name website](#).

### Maintaining domain name registrations

The term of domain name protection will vary with the domain name registrars and the type of domain name licensed. This is usually between one and ten years. The administrator will usually contact licensees when the domain name licence needs to be renewed although it is best practice if an entity establishes a system to remind itself when renewal fees are due. If not renewed, a domain name may be registered by another eligible party. See [Domain names](#) in Chapter 2.

## Protecting new plant varieties

### Key issues to consider in protection of new plant varieties

Key issues to consider when pursuing protection of new plant varieties include:

- whether the plant variety can be registered
- whether the plant variety should be registered
- the costs of registration, and
- whether foreign protection should be obtained.

See '[Plant Breeder's Rights](#)' in [Chapter 2](#) for further information.

### What plant varieties may be registered?

An entity may consider the eligibility requirements for obtaining Plant Breeder's Rights (PBR) registration using the following checklist.



## PBR registration eligibility requirement checklist

Check	Type
<input type="checkbox"/> Breeder	A variety must have a breeder who has among other things, discovered and selectively propagated so as to enable the development of the new variety.
<input type="checkbox"/> Distinctiveness	A variety is distinct if it is clearly distinguishable from any other variety whose existence is a matter of common knowledge at the filing date. Distinguishing traits include: morphological characteristics: flower colour, shape or length of leaf, branching habit, absence of seed, and physiological characteristics: earlier maturity, disease resistance.
<input type="checkbox"/> Uniformity	Variation of the plant variety must be limited as much as possible to permit accurate description of the variety. Variation is allowed where it remains within the limitations of the reproductive system of the variety.
<input type="checkbox"/> Stability	The relevant characteristics must remain unchanged after repeated cycles of propagation or reproduction.
<input type="checkbox"/> New or recently exploited varieties	Commercial novelty is established if, at the date of filing the application, the propagating or harvested material of the variety is new or recently exploited: a new variety is one which has not been sold with the breeder's consent, a recently exploited variety is one which has been sold with the breeder's consent for up to 12 months in Australia and, for overseas varieties, this limit is up to four years (with the exception of trees and vines in which a six year overseas prior sale limit is permitted).

## Should the plant variety be registered?

New plant varieties will only be protected by way of registration. There is no protection for unregistered new plant varieties. A patent can potentially be sought for a plant material as well as for the processes used to produce it. A PBR and a patent may apply to the same variety provided all of the relevant patenting criteria are met.

## The costs of registration

The basic fees are paid in four stages: application, examination, certification and annual fees. An annual fee is payable on the anniversary of the right being granted to maintain protection. Professional fees will vary depending on the application. An up-to-date fee schedule for design registration and maintenance is available from [IP Australia](http://www.ipaustralia.gov.au).

## Obtaining foreign protection

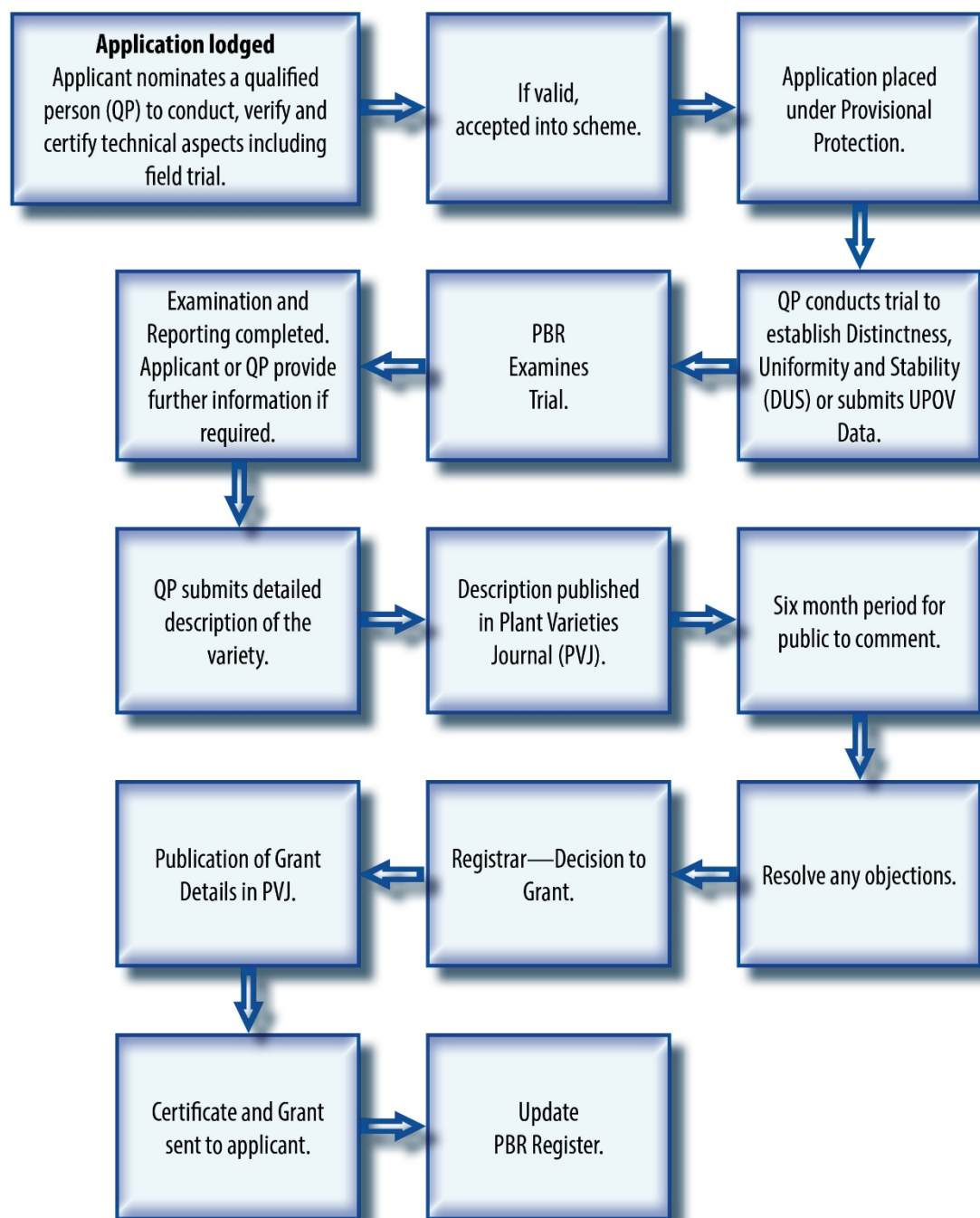
If considering protecting an entity's PBR overseas, it must be sought on a country-by-country basis. This requires consideration of possible use of the variety outside Australia and whether protection is warranted.



## Implementing PBR protection

## Implementing PBR protection

The following diagram provides an overview of the PBR application procedure.



## Preparing a PBR application

The PBR application must be in the approved form and include:

- a brief description of a plant variety (with photograph), sufficient to establish that the variety is distinct from other varieties of common knowledge
- the name of the variety
- any proposed synonym
- particulars of how, when and where the variety is bred
- particulars of any corresponding applications, priority etc., and
- name of the 'Qualified Person' verifying the description.

## Preparing the detailed description of the plant variety

Within 12 months (which may be extended), a further detailed written description must be lodged to establish that the variety is distinct from all other varieties of common knowledge. The applicant must verify these claims by conducting comparative test growing trials which includes the new variety and the most similar varieties of common knowledge.

To ensure technical accuracy, all applicants must engage the services of an accredited 'Qualified Person'. That person, in consultation with the agent/applicant, will need to evaluate the data, test report and photographs to see if the application fulfils all PBR Office requirements.

## Examination and certification of detailed application

Once the detailed application is lodged, the PBR Office will examine it, and may do a field examination of the comparative growing trial. Upon successful completion of all requirements, resolution of (any) objections and payment of the certificate fee, the applicant will receive a Certificate of PBRs.

## Naming a variety

Both the name and synonym of a plant variety are protected under the PBR. A synonym is an additional name which the applicant may also use to commercialise the variety in Australia. The name given to a plant variety under PBR is for perpetuity. When a PBR expires or is surrendered, the name remains with the variety even though it is in the public domain.

The name of a plant variety registered under the *Plant Breeder's Right Act* may not be registered as a trade mark (the name may be descriptive and therefore not distinctive). However, the trade name of a plant variety may be eligible to be registered as a trade mark.

## Labelling the registered plant variety

The name and synonym must comply with the Act and the current International Code of Nomenclature for Cultivated Plants 2009 (ICNCP 2009).

It is important that notice is provided that the plant variety is registered with PBR. The entity may download and apply the PBR logo from [IP Australia](#) and use appropriate wording on its label to indicate its registered rights.

## Implementing foreign PBR protection

Australia is a signatory to the International Union for the Protection of New Varieties of Plants (UPOV Convention). Within 12 months of lodging an Australian PBR application, Australian applicants can claim the priority date of their Australian PBR application when lodging their application in a foreign country that is party to the UPOV. An entity may also lodge a new national application in each foreign country as if making a new application for the first time. These foreign applications will be subject to the



requirements of the foreign PBR Office, including possible translations into their official language. An entity should seek advice from a registered patent attorney when applying for PBR protection overseas.

## Protecting circuit layouts

### Key issues

Key issues to consider in protection of circuit layouts:

- when is a circuit layout protected, and
- whether to obtain foreign protection.

See the section '[Circuit Layouts](#)' in Chapter 2 for further information.

### When is a circuit layout protected?

The protection of integrated circuits arises automatically on creation without the need for registration. Circuit layout protection only applies to 'original' layouts. This means the creator must not have copied the circuit layout from an existing layout, but rather it must be the result of the creator's own creative skill.

### Obtaining foreign protection

An integrated circuit may enjoy automatic protection in other countries. The World Trade Organization (WTO) Trade-related Aspects of Intellectual Property Rights Agreement (TRIPS) requires countries party to TRIPS to implement national legislation to protect integrated circuits (defined as 'layout-designs'). All WTO member countries are required to give the same level of protection to foreigners who make or exploit circuit layouts in their country as they do to their own citizens.

### Implementing protection for circuit layouts

As circuit layout rights arise automatically, it is important that protective measures are implemented to inform other parties that the entity has rights in the particular circuit layouts.

### Keeping plans and masks

Dated copies of entity plans in developing the integrated circuits and copies of any letters communicating the plan to others should preferably be kept in an organised fashion. It is also good practice to keep safe original masks of the circuit layout. This will assist in establishing originality in the integrated layout if a claim of infringement arises from third parties.

### Using a circuit layout rights notice

As a general rule, it is advisable to mark any packaging relating to an integrated circuit. This puts the user on notice that there are rights existing in that circuit layout and that any infringement may result in litigation.

The form of notice may be:

*'Protected in Australia under the [Circuit Layouts Act](#) and in other countries under equivalent legislation. All rights reserved.'*



## Chapter 6. Assessing and valuing IP

### What this chapter covers

This chapter provides guidance on the:

- qualitative assessment of the value of IP, and
- quantitative assessment of the value of IP.

It explains why it is necessary for Commonwealth entities to assess and value their IP and provides information as to how assessments and valuations can be performed.

### Why assess and value IP?

Entities should assess and value their IP because:

- Entities are required by section 15 of the PGPA Act to manage their resources, including intangible assets such as IP, in a way that promotes the proper use of the resource (i.e. efficiently, effectively, economically and ethically in a way that is not inconsistent with the policies of the Commonwealth manner in accordance with the PGPA Act).
- Identifying the value of IP assists in educating employees to recognise the importance of managing and exploiting (commercialisation, sharing, leveraging for engagement with industry and foreign governments) IP appropriately.
- The Commonwealth Procurement Rules require that procurements need to be valued to determine whether they are covered procurements. Procurement encompasses the whole process of acquiring property or service. Property refers to every type of right, interest or thing which is legally capable of being owned and includes intangibles such as intellectual property and goodwill.

#### Important consideration when valuing IP:

In the valuation of IP, entities should be aware of the Department of Finance's [Executive Minute on the Joint Committee of Public Accounts and Audit Report \[No.404\]](#) which states

'...that agency valuation systems should be directed towards providing valuations for internal risk and asset management purposes only. Valuations undertaken by entities should not be used for accounting purposes and should not be used as the sole or principal justification for commercialisation decisions (sale, licensing etcetera).

Intellectual property is rarely recorded in the financial statements of Commonwealth entities. One reason for this is that intellectual property is considered difficult to value reliably, because there are a variety of methods available to prepare valuations, and there is often difficulty in obtaining data to use in valuations. Thus there is a considerable reliability issue in entities preparing valuations of intellectual property...

Nevertheless, having a valuation may be relevant in the management of significant items of intellectual property. It is relevant in considering the consequences of risks to know the value being put at risk. Accordingly, it is relevant to obtain an indicative value of intellectual property as long as the valuation is treated with appropriate care.'

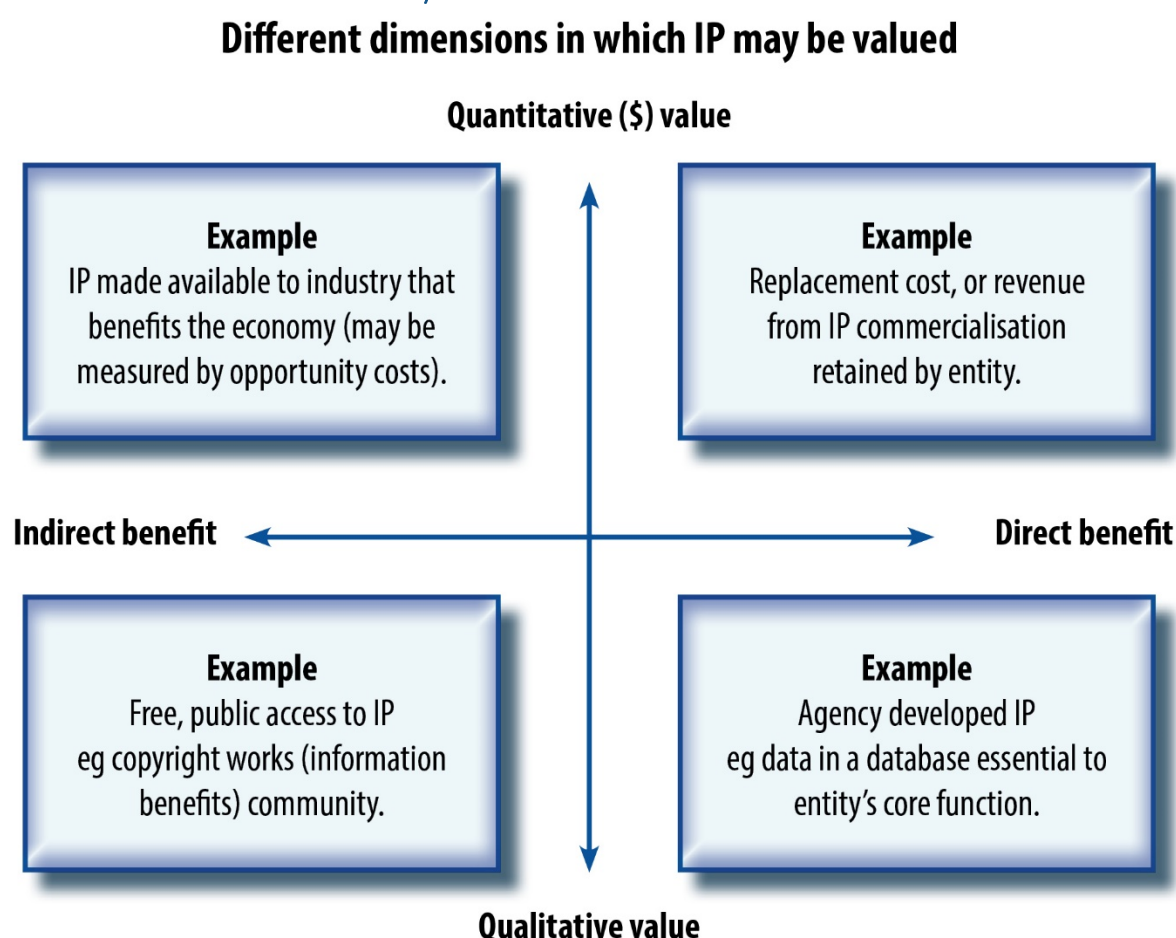


## What is IP assessment and valuation?

Understanding the value of an entity's IP is an important part of managing the entity's resources efficiently and effectively. The term 'value' frequently conveys the idea of monetary value. However, in addition to valuing IP quantitatively (i.e. by monetary value), entities may also assess IP qualitatively (i.e. by measuring its strategic importance to the entity and its contribution to entity functioning or public benefit).

The following diagram illustrates the dimensions in which IP can be 'valued'. The features of IP in the different dimensions all contribute to the total value of the IP. However, in certain scenarios some features may have greater importance than others. As can be seen in the diagram, an entity may have an IP asset with high qualitative value, e.g. data which is essential to its core function, but low quantitative value.

Different dimensions in which IP may be valued



Source: Adapted from Auditor-General's report No. 25 2003–2004, Intellectual Property—Policies and Practices in Commonwealth Agencies.

In this chapter the term 'assessment' is used in the context of qualitative assessment of IP and the term 'valuation' in the context of quantitative valuation of IP.

## What is qualitative assessment of IP?

### Why qualitatively assess IP?

Assessing the worth of IP to an entity is part of effective IP management. It is a government requirement that entity resources are to be managed in an efficient, effective, economical and ethical manner. Qualitative assessment enables the entity to:

- judge whether the IP is essential, secondary or surplus to an entity's operations
- develop a strategy for IP development and protection that is aligned with the entity's overall strategic goals, and
- manage its IP portfolio effectively by making more informed management decisions.

### When to qualitatively assess IP

It is important that the worth of an entity's IP is considered at the key management points of the IP lifecycle (see the figure '[Lifecycle of IP](#)' in Chapter 4). These may include:

#### Consideration of key management points of the IP lifecycle

Key management points	Remarks
Before creating or acquiring IP	Before an entity invests its resources (financial or otherwise) in creating or acquiring IP, it may be useful to assess the qualitative value of the IP to determine whether the investment of the resource is justified. In addition, when entering into a transaction to acquire IP, it may be appropriate for a quantitative valuation to be conducted. See the following section for more information on quantitative valuation of IP.
When identifying and recording IP	It is impractical and often unnecessary for an entity to identify and record every piece of IP under its control. The entity should set a threshold for identification of IP which involves assessing its qualitative characteristics. It may then assess whether or not the IP meets the threshold for identification. See Chapter 4 ' <a href="#">How to identify IP which should be managed</a> ' for more information on setting the threshold for the identification of IP.
When making IP management decisions	Qualitative assessment of IP is necessary to the ongoing management of IP. When making IP management decisions such as whether to register a particular piece of IP, or to maintain or dispose of it, a qualitative assessment of the IP needs to be undertaken.
When using IP	The IP may be periodically assessed in terms of use, value and benefits to the entity to determine whether the level of management and protection is appropriate.





Key management points	Remarks
Before commercialising IP	A qualitative assessment of the IP will assist in deciding whether the IP should be commercialised. However, when entering into a transaction to commercialise IP, it may be appropriate for a quantitative valuation also to be conducted. Further information on quantitative assessment of IP is contained later in this chapter ' <a href="#">What is quantitative valuation of IP?</a> '
When considering strategies for distribution and public access to IP	A qualitative assessment of the IP will assist in deciding the level of management and protection that is appropriate.
Before disposing of IP	Disposing of IP is an important decision. It is usually important that an entity conducts a qualitative assessment before allowing IP rights to lapse.

### How to qualitatively assess IP

An entity's IP policy and management plan will provide direction as to how to conduct a qualitative assessment. The importance of the IP should be considered in the following areas:

- strategic and operational significance to the entity
- public benefit, and
- commercial potential.

An entity's IP management plan will usually also set out what IP management decisions need approval and who should provide that approval.

### Strategic and operational significance to the entity

The table below illustrates a list of questions to be considered in assessing the strategic and operational significance of IP to the entity. From time to time, the purposes of an entity may change, and this may change the value of the IP.

### Strategic and operational significance of the IP to the entity

What is the strategic and operational significance of the IP to the entity?	Check
Does the IP play an important role in achieving the entity's purposes?	<input type="checkbox"/>
Does the IP play an important role in carrying out the entity's functions? To what extent does the IP contribute to the performance of a particular task? How does the task contribute to the overall functioning of the entity?	<input type="checkbox"/>
Is there a need for the entity to have continued access to, or control of, the IP?	<input type="checkbox"/>
Is the IP administrative in nature?	<input type="checkbox"/>
Is the entity required to make a particular management decision for the IP?	<input type="checkbox"/>
What are the risks of taking or not taking a management decision (including the risks of infringement of other people's IP)?	<input type="checkbox"/>
What has been the cost of generating the IP?	<input type="checkbox"/>
What is the cost of replacing the IP?	<input type="checkbox"/>



What is the strategic and operational significance of the IP to the entity?	Check
What is the minimum cost of alternatives that are functionally equivalent? How does the performance of the IP compare with alternatives?	<input type="checkbox"/>
What is the cost of maintaining the IP?	<input type="checkbox"/>
Is the IP useful to other government entities?	<input type="checkbox"/>

### Public benefit

Determining the public benefit of IP involves an assessment of the economic, social and environmental value of the IP. The table below lists some of the questions that may be considered in this process.

### Public significance of the IP

What is the public significance of the IP?	Check
What is the value of the IP to the public? This includes economic, social and environmental performance.	<input type="checkbox"/>
How does the public use the IP? What is the public reliance on this IP?	<input type="checkbox"/>
Is the public benefit preserved or enhanced by taking steps to register and manage the use of the IP?	<input type="checkbox"/>

Some IP may contribute to an entity's activities and provide significant public benefit while being made freely available through the entity's website or other public interfaces. Entities are likely to encourage wide distribution and use of most of the material published on their website. In some cases however, there may be reasons for maintaining some level of control, for example to ensure that there is a single authoritative source on certain highly time sensitive information. From time to time, some of this IP may provide a commercial opportunity, especially outside Australia, in keeping with the entity's goals and purposes and without diminishing the benefit this IP provides to the Australian public. In those cases, it may be appropriate to consider commercialisation as described in [Chapter 10 'Commercialisation of Government IP'](#).

### Commercial potential

Qualitative assessment of the IP's commercial potential can proceed in most circumstances without extensive market research. Considering the questions below will help provide an indication of the commercial potential of the relevant IP.

### Commercial potential of the IP

What is the commercial potential of the IP?	Check
What is the nature of the IP? Is it generic enough that it will be useful to other entities without much adaptation or further development? Or is it quite specialised?	<input type="checkbox"/>
Will other entities be interested in using, buying or licensing the IP?	<input type="checkbox"/>
Can the IP be formally registered, e.g. as a patent, design etc.?	<input type="checkbox"/>
What is the approximate market size for the applications of the IP?	<input type="checkbox"/>
Does the entity have the rights necessary to commercialise the IP?	<input type="checkbox"/>



## Considerations at different management points

The examples below show how these criteria are applied in different management points in the IP lifecycle. There is no one formula in assessing IP qualitatively and each needs to be assessed on a case-by-case basis.

Chapters 4 '[Identifying, recording and managing IP](#)' and 5 '[Making IP protection decisions](#)' are relevant to IP management decisions.

Chapter 9 '[Sharing and granting public access to IP](#)' and Chapter 10 '[Commercialisation of Government IP](#)' concern making decisions about commercialisation and other public use of IP.

## What is quantitative valuation of IP?

At its simplest, quantitative valuation of IP involves assigning a dollar value to an IP asset. The complexities of valuing specific IP in particular circumstances are beyond the scope of this Manual. This section sets out methods that can be applied to determine the quantitative value of IP. Expert advice should be sought where IP is considered to be of very high commercial value.

### When to quantitatively value IP

The entity's IP policy and management plan will provide a guide as to when to conduct a quantitative valuation of a particular piece of IP. An entity generally values its IP for one or more of the following purposes:

- to quantify its worth in monetary terms as a business asset
- to arrive at a procurement value to determine whether the procurement is a covered procurement in accordance with the Commonwealth Procurement Rules.
- as part of the development of an initial business case when considering the commercialisation of the IP
- to determine the price of, or payment relating to, transactions that involve the IP, and
- to calculate potential damages in a legal action involving IP.

IP may also be valued for purposes such as restructures, donations or for debt security.

### IP as an asset

IP may be recorded as an asset in entity accounting systems. The Australian Accounting Standard 138, prepared by the Australian Accounting Standards Board (AASB) deals with intangible assets. The definition of intangible asset in this standard includes brand names, mastheads and publishing titles, computer software, licences and franchises, copyrights, patents and other IP rights including service and operating agreements, recipes, formulae, models, designs and prototypes and research and development expenditure.

[AASB 138](#) prohibits the recognition of many types of IP. For example, paragraph 63 of AASB 138 states, 'internally generated brands, mastheads, publishing titles, customer lists and items similar in substance shall not be recognised as intangible assets.' In addition, entities may only record other IP at current valuation if there is an established secondary market in the IP. Otherwise, IP must be recorded at cost. As a consequence, entities should be aware that their financial statements may not be a true reflection of the value of all their IP when making asset management decisions. The entity's internal finance or accounting staff should be consulted with respect to accounting matters.

The quantitative valuation of IP is often more than an accounting operation. It is an attempt to ascertain information about the IP (e.g. development costs, expected income and market data) to help an entity make more informed decisions when managing its IP assets.



### For transactional purposes

A valuation can assist an entity to form a basis for calculating the appropriate price of, or payment relating to, IP and negotiating and structuring commercial transactions efficiently and effectively when acquiring or commercialising IP.

### How to quantitatively value IP

Understanding the principles behind quantitative valuation methods will assist in obtaining a useful and effective IP valuation. Some key considerations include:

- the strength of the IP rights
- the life expectancy of the IP
- the size of the potential market
- the stage of technology, and
- competing products, services and IP.

There are a number of different methods to value IP assets, each with their own strengths and limitations. Ultimately, the valuation method chosen will be dependent on the type of IP asset being valued, the purpose for valuing it and the information available. The most common approaches to quantitatively valuing IP are the:

- cost approach
- market approach, and
- income approach.

Other techniques for quantitatively valuing IP are not discussed in this Manual. Most of these techniques are variations or refinements of the cost, market or income approaches. Valuation of IP is not an exact science and results may vary depending on the approach used, the information available and the weight given to different factors. Entities may require expert advice to determine the most suitable methods to use when conducting an IP valuation.

### Cost approach

The cost approach to quantitative valuation is based on the principle that an investor would pay no more to purchase an IP asset than the cost the investor would incur in creating that IP itself.

The test applied by the cost approach is: 'What is the reproduction or replacement cost of the IP at prices current at the date of the valuation?'

Reproduction costs are the costs necessary to reproduce exactly the same asset. Replacement costs are the costs to replace an asset with similar utility, but not necessarily the same IP asset.

The cost approach is especially useful in determining the minimum value of an IP asset that may be sold or purchased outright. However, this approach does not recognise other factors that may increase or decrease the value. For example, strong IP protection may limit the chances of developing a functional alternative, or creating an alternative may take a long time. These features would be likely to increase the value of the IP.



## Some data that is required for the cost approach

Data required	Description
Material costs	The costs of tangibles used in the development of the IP, e.g. computer lease costs, books, software licence fees used to develop the IP.
Labour costs	The costs of human resources directly used in the development of the IP, e.g. wages, salaries, fees to contractors, workers compensation insurance costs and superannuation contributions.
Overhead costs	Costs such as project supervision, utilities and administrative costs that need to be apportioned by the entity to develop the IP.
Redevelopment information	Information required to enable the calculation of costs of recreating the IP asset, including time and resources.
Profit/incentive component	The amount of economic benefit required to motivate the IP owner to enter into the development process. This is largely judged by the evaluator.

Some care needs to be taken in determining 'cost'. For example, the cost determined by a valuation method is likely to be higher than the cost determined in accordance with accounting standards, due to a difference in approach about relevant costs.

## Market approach

The test applied by the market approach to quantitative valuation is: 'What is the comparable price or royalty that could be achieved by similar technologies or IP in the market?'

This approach can be applied to various types of IP and at different stages of development. It requires reliable, accurate and complete transactional data (e.g. licence fees, royalty rates, etc.) for comparable IP assets. It may be referred to as applying industry norms.

The main drawback with the market approach is that the necessary data may only be available for a fee or may not be available at all. While some service providers offer access to information about prior transactions in IP, these should generally be assessed with care to ensure that the information received will be relevant to the IP. On its own, the market approach often provides uncertain or insufficient conclusions. It can be difficult to gather enough data on truly similar IP assets to conduct a comprehensive analysis of comparable transactions. However, it can be useful in markets where data is available and as a means of testing other valuation methods.

## Income approach

The income approach values the IP asset based on the estimated future income to be generated by the IP asset over its effective life. This involves considering the projected net cash flows from exploiting the IP and then discounting it at a rate that reflects the risks associated with that IP asset and generating that profit.

The form of notice may be:

- 'Protected in Australia under the [Circuit Layouts Act](#) and in other countries under equivalent legislation. All rights reserved.' assessing the duration of the IP asset's effective life
- identifying the potential income to be generated from the IP asset over that life and assessing that income's current value (net present value), and
- assessing the risks associated with the generation of the income and applying that risk to the net present value of the income.



Assessing the duration of the IP asset's effective life includes making judgements about the periods within the IP lifecycle that will generate different levels of income. For some IP types, such as copyright materials, the legal life may be long, e.g. 70 years from the death of the author, but its expected economic life may be much shorter.

Estimating potential income to be generated by IP is dependent upon accurate knowledge of the competitive and economic environment during the projected timeframe. Past income generated by the IP may be an indicator of projected income although the evaluator will need to balance any factors that may influence the historical income streams.

Some data required for the income approach includes:

- Projections concerning future selling prices, market share and volume of products that will be sold; costs of goods sold, future capital expenditure, marketing and other selling expenses.
- Historical marketing information concerning the IP asset.
- Length of time required to bring the IP asset to a useful commercial stage.
- Further development expenditure required to bring the IP asset to a useful commercial stage.
- Whether it is easy for competitors to reverse engineer or work around the IP.
- Manufacturing information, including equipment, labour and other costs.
- Risk of failure in marketing the IP product.
- Market information including market opportunities, competition and selling prices.
- Legal and other regulatory requirements affecting the IP asset's exploitation.

Once the amount of future income has been estimated, the present value of that future income stream is determined by applying an appropriate rate of return (i.e. the value of that future income stream if it were all received today). The risks associated with the generation of the income must also be taken into account. These include the likelihood of regulatory approvals, achieving anticipated sales, specific industry risks, competition, delays in entering the market, alternate products entering the market, changes to costs associated with generating the IP asset and simply not getting paid by customers or licensees. The risk is then generally applied by way of a discount rate to the net present value of the future income stream; the higher the risk, the higher the discount rate.

The approach is appropriate when there is reliable data to determine the expected income of an IP asset. A drawback of the income approach is that it is based on estimations and assumptions that may extend far into the future, and requires a significant amount of information to value the IP asset. Variations in the rate of return applied to ascertain net present value and the risk discount rate can dramatically vary the final value. Commonly, a variety of discount rates are applied, to gain an indication of variability in different scenarios.

### Other approaches

#### *Relief from royalty approach*

This approach determines the value of an IP asset on the basis of royalties that an entity would normally have to pay to license it from a third party, but is 'relieved' from paying as a result of owning the IP asset.

This approach is a combination of the market approach and the income approach, as it requires transactional data on royalties, and a forecast of generated revenue. It is most often used when determining damages in litigation.



### *Cost savings approach*

This approach values an IP asset by calculating the savings the entity would make from using the IP asset compared with the costs of undertaking the same activity without using the IP.

For example, the comparison of costs between using a computer program to input survey responses into a database, and the costs of employing people to enter the answers into a database. This approach determines the amount of money an entity will or does save by having use of the IP.

### *Valuation in a procurement process*

Although not a formal means of valuation, a procurement or tendering process may enable the entity to place a value on an IP right by a competitive process involving those with direct knowledge of the market value of a particular right. For example, in a request for tender an entity may require that those tendering state the value which they place on a particular right—such as rights to commercialise or own a piece of IP.

## Conducting an IP valuation

The objective of an IP valuation will influence the breadth and detail of the valuation and the expertise required to conduct it. A review solely for the purpose of financial reporting will usually require a less detailed process than would be applied to a valuation as part of a commercialisation or litigation process. The scope of the valuation should be carefully set to ensure that the cost of conducting it does not exceed the intended benefit.

It may be necessary to value the same IP for more than one purpose. For example, software owned and used by an entity may also be the subject of potential commercialisation. The value of the IP for the entity's operations is likely to be readily quantifiable and may be significant. The commercial value of that IP may be larger or smaller than its operational value to the entity. In some cases, the two values may effectively be independent. In other cases, the operational value of IP can impact on the commercial value. A valuation may conclude that optimal operational value may be achieved through broad public access. This could limit the potential commercial value of the same IP.

If the basis on which each of the valuations is made does not exclude the alternate use, then these valuations may be added together to give the total value of the IP.

### Who can conduct the valuation?

An entity will often have sufficient expertise and access to information to value the IP it manages and uses internally. Similarly, most entities will have the skills and information required for an initial valuation as part of an assessment of a commercial opportunity.

Where the assessed commercial value of the IP is small, but the entity chooses to proceed with commercialisation, the entity's own valuation may be sufficient to support the commercialisation activities. However, when attempting to value IP that is considered to have significant commercial worth, it is advisable to seek expert advice. Expert valuation advice may also be required if an entity is considering, threatened with, or involved in litigation in relation to some IP.

The person conducting a valuation should have no perceived or actual conflict of interest. For example, an inventor should not be asked to value a patent on which he or she was a named inventor. In some instances, the inventor may be required to provide information about the IP to the person conducting the valuation, but the actual valuation should be calculated independently.





### Selecting an external evaluator

There is currently no formal valuation qualification or accreditation for practitioners in Australia. Most evaluators are accountants or auditors. An evaluator will generally be selected on the basis of relevant skill and experience. For example, if the purpose of valuation is to determine the monetary value in a financial report, demonstrable knowledge of the relevant accounting standards would be required.

Accounting bodies which may provide information about experts in IP valuation include:

- [Certified Practising Accountants \(CPA\) Australia](#); and
- the [Institute of Chartered Accountants in Australia](#).

### Stages in an IP valuation process

#### Stage 1. Determining the scope of the valuation

The following should be considered when determining the scope of the valuation:

- What is the IP to be valued?
- What is the primary purpose of the valuation (e.g. financial reporting, commercialisation or litigation)?
- What are the legal rights in relation to that IP?
- Who are the people that are expected to rely upon and use the valuation?
- What is the date at which the IP is to be valued?

Given the IP and the reason for this valuation, what resources should be applied to this valuation?

#### Stage 2. Information gathering

The description of the different approaches to IP valuation earlier in this chapter identifies the kind of information required to conduct each type of valuation. The collection of data may require consultation with several areas within the entity, including the accounting and finance areas.

#### Stage 3. Valuation and reporting

##### *Asset valuation for financial reporting*

In order to conduct this type of valuation, the evaluator (whether entity staff or external expert) should be familiar with the mandatory reporting requirements set out in AASB 138 for intangible assets and should operate in accordance with relevant policy guidance provided in the Finance Circulars published on the [Department of Finance website](#).

##### **Under AASB 138:**

- Expenditures on the acquisition, development and enhancement of intangible resources cannot be recognised as intangible assets unless the asset is separately identifiable and the entity has control over the future economic benefits to be generated by the asset.
- There is no recognition of internally generated brands, mastheads, publishing titles, customer lists and items similar in substance.
- Revaluation to fair value of intangible assets is limited to those that have an 'active market'. This is not expected to be an issue for the public sector as all intangibles are likely to be carried at cost.
- Computer software that is an integral part of the related hardware is treated as property, plant and equipment. Other software is treated as an intangible asset. Since there is no guidance in this regard from the previous guidelines, this may mean that some agencies would need to change how their software is classified, recognised and measured.



*Asset valuation in commercialisation and litigation*

An evaluator will generally apply multiple techniques in determining a valuation of IP for commercialisation or litigation purposes. As noted earlier in this chapter, choosing the best approach will depend on matters such as the stage of development of the IP, the quality and quantity of relevant data available, the type of IP and the commitment of resources for the valuation.

**Stage 4. The valuation report**

The entity should ensure the evaluator presents the valuation report in a format that meets the entity's needs and is readily understood by all those who may be required to review it. In particular, it must clearly state all assumptions and the basis for the valuation approach.



## Chapter 7. Dealing with IP involving procurement and grants

### What this chapter covers

This chapter provides guidance for PGPA Act entities when determining a preferred IP position involving government procurement and grants. A 'preferred IP position' means a position in IP rights as part of a contractual relationship. For example, a 'preferred IP position' may mean ownership of the IP, a licence to use the IP or a position involving no interest at all.

Guidance is provided on managing IP in other stages of the contracting process, including:

- incorporating the preferred IP position into relevant request documents, such as Requests for Tender (RFTs), grant applications and contract or grant agreement documentation
- managing IP during the life of the procurement or grant, and
- managing IP upon termination or expiry of the contract or grant agreement.

### What types of arrangements give rise to IP issues?

Many contracts and grant agreements result in the use, creation or assignment of IP in some form. The table gives examples of IP related deliverables for different types of contracts:

#### Examples of IP related deliverables for different types of contracts

Types of contracts	Common examples of IP related deliverables
Procurement of goods	Designs, inventions, parts, specifications
Procurement of services (including services to be provided on behalf of the government)	Reports, written materials, inventions or innovations, design and management of websites, confidential information, brands
Procurement of software/software services	Software code, user manuals, specifications, data, software modifications
Procurement of Consultancy services	Design and delivery of training packages, discussion papers and reports of reviews carried out on behalf of government, IP/ confidential material similar to that produced by employees of the entity
Provision of a Grant (grant agreement)	Written or multimedia content, reports, research results, inventions, designs, information products, client data
Research & development grants	Inventions, designs, data, reports, confidential information

### Managing IP issues in procurement

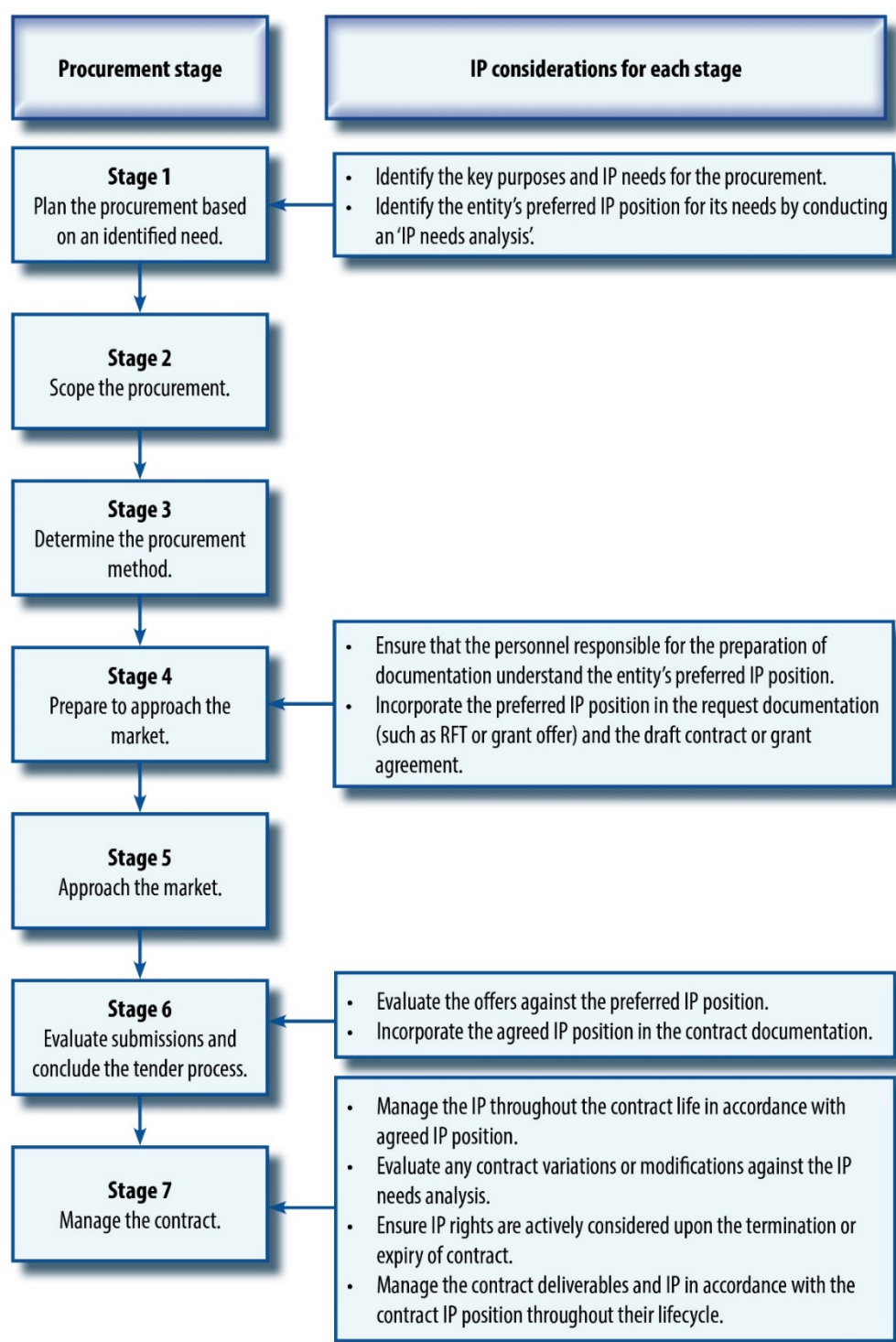
The Commonwealth Procurement Rules expressly include IP as a form of property to be managed appropriately. While the Commonwealth Grant Guidelines do not specifically refer to IP issues, the key principles, such as proportionality and clear governance and accountability are still relevant. Consideration of IP issues should be a standard part of an entity's approach to allocating resources, and creating and acquiring assets or services. Information is available from the [Department of Finance website](#).



## When is it appropriate to address IP issues in the procurement process?

IP issues may need to be addressed at different stages of the procurement or grants process and during the lifecycle of the resulting contract, grants agreement and deliverables. The figure below outlines the [stages of the procurement process](#) and identifies the IP considerations at different stages. An entity should always have regard to the Commonwealth Procurement Rules and Commonwealth Grants rules and Guidelines when planning a procurement or grant process.

### IP considerations for each procurement stage



## Identifying government needs for the IP

In simple terms, an IP position in a contract may be understood as an entity's position on IP ownership or licensing rights where IP is created. Identifying a preferred IP position at an early stage will assist entities to:

- ensure value for money
- comply with key entity and government requirements, including probity risks if procurement processes are not complied with
- optimise the use of IP and contract deliverables throughout their lifecycle
- lower the risk of loss of opportunities, and
- lower the risk of future disputes or infringements.

## Broader government requirements affecting the preferred IP position

### Proper use of resources

The PGPA Act requires the affairs of an entity to be managed in a way that promotes the proper use of Commonwealth resources (i.e. efficient, effective, economical and ethical use that is not inconsistent with Commonwealth policies). This requirement may be put into effect by:

- adopting a practical and reasonable approach—participation costs on entities and potential suppliers may be increased where the entity takes an unrealistic IP position requiring extensive negotiations—other potential suppliers and applicants may be deterred from responding
- preparing clear and logical request and application documentation—logical, clearly articulated, comprehensive and relevant conditions with respect to IP will enable the correct identification, assessment and comparison of the costs and benefits of all submissions on a fair and common basis, and
- understanding risk in relation to IP—understanding the risks involved in the IP components of the contract and the entity's 'bottom line' will enable more efficient and effective negotiations and agreement.

### Value for money

'Value for money' is the core principle underpinning Australian Government procurement. In a procurement process this principle requires a comparative analysis of all relevant costs and benefits of each proposal throughout the whole procurement cycle (whole-of-life costing).

Cost is not the only determining factor in assessing value for money. Rather, when assessing alternative procurement processes or solutions, a whole-of-life assessment would include consideration of factors such as:

- the maturity of the market for the property or service sought
- the performance history of each prospective supplier
- the relative risk of each proposal
- the flexibility to adapt to possible change over the lifecycle of the goods or service
- financial considerations including all relevant direct and indirect benefits and costs over the whole procurement or grant activity
- the anticipated price that could be obtained, or cost that may be incurred, at the point of disposal, and
- the evaluation of contract options (for example, contract extension options).



For example, in an IP context, entities may expect to gain various benefits, including lower prices for contracts, by not acquiring all IP ownership rights in appropriate cases (but instead seeking effective licences).

Further information on how the concept of ‘value for money’ is determined in the procurement process is available in the Commonwealth Procurement Rules published on the [Department of Finance website](#).

Likewise, further information on the concept of ‘value with relevant money’ in a grants context is available in the Commonwealth Grants Rules and Guidelines published on the [Department of Finance website](#).

### Broader government policy purposes

Australian Government officials are required to comply with policies of the Commonwealth in considering approval of expenditure of public monies (ss15 and 23 of the PGPA Act). The relevant policies change over time and include the Statement of IP Principles.

Entities should also be mindful that an appropriate IP position can ensure that Small and Medium Enterprises (SMEs) have a reasonable opportunity to engage in fair competition for Government business. Unrealistic IP positions, even if ultimately negotiable, raise barriers to participation by suppliers which SMEs may find difficult to overcome. A rigid approach by entities to IP ownership may also limit development of the IP and lead to increased costs for other entities.

#### Example

A small enterprise was contracted by a Government entity to integrate hardware and software components into a single application. The contract stipulated the entity should own the IP created for the project. With some development the IP has applications for other Government entities. In the negotiations, the contractor approached the entity suggesting it be granted a licence to develop the IP to a form that could be supplied to other entities. The entity had no capacity itself to develop the IP and therefore agreed to grant an exclusive licence to the contractor to develop and on-sell the IP.

Result—the original entity gained the opportunity for licensing revenue and shared knowledge, and benefit for other government entities. The contractor gained efficiencies from being able to develop and further exploit the original IP and was in the position to charge a lower price to both the original entity and other entities to which the further developed IP was supplied.

The checklist below outlines questions to consider in determining whether an entity is meeting broader government requirements from an IP perspective in the procurement process.

#### Key questions when identifying IP needs—meeting broader government requirements

Key questions when identifying IP needs	Check
Will the IP position result in the proper use of resources (i.e. efficient, effective, economical and ethical use not inconsistent with the policies of the Commonwealth)?	<input type="checkbox"/>
Is the IP position consistent with Commonwealth policy?	<input type="checkbox"/>
Has the IP position been actively considered in this case, or has a default position been adopted?	<input type="checkbox"/>
Will allowing ownership by or granting a licence to the contractor provide better value for money?	<input type="checkbox"/>
Has the entity acquired only the rights necessary to achieve its needs?	<input type="checkbox"/>



Key questions when identifying IP needs	Check
Will the IP be in the hands of the party which is best able to exploit and improve it and which is able to accept the costs and risks of doing so?	<input type="checkbox"/>
Should the IP be retained in government control because it has strategic or whole-of-government importance?	<input type="checkbox"/>
Does the request for tender or other documentation, clearly specify the entity's requirements with respect to IP?	<input type="checkbox"/>
Does the IP position observe the principle of competitive neutrality—that government businesses not enjoy a net competitive advantage as a result of public sector ownership?	<input type="checkbox"/>
Does the IP position factor in the need to meet international trade obligations by ensuring licences and disposals are on market terms? (see <a href="#">International Trade Law Obligations</a> in Chapter 10)	<input type="checkbox"/>

## How to Identify the Entity's Needs and Preferred IP Position for the Contract

Entities need to identify their needs and purposes clearly before commencing any procurement process. It is usually at this early stage the entity's IP needs will be considered in relation to contract deliverables.

Identifying the entity's preferred IP position can be achieved by undertaking an '[IP needs analysis](#)'. A detailed process for undertaking an 'IP needs analysis' is outlined below. It is generally not appropriate to have a default position for IP ownership in a contract (except for ICT contracts see Chapter 7). If a default IP position exists within the entity, it may be appropriate to assess it and confirm whether it reflects the true needs of the entity in the current circumstances. Exceeding the actual IP needs may increase costs to an entity and, in some cases, reduce the attractiveness of a contract to a potential supplier.

### Do

Take a case-by-case approach and ensure that the IP position is clearly reflected in the request documentation.

### Do not

Automatically adopt a default IP position that the Government must own the IP in every case.

## Preparing request documentation

Request documentation refers to documentation provided to potential suppliers to enable them to assess the requirements of the requesting entity and prepare submissions in response. Request documentation may include a RFT or a draft contract or grant agreement. Any commitments made in request documentation will be binding on an entity throughout the process. It is therefore very important to take care in preparing the documentation.

In some cases the person preparing the request documentation may be a different person to the officer responsible for the project (e.g. the person preparing the request documentation may be the entity's legal services officer). The person preparing the documentation must have a clear understanding of the entity's IP needs and how the entity arrived at its preferred IP position.





The draft documentation should be prepared in accordance with the procurement or grant processes that apply within an entity. This may mean that the documentation is checked by procurement or legal officers to ensure that all aspects, including IP, comply with entity requirements.

**When seeking expert advice in relation to preparing request documentation:**

- Use an 'IP needs analysis' as the basis for the instructions and discussions with those assisting with the process.
- Ensure those assisting are aware of government requirements, such as proper use of Commonwealth resources and 'value for money'.
- Ensure the adviser does not automatically adopt a default position or assume needs that the entity does not have. For example, an external lawyer may assume an entity requires broad rights to commercialise the IP, but in fact no such need exists for many agencies.

## Conducting the procurement or grants process

In the procurement process the entity's IP position may need to be considered at different stages, such as:

- on receipt of tenders or responses from potential suppliers which include alternative IP positions
- when considering alternative tenders and responses in the selection or approval process
- when negotiating the final terms of the contract, and
- when documenting the final contract.

The preferred IP position and alternatives should be considered in light of the entity's needs identified in the IP needs analysis.

## Managing the contract and the IP

Once an IP position has been agreed in the contract documentation, the entity should seek to manage that IP position actively throughout the contract and the lifecycle of the relevant IP.

The entity will generally need to have in place appropriate contract management procedures to ensure that IP arising in the course of the contract is identified, protected and maintained irrespective of whether the IP is owned by the entity or the contractor. As a general practice, it should evaluate any modifications or variations to the contract that may affect the IP position against the entity's IP needs.

Before the expiry or termination of a contract, it is recommended that the entity identify and deal with any IP that has arisen under the contract in accordance with the contract terms. This may include putting in place any necessary arrangements for managing the IP after the contract has been completed.

IP may have a significantly longer life than the contract. After termination or expiry of the relevant contract, the entity will usually continue to manage the IP in an appropriate manner. Appropriate records of the rights in the IP need to be maintained. [Chapter 4](#) provides guidance on identification, recording and ongoing management of IP.



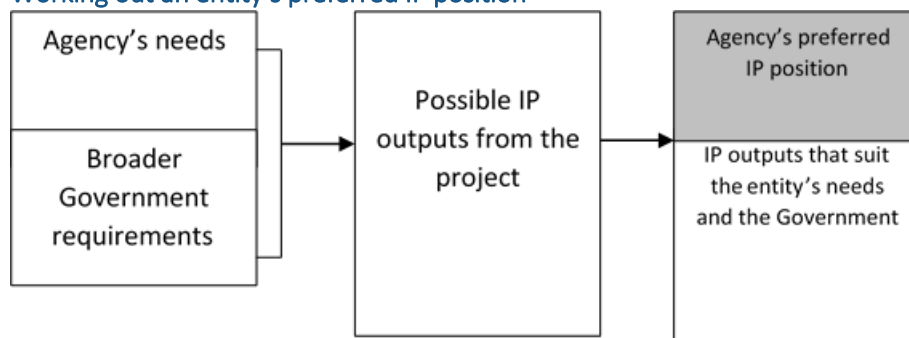


## How to Determine a Preferred IP Position—an IP Needs Analysis

### What is the objective of an 'IP needs analysis'?

The principal goal of an 'IP needs analysis' is to determine the entity's preferred IP position for a procurement or project in a manner which meets the entity's needs and complies with the broader government requirements.

### Working out an entity's preferred IP position



### Common IP concepts for conducting an IP needs analysis

Performing an 'IP needs analysis' requires an understanding of some key IP concepts. Brief explanations of these are outlined below.

#### IP inputs—background and third party IP

In most projects it is likely that both the entity and the contractor may bring to the project existing IP and possibly IP which is created independently of the project. Entity IP can include input provided throughout the delivery of a project, as well as pre-existing business processes, including program guidelines and manuals.

Agency or contractor IP inputs may be:

**Background IP**—IP which exists prior to performance of the contract or is developed independently by a party to the contract. Background IP may be used as a tool for, or a building block within, the project.

**Third Party IP**—IP provided by one of the parties to the contract but owned by another person who is not a party to the contract, e.g. IP in 'off the shelf' software.

#### IP outputs—project IP or foreground IP

IP outputs are the IP rights in the project deliverables.

**Project IP (or Foreground IP)** is new IP developed in the course of the contract by one or more parties to the contract.

## Types of IP interests

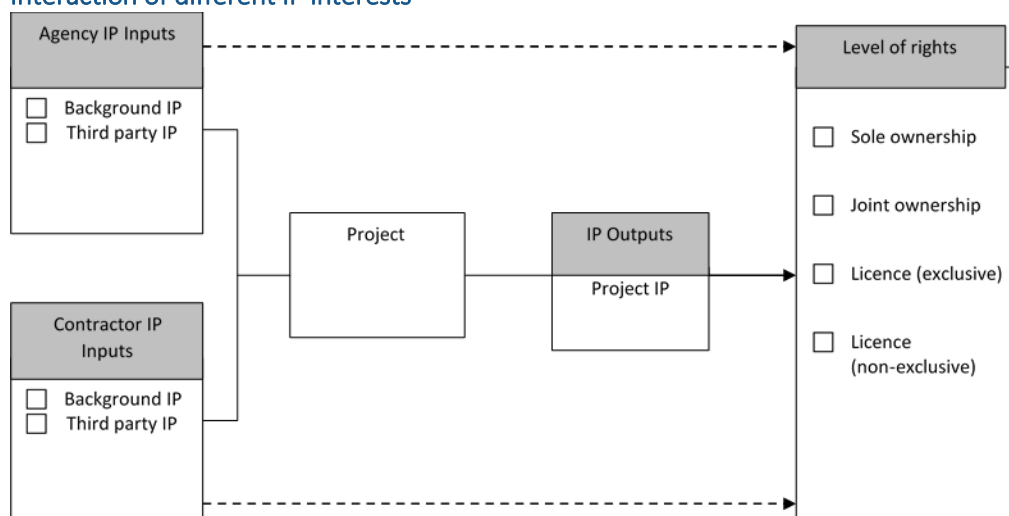
The rights attaching to IP can be allocated in a number of ways, principally by:

- sole ownership
- joint ownership, or
- licence—which may include exclusive, non-exclusive, limited or unlimited licences.

Each of these rights confers different levels of use or control of the IP asset and they are explained in more detail in the following sections.

The way these concepts interact in a project is depicted in the diagram below.

### Interaction of different IP interests

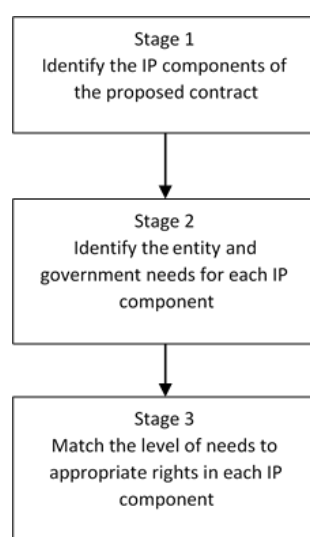


## How to Conduct an IP Needs Analysis

The IP needs analysis process described in this section provides a basic framework for ascertaining the entity's preferred IP position. In more complex transactions it may be appropriate to obtain the assistance of appropriate legal and/or IP experts.

The section is framed around the template IP Needs Analysis Table included at the end of this chapter. This table is a tool designed to assist in conducting an IP needs analysis. The following descriptions of the various stages in an IP needs analysis will refer to this tool.

### How to conduct an IP needs analysis



## Stage 1. Identify the IP components of the proposed contract

### Identify the contributions and deliverables for each party to the contract

As a first step, identify all contributions made by each party and the expected deliverables for the proposed contract. Focus on the actual materials, services or information. These would have already been identified in the initial project planning stage. Insert these inputs and outputs in the column 'Description of inputs' in the IP Needs Analysis Table.

Other examples of contributions and deliverables include:

- oral information
- time and resources
- skill and expertise
- physical items such as devices and equipment
- software
- databases
- proprietary methods or inventions, and
- multimedia products.

### Identify the nature of the IP attaching to or arising from the inputs and outputs

Determine the types of IP which may relate to, or be part of, contributions made by each party to the contract and include those in the IP Needs Analysis Table.

The forms of IP which may be created or used will vary and may be any of the types of IP outlined in [Chapter 2](#). It is possible that more than one form of IP may exist for a particular input or output. At this stage, it may be unclear what IP may be created. It is better to be prudent and assume relevant IP rights may exist or arise as a result of the contract. For example, if the entity is seeking the creation of a new piece of equipment it is possible copyright will arise in the design itself, as well as design or patent rights.

Once identified, this information may also be included in the IP Needs Analysis Table.

### Broadly group the identified IP as Background IP, Third Party IP or Project IP

Enter the appropriate category of IP into the IP needs analysis table (refer to the previous section for an explanation of these terms). Refer to the entries in the column 'IP category' as set out in the table over page.

In more complex arrangements it may be appropriate to:

- further split and refine the categories of IP to fit the project's circumstances. For example, dealing with the IP contributed or created for each party of the contract (i.e. Entity Background IP, Contractor Background IP), or
- revisit the categories, or create new categories, upon completion of the analysis if the analysis suggests all IP in a category cannot be dealt with in the same manner.

The entity's legal or IP adviser can provide assistance with respect to appropriate groupings of IP for the purposes of the arrangement.

### Moral rights

A slightly different category of IP is that relating to 'moral rights' in copyright works. As moral rights cannot be assigned, the contract may need to explicitly deal with the treatment of moral rights (separately to other forms of IP) and the entity should consider whether it requires the contractor to consent to acts which may otherwise breach moral rights from its personnel and sub-contractors. One way of ensuring that the moral rights of a contributor are not infringed is by communicating the proposed use of the work, seeking consent and if preferred, attributing their authorship.

For more information see the sections on 'Moral rights' in [Chapter 2](#) and [Chapter 5](#).



## Stage 2. Identify Entity and other Government needs with respect to the IP

### Identify the entity's needs and purposes against each IP input and output

Assess the entity's needs and purposes with respect to each IP component. Take into account the entity's IP policy and other relevant policies and procedures.

Consider the use to which the relevant material or deliverable is likely to be put throughout its lifecycle and that of the relevant IP. This is likely to have been at least partially undertaken when planning the project. Define the needs by outcomes and functions (e.g. right to publish) and not by the type of right in the IP that is required (e.g. ownership of copyright). Different types of rights may allow the same outcome.

Examples of possible entity needs and purposes for IP components of the project include:

Inputs and outputs	Possible needs and purposes
Written materials	Reproduction, modification, adaptation, distribution, publication, confidentiality, allow others to use
Proprietary or developed software	Maintenance, modification, development
Off the shelf software	Updates, patches
Physical items or equipment	Rights to manufacture, repair, modify, develop
Research results—data, new ideas, inventions, methods or designs	Rights to protect, keep confidential, implement, prevent others from using, publish
Marketing materials including brands	Rights to protect, reproduce, modify, use
Multimedia content	Reproduction, electronic publication and distribution, adapt

Consider whether other parties may need to be involved in meeting the entity's needs. For example, would the entity need to provide software code to a third party to repair or maintain it? If so, such needs will generally also need to be documented.

The needs identified may be included in summary form in an IP Needs Analysis Table. Refer to the entries in the column 'Entity use and needs' as set out in the table below.

### Identify broader government needs against each IP input and output

In identifying contract needs, an entity should be mindful of broader government requirements such as the principle of value for money discussed earlier in this chapter. This may include opportunities to share IP with other government entities.

Where it is expected that IP will be shared with other entities, this should be made clear to potential suppliers in the procurement process. Where possible, the need should be confirmed with other relevant entities before commencing the procurement process. Identified needs for other government entities may be included in the column 'Broader Government' in the IP Needs Analysis Table.



### Project [XXX]: IP needs analysis

Project Name: IP Register

Short description: To generate a central register for IP in the entity

Entity inputs	Description of inputs	IP in inputs	IP category	Entity use and needs	Broader government needs
List of IP	Existing entity IP (includes confidential information)	Confidential information Copyright	Entity Background IP	Confidentiality must be maintained. Contractor must not reuse materials outside project.	N/A
Contractor inputs	Description of inputs	IP in inputs	IP category	Entity use and needs	Broader government needs
Software ABC	Off the shelf software for a database	Copyright Patents	Third Party IP	Entity will need updates and patches for the software.	If the Project IP is to be shared by other entities, they will need to maintain and update this software.
Contractor software	Basic software module owned by the contractor	Copyright Patents	Contractor background IP	Entity must be able to use the software in the customised form.	If the Project IP is to be shared by other entities, they will need to maintain and update this software.
Human resources	Key personnel time and expertise	N/A	N/A	N/A	N/A
IP in outputs	Description of inputs		IP category	Entity use and needs	Broader government needs
IP register software	Customised software for the IP registry	Copyright Patents	Project IP	Entity must use the database on an ongoing basis. May involve services of third party to maintain the database.	The customised database may be suitable for use by entity XX. Need to confirm this before RFT issues.
IP register contents	IP registry database contents	Confidential Information	Project IP	Confidentiality must be maintained.	Other entities would not require access to this information.



### Stage 3. Match Entity and Government needs to appropriate rights in each IP component

At this stage, an entity should assess the appropriate IP rights (ranging from ownership to a non-exclusive licence) required to secure the identified needs and deliverables. In doing so, broader government requirements for the efficient, effective, economical and ethical proper use of public resources need to be taken into account.

The flexibility provided by different types of rights in IP offers an entity the ability to meet its needs and purposes, as well as the more general requirements of the government and the contractor. As a general position, an entity should seek only those rights necessary to meet its needs and comply with its obligations. Ideally, it is most appropriate for IP to be in the hands of the party whose corporate mission is to exploit and improve such IP but who is also:

- best able and most willing to do so
- is willing to serve the requirements of the relevant market place, and
- able to manage the risks associated with such exploitation.

The entity will usually need to decide whether to:

- retain ownership
- retain ownership but license out the IP
- opt not to own
- enter into a joint ownership arrangement, or
- opt not to own but to use IP under licence.

Where the other party owns the IP, the entity may decide to retain rights to access, use and sublicense the background and project IP through a licence. A licence can provide a high degree of flexibility in meeting all parties' needs and purposes.

The rights to IP needed by the entity for each deliverable or category of IP may be different within the same contract. For example, it is common to seek only a licence to background IP of the contractor (i.e. the IP which a contractor already has and which may be contributed to a project), but to seek ownership or an exclusive licence of project IP (i.e. the new IP created as an output under the contract). The licence to the background IP should be sufficiently broad to allow the use of the contract outputs.

The next section provides a brief summary of the key considerations, advantages and disadvantages of the different IP rights that may be set out in a contract. The allocation of rights for each IP component requires a clear understanding of the IP issues and the entity's own purposes, systems and resources. It may be appropriate to seek specialist expertise to help match the entity's IP needs and IP rights in the most effective way.

The proposed IP rights are the entity's preferred IP position. When identified, they may be entered into the column 'Types of IP Rights' in the IP Needs Analysis table. See the example set out in the table on the following page.

Example completed IP Needs Analysis Table

Entity inputs	Description of inputs	IP in inputs	IP category	Entity use and needs	Broader government needs	Types of IP rights
List of IP	Existing entity IP which includes materials with confidential information	Confidential information Copyright	Entity Background IP	Confidentiality must be maintained. Contractor must not reuse materials outside project.	N/A	Entity retains ownership.
Contractor inputs	Description of inputs	IP in inputs	IP category	Entity use and needs	Broader government needs	Types of IP rights
Software ABC	Off the shelf software for a database	Copyright Patents	Third Party IP	Entity will need updates and patches for the software.	If the Project IP is to be shared by entity XX it will need its own copy of this software and possibly updates and patches.	Non-exclusive licence to be procured by the contractor for the entity. If entity XX needs the software they can acquire separately. No need and impracticable to seek ownership.
Contractor software	Basic software modules owned by the contractor	Copyright Patents	Contractor background IP	Entity must be able to use the software in the customised form.	If the Project IP is to be shared by entity XX it will need permission to use the software and access to updates and patches.	Non-exclusive licence meets needs and enables contractor to reuse (reducing price to entity) and promoting industry development. A support and escrow arrangement will secure support.





Contractor inputs	Description of inputs	IP in inputs	IP category	Entity use and needs	Broader government needs	Types of IP rights
Human resources	Key personnel time and expertise	(Possible moral rights in copyright material created)	Moral rights-copyright	Entity must be able to use /modify work as required for Government purposes; should consider entity policy/ conventions on attribution of authorship	Consents may need to cover wider uses	Formal written consents dealing with moral rights may be required from each person working on the contract (or a warranty from contractor that they will be obtained)
Outputs	Description of outputs	IP in outputs	IP category	Entity use and needs	Broader government needs	Types of IP rights
IP register software	Customised software for the IP registry	Copyright Patents	Project IP	Entity must use the database on an ongoing basis.  May involve the services of a third party to maintain the database.	The customised database may be used in entity XX. Need to confirm this before RFT issues.	The entity could retain ownership although it is of no real value without base modules. Alternatively the contractor could own the software and provide broad licence to government which may reduce price.
IP register contents	IP registry database contents	Confidential Information Copyright	Project IP	Confidentiality must be maintained.	Other entities would not require access to this information.	The entity retains ownership.



## Types of IP rights in contracts

IP rights may vary depending on how the IP was developed, the nature and involvement of different stakeholders, and any contractual arrangements that may exist. Generally, IP rights held by stakeholders may arise from ownership (either sole or joint) or a right to use the IP under a licence.

An understanding of the legal significance of the different IP rights, as well as their benefits and risks, is necessary to determine the entity's preferred IP position in contracting.

The costs and benefits of different types of ownership should be carefully weighed up. See Chapters [5](#) and [10](#) about avoiding unfair commercial advantage and international law obligations.

### Sole ownership

Sole ownership of IP with no licence rights is the simplest form of interest. In a sole ownership position no issues will arise relating to the rights of one owner against another or any licensee.

Sole ownership of IP confers on the owner rights (subject to other laws and restrictions) to:

- exercise the exclusive rights given by the IP (see [Chapter 2](#))
- sell, assign or license the IP to other parties
- mortgage or grant other security interests in the IP, and
- restrict others from doing so.

Although on face value it may appear an attractive option to pursue sole ownership of the IP, such a position may not always provide the greatest benefits. For example, there may be added costs if the contractor has no opportunity to re-use or re-sell any of the contract material covered by the IP. Sole ownership may be preferred where the IP has strategic or whole-of-government importance.

### Joint ownership

Joint ownership of IP generally arises where more than one entity develops or creates the IP together. Joint ownership may also arise by agreement.

In the absence of an agreement between joint owners, their respective rights are shaped by IP legislation. These rights may be different from those which sole owners hold depending on the type of IP. In many instances they may be more restricted and not reflect the true interests or needs of the parties. The situation will be further complicated if the IP is subject to different jurisdictions, where different laws apply.

It is generally not recommended that entities adopt a joint ownership position due to the complex management issues which arise. Many of the perceived benefits and outcomes of joint ownership can be achieved by a combination of sole ownership and licensing.

If a joint ownership position is necessary, the contract will usually need to include specific provisions setting out the rights and obligations of each party in protecting, managing and exploiting the jointly owned IP.

In Australia, joint owners of IP generally have the following rights to exploit their IP as set out in the table below.

## Joint owners' rights arising from different types of IP

Type of IP	Joint owner's rights
Copyright	Joint owners of copyright works generally hold their interest as tenants in common with the other owner and may use the copyright works for their individual benefit without seeking permission from the other joint owners.
Patents	<p>Joint owners or joint patentees:</p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> may exercise the exclusive rights for their individual benefit without accounting to the other joint owners</li> <li><input checked="" type="checkbox"/> may not license or assign the joint patent without the consent of the other owners</li> </ul> <p><b>Example:</b> Joint owners in patented computer hardware will each be able separately to use the patent to make and sell the hardware without accounting to the other owners. However, they cannot sell their IP rights without the consent of the other joint owners.</p>
Designs	<p>Joint owners of designs:</p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> may use the design for their individual benefit without accounting to the other joint owners</li> <li><input checked="" type="checkbox"/> may not license or assign an interest in the design without the consent of the other owners</li> </ul>
Trade Marks	<p>Joint creation or 'authorship' issues are not applicable to trade marks—trade mark ownership attaches to the entity that first makes business use of a mark, not to the individual who creates a mark. It is unlikely that an entity would be a joint owner of a trade mark through a procurement process (although copyright in the trade mark (if any exists) may belong to another party if the design of the trade mark was commissioned).</p> <p>However, the <a href="#">Trade Marks Act</a> provides that joint owners may not use the mark EXCEPT:</p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> on behalf of all of them, and</li> <li><input checked="" type="checkbox"/> in relation to goods and/or services with which all of them are connected in the course of trade.</li> </ul>

## Licensing

Granting a licence allows another entity (the licensee) to exercise IP rights in accordance with agreed conditions. The owner (the licensor) retains ownership of those rights and can exercise a varying degree of control. The great advantage of licensing is that it provides enormous flexibility in establishing relationships with other entities where both parties can enjoy some of the benefit of the IP. A broad licence may achieve similar outcomes to ownership of the IP.

Parties to a licence can mix and match a variety of licensing approaches. These include exclusivity, territory, field of use, purpose, term and sublicense rights. Examples are provided at the end of this section to illustrate the different licensing approaches that may be adopted.



## Exclusivity

### Licences may be exclusive, sole or non-exclusive

Licence type	Description
Exclusive licence	A licence where the licensor agrees not to allow anyone else (including the licensor) to deal with the IP in the territory covered by the licence.
Sole licence	A licence where the licensee has the right to deal with the IP in the territory to the exclusion of everyone else except the licensor.
Non-exclusive licence	A licence where the licensor retains the right to grant licences covering the same IP in the same territory to other licensees.

The intended use, relative value and strategic importance of the IP to the entity should be carefully considered when determining exclusivity issues in licences.

## Territory

Registrable IP rights are territorial in nature. This means the statutory-based IP legislation grants rights to the owner of IP, such as patents, designs and trade marks, in Australia only.

A licence may be divided up into any geographical region. For example, the licence may be exclusive for one part of Australia. Different rights may be granted in different territories.

## Purpose or field of use

The subject matter of a procurement contract may have a variety of applications. It is open to the parties to agree to limit the licence to a particular purpose or a field of use. For example, a software licence may grant an entity rights to use the software on a limited number of computers only. If the entity would like to use the software on more computers, or share the software with other Commonwealth entities, it is recommended that the entity make this clear in the licence.

Similarly, the licence may limit the use of IP to a particular field or a particular industry.

## Term

A licence is a contract and may be for any period of time agreed by the parties. Parties only need permission to do things covered by the IP rights while the IP rights continue. Some forms of IP, such as confidential information and trade marks, can be maintained indefinitely or renewed. Carefully consider the term of the licence for different types of IP. If a licence is shorter than the duration of the IP rights, consider including options to renew the licence for another term.

## Sub-licensing

If there is a need for the entity to sublicense the IP, it is recommended that this be expressly addressed in the contract. A failure to obtain appropriate sublicensing rights may impact on the entity's ability to use the IP outside the entity for example, to obtain assistance from others.

## Transferability

It is common for a licence agreement to specify that the licence is non-transferable. This means that the licensee is not authorised to permit another entity to have access to the technology.



**Transitions in agency arrangements**

A licence for the benefit of an entity should generally be framed to be transferable to a successor entity under a new administrative arrangement.

**E.g. 1 Licence for computer software granted to Entity X**

Licence approach	Example
Limitations	
Exclusivity	Non-exclusive
Territory	Australia
Purpose / Field of Use	Only to be used internally at Entity X, not to be used by any other government entity.
Term	10 years
Sub-licensing	No
Transferability	No, unless to a successor under an administrative re-arrangement.

**E.g. 2 Licence for new molecule for treating cancer granted to a research institution**

Licence approach	Example
Limitations:	
Exclusivity	Non-exclusive
Territory	Australia—at the research institution only.
Purpose / Field of Use	For internal research only, not for therapeutic use.
Term	1 year
Sub-licensing	No
Transferability	No, unless with consent from the licensor.



## Key advantages and disadvantages of types of IP ownership/rights

Key advantages and disadvantages of the various types of IP rights from an entity's perspective are summarised in the table below.

### Key advantages and disadvantages of different types of IP rights

Types of Right	Advantages	Disadvantages
Sole ownership	The entity has full control, especially if the IP has strategic or whole-of-government importance.	It may be costly and time consuming to negotiate. It may increase the contract price. SMEs may be deterred from tendering due to the unfavourable IP position. Ownership may be in an organisation which is unable to exploit and improve it.
Joint ownership	Joint ownership may be a position that is easier to negotiate than the entity retaining sole ownership.	Different legal requirements for different types of IP in the absence of an agreement. Potential disputes between joint owners. Complex IP management.
Licensing	Extremely flexible. Adopting a more flexible approach may reduce transaction costs by avoiding unnecessary negotiation and related legal costs. The entity may be able to get a lower contract price. The entity may encourage further innovation or growth within a particular industry.	Entity may not have full control of IP. Contracts need to be worded carefully to ensure certainty and adequate rights. Entity needs to ensure appropriate management to comply with licence conditions.

## Dealing with IP in Software Contracts

### Source code, object code and escrow materials

IP in software is primarily a copyright issue. Software essentially comes in two forms: source code and object (binary) code. Source code is human readable and cannot be directly read by a computer until it is 'compiled' into object code. Object code is generally not human readable. It is read by the computer in order to 'execute' the program.

Software is generally developed in the form of source code and in order to modify a program, the source code is required. It is impossible to modify the object code directly.

Most software licences cover the object code versions of the software. The licensor, usually the software developer, withholds the source code and uses it for developing improvements and variations to the program.

If the licensor retains ownership of the source code, it is standard practice to require that the source code and other relevant technical materials be held in 'escrow' by a third party, an escrow agent. 'Escrow' means materials are physically held by an independent person. They will be held until certain



conditions agreed in the escrow agreement are met. Usually these relate to the software developer being unable to fulfil its obligations under the licence, such as maintaining and updating the software. This enables the copyright owner to retain confidentiality in the material but ensures that the licensee can access the source code if the specified certain events were to occur.

Example clause from an escrow agreement setting out circumstances for releasing data to the licensee:

**Release of data to the Licensee.**

The Escrow Agent shall release the data to the Licensee immediately after the expiry of seven days from the receipt of a written notice from the Licensee if:

- (a) the Licensor becomes, threatens to become or is in jeopardy to becoming subject to any form of insolvency administration
- (b) the Licensor ceases or threatens to cease conducting business in the normal manner
- (c) the Licensor is in breach of the Licence Agreement or this Escrow Agreement, or
- (d) the Licensor fails or becomes unable to provide or procure a qualified person to maintain the Licensed Program in a prompt and efficient manner.

Source: Adapted from Hughes G L et al, Computer Contracts: Principles and Precedents, Law Book Company, 1987.

## Third party software

Developed software often relies (either in the process of development or its operation) on a software component of which the contractor does not own. For example, the software provider might develop a software solution based on a particular operating system software or 'off the shelf' database software.

The entity will usually need to ensure that:

- the contractor acquires rights to exploit the third party software to the extent that is necessary for the development of the developed software
- the entity acquires a licence to the third party software that will enable it to use the developed software, and
- the cost of obtaining the licence to the third party software has been taken into account.

It is generally unrealistic for the entity to seek ownership of the third party software.

Example clause covering third party material:

**Third Party Material**

The Contractor must obtain all necessary copyright and other intellectual property permissions before including any Third Party Material in the Contract Material or using Third Party Material as part of the Services.

To the extent that the Customer needs to use any of the Third Party Material to receive the full benefit of the Services, the Contractor must grant or obtain for the Customer an irrevocable, perpetual, world-wide, royalty free, non-exclusive licence to use, reproduce, adapt, modify, publish and communicate that IP.





## The Response to the Gershon ICT Review—The Government's IP Policy and ICT Contracts—2010

### Procuring ICT—supplier to own the IP in the developed software

For information and communication technology (ICT) procurement contracts relating to software, entities that are subject to the PGPA Act need to adopt a default position (or a starting contractual position) in favour of the ICT supplier owning the intellectual property (IP) in the software the supplier develops under the contract.

An entity is still required to conduct an [IP needs analysis](#) to determine whether the Commonwealth should retain IP ownership (for example, the Commonwealth might need to retain IP ownership to ensure the IP is licensed under open source terms or for reasons of national security). However, an entity's starting position in its analysis is to be the default position described above.

Importantly, if an entity adopts the default position, the position is to be conditional on the supplier granting the Commonwealth a perpetual, irrevocable, world-wide (if required), royalty free, fully paid up licence to all rights normally accompanying IP ownership (including a right to sub-license but excluding a right of commercial exploitation) in the developed IP for government activities. Where the supplier is not willing to agree to the whole-of-government licence, the supplier should not retain ownership of the IP and a contractual negotiation process should occur to determine IP rights.

The exclusion of a right of commercial exploitation should not be regarded as extending to circumstances where an entity seeks the services of another ICT supplier to modify, enhance or further develop the software for the entity for government purposes on commercial terms.

The Commonwealth's ability to sub-license the developed software does not extend to sub-licensing the IP to non-government or government entities for commercial exploitation. The sub-licence only extends to non-commercial use of the developed software for government activities.

It is for an entity to determine when use of the developed software is for 'government activities'. However, 'government activities' should be regarded as extending to include circumstances where an entity decides to share its developed software with a State or Territory Government.

### Application of the policy

The policy is contained in the Intellectual Property Principles for Commonwealth Entities (Statement of IP Principles—see Principle 8(a)) which applies to entities subject to the PGPA Act. For CC entities, as with the Statement of IP Principles generally, these entities may consider the new policy an expression of good practice.

The policy applies to ICT contract negotiations starting from 1 October 2010. It does not have retrospective application. Accordingly, the policy does not apply to ICT procurement contracts negotiated and finalised before 1 October 2010, or to contract negotiations which were commenced prior to 1 October 2010 but which have not yet been finalised.

### Scope of the policy

The following are excluded from the scope of the policy:

- IP in government off the shelf (GOTS) products. The policy is only directed towards bespoke ICT IP the development of which an entity has outsourced to an ICT supplier
- IP in ICT products that is governed by open source licences, and
- IP that includes or contains personal information.



## ICT procurement contracts only

The Government's policy centres on procurement contracts only. Contracts, such as employment contracts, are not covered by the policy. For example, the policy does not apply to a situation where an entity intends for its employees to develop software 'in-house'. The policy is directed at external ICT providers to the Commonwealth and applies where an entity 'outsources' the development of software.

However, even if an entity outsources development of software, an entity may still rely on one of the exceptions (such as national security or law enforcement purposes) to own the IP in the developed software where necessary.

## Relying upon an exception—the Commonwealth retains IP ownership

An entity's starting contractual position should be the default position established by the policy. However, if there are exceptional reasons, then an entity may enter the procurement negotiations with a view to retaining IP ownership in the developed software. Principle 8(a) provides a non-exhaustive list of reasons where it may be necessary for the Commonwealth to retain IP ownership. When evaluating whether to depart from the default position, entities should also take into account any Government policies that relate to how an entity should determine IP ownership in relation to ICT IP or IP generally.

## Australian Government ICT contracts

In SourceIT Plus, three models for ownership of intellectual property rights in the Contract material are set out.

Under the first model the Contractor owns the intellectual property rights in the developed software, associated documentation and associated tools (DSC material) and the Customer owns the intellectual property rights in the remaining Contract material. Accordingly the Contractor provides a licence to the Customer to use the DSC material, and the Customer provides a licence to the Contractor to use the remaining Contract material. Under the second model, the Customer owns the intellectual property rights in all of the Contract material and provides a licence to the Contractor to use the Contract material. Under the third model, the Contractor owns the intellectual property rights in all of the Contract material and provides a licence to the Customer to use the Contract material. Users are to select a model through the Contract details. If no model is selected, the first model will apply. The first model is not, however, intended to represent a default position. The Customer should, therefore, not rely on the position set out in the first model without conducting an IP needs analysis and considering the appropriateness of all ownership models and whether other ownership and licensing models would be more suitable.

## Open source and other software licences

Open source software (OSS) refers to software programs which have source code which is freely available for use, copy, modification and redistribution by users subject to the conditions of the open source licence.

Open source licences are generally not concerned with how users use the software, such as the mode or scale of the usage. The focus is on redistribution of the software and continued access to source code. There are many licensing schemes for OSS. The two main categories are:

- attribution-style licences, and
- copyleft licences.



## Attribution-style licences

Attribution licences (such as the Berkeley Software Distribution (BSD) licence, or the MIT licence) confer rights for developers to take OSS and use it within other software. Works based on the OSS may be released under a proprietary licence. However, any copyright and licence references must be kept intact and statements must be added to acknowledge the software from which the work was derived. This facility may result in situations where attribution licensed software is embedded within proprietary software used by entities.

A copy of the BSD licence is available on the [Open Source Initiative website](#).

## Copyleft licences

Copyleft licences (such as GNU General Public Licence (GPL)) allow the user to make exact or modified copies of the software, provided that, if the user redistributes the software, they do so under GPL conditions, including:

- a copy of the licence must be distributed with the software
- a copy of the source code must be included with any distributed copies
- any modifications made to the software must be identified and documented, and
- any modification of the software made available to a third party must be made openly available under the same terms which the original licence was granted.

A copy of the GPL is available on the [GNU Operating System website](#).

OSS licensing is a complex expert area, which is constantly evolving. It is recommended that expert advice be sought when considering entering into OSS licences. Guidance on Open Source Software for Australian Government Agencies is available from the [Digital Transformation Agency website](#).

## Examples of issues that need to be considered in OSS licensing:

Issue	Description
Ownership	<p>The copyright in most open source software is owned by the respective developers. It is usually the case that an OSS has many contributing authors and thus potentially many different copyright owners.</p> <p>Due to the nature of OSS, it is unrealistic for an entity to insist upon ownership of OSS in a procurement situation.</p>
Compliance with OSS licences	<p>There are many types of open source licences which add to the complexity and risks in observing licensing conditions.</p> <p>It is important that entities understand and ensure compliance with every product licence used within their organisations, including OSS.</p>

## Using and redistributing OSS

Open source software may be economically practical and present opportunities for potential cost savings. However, when procuring open source software from the community to further develop it for the entity's own functions, it is suggested that consideration be given to whether using such licences is beneficial and appropriate for its purpose.

The table below provides a quick reference to help entities understand the conditions of different types of OSS licences:



## Quick reference guide for licence conditions applying to different types of OSS licences

Action to be taken with OSS	Licences available and remarks	Examples
Do not plan to modify source code	All OSS licences allow for this scenario. The entity can proceed regardless of what OSS licence the product was originally under.	GPL, BSD, Mozilla Public Licence, MIT Licence, LGPL
Plan to modify source code and do not plan to distribute the modified product	All OSS licences allow for this scenario. The entity can proceed regardless of what OSS licence the product was originally under.	GPL, BSD, Mozilla Public Licence, MIT Licence, LGPL
Plan to modify source code and distribute within the Australian Government	All OSS licences allow for this. As the Commonwealth is a single entity, making modified versions available does not amount to redistribution that may trigger obligations under some copyleft licences. However, distribution to entities that are independent legal entities would trigger such obligations.	GPL, BSD, Mozilla Public Licence, MIT Licence, LGPL
Plan to modify source code and distribute beyond the Australian Government as an OSS	All OSS licences allow for this scenario. However, some OSS licences require the entity to make the modified source code available to others and communicate changes back to the source under certain conditions.	GPL, BSD, Mozilla Public Licence, MIT Licence, LGPL
Plan to modify source code and distribute beyond the Australian Government as a proprietary product	The entity cannot use OSS licences that contain a clause mandating open release of modified code in perpetuity.	BSD, MIT Licence
Plan to link OSS with internally developed code and distribute beyond the Australian Government as proprietary product	Cannot use OSS licences that contain a clause mandating open release of modified code in perpetuity.	BSD, MIT Licence

Source: Adapted from Department of Finance, A Guide to Open Source Software for Australian Government Agencies, 2005.

For more information on issues relating to OSS, see [A Guide to Open Source Software for Australian Government Agencies](#).



### ‘Shrink wrap’ licences or ‘click wrap’ licences

The term ‘shrink wrap’ licence derives from the shrink wrap plastic wrapping used to coat software boxes. ‘Click wrap’ licences refer to licence agreements in software which are downloaded or used over the Internet. A user is generally considered to accept shrink wrap licence terms when the packaging of purchased software is opened or click wrap licence terms when software is downloaded from the Internet. Acceptance of these licences by individual officers raises issues of authority.

For good practice, entities should have mechanisms in place to regulate the ability of staff to download software from the internet or to purchase and install off the shelf software.

#### Example

The Defence IP Policy 2003 provides that:

A Defence employee should not download freeware or shareware software from the Internet or use software purchased over the counter during Defence time and/or using Defence assets without first seeking an appropriate Delegate’s advice on the impact of acceptance of such licensing terms and obtaining written approval to commit Defence to the licence.

Source: Adapted from Defence, Developing and Sustaining Defence Capability: Defence IP Policy 2003.

### Model contract clauses

Model contract clauses have been designed by a working group of entities, the Attorney-General’s Department and the Departments of Finance and Industry, Innovation and Science, to assist entities to implement the policy. The clauses are ‘model’ and may, in certain parts, be adapted or tailored by an entity to suit its procurement contract templates. The clauses are only a snapshot of a procurement contract and therefore are likely to require tailoring to suit an entity’s contract template.

Please contact [copyright@communications.gov.au](mailto:copyright@communications.gov.au) to request a copy of the model contract clauses.

#### Additional terms to the model contract clauses

It is for an entity to determine whether to negotiate additional terms, including pricing concessions, discounts or free access to upgrades, enhancements and new products based on the original or commercial version of the developed software.

#### Optional clauses

The model contract clauses also contain some suggested ‘optional’ clauses. It is for an entity to determine whether to include these clauses in its negotiations. For example, some of the optional clauses (such as the clauses on warranties) may already exist elsewhere in the contract and therefore may not be required.

Clause 7 contains the optional expression ‘world-wide’. Entities should include this term if it is necessary for their use. For example, the term may be necessary where the software needs to be used at an overseas Australian embassy.

An optional clause for ownership of IP by the Commonwealth has not been included in the model contract clauses. If this option is selected for exceptional reasons, entities should use existing template clauses for this purpose, in consultation with their legal advisers.



## Definitions used in the model contract clauses

Many of the definitions used in the model contract clauses are based on definitions used in the Digital Transformation Agency's [SourceIT model contracts](#). Accordingly, an entity may determine that some of the definitions in the model contract clauses need to be adjusted to suit the entity's internal contract templates.

However, there are certain key terms used in the model contract clauses that an entity should avoid altering as they have been carefully drafted to reflect the scope and nature of the policy.

These terms are:

- **Entity**—This definition has been deliberately limited to entities subject to the PGPA Act. This is because the new policy is part of the Statement of IP Principles and the Principles only apply to these entities. Corporate Commonwealth entities may consider principle 8(a) to be an expression of good practice in IP management and may apply the principle to their negotiations and contract templates as they determine to be appropriate.
- **Associated Documentation and Associated Tools**—These definitions are designed to ensure that the Customer receives adequate documentation and tools to allow the developed software to be properly used and for it to function properly.
- **Developed Software**—This term should not be replaced with 'foreground IP'. The policy is deliberately limited to the supplier ('Contractor') receiving ownership of the IP in the developed software only.
- **Commercial Exploitation**—The Government determined that the licence to the Commonwealth from the supplier is not to include a right of commercial exploitation for the Commonwealth. However, this does not prevent an entity from renaming the expression 'commercialisation', instead of 'commercial exploitation' as long as the essential definition remains unchanged.
- **Software and Tools**—These definitions ensure the ability for the Entity and the Commonwealth more broadly to use the Contractor's software and tools if needed to allow the proper functioning of the developed software.

The terms Contract, Harmful Code and Open Source Licence are based on, or taken from, the Department of Finance's SourceIT model contracts and may be varied as required by the entity.

## References to 'Commonwealth'

The references to 'Commonwealth' throughout the clauses reflect the scope, extent and nature of the policy. An entity needs to receive a licence for the Commonwealth (not just the Entity) to use the developed IP. Accordingly, the references to 'Commonwealth' in the model contract clauses are deliberate.

## References to 'Customer'

The references to 'Customer' in the model contract clauses are intended to clarify when clauses specifically relate to the contracting entity rather than any entity that is subject to the PGPA Act. For example, see clause 5—provision of associated documentation.

However, there are other instances in the model contract clauses where it is necessary to make clear that the clause specifically relates more broadly to entities subject to the PGPA Act. For example, see clause 12 (no obligation to receive support, maintenance, etc. or other services from the Contractor) and clause 13 (ability to rely on licence to Commonwealth even if the entity is not party to the contract).



## Terms of the licence to the Commonwealth

An entity should not modify the terms of the licence to the Commonwealth from the supplier in clauses 7–13 as the terms reflect the scope of the policy.

## Definition of ‘use’

The word ‘use’ in clause 7 (‘any use for government activities’) is intended to cover a broad range of activities, including copying, reproduction, adaptation, modification, enhancing, distributing, communicating etc. It should not be restricted in scope.

An entity may replace the word ‘use’ with a more detailed list of the permitted activities if it considers it necessary.

## Why has a definition of ‘intellectual property’ not been included in the model clauses?

Since the model contract clauses only reflect part of the entire procurement contract or agreement that an entity will be using, IP may be defined elsewhere in the entity’s contract template.

## Why are the words ‘all relevant intellectual property’ used in clause 2?

The expression ‘all relevant intellectual property’ is used in clause 2 because not all types of intellectual property may be relevant (for example, ‘circuit layouts’).

Only intellectual property rights relevant to the Developed Software, Associated Documentation and Associated Tools are to be covered in the licence.

To avoid ambiguity or debate between contracting parties as to the intellectual property rights covered in clause 2, entities should clearly identify what constitutes the Developed Software, Associated Documentation or Associated Tools in their contract. The contracting entity is in the best position to do this. In doing so, an entity may redraft the phrase ‘all relevant intellectual property rights’ to be more specific if the entity considers it necessary.

## Source code and the definition of ‘Developed Software’

To ensure an entity’s ability to use and further develop the source code for the developed software, the definition of ‘Developed Software’ has been defined to include ‘source code’.

## What is the difference between clauses 4 and 15?

Clause 4 states that the Contractor needs to provide the Customer with the Developed Software, Associated Documentation and Associated Tools that have been created by the Contractor in relation to the Developed Software, at a certain point. This is necessary to allow the Customer and other entities that rely on the licence to be able to use the software and to ensure the developed software functions.

Clause 15 centres on the situation where there are Tools that have not been created by the Contractor specifically in relation to the Developed Software but the use of the Tools is necessary to allow an entity to rely on the licence provided to the Commonwealth.

## The requirement to provide up to date Associated Documentation (clause 5)

Clause 5 provides that the Contractor is to provide the Customer with up to date Associated Documentation that allows the Customer to make full use of the Developed Software.





This clause does not create an obligation for the Contractor to ‘update’ the Associated Documentation throughout the life of the Developed Software. Rather, clause 5 is only directed at the initial or first occasion when the Contractor provides the Associated Documentation to the Customer. The clause is intended to ensure the quality of the material provided to the Customer so that the Developed Software may be used by the Customer.

### Clause 18—open source software

This optional clause is based on the open source software clause contained in the SourceIT model contracts. An entity may determine whether it is necessary and / or needs to be modified.

### Clause 19—software warranties

Similarly, this clause is based on clauses from the SourceIT model contracts and if an entity chooses to retain the clause, it may be modified as necessary.

## IP in Research and Development Agreements

Generally, research is funded via a grant rather than procurement. General information about IP in grant agreements can be found below at [IP in grant agreements](#).

### National Principles of IP Management for Publicly Funded Research

The [National IP Principles for Publicly Funded Research](#) were developed to ‘improve the commercial outcomes from publicly funded research where a commercial outcome is appropriate.’ The Principles emphasise the intention of relevant entities to support research in the national interest without insisting upon direct ownership of IP or benefits from commercial outcomes of the funded research. The Principles encourage research institutions to develop policies relating to the ownership, protection and exploitation of IP as addressed in this Manual. Entities engaged in R&D should be aware of these Principles.

### IP issues in R&D contracts

There are a number of agreements that frequently arise in R&D scenarios which have IP implications. Two common types are:

- material transfer agreements, and
- collaborative research agreements.

It is recommended that specific advice be sought on such agreements. Additionally, entities are reminded that where the Government retains rights in IP these must be protected and exchanged for fair market value (see Chapter 10 on [International Law obligations](#)).

The following is intended only as a brief overview of some relevant issues.

### Material transfer agreements

A material transfer agreement (‘MTA’) is a contract defining rights and obligations when materials are transferred from one organisation to another. The transferred materials will generally be used by the recipient for research purposes only. Biological materials such as cell lines, plasmids and vectors are the most frequently transferred materials. MTAs may also be used for the transfer of other materials, such as chemical compounds and software. The following checklist highlights some issues that will generally need to be addressed in a MTA.





## IP issues that needs to be addressed in a MTA include

Issue	Description
Confidentiality	Generally, the MTA should provide that any confidential information exchanged between the parties is to be kept confidential.
Pre-publication approval	The MTA should ideally impose a review period for the researcher's manuscripts, abstracts or public presentation so that any patentable inventions may be protected prior to publication.
IP ownership and licensing of resultant IP	It is recommended that the MTA clearly define allocation of IP rights in the existing material and those generated in the course of research using the materials. IP ownership by the provider of materials may impact on future research building on the IP generated using the materials.
Definition of material	Some MTAs define the material to include modifications or derivatives made from the materials. If the provider also claims ownership to the modified materials, the provider could own the research results of the recipient. This will impact on the recipient's further research.
Conditions for using the material	MTAs usually require that the materials are: only be used for a purpose defined in the MTA, and not used in research sponsored by another party (so that the other party has no claim on any resultant IP).

## Collaborative research agreements

Collaborative research can take many forms, ranging from a simple research program between two organisations to complex interdependent projects by a consortium of research institutions and commercial entities.

A collaborative research agreement ('CRA') defines the terms on which the research will be undertaken. IP issues such as confidentiality and pre-publication approval as discussed above will generally need to be covered in the CRA.

## IP issues that may need to be addressed in a CRA include:

Issue	Description
Confidentiality	Generally, the CRA should provide that any confidential information exchanged between the parties is to be kept confidential.
Pre-publication approval	The CRA should ideally impose a review period for the researcher's manuscripts, abstracts or public presentation so that any patentable inventions may be protected prior to publication.
Background IP and Third Party IP	It is recommended that the CRA define and address: ownership of all background and third party IP, and licensing options of background and third party IP if appropriate.



Issue	Description
Project IP	<p>The CRA will generally need to specify:</p> <ul style="list-style-type: none"> <li>• ownership of any Project IP</li> <li>• licensing of Project IP (if any)</li> <li>• options to licence (if any)</li> <li>• who has the responsibility to manage and protect Project IP, and</li> <li>• who is responsible for paying for IP protection?</li> </ul>

## IP in grant agreements

Government grants are a significant feature of public sector administration. A grant is an arrangement for the provision of financial assistance by the Commonwealth:

- under which public money is to be paid to a recipient other than the Commonwealth
- which is intended to assist the recipient achieve its goals
- which is intended to promote one or more of the Australian Government's policy purposes, and
- under which the recipient may be required to act in accordance with any terms or conditions specified in the arrangement.

An essential component of effective grant administration is a well-drafted grant agreement, which clearly defines the roles and responsibility of the granting entity and the grant recipient. Conditions imposed by an entity will vary according to the purposes of the grant program. The fundamental objective of grants administration is to manage the provision of Australian Government money to approved recipients in a way that is efficient, effective, economical and ethical and is not inconsistent with government policy outcomes.

Typically, an entity may require a grant recipient to provide deliverables such as reports of their activities and proper accountability for the expenditure of the funds. Similar to procurement, when administering grants, it is recommended that relevant IP issues be addressed in the grant application process and grant agreement. The advice provided earlier in this chapter relating to procurement is equally applicable to grant agreements. More specific information relating to IP in grant agreements is below.

### Ownership of government IP

In general, grant agreements assert that any entity background IP remains the property of the entity and the grant recipient is usually licensed to use the IP for purposes of the grant project only.

### Ownership of project IP

Ownership of IP resulting from activities undertaken with the benefit of grant money will generally be allocated taking into account all relevant issues, such as the:

- purpose of the grant
- amount of existing IP contributed by the grant recipient
- extent of contribution (in monetary and other terms) by the grant recipient to the development of Project IP
- extent to which imposing ownership will operate as a disincentive to the effective use or commercialisation of the Project IP, and
- benefits to the public by imposing ownership conditions on the Project IP.



The entity should generally not assert ownership of the Project IP, but may consider requiring the grant recipient to give the entity a royalty-free licence to use that IP. If any third party IP is involved in the use of the Project IP, the entity may need a licence to use the third party IP as well.

### Conditions attached to use and exploitation of Project IP

Entities may require grant recipients to use and exploit Project IP in accordance with conditions that comply with the purposes of the grant, such as:

- to use, exploit and commercialise Project IP for the benefit of the Australian public, or
- to ensure that ownership of Project IP remains in Australia.

Other conditions in a grant agreement may include:

- obligations to manage and protect Project IP
- regular submission of reports describing the status of Project IP
- consent from the entity to deal with Project IP, e.g. commercialisation and disposal
- acknowledgment of the Government's contribution in published documents or products
- rights of the entity to audit the records of the recipient, and
- a right to terminate the grant, if the conditions such as those relating to Project IP are breached by the grant recipient.

### Example IP Needs Analysis Table—Grant agreement

\*Insert additional recipients if more than one.

#### Project [XXX]: Intellectual Property Needs Analysis

Project name: [Insert project name]

Short description: [Insert short description or overview of the project and its goals]

Entity inputs	Description of inputs	IP in inputs	IP category	Entity use and needs for Inputs	Broader Government needs	Type of rights required
1						
2						
3						

Recipient inputs	Description of inputs	IP in inputs	IP category	Entity use and needs for Inputs	Broader Government needs	Type of rights required
1						
2						
3						



Outputs	Description of inputs	IP in inputs	IP category	Entity use and needs for Inputs	Broader Government needs	Type of rights required
Deliverable 1						
Deliverable 2						

## Chapter 8. Using the IP of another party

### What this chapter covers

Government entities may sometimes need to use the IP of other parties in Government projects. This chapter provides guidance on how to:

- identify the IP of other parties when planning Government projects
- identify ownership of the IP, and
- access the identified IP ethically.

It also outlines some methods for avoiding infringement of others' IP and what to do if an infringement claim is made against the entity.

In most circumstances, copying by entities will be covered under the statutory licences referred to later in this chapter ([see special rules for Commonwealth use of copyright works](#)). However, it is important that consideration be given to the material being used and whether a licence applies to that form of copying.

This chapter focuses on Government projects conducted internally within an entity. It does not deal with IP in procurement arrangements or where an external party has primary responsibility for the project—although the concepts may still be relevant. Refer also to information in Chapter 7—[‘Dealing with IP involving procurement and grants’](#).

#### Agencies conducting R&D Projects

It is particularly important for agencies conducting R&D projects to consider IP issues early in project planning. Doing so will help ensure the entity:

- benefits from the existing state of knowledge available in the patent and non-patent literature and does not repeat work already undertaken by others
- does not use, without authorisation, tools or technologies in the project which are the subject of IP rights, and
- does not produce results which are unable to be exploited because of IP limitations on the entity's 'freedom to operate'.

Considering IP in project planning may include incorporating an appropriate search of published patents as part of the initial literature review (see 'Performing patent searches').

### Why consider IP in project planning?

Occasionally an entity's projects may involve the use of other parties' materials or technologies. Use of those materials and technologies by an entity generally requires the authorisation of their owners. For example:

- providing the information of a third party to the public in a fact sheet
- reproducing a photograph on an entity's website
- uploading music on an entity's website.



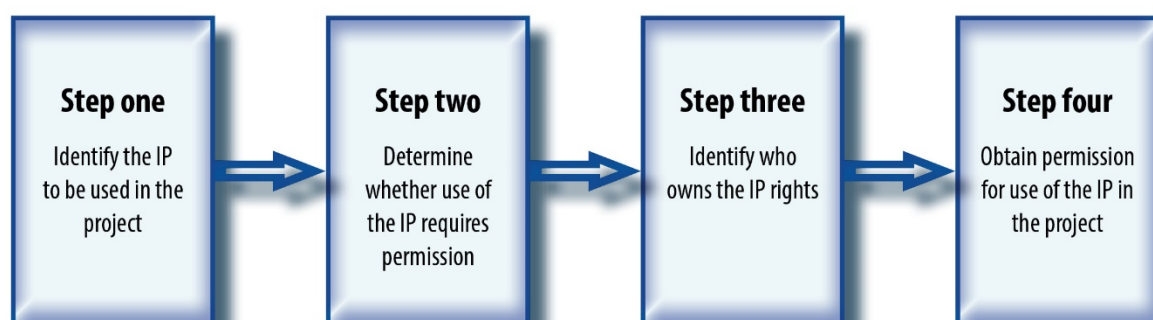
In such cases, it is important that IP rights are considered when planning a project. A failure to address IP rights at an early stage may result in damage to the reputation of the Australian Government as a model citizen. Early consideration of IP rights can assist in avoiding:

- delay or an inability to complete the project if IP rights are unable to be acquired
- an inability to use the results of the project in the manner required or at all
- an increased risk of infringement, or
- a claim which prevents implementation of the project or seeks compensation.

## Obtaining permission to use IP in a project

The diagram below outlines a process to determine whether it is necessary to obtain permission to use another party's IP in a Government project and how to obtain that permission.

### Steps involved in obtaining IP permission from other parties



### Step 1: Identifying the IP to be used in the project

As part of the planning of a project, an entity should identify:

- all materials, technologies or information to be used in the project
- the purpose for which these are needed and how they are to be used, and
- the type of IP that may exist in them.

See [Chapter 2](#) for information about the different types of IP. The description of the IP needs analysis in the '[How to determine a preferred IP position](#)' in Chapter 7 may also be useful.

An example document for the following stages is set out at the end of this section. This may be a useful template for entities undertaking this process.

### Step 2: Determining whether use of the IP requires permission

Once the IP and the purpose for which it is needed in a project have been identified, entities should consider whether permission will be required for use of that IP.

Not all use of another party's IP will require permission or an express consent. For example, some use of copyright material may be authorised under the [Copyright Act](#). See the section 'What are the exceptions for copyright infringement?' in [Chapter 2](#), or if the use is covered by a statutory licence—see the section '[Special rights of Government to use the IP of others](#)' later in this chapter. Some material may be published with a copyright statement that allows use provided certain conditions are met (see '[Use of a copyright notice and the © symbol](#)' in Chapter 5 for examples).

The description of each IP type in Chapter 2 will assist in making an initial assessment as to whether permission to use may be required for the purpose intended. Material created entirely within the entity by entity employees will usually not require any further permission.

Consideration of the use of IP in a country other than Australia may require consideration of any geographical constraints on any authorisations which apply to use of that IP.

#### IP owned outside Australia and not subject to registration in Australia

IP owned outside Australia or subject to foreign IP laws may be protected in Australia and require the consent of the owner to use it. The following table provides some guidance on whether consent may be needed for use of foreign IP (assuming there is no equivalent IP right registered in Australia).

#### Whether use of IP owned or registered in a country other than Australia requires permission for use of that IP within Australia

Type of IP	Permission required
Copyright	Use of foreign copyright works will usually require permission (apart from any special rights of Government to use third party material).
Trade marks	Consent is unlikely to be required where a foreign trade mark is not registered or otherwise known in Australia. If known in Australia, the law of passing off may apply requiring permission or at least further consideration.
Patents	Patent rights are territorial in nature. The use of an invention claimed in a foreign patent does not require permission.
Designs	Designs rights are territorial in nature. The use of a foreign registered design does not require permission.
Plant Breeder's Rights	PBRs are territorial in nature. The use of a plant variety registered in foreign countries does not require permission.
Circuit layouts	Use of circuit layouts made or originating from some foreign countries may require permission—see the <a href="#">Attorney-General's Department website</a> for further information.

An entity should always take a cautious approach in determining whether use of IP requires consent. Specialist legal advice is strongly encouraged where there is doubt.

### Step 3: Identifying who holds the IP rights

Where it has been determined that permission to use certain IP may be required, steps need to be taken to identify the owners from whom consent is needed. In many cases this is a straightforward task, but occasionally further investigations will be required. This section provides some assistance on how the holders of the rights may be identified.

#### Special note re: copyright

Agreements negotiated on behalf of all Commonwealth entities cover some Government uses of third party copyright in printed material and broadcasts. This removes the need to identify the copyright owner and seek permission. See the section [Special rules for use of Copyright Works](#) below.



### Searching on registers and databases

A search of relevant IP registers and databases may help identify the owners of IP rights in registered IP such as patents, trade marks and registered designs. IP Australia maintains a list of searchable databases for Australian patents, trade marks, designs and PBRs on the [IP Australia website](#).

Access to the registers is generally free. If the owner of IP is an Australian company or business and the business name or company name is known, then further information may be available from the [Australian Securities & Investments Commission \('ASIC'\) website](#). Telephone directories may also be useful.

There are no searchable databases for non-registrable IP, such as copyright and circuit layout rights. The owners' non-registrable IP needs to be identified by other means.

As there is no formal registration process for copyright, sometimes trying to locate the owner can be difficult. In the event that all possible attempts to make contact or locate the owner of the copyright have failed, a notice of use of copyright material for the services of the Crown may be posted in the Government Gazette. More information regarding the conditions of this notice can be found in Regulation 124 of the [Copyright Regulations 2017](#).

### Markings and notifications

In some cases products protected by IP include markings or notifications on the packaging or the product itself identifying the holder of the IP rights. Although such markings and notifications are not required, it is a relatively common method used by IP owners to notify users of the owner's rights. For example, the name of the owner of copyright in a publication or website content usually appears on a copyright notice that is included on, or linked to, the publication or website.

If registration numbers are given in the notification (e.g. for patents), you may search the relevant IP database to identify the owner of the IP and ascertain the extent of protection.

### Other means of identifying a copyright holder

Where material is not the subject of an agreement with declared societies, or where significant uses are proposed to be made of copyright protected materials, such as exhibitions, and production of catalogues etc. and for which it is desired rights be specifically negotiated, there are a number of other methods by which the copyright owners may be identified. These methods are described in the table below.



## Methods to assist with identifying copyright owners

Subject matter	Links
Published works/ Books	<p>Copyright collecting societies such as Copyright Agency may be able to assist in contacting the copyright owner through the <a href="#">Copyright Agency website</a>.</p> <p>Most publishers will be able to grant permission to use the copyright materials. Contact the <a href="#">Australian Publishers Association</a> through its website.</p> <p>The <a href="#">Australian Society of Authors</a> may be able to assist with contacting an author who is member of that society.</p> <p>Some libraries (e.g. State Library of NSW) have special services to assist with obtaining copyright permissions.</p>
Newspapers and magazines	<p>The <a href="#">Media, Entertainment and Arts Alliance</a> (MEAA) provide information about contacting journalists.</p> <p>The <a href="#">Australian Institute of Professional Photography</a> may assist with contacting photographers.</p>
Plays and other dramatic works	<p>If the work is a screenplay or has been filmed, the producer may be able to grant permission for use, or may provide contact details of the copyright owner.</p> <p>The <a href="#">Australian Writers' Guild</a> may be of assistance in finding the copyright owner for this type of work.</p>
Visual arts, crafts and photographs	<p>If the work is held in a museum or gallery, the museum or gallery may be able to authorise use, or be able to provide assistance in contacting the copyright owner.</p> <p>A licence from the <a href="#">Visual Artists' Collecting Society</a> (VISCOPY) may be granted for the reproduction of artistic works from Australia or overseas. (Note that Viscopy merged with the Copyright Agency on 30 November 2017).</p>
Music and sound recordings	<p>The <a href="#">Australasian Performing Right Association and Australian Mechanical Copyright Owners Society</a> (APRA AMCOS), may be able to assist with the search for the copyright owner, as well as with the particular licences required for the use.</p>
Music and sound recordings	<p>The <a href="#">Phonographic Performance Company of Australia</a> (PPCA) may be able to assist with the search for a record company that owns the copyright in a sound recording.</p>
Films, TV programs, DVDs and videos	<p>For films owned by the Government, Screen Australia is the first point of contact. Visit the <a href="#">Screen Australia website</a> for more information.</p> <p><a href="#">Screenrights</a> may also be able to assist with identifying a copyright owner.</p> <p>To screen a film in public, contact distributors or organisations which supply films and videos for public screening. Screen Australia provides a list of distributors on the <a href="#">Screen Australia website</a>.</p>
Software and computer games	<p>The Business Software Alliance ('BSA') represents Australian and international software developers and distributors, and may be able to assist with contacting a particular developer. Further information is available on the <a href="#">BSA website</a>.</p> <p>The <a href="#">Interactive Games and Entertainment Association of Australia</a> may also assist with interactive games.</p>



## Step 4: Obtaining permission for use of the IP

It is always good practice to seek permission to use another party's IP before anything has been done that might potentially infringe the rights of the owner.

Authorisation to use another party's IP may require a licence directly from the owner or through an agent, such as a copyright collecting society. Whether this is a straightforward or complex process will depend upon the nature of the use and the type of IP.

For a number of reasons it may not be possible to obtain authorisation in some circumstances. At other times authorisation may be refused, be subject to payment of a fee, or negotiation of appropriate licence conditions could take a long time. Early action will give an entity the best possible opportunity to overcome any obstacles, or, if authorisation is not obtained, find alternative solutions.

This section focuses on obtaining permission in the context of copyright as that is the form of IP most likely to be of interest to the majority of entities. The issue of sharing copyright between Commonwealth entities is covered in Chapter 9 '[Sharing and granting public access to IP](#)'.

## What permission is required?

The nature of the use of the material will determine the type of authorisation required. For example, a licence for use of material for free distribution to a particular group of students will be different from a licence to include it in a product that is to be publicly sold across the country, or around the world. In each case, it is important to ensure that the authorisation sought is sufficient for the intended use.

It may also be necessary to gain moral rights consent where there is an expectation that the material will be changed by someone other than the creator or used in a way where the creator will not necessarily receive credit for the work. Refer to the section on moral rights in Chapter 2 for further information.

## How to obtain the permission

Entities can access third party copyright materials, using several different mechanisms:

- use the materials in accordance with the copyright notice attached to the work (if applicable)
- access the materials through a statutory licence
- enter into an agreement with a collecting society
- deal directly with the holder of the copyright, or
- in some circumstances, rely on special rights under the [Copyright Act](#) provided to government.

These approaches are discussed in detail below.

## Copyright notices

Copyright material is often published with a copyright notice which sets out the conditions under which the materials can be used. Provided the conditions of the copyright notice are met, the user does not need to contact the holder of the copyright. This form of permission is commonly used to allow non-commercial use of material. See the section '[Use of a copyright notice and the © symbol](#)' in Chapter 5 for more information on copyright notices and other similar forms of copyright permission.

Digital Rights Management ('DRM') is an extension of the concept of a copyright notice. Access to IP that is subject to DRM, will generally require agreement to the terms and conditions of the licence as set by the content owner. The obligations imposed by the licence should be carefully considered before being agreed. See the section '[Digital Rights Management, metadata and technological protection measures](#)' in Chapter 5 for further information.



## Special rules for Commonwealth use of Copyright Works

The Commonwealth has a broad statutory licence under s183 of the [Copyright Act](#) which allows it to use third party copyright material without first needing to seek permission, provided that the acts comprised in the copyright are done ‘for the services of the Commonwealth’. There is an obligation to notify the copyright owner, unless it is contrary to the public interest to do so, and agree on terms for using the material. Such agreement can be made either before or after the material is used.

### Declared collecting societies

Where a collecting society has been ‘declared’ in respect of Government copying, the Commonwealth must pay equitable remuneration to that society based on a sampling system of use. There are two declared collecting societies, the Copyright Agency and Screenrights.

Many Australian Government departments and entities are covered by agreements with both declared collecting societies.

The agreement with Copyright Agency covers the reproduction of text, artworks and music (other than material including in sound recordings or films). The Copyright Agency agreement also contains limited provisions for the electronic communication of copyright material. However, Copyright Agency has not been declared under the Act to collect for that use.

The agreement with Screenrights (formerly Audio-Visual Copyright Society Ltd) covers the Government’s copying of audio-visual material. This covers sound and television broadcasts, and any sound recordings, cinematograph films or other works contained in such a broadcast. It does not extend to films or recordings that are copied from DVDs or CDs.

The above activities must be done for the services of the Commonwealth. There is no definition of what the phrase services of the Commonwealth means. However, as a general rule, an act comprised in copyright will be considered to be done for the services of the Commonwealth if it is:

- done as part of normal working duties
- linked to a function of the Department or entity, or
- related to a responsibility granted to a Department or entity by the Administrative Arrangement Orders, a Cabinet decision, or similar.

See ‘[What is the ‘Crown’ for purpose of copyright?](#)’ in Chapter 2 for further information about what constitutes the Commonwealth.

For further information regarding these agreements with Copyright Agency and Screenrights, or to confirm whether they apply to your entity, please contact:

Copyright Law Section  
Content and Copyright Branch  
Department of Communications and the Arts  
Phone: 02 6271 1000 (Switchboard)  
Email: [copyright@communications.gov.au](mailto:copyright@communications.gov.au)

### Other collecting societies

Agreements may be entered into with other collecting societies for copyright material not covered by Copyright Agency and Screenrights. An agreement with the Australasian Performing Rights Association (‘APRA’) may cover music performances by that entity, including the playing of music for the benefit of staff (with the exclusion of special events). The Attorney-General’s Department’s former agreement is available for use as a model by other entities. Contact the [Department of Communications and the Arts](#) for more information. See ‘[Other means of identifying copyright holders](#)’ above, for a list of other collecting societies in Australia.



## Dealing with the copyright owner directly

Consent from the copyright owner should be obtained directly where the use of the copyright material is not administered by Copyright Agency or Screenrights, or an agreement with other collecting societies such as APRA.

Examples of uses not covered by the Copyright Agency, Screenrights or model APRA agreements:

- reproducing sound recordings or computer software
- publishing previously unpublished text, or
- communicating copyright material to the public (by email or via the Internet).

For information about granting access to others to use an entity's IP, see Chapter 9 '[Sharing and granting public access to IP](#)' and Chapter 10 '[Commercialisation of Government IP](#)'.

## Special rights of government to use the IP of others

In addition to the use of copyright material under the terms of the statutory licences discussed above (e.g. agreements with declared collecting societies in the case of copyright), Commonwealth entities do have greater rights to access and use IP than other users and, in particular, may have the right to use another party's IP without permission from the rights holder. These rights, commonly called 'Crown Use' are specified in the legislation for some types of IP. Refer further, [Chapter 2](#).

In general, Crown Use provides that Government will not be infringing an IP owner's rights if the use is 'for the services of the Commonwealth or a State'. However, terms for that use will need to be determined between the parties. These terms (which may include compensation for the owner) are usually determined by agreement with the owner, or failing that, by one of the prescribed tribunals or courts.

The government is required to notify the owner as soon as possible of the use of their IP, unless it is not in the public interest to do so. An overview of the Crown Use provisions is set out in the table below.

### Overview of different types of Crown use provisions

Type of IP	Crown use provision
Copyright	The <a href="#">Copyright Act</a> (sections 183 and 183A) provides that the Commonwealth or a State does not infringe copyright by anything done 'for the services of the Commonwealth or a State' (but terms for that use must be determined).
Patents	The <a href="#">Patents Act</a> (section 163) provides that there will not be an infringement of a patent if the Commonwealth or a State uses an invention for the services of the Commonwealth or a State in a manner that is 'necessary for the proper provision of those services within Australia'.
Designs	The <a href="#">Designs Act</a> (section 96) provides there will not be an infringement of a design if the Commonwealth or a State uses a design for the services of the Commonwealth or a State in a manner that is 'necessary for the proper provision of those services within Australia'.



Example planning document for use of other parties' IP in a project

Project [XXX]: IP in Project Planning

Project name: To generate a new interactive fact sheet to be placed on the entity website

Material required	Type of IP	Proposed use	Consent required	IP rights holder	Consent obtained	Condition
Entity written content	Copyright	Reproduce on website	No, entity owns IP	Entity	Not required	None
Table produced by research institution	Copyright	Reproduce on website	No, see copyright notice which allows use on conditions	Research institution as per copyright notice	Not required	Use allowed for non-commercial purposes provided source acknowledged. Check that source is acknowledged in project outcomes.
Music	Copyright—sound recording	Play on website—streaming only	Yes	To be determined—contact APRA	Not yet	To be determined—contact APRA
Department photograph	Copyright	Reproduce on website	Not formally, but contact Public Relations for consent	Department	Yes, email exchange	Must reproduce metadata and acknowledgement without alteration.
Software code— to be written in-house	Copyright	Code for website pages	No	Entity	Not required	None



## Other things to consider when obtaining rights to use IP

In more complex transactions, particularly those where access to IP is to be on an exclusive basis, there are a number of other steps which may be applicable to ensure appropriate rights to use the IP are obtained. These steps include conducting 'due diligence' and ensuring appropriate warranties and indemnities are given.

It may be necessary to get specialist advice on the appropriate steps to be taken in particular circumstances.

### Due diligence

When using another party's IP, due diligence is a process of examining the IP and determining who has the authority to respond to inquiries concerning the rights in the IP. For example, receipt of confirmation from a publisher that it is the authorising party for a particular book is probably sufficient to determine that it has appropriate authority concerning rights in the book. However, if the publisher advised that it was not the authorising party for the nominated work, further investigation would be required.

A primary purpose of due diligence is to confirm the IP exists and determine its scope and strength. Other purposes are to identify the IP owner, ensure they are able to grant the entity access to the IP on the terms proposed and are otherwise able to meet their obligations. The scope, extent and cost of due diligence investigations will vary depending on the nature of the transaction.

### Warranties, indemnities and other contractual rights

In some circumstances, it may not be possible to complete a thorough due diligence investigation. For example, it may prove impossible, despite reasonable efforts, to contact the identified owner of the IP. However, a due diligence investigation is not a guarantee that all potential IP issues will be addressed. Therefore in commercial transactions it is usual practice to seek warranties from the person granting the rights to the IP. An indemnity against loss or damage arising out of use of the IP may also be sought where appropriate.

A warranty is a statement providing assurance that a stated position is true. In the context of an IP licence, a warranty generally means that the party granting the licence 'warrant' that it either owns or is authorised to license the particular IP.

#### **Examples of warranties, confirming:**

- ownership of the IP asset
- it has registered the IP and maintained all registrable rights, and
- that no third party rights are knowingly infringed either by the IP or the grant of the nominated rights.

An indemnity clause in an IP licence can provide an entity with protection against any loss that it may suffer as a result of a claim by another person that the entity's use of the IP infringes the rights of the other person.

Warranties and indemnities are a technical part of any agreement and will depend on the circumstances of the transaction. Expert advice should be sought concerning appropriate provisions to include in any agreement. For further information see the Department of Finance's [Guidelines for issuing and managing indemnities, guarantees, warranties and letters of comfort, 2003](#).



## How to avoid infringing the IP rights of others

In addition to planning projects in the manner outlined earlier in this chapter, entities may take a number of other measures to assist in respecting a third party's IP rights.

### Tips to avoid infringement of third party IP:

- Establish processes for keeping records of IP ownership as an integral part of standard record management practices—including document management systems, website content and other publications.
- Periodically conduct appropriate IP searches on registers and databases to monitor IP which may be similar to your own.
- Ensure that work created by employees and independent contractors is original, does not infringe the rights of others and is owned by the entity—verify these features in writing.
- Maintain records of entities with which the entity has non-disclosure agreements and the information disclosed under such agreements.
- Implement policies and practices for employees to ensure that they are aware of their obligations to keep information confidential.
- Periodically review software use within the entity to ensure that all installed software is properly authorised or licensed.
- Maintain detailed records of the development and creation of IP (such as trade marks, slogans, marketing materials and inventions) to demonstrate the originality of the work and the date of its creation.
- Implement a procedure to allow and encourage employees to report details of a possible infringement of another person's IP.

See Chapter 4 '[Identifying, recording and managing IP](#)' for information on record keeping.

## What to do if someone claims that the entity has infringed IP rights

Usually a claim of infringement will be received by an entity by way of a letter of demand, delivery of a writ or written court statement of claim. It is also possible that a claim might be made orally, either by telephone or in a meeting.

Entities should keep in mind that a claim of infringement may actually be a use permitted under s183 of the [Copyright Act](#), or under the statutory licences with collecting societies and this should be illuminated first. If you are unsure if the statutory licence applies, expert advice should be sought immediately.

It is important that any claim is acted upon promptly. Often letters of demand or formal court claims will have a deadline by which a response is required. If no response is made by that deadline further steps may be taken and the entity's rights may be compromised.

Usually it will be appropriate to conduct an internal investigation with appropriate expert guidance to determine whether the claim has a valid basis. Involving a legal adviser from the beginning may enable certain documents to be protected from disclosure. This protection may not exist if enquiries are undertaken without appropriate legal advice.

An inappropriate response to a claim, either in writing or orally, could jeopardise the entity's defence to the claim.



Entities may also need to consider how best to manage the risk arising from the claim. For example, Comcover or other insurers may need to be contacted. It may also be necessary to consider what the entity will do if it is prevented from using the IP.

#### What to do if someone claims that an entity has infringed their IP rights

Do	Do not
<input checked="" type="checkbox"/> Seek the advice of an IP lawyer immediately.	<input checked="" type="checkbox"/> Do not act without the advice of legal counsel.
<input checked="" type="checkbox"/> Maintain all correspondence, notes and other materials relating to the alleged infringement.	<input checked="" type="checkbox"/> Do not generally make any response to the IP owner making the claim.
<input checked="" type="checkbox"/> Conduct an investigation about the alleged infringement (with your lawyer's help).	<input checked="" type="checkbox"/> Do not admit infringement before obtaining legal advice.
<input checked="" type="checkbox"/> Check whether an insurer needs to be notified.	
<input checked="" type="checkbox"/> Consider the impact of ceasing to use the IP in question and what actions you may need to take.	

If the investigation reveals a good basis for the claim, the entity will need to discuss the best manner to resolve the claim with its legal adviser.

In some cases, the claim will have no basis. Legal advice will assist in determining the best response in these cases. Litigation may be necessary where the matter cannot be resolved amicably.





## Chapter 9. Sharing and granting public access to IP

### What this chapter covers

This chapter provides guidance for entities in:

- making IP publicly available (IP Principle 11a)
- open access licensing of public sector information (IP Principles 11b and 11c)
- sharing IP within the Government (IP Principle 12), and
- responding to requests for public access and commercial exploitation of IP (IP Principle 13) and
- accounting for commercial use and exploitation of IP (IP Principles 14 and 15).

For guidance on commercialisation of IP refer to [Chapter 10](#).

### Making IP publicly available

In May 2010 the Government released its response to the Government 2.0 Taskforce's report 'Engage: Getting on with Government 2.0'. The [Government response](#) is available at the Department of Finance website.

The central recommendation adopted in response to this report was a Declaration of Open Government including a new policy on the licensing of public sector information (PSI) in which copyright subsists. The position of an open and accessible Government is further supported by the latest amendments to the FOI Act and the establishment of the Office of the Australian Information Commissioner under the *Australian Information Commissioner Act 2010*.

Part of the Australian Government's response is to require entities to consider making PSI available under the default Creative Commons BY licence (otherwise known as an attribution licence) which is the most liberal of the Creative Commons licences. Entities are now required to make licensing decisions about whether to use Creative Commons licences (or other open content licences) when publicly releasing their PSI. Commonwealth entities subject to the PGPA Act are expected to comply with this requirement, with CC entities asked to consider this position as an expression of good practice.

When publishing material, an entity should ensure that it has the appropriate rights to the material. This may not always be immediately obvious. For example, an entity may decide that it would be desirable to publish all submissions made to an inquiry. While there might be a general understanding that submissions will be published, it is good practice for the entity to formally inform those making a submission that this is the case. Other issues may arise in relation to material acquired by an entity under the terms of a contract. For further information see '[Copyright](#)' in Chapter 2 and '[Using the IP of another party](#)' in Chapter 8.

### Open Access Licensing of Public Sector Information (PSI)

PSI can be thought of as material with the purpose of providing Government information to the public. Most PSI would be protected by Commonwealth copyright.

Implementation of the policy requires a decision to be made at the time of publication (release) about how the public, companies, other governments—both in Australia and overseas may use the copyright material. The author entity (that is, the entity responsible for creating, procuring or funding the creation of public sector information in which the Commonwealth owns copyright) is best placed to determine the use that others may make of it.



While the policy provides that the default or starting position is that PSI should be released free of charge under a Creative Commons 'BY' licence (the most liberal of the Creative Commons suite), entities should only apply the Creative Commons 'BY', or other open content licence, to particular PSI following a process of due diligence on a case by case basis.

Entities should be aware that other standard format open content licences are also available and may be used where an entity has determined that the Creative Commons 'BY' licence (or other Creative Commons licence) is not suitable for the particular material in question.

In some limited circumstances, agencies may also need to consider the use of a more restrictive, non-open content licence, which will further restrict permitted uses of the material, where it is genuinely necessary to do so in order to protect the material or the Commonwealth's interests.

In selecting an open licence for PSI in data-sets, agencies should consider whether copyright actually subsists in that data.

#### Examples of PSI for the purposes of the Government Policy

Category	Description
Text-based Publications	This includes Government reports, policy papers, budget papers, annual reports, Government produced books providing Government information, text-based information on Government websites, Hansard, Explanatory Memorandum, Parliamentary reports and official records of Parliamentary debates.
Legislation and legislative instruments	Includes Acts, Regulations and other Legislative instrument documents.
Forms of data	Provided copyright subsists in that database, it would include spatial data, statistics, data products and databases, maps and administrative data.
Audio-visual material that contains Government information	Including compact discs, DVDs and Videos.
Visual Material that contains Government information	For example, photographs included in a Government publication.
Certain material collected, preserved, and/or held by cultural institutions	Archival material that constitutes Government information.



## Examples of material unlikely to be PSI for the purposes of the Government Policy

Category	Description
Material held by cultural institutions for the value of its expression	For example, a novel subject to third party copyright ownership, an artistic work such as a painting or sculpture that was created pursuant to Government funding that has been preserved by a public institution.
Software	Creative Commons licences do not contain terms relating to the use of source or object codes. There are other open content licences specifically designed for software, these would be considered if the Commonwealth owns copyright in the software and the author entity determines that providing open access to the underlying code is appropriate. See for example the licences available through the <a href="#">Free Software Foundation</a> and the <a href="#">Open Source Initiative</a> .
Artistic works	Including paintings, drawings, sculptures and photographs exhibited as a work of artistic expression.
Confidential and private information	Including personal information.
Sensitive Material	Including material that may have national security and strategy interest implications; trade secrets; commercially sensitive information; culturally sensitive information.
Some forms of data	Those in which copyright does not subsist

Other relevant reasons for not treating material or data as PSI may include the incompleteness of material or data, such that it may be materially misleading.

The following policies and guidelines may be relevant to making publishing decisions:

- The Protective Security Policy Framework issued by the Attorney-General's Department
- The Defence Signals Directorate's (DSD) Australian Government Information Security Manual
- Better Practice Guide Internet Delivery Decisions—A Government Program Manager's Guide (ANAO)
- Digital Service Standard (Digital Transformation Agency)
- The Australian Privacy Principles.

Please note the Office of the Australian Information Commissioner (OAIC) have developed the Information Publication Scheme (IPS) and the FOI Disclosure log so that entities can publish plans of information they wish to publish and to log FOI requests and their responses. More information can be found on the [OAIC website](#).

Other documents for referencing are available on the [Department of Finance website](#).

## Creative Commons licences

Entities should become familiar with the Creative Commons licences and how this suite of licences differs from other licences. For example, Creative Commons licences are standard format licences. They are in effect ready-made contracts for the use of copyright material, the legal terms of which have been determined by the Creative Commons organisation for use by anyone and cannot be varied.



Entities should also appreciate that the 'BY' licence is only one of the six different licences released by Creative Commons Australia; the other licences contain increasingly higher levels of restriction on use.



#### Attribution- CC BY-(Government default)

This licence lets others distribute, remix and build upon a work, even commercially, as long as they credit the original creator/s (and any other nominated parties). This is the most accommodating of the licences in terms of what others can do with the work.



#### Attribution-Share Alike—CC BY-SA

This licence lets others distribute, remix and build upon the work, even for commercial purposes, as long as they credit the original creator/s (and any other nominated parties) and license any new creations based on the work under the same terms. All new derivative works will carry the same licence, so will also allow commercial use.

In other words, you agree to share your materials with others, if they will share their new works in return. This licence is often compared to the free software licences, known as 'copyleft.'



#### Attribution-No Derivative Works—CC BY-ND

This licence allows others to distribute the work, even for commercial purposes, as long as the work is unchanged, and the original creator/s (and any other nominated parties) are credited.



#### Attribution-Non-commercial—CC BY-NC

This licence lets others distribute, remix and build upon the work, but only if it is for non-commercial purposes and they credit the original creator/s (and any other nominated parties). They don't have to license their derivative works on the same terms.



#### Attribution-Non-commercial-Share Alike—CC BY-NC-SA

This licence lets others distribute, remix and build upon the work, but only if it is for non-commercial purposes, they credit the original creator/s (and any other nominated parties) and they license their derivative works under the same terms.

There is detailed information on the [Creative Commons Australia website](http://creativecommons.org/australia) about Government use of Creative Commons licences. The international Creative Commons website also includes a [simple tool](http://creativecommons.org/licenses/by/4.0/) to help select an appropriate Creative Commons licence—note however that you must specify Australia as the relevant jurisdiction in order to generate an Australian version of the license in question.

Some practical issues that entities need to consider before releasing their PSI under Creative Commons or other open content licences include:

- The Creative Commons 'BY' licence, like all Creative Commons licences, is irrevocable (that is, the copyright owner—here the Commonwealth—cannot withdraw the licence once it has been applied to the material). Further, the licence will apply until the copyright expires.
- Entities should determine whether there is a need for a licence to only last for a certain period of time.



- Does the PSI contain third party copyright material? If so, has the third party copyright owner consented to the publication of the material under the proposed Creative Commons or other open content licence?
- Is there a need for ongoing Commonwealth control of the material? For example, in relation to commercially sensitive information.

## Sharing of IP between Commonwealth entities

IP held by an entity which does not have a legal identity separate from that of the Commonwealth, is owned by the whole of the Australian Government—not the individual entity. The Commonwealth of Australia is a legal entity, defined under the Australian Constitution, which can enter into contracts and own property including intellectual property.

Australian Government departments and many entities do not have a legal identity which is separate from the Commonwealth. As set out in IP Principle 12, Commonwealth entities should be mindful that their IP may be useful to other entities, and be alert to opportunities to share IP. (Entities that have a legal identity separate to the Commonwealth should consider their individual business purposes and legislative framework when considering opportunities to share IP with other entities).

Sharing of IP between Commonwealth entities may:

- promote efficient and effective use of resources
- promote awareness of the IP, and
- reduce overall costs, especially by avoiding the costs of duplicating the creation of IP.

## What should be considered before sharing IP within Government?

The following table sets out a number of issues that warrant consideration when a decision is made whether to share IP with other entities.

### Considerations when sharing government IP

Issue	What to consider
IP Principles	The Australian Government's IP Principles require entities to be aware of opportunities to share IP (see Principle 12).
Entity purposes	Consider the entity's purposes and corporate mission. The entity's IP policy may provide guidance on the entity's approach to sharing IP.
Purpose of the IP	Understand why the entity created or acquired the IP in the first place and whether sharing is consistent with that purpose.
Impact on entity's use of the IP	Consider whether the sharing of IP would: <ul style="list-style-type: none"> <li>• compromise entity operations (e.g. loss of operational benefits or missed opportunities to commercialise IP)</li> <li>• compromise the protection of IP</li> <li>• inhibit the exploitation of IP (e.g. appropriate commercialisation), or</li> <li>• increase the risk of misuse of IP (e.g. use of IP in a way that is inconsistent with any licence conditions).</li> </ul>
Cost and risk	Consider whether sharing will impose costs on or increase risks for the entity—such as administration, monitoring or reporting costs, or increased liability under a licence agreement. If sharing is on a selective basis, this may be seen as conferring commercial advantage and should be on market terms.



Issue	What to consider
Privacy	Consider whether sharing will raise privacy issues. The Privacy Commissioner has issued guidelines specifically for entities about publishing material on websites, workplace email, web browsing and information on privacy generally. These guidelines are available on the <a href="#">OAIC website</a> .
National security	National security needs to be considered as appropriate. <a href="#">The Protective Security Policy Framework</a> provides standards for the dissemination of information and guidelines on information security and managing security risks.

### Confirming the entity's right to give permission

It is important for an entity to determine whether it has the right to provide access to IP before it decides to share it with other entities. This will require a review of records relating to the IP, including any conditions that apply to its use.

For relevant information on identifying who has IP rights refer to:

- the section '[How to keep records of IP](#)' in Chapter 4
- information on how to identify the owner of IP in [Chapter 2](#), and
- general information on IP rights in procurement and funding contracts in [Chapter 7](#).

### Form of permissions to allow use by another entity

It is good practice for a request to use another entity's IP to be made in writing. This will enable proper records of the request, how it was handled and the eventual response to be maintained. This is particularly important where any contractual conditions with an external party (non-Government) place conditions on any sharing of the IP.

An entity may wish to consider placing conditions on any permission for other entities to use IP. The nature of such limitations or other conditions will depend on the type of IP and the specific circumstances.

Formal documents will assist in providing certainty and clarity to the sharing arrangement. While a licence agreement between Commonwealth entities may not be appropriate, it is recommended that entities clearly document rights information, particularly where external parties have an interest in the IP.

For many types of IP, relatively informal forms of permission may be sufficient e.g. an exchange of emails. However, even where permission is granted in this manner it is still important to retain a record of the permission with other records relating to the IP.



## Responding to requests for public access and commercial exploitation of IP

**Note:**

**This section deals only with Commonwealth copyright materials as it is likely that transactions involving other types of IP (e.g. patents and trade marks) will primarily be on a commercial basis (see [Chapter 10](#)).**

Government entities often receive requests from members of the public or community groups to re-use material that has been published by the Commonwealth. Sometimes, requests are also received from commercial publishers wishing to use material such as application forms or information sheets. This section will primarily deal with requests to use published copyright material.

Formerly, the Commonwealth Copyright Administration in the Attorney General's Department was the central point for granting copyright licences. Individual entities are now responsible for licensing decisions about their own materials.

Entities also now have a statutory obligation to publish more information under the reforms to the FOI Act, effective from 1 May 2011. In particular, the Act contains an Information Publication Scheme which will cover the publication of PSI under the Guidelines. This means the use of appropriate licensing will need to be considered more often.

Material is considered to have been published if it has been made available to the public or to an identified sector, either under a Creative Commons 'BY' licence (or any other open content licence), or alternatively under any other more restrictive licence. This may be information in printed, digital or other formats including:

- journals, newsletters and other serials
- research and discussion papers
- annual and technical reports
- fact sheets, guidelines and manuals, and
- public accountability documents.

The Government's policy is to make this public sector information in which copyright subsists, accessible in the most open and transparent way. Therefore, providing public access in this form involves the grant of rights to the public to exercise the copyright in that material.

Implementation of the Government's policy by entities to licence PSI under Creative Commons 'BY' licence (or any other open content licence), should result in a decrease in the amount of requests for re-use by members of the public as they start taking advantage of a large portion of PSI being licensed under [standard format licences](#).

This section is divided into four parts:

1. responding to public requests to use copyright materials (for material not published under a standard format licence)
2. Creative Commons as the Default Licence and other Standard Format Licences
3. commercialisation of Commonwealth copyright, and
4. issues specific to distribution and public use of software.



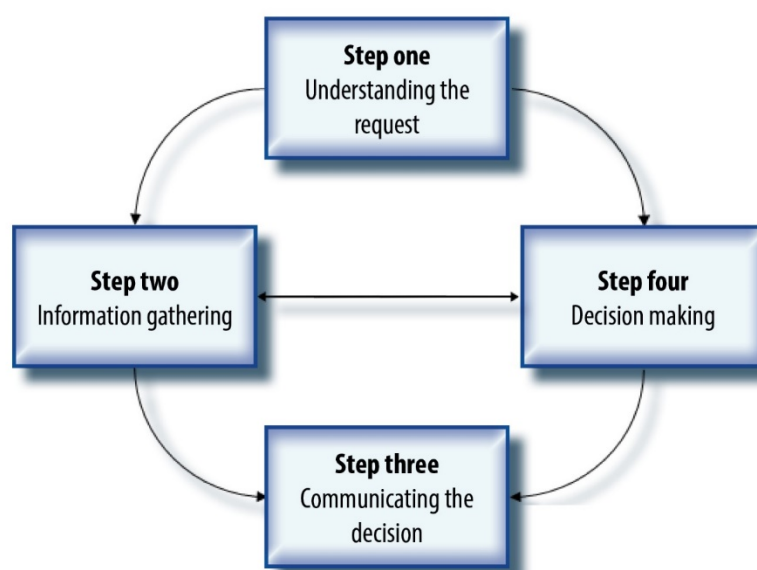


## Responding to requests to use copyright materials (not published under a standard format licence)

Entities should always make licensing decisions following a process of due diligence and on a case by case basis.

For material which is not published under standard format licences or alternatively for requests to use legacy material, there are four steps involved in responding to these requests. The steps do not always take place in a linear progression as represented by the following. The copyright issues that arise for unpublished material are similar to those of published material. However, there are several other issues that should be taken into account including privacy and confidentiality considerations.

### Requests for published material (four steps)



### Step 1—Understanding the request

A request to use materials created by an entity may come in different forms—by telephone, email, fax or letter. If a request has been made by telephone, it is recommended that it be confirmed in writing.

A request should include sufficient information to clearly identify:

- what material is being requested
- who is making the request (e.g. is the request from an individual, a representative of an industry group, community organisation or political party, or a commercial publisher), and
- what is the intended use of the material (e.g. a single copy, publishing on a website, printing it as part of a newsletter or including it in a commercially published book?).

### Step 2—Information gathering

#### Does the entity have the right to grant access to the copyright material?

Entities are now responsible for making licensing decisions and are formally responsible for responding to requests from the public and commercial publishers to use published Commonwealth copyright material. Each entity is also responsible for its own unpublished material.

Note: The former Commonwealth Copyright Administration (CCA) was disbanded in December 2010. The Attorney-General's Department no longer performs the functions previously exercised by the CCA.





An entity may only give permission to reproduce published material if the:

- entity is authorizing reproduction of the published material for the services of the Commonwealth (in accordance with subsection 183(1) of the [Copyright Act](#))
- Commonwealth entity is the copyright owner of the material, or
- Commonwealth entity has been given a licence by the copyright owner which includes the right to sub-license its rights.

A copyright publication may contain more than one type of protected copyright work owned by separate individuals. Before considering whether permission should be granted, the following needs to be identified:

- what copyright is involved
- who owns the copyright, and
- what rights has the Commonwealth been given.

[Chapter 4](#) and [Chapter 8](#) contain additional information on keeping records of copyright in materials and determining the rights of the entity.

If the Commonwealth is not the copyright owner and does not have the right to sub-license the copyright material, the entity may suggest the party requesting the copyright work directly approach the copyright owner for permission to use the material. For privacy reasons, it may not be appropriate for an entity to give out these contact details unless the external copyright owner has given consent to this.

### Step 3—Decision making—What to consider before responding

Commonwealth entities produce a lot of material that is of significant public interest and is considered to be a national resource. The Government's default position is that public sector information should be licensed under the Creative Commons 'BY' (attribution) licence which is the most liberal of the Creative Commons licences. Other open content licences may also be considered.

The key issue in this step of the process is to determine the appropriateness of the request and what kind of permission/licence should be granted.

#### Is the request for a use permitted under the Copyright Act?

A copyright request may at times cover a use that is already permitted by one of the exceptions in the [Copyright Act](#). For example, a student might seek permission to quote part of a research report in an essay, or a librarian might want to scan a copy of an out-of-print report to email to a library user in a remote area. Requests such as these should always be deemed to be appropriate. Further information about what types of uses are covered by the [Copyright Act](#) is provided in the section on copyright in [Chapter 2](#).

#### Does the request align with Entity purposes and government policies and requirements?

The entity's IP policy will generally provide guidance on the entity's position on the public dissemination of entity IP and on the granting of access to copyright materials. Supporting the Government's purposes of creating an open and transparent Government, the entity should be pro-active in providing access to Commonwealth material where the entity deems such access appropriate. Public distribution may support entity purposes and be an important part of its communication strategy. An entity may have a policy on public dissemination of copyright materials, taking into account its corporate mission and purposes.

The public benefits gained from making the copyright materials widely available and the benefits gained by the entity are important guiding factors in deciding whether to grant permission.



### Is the proposed use for the copyright materials appropriate?

The general expectation is that Australian Government material should be made available as widely as possible. Consequently, provided it has been established that an entity has the appropriate rights to the material, permission to re-use it should generally only be refused when there are sensitivities with further reproductions of that material, for example security or privacy concerns.

An exclusive licence should only be granted in exceptional circumstances and only after obtaining legal advice.

A request to use an Australian Government publication for commercial purposes does not automatically mean that the proposed use is inappropriate. For example, inclusion of extracts from a fact sheet about the health effects of smoking in a school text book could support the objective of reaching a particular audience with information about that particular issue.

When deciding whether the requested use of the copyright material is appropriate, consider:

- the type of publication requested
- why the publication was published in the first place
- how much of the publication is requested for use
- the impact of wide distribution of the requested publication on the entity and its purposes, and
- whether there is anything inappropriate about the request.

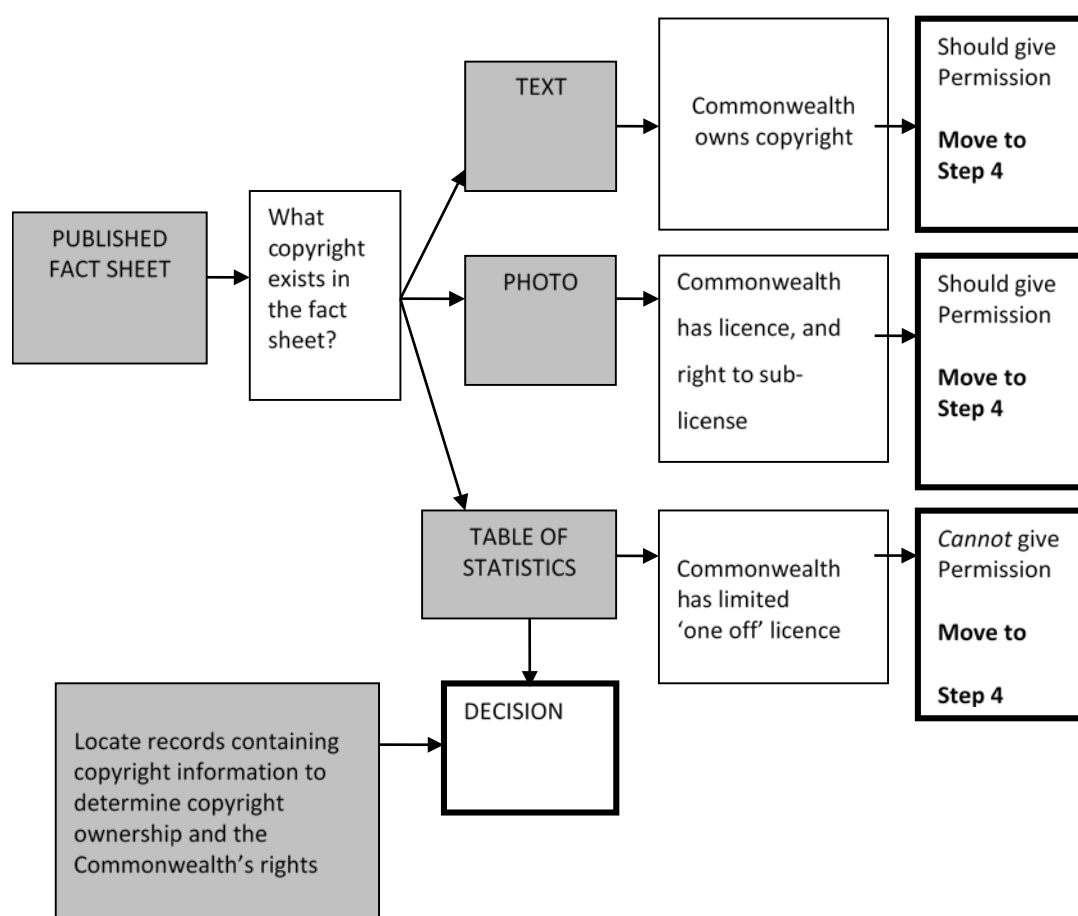
In general, a request may be for an inappropriate purpose if:

- there is a high risk that people would think that the Australian Government is endorsing a particular product, service, activity or organisation
- the request raises significant privacy issues (such as certain types of requests to use the Commonwealth electoral roll)
- the use puts the Australian Government at risk of defaming a person, organisation or culture
- there is a risk that people will think the Australian Government is supporting a particular political party
- the use would harm an individual, organisation or cultural group
- the use might imply that the Australian Government is involved in or supports an illegal activity
- where the request is to copy an entire publication and where the publication is readily available either free of charge or commercially. Note that there may be good public policy reason for allowing a copy to be made, such as allowing a copy to be made to assist a visually impaired person. It may also be appropriate for a copy to be made where it would form part of a broader collection of material, or
- certain types of commercial uses which would compete with the entity's legitimate commercialisation of its own copyright.

The following diagram illustrates the first three steps in an example where a Commonwealth entity receives a request to use a published fact sheet that contains text, photos and a table.



The first three steps in an example where a Commonwealth entity receives a request to use a published fact sheet that contains text, photos and a table



### Step 4—Communicating the decision

Copyright requests should be handled in an efficient and transparent manner. A response to a request to use copyright material is an administrative decision. This means that the decision may be reviewed within an entity or challenged by a person making the request and may be subject to judicial or administrative review.

It is therefore important that all decisions in relation to copyright material are:

- supported by accurate and detailed information
- made consistently for all requests
- fully documented, and
- clearly explained to the person making the request.

Good records should also be kept of the reasons for the decision. All responses should preferably be made in writing by letter or email. When granting permission to use the copyright material, the written response may include:

- details which clearly identify the publication or the particular parts of a publication which the permission applies to
- a clear statement of the purpose for which the permission is being given



- a statement of any limitations on how the publication can be used (e.g. no electronic publication, limited to the first 2,000 copies of the book) (see the following section regarding ensuring appropriate controls)
- a requirement to acknowledge the copyright owner, and
- any disclaimers that may be deemed necessary (e.g. if the material is time-sensitive then an entity could require the inclusion of a statement that the material is subject to regular change).

Where permission is granted to use a substantial amount of a document, it may be necessary to include a clear warning that the permission does not relate to any components of the publication that the Commonwealth does not own copyright in (e.g. photographs, illustrations) and that permission to use this additional material must be sought directly from the copyright owner.

If the request relates to a large volume of material or to material that is subject to continuing change, a deed may be a more suitable response rather than a permission letter. This may also be appropriate for an arrangement that may cover use over an extended period of time. Access granted by a deed is similar to a contract. It is recommended that a legal adviser be contacted if a deed is required.

### Refusing permission for use of Commonwealth copyright material

Permission to use Commonwealth copyright material may be refused because the Commonwealth does not own the copyright material and has no right to sub-license it, or the requested use is considered inappropriate.

There is no set form of words to refuse permission. However, it is recommended that the response be in writing (by letter or email) and clearly set out the reasons for the refusal.

Where the individual or organisation requests the contact details of the relevant copyright owner of the Australian Government publication, the [Privacy Act](#) requires that the personal information be protected. The personal contact details of the relevant copyright owner in an Australian Government publication should never be disclosed without their permission. However, the request may be relayed to the copyright owner, if the person making the request agrees.

### Acknowledgement of copyright ownership

Permission allowing use of copyright materials should generally be made subject to the condition that Commonwealth or entity copyright ownership be acknowledged.

For example, in the case of Commonwealth copyright material, this should include a requirement to acknowledge:

- the full title of the source of the publication
- the author or author body
- the publisher and date of publication, and
- if applicable, the words 'Copyright Commonwealth of Australia—reproduced by permission'.

### Applying restrictions on use

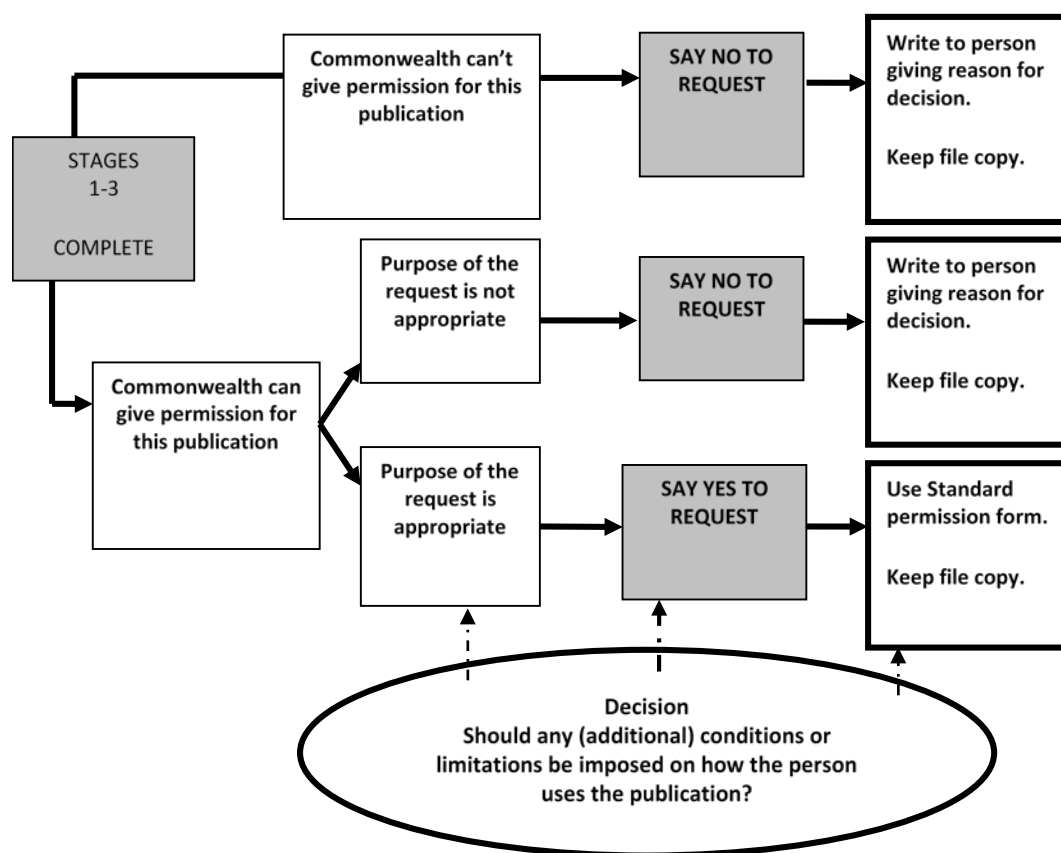
In addition to requiring the inclusion of an acknowledgment, a licence can also include conditions which restrict the use of the material that has been requested. These could include:

- granting permission for use only in hard copy and not on the Internet
- requiring only part of the material to be used, not the whole of the material
- requiring the word 'SAMPLE' be written as a watermark across the requested material (for example official forms), and/or
- requiring that the material is not to be used in any derogatory way and only in unaltered form.



These steps of the process are summarised in the diagram below.

### Summary of process steps



Rights Management Information may also assist in managing copyright materials through provisions relating to the identification of a copyright rights holder. For further information see 'Protecting copyright works' in [Chapter 5](#).

## Creative Commons as the Default Licence and other Standard Format Licences

'Standard Format Licences' are ready-made contracts to be attached to entity copyright work to grant others a range of rights to use the entity's works without having to contact the entity. The Creative Commons Licence is an example of Standard Format Licences.

These licences are not granted to specific people, but are available to anyone wanting to use the copyright work. The use of the work is usually free.

The benefits of using Standard Format Licences are:

- they may lower administration costs, including legal costs, time and staff resources in responding to requests for copyright permissions and negotiating and formalising licences
- they provide records of transactions, and the collection and distribution of licence fees and royalties can be collected by the licensing organisation (see below) on behalf of the entity, and
- the licences are ready-made to be attached to a copyright work.

With the default licence being a Creative Commons BY licence, this means that the terms and conditions of use are already specified. In using this default licence, entities will need to be aware of the potential



effect of using this standard format licence. The terms of the Creative Commons licence cannot be changed to suit the entity's needs and purposes. Individual terms of the Creative Commons licences can however be waived, and the use of a Creative Commons licence does not prevent an entity from entering into separate or supplemental agreements.

## Commercialisation of Commonwealth copyright

Commercialisation of Commonwealth copyright material by an entity can only occur on a case by case basis after a process of due diligence. From the Government 2.0 Recommendations the standard position for PSI is to publish under a Creative Commons 'BY' licence or other open content licence. However, in some circumstances an entity may want to obtain a commercial benefit from its intellectual property. In this case, an entity's IP will need to be released under a different or more restrictive licence to the Creative Commons 'BY' licence.

Under the IP Guidelines, an entity must undertake a process of due diligence for any material it wishes to commercialise. This process will involve an understanding of the different types of Creative Commons licences and other forms of open content, standard form licences. Entities should know of the publicly available diagnostic tools that will assist in making licensing decisions. For example, a 'Choose a Licence' tool is available through the [Creative Commons website](#). Entities must also consider the length of time they require the material to be licensed, third party copyright material, and ongoing Commonwealth control of the material.

Where a specific decision has been made by an entity that payment of royalties is required for use of work produced for commercial exploitation, then that entity may consider entering into arrangements with the declared collecting society, Copyright Agency. This decision must be consistent with the Australian Government's policy framework.

Copyright Agency calculates licence fees by conducting surveys of organisations, calculating a licence fee from the volume of use surveyed and charging the organisation accordingly. The organisations surveyed are predominately universities, schools, TAFEs, and State and Federal Governments; although Copyright Agency also surveys corporations, associations and press clipping agencies.

Once the material appears in the copying records kept for Copyright Agency by its licensees, Copyright Agency sends out a Notification of Copied Works from which the licensee determines which material it owns and then submits a claim form back to Copyright Agency for that material. Details for this process may be found at the [Copyright Agency website](#).

PGPA Act entities must advise the Department of Communications and the Arts of proposed arrangements with Copyright Agency. However, Corporate Commonwealth entities are not obligated to report arrangements with Copyright Agency.

## Software

Commonwealth entities produce and distribute a range of software, some of which has been developed for the purpose of facilitating access to Government services and others that potentially have broader use. For example, the Australian Taxation Office ('ATO') has created a website specifically to assist software developers to create software which is compatible with the ATO requirement for the electronic lodgement of tax information. Compatible software can be registered on the ATO website subject to compliance with published terms and conditions.

### Distribution as open source software

Software developed by an entity may be made freely available to the public by attaching an open source software licence to it. Attaching an open source software licence to copyright protected software does



not mean that copyright protection in the software is lost. The licence may grant users the right to use the software, but the entity retains ownership of the copyright in the software. The conditions of use can be varied using different open source software licences. Care should be taken in deciding on the terms of an open source software licence. Once the licence is attached to the software, it becomes a permanent grant of rights and cannot be revoked.

Example of government open source software:

In 2003, the Australian Government Information Management Office (AGIMO) released '[MySource Matrix White Brand](#)', an open source web content management system. This open source software manages AGIMO's Internet and intranets, can host other entities' websites and is made available at no cost to all Commonwealth entities, state, territory and local governments and 'not for profit' organisations (excluding implementation costs to be borne by the entity using it).

See the section '[Open Source and other software licences](#)' in Chapter 7 for more information.



## Chapter 10. Commercialisation of government IP

### What this chapter covers

This chapter provides general guidance on the commercialisation of Government IP.

The chapter:

- presents a step-by-step procedure for the commercialisation process within an entity
- describes the forms of commercialisation commonly available, and
- provides information on managing risks in a commercialisation project.

This chapter does not deal with general requests to use published Government materials in a commercial context (for example in a commercially produced text book). This issue is covered in Chapter 9 '[Sharing and granting access to the public for Government IP](#)'.

#### Key points

For most entities, commercialisation of IP is likely to be rare and not a large part of the entity's operations. For those entities where it may not apply, this chapter addresses general requirements and key steps in the process of commercialisation, but is not intended to provide a complete treatment of all possible circumstances and issues of relevance.

Entities considering commercialisation should contact the Department of Finance for advice and guidance.

### General principles affecting commercialisation by Commonwealth entities

Entities should be responsive to the potential benefits from opportunities for commercial use and exploitation of IP, including any opportunities presented by the private sector.

However, unless commercialisation is an integral part of an entity's purposes, commercialisation activities should generally be no more than an ancillary part of the entity's operations, and should not become a core business activity.

An entity's IP policy should provide guidance on how its functions, activities and purposes relate to IP. This is likely to include guidelines on the process of the commercialisation of entity IP assets and the general factors that should be taken into account when making decisions regarding commercialisation.

In addition, an entity should be aware of the requirements of 'competitive neutrality' in considering commercialisation of IP. Commonwealth entities should not be commercially disadvantaged (or advantaged) by requirements to deliver 'non-commercial' services or to provide services at subsidised rates to particular groups of consumers. For further information see the Competitive Neutrality Policy Statement of June 1996 and Competitive Neutrality Guidelines for Managers available from the [Treasury website](#).

Commercialisation by Commonwealth entities is also subject to the provisions set out in the Governance Arrangements for Australian Government Bodies published on the [Department of Finance website](#).





## International trade law obligations

Where one private company gains more access to Government owned or developed IP or where that IP is transferred to a small group of private companies for less than market value, this may be seen to confer an unfair commercial advantage to those companies. Where this is the case, the Government may be found to have conferred a subsidy in breach of its international obligations.

Entities have a responsibility to avoid breaching Australia's obligations under international law by ensuring that they do not confer a commercial advantage to any private body. Where IP is a valuable commercial asset that can be used to make a profit, an entity must ensure that it disposes of or grants access to that IP strictly on market terms for fair market value. An entity will not be required to do so where IP is being made generally available to all members of the public for a public purpose.

These issues will be relevant to Government research and development contracts, Government procurement, the commercialisation of Government IP and when sharing and granting public access to IP.

For more information or advice, contact the Attorney-General's Department, [Office of International Law](#) or the [Department of Foreign Affairs and Trade](#).

## What is commercialisation?

The term 'commercialisation' covers a broad range of activities undertaken by an entity with the intention of making its IP available in the marketplace for a commercial purpose.

The main indicator of commercialisation is an intention to generate income from exploitation of the IP in the marketplace. It is not the mere fact that a fee is charged for the IP-related product or service. For example, requiring payment of a fee to offset the cost of the service (e.g. postage cost) is not commercialisation.

Commercialisation may be pursued at any stage of an IP asset's development. Commercialisation and the development of the IP are often closely associated. IP may require further development in order to be successfully commercialised and commercialisation may provide extra resources and expertise for that further development.

### Examples of where commercialisation does or does not occur

IP commercialisation	Not IP commercialisation
<input checked="" type="checkbox"/> Establishing a spin-off company to develop and market IP owned by an entity.	<input checked="" type="checkbox"/> A library lending books.
<input checked="" type="checkbox"/> Selling copyright material, such as a database of information, combined with software, which facilitates calculation of local climate characteristics.	<input checked="" type="checkbox"/> Free website access to information on local climate.
<input checked="" type="checkbox"/> Leasing artwork for a commercial return.	<input checked="" type="checkbox"/> Operating a not-for-profit museum to enable public access to an artwork collection.
<input checked="" type="checkbox"/> Providing expert consulting services to industry on fee paying basis.	<input checked="" type="checkbox"/> Operating a not-for-profit museum to enable public access to an artwork collection.



## Reasons for commercialisation

In most instances, entity IP will be directly utilised by the entity and this will be the best and most complete use of that IP. In some instances, it is possible that entity IP is not used or could be better used if made available to others. Commercialisation is one way to increase the benefit the Australian community derives from the Australian Government's investment in the development of IP.

Commercialisation is a mechanism that encourages and facilitates the use of entity IP while deriving a fair return on the investment in the creation of that IP. In brief, commercialisation can:

- facilitate improved utilisation of public assets for public good
- promote economic growth
- promote the image of the entity or the Australian Government
- defray development costs of IP
- derive a return on investment, and
- generate income.

In an ideal situation, it may be desirable to aim to achieve all of these outcomes. However, the outcomes need to be balanced against the purposes of the entity. Thus, in some cases it is possible that cost recovery, in whole or part, may be sufficient, rather than generating income. In general, the achievement of best possible public benefit is the primary objective for commercialisation of IP owned by a Commonwealth entity. In some cases, it is possible that an entity should consider allowing commercial use of IP without necessarily seeking to gain a direct benefit in return (see Chapter 9 '[Sharing and granting access to Government IP](#)').

The ability to achieve the best possible outcome will depend on careful planning and appropriate IP management (see Chapter 4 '[Identifying, Recording and Managing IP](#)').

## Issues to consider when making commercialisation decisions

### Is the IP suitable for commercialisation?

Not all IP generated by an entity will be suitable for commercialisation. For example, it may be that commercialisation of particular IP would contravene the entity's authority or policies, or breach law.

### Factors that need to be considered

Factors	Matters to consider
Ownership of the IP	Does the entity have the rights necessary to commercialise the IP? Review all contracts that relate to the IP that is proposed to be commercialised to avoid any breach of contractual obligations or restrictions.
Nature of the IP	Is the IP generic in nature so that it may easily be adopted for use by another body without too much customisation? <sup>3</sup> Does the IP include personal information that could be covered by the <a href="#">Privacy Act</a> (refer to the <a href="#">Australian Privacy Principles</a> ). Could commercialisation impact adversely on national security? The <a href="#">Protective Security Policy Framework</a> provides standards on the dissemination of information, and provides guidelines on information security and managing security risks.

Factors	Matters to consider
Stage of development of the IP	Is the IP at a stage where it is suitable for commercialisation? IP commercialised at an early stage of development may require more effort, be less certain of success and generate smaller returns.
Commercial life of the IP	What is the estimated commercial life of the IP? This may be different to the IP's legal life.
Strength of the IP rights	Are the IP rights to be commercialised valid?
Entity response to infringement	How willing is the entity to defend or prosecute IP infringement actions?

### Determining the commercial market for the IP

The key tasks to determine the market for the IP require identification of:

- the size of the potential market
- any prospective licensees, buyers, and other customers for the IP
- whether there are any competing substitutes, and
- the estimated financial returns.

This will require:

- gathering information and data on the relevant market, and
- analysing that information to evaluate the likelihood of the IP successfully entering and staying in the market and the likely demand and revenue generated.

In many cases, entities create IP after having assessed alternate products on the market. This assessment, and the insights of entity staff involved in that process, will be useful when assessing the potential commercial market for the IP.

Other sources of information about the market may be obtained externally from:

- the Internet
- research houses
- personal relationships with persons who have experience in the target markets, and
- statistics (e.g. sales figures, prices) published by international and government entities, such as World Bank, International Monetary Fund (IMF), Asian Development Bank, Organisation for Economic Co-operation Development (OECD), United Nations and the Australian Bureau of Statistics (ABS).

Professional advisers can also assist in this analysis.

### Risks of commercialisation

Careful consideration should be given to the risks of commercialisation. Risks can arise both from the process of commercialisation and failure to pursue commercialisation. Further information is available in the section 'How to manage risks in commercialisation' at the end of this chapter.



## Resources needed for the commercialisation process

Commercialisation requires significant investment of both human and financial resources. It is important that an entity carefully determine the adequacy and availability of resources to pursue commercialisation and plan accordingly. The resource requirements will not be the same in all stages of a commercialisation process. Costs may be reduced by maximising in-house skills and potential, and by engaging external advisers to provide their services on an ad-hoc basis.

### Financial resources

The financial resources required for commercialisation can be substantial. Therefore, an entity needs to consider the implications for its budget with reference to its broader procedures and other requirements for allocation of financial resources.

### Human resources

Existing entity staff may be able to contribute to the IP commercialisation process from their own experience and knowledge of the IP or the relevant industry. For example, entity employees attending regional or international conferences may be well equipped to make presentations about the IP.

Entities are encouraged to reduce costs by utilising existing expertise or seconding appropriately skilled employees from other Commonwealth entities.

Most Commonwealth entities will also need to the advice from the Department of Finance when planning any commercialisation activities.

### Use of external advisers

An entity should seek external advice when it does not have direct access to all the expertise necessary to proceed at the level of best practice through all of the stages of IP commercialisation.

When engaging external advisers, entities must ensure that the purposes and the particular needs of Government entities are clearly communicated to the advisers as these expectations may differ significantly from those typical of commercial enterprises.

External advisers may work with the entity or independently on behalf of the entity.

External advice may be useful on issues such as:

- whether the entity has the right to commercialise the IP
- when and how to go about the commercialisation process—this may include identifying options for commercialisation, creating marketing strategies, advertising and identifying potential customers
- potential risks associated with the commercialisation process
- developing a fee structure
- drafting relevant agreements, and
- implementing the entity's plan for commercialisation.



## The commercialisation process within an entity

This section sets out a three stage process for commercialisation with the objective of enabling an informed decision that will maximise opportunities while minimising risks of commercialisation.

### Stage 1. Identification of the IP

There is generally no simple way of clearly identifying IP that can be commercialised. However, as a starting point, an entity should have an IP Framework and generally established good IP management practice. A good awareness of the importance of IP within an entity will increase the likelihood that commercialisation opportunities will be identified.

After IP with commercialisation potential has been identified, the next step is to create an initial proposal. In some instances, the creators will report their creation of IP to other entity staff who will work with the creators to characterise the IP. The proposal will generally need to clearly state the purpose of commercialisation, what the opportunity is and how it can be achieved. In particular, the proposal may contain information including:

- purpose of the commercialisation
- details of the work already undertaken to develop, test and apply the IP
- details of the management of the IP to date
- details of the approximate market size
- details of known alternatives to the IP and potential competitors in the market
- anticipated costs
- expected returns, and
- any public benefits.

The proposal should also address the factors set out in the previous section 'Issues to consider when making commercialisation decisions'. Consideration of the proposal should follow any relevant processes established within the entity. Where applicable, the Governance Arrangements for Australian Government Bodies will require an entity to discuss plans and sometimes obtain the support of the Department of Finance as part of the process of commercialisation.

### Stage 2. Development of a business plan

After the IP has been identified and an initial proposal has been approved, it is time to develop a formal detailed business plan. The purpose of the business plan is to consider how an entity's resources can be best applied to the commercialisation of the IP. It will provide a detailed look at how the IP is positioned in the marketplace, what resources are required to make use of any opportunities and an assessment of the most effective way to commercialise the IP. This will need considerable effort and is likely to require expert advice.



## Information a business plan may include

Information	Details
An executive summary	Set out the major points of the commercial opportunity and how it will benefit the entity.
The intellectual property	Present the development status of the IP, its features, challenges to be overcome and the competitive advantage that it provides.
Market analysis	Include a description of the industry, trends in the market, market size, competitors, description of the customer base and strategy for selling the IP.
Evidence of commercial potential	Present evidence of commercial potential of the IP, e.g. the entity has granted several end-user licences, or has received requests for access to the IP.
Evidence of commercial potential	Identify prospective licensees, customers or buyers.
Risk factors	Identify the risks associated with the commercialisation project and how they will be addressed.
Financial targets and other purposes	Outline the financial targets including revenue and cost projections and other non-financial purposes.
Methodology of marketing	Outline the strategies of how to reach and generate a sufficient amount of interest from the identified licensees, customers or buyers.
Methods of commercialisation	Investigate the different approaches for commercialisation (e.g. in-house or partnering with private sector) and what form the commercialisation should take. Consider the advantages and disadvantages for each alternative. See <a href="#">What are the different methods of commercialisation?</a> For more information.
Obtaining approvals and resource issues	Discuss what approvals are needed for the entity to undertake the commercialisation project and how the project may be resourced financially and otherwise.

When completed, the business plan will need to be endorsed at the relevant level of management in an entity. Consultation with the Department of Finance concerning commercialisation business plans may also be required.

### Stage 3. Implementation and ongoing maintenance

When the business plan is approved, it is recommended that a project team be formed to pursue the commercialisation project.

#### Marketing

The IP should preferably be marketed by the project team to attract prospective third parties as identified in the business plan. This may be done through a variety of channels such as professional networks, industry meetings or 'cold-calling' industry contacts. The critical outcome at this stage is to find at least one third party interested in doing a deal in relation to the IP.



## Negotiation

When one or more interested third parties are identified, the negotiation process may begin. The parties may decide on the structure of the deal and the form of commercialisation to be used. The form of commercialisation that is negotiated will depend on the:

- nature of the IP that is subject to the deal (i.e. the type of IP, its value)
- third party's purposes and purpose for using the IP, and
- type of commercialisation opportunity that is presented to the entity (i.e. the interests that may be received as a result of the proposed form of commercialisation).

For further information, refer to the next section '[What are the different methods for commercialisation?](#)'

When an entity receives a proposal from a third party for the commercialisation of entity IP, the entity's response will consider the nature of the proposal, the capacity of the third party to succeed in their efforts, and the benefits that it will receive as a result of the proposed commercialisation. It is also appropriate to consider whether an alternative mode of commercialisation would be more likely to succeed, derive more benefits, or reduce costs and risks for the entity. An outcome may be that commercialisation is pursued with the proposer using an alternative means or path than that originally suggested.

The outcome of the negotiation may closely resemble the approved proposal, or it may differ significantly from it. While flexibility and creativity is important when negotiating, an entity should also be mindful of the core purposes and goals set out in the business plan, as well as the broader Australian Government policy of obtaining 'value for money' and managing the proper use of resources (i.e. using resources in a way that is efficiently, effectively, economical and ethically and is not inconsistent with the policies of the Commonwealth).

Entities are required to comply with the Competitive Neutrality Policy Statement. Further information is available from the [Treasury website](#).

## Ongoing maintenance

Once a contract has been successfully negotiated and signed, it is important that the entity keep a record of the transaction. The entity should regularly monitor the performance of the other party against the contract such as obligations to pay licence fees or royalties.

It is vital that the entity maintain periodic contact with a representative of the other party to:

- ensure the entity has an ongoing understanding of the outcomes of the commercialisation arrangement
- monitor the satisfaction of the parties, and
- provide a channel of communication that might enable other opportunities to be successfully pursued in the future.

Further information is available in Chapter 4 '[Identifying, Recording and Managing IP](#)'.

## What are the different methods of commercialisation?

Choosing the path by which the IP is to be presented to the market represents a critical decision in any commercialisation. There is no 'one size fits all' approach. There are two main questions to address when selecting an appropriate path of commercialisation. These are:

- what form of commercialisation is appropriate, and
- with whom should the entity commercialise?



The following factors impinge on the entire commercialisation process and will generally govern the process of commercialisation at all stages:

- entity's functions, activities and purposes, especially as set out in the entity's IP Framework
- operational and strategic significance of the IP
- level of resources available to pursue the commercialisation project
- nature of the commercialisation opportunity
- entity's capacity to meet the costs incurred in commercialising the IP, and
- consequences of not pursuing the opportunity to commercialise the IP.

It is important to remember that commercialisation may produce benefits that are predominantly social and economic rather than financial. Furthermore, the investment of resources at the outset of a commercialisation process does not guarantee the achievement of anticipated outcomes.

Commercialisation also carries a number of other risks that will need to be managed (see the section '[How to manage risks in commercialisation](#)' at the end of this chapter).

Consequently, an entity may wish to specify limits on the investment of resources to be applied in each commercialisation activity. This allocation will differ on a case-by-case basis. For more information see the section '[Resources needed for the commercialisation process](#)' above.

## What form of commercialisation is appropriate?

An entity will need to select a commercial structure in which the IP is to be commercialised. However, the responsibilities of entities and the complexities, costs and risks associated with some forms of commercialisation make it uncommon for entities to pursue commercialisation through channels other than licensing and assignment. Other forms of commercialisation, such as establishing spin-off companies and joint venture arrangements are rarely pursued.

Some common structures used for commercialisation of IP include:

- licensing
- assignment
- using spin-off companies, and
- using joint venture arrangements.

Agencies are encouraged to consult with the [Department of Finance](#) when choosing the path of commercialisation.

### Licensing

The grant of a licence enables a third party to undertake certain activities in relation to the IP that would otherwise infringe the IP owner's rights. These activities include using, developing, modifying, manufacturing or selling the IP. A licence does not transfer ownership of the IP rights. The advantage of licensing is that it provides flexibility in structuring the commercialisation.

#### End-user licence

An end-user licence grants rights to an individual or organisation ('end-user') to use the IP for their own purpose only. An end-user licence does not grant rights to distribute (or on-license) the IP.

This form of licence provides the entity with the greatest degree of control over the supply and support of the product. It is generally low risk and low cost—subject to undertaking due diligence—and requires a low level of commercialisation expertise.





This licence is typically used where an entity is responding to a direct request from an end-user after passive marketing by the entity, usually relating to customised products, e.g. software or educational and training products.

**Example:**

- An agency offers digital data or software products under a 'click wrap' licence from its website.
- A click wrap licence arises when the end user clicks the 'I agree' button.

End-user licences are one-off non-transferable licences solely for the purposes of the end-user. The entity will need to be prescriptive as to the details of the licence and what the licensee can or cannot do. For example, how many copies can be produced or how many computers the licensed software may be installed on.

The licensee should be clearly informed that they may not on-license the IP to other interested parties. Any interested parties wishing to use the entity IP should be referred to the entity in control of the IP.

### Distribution Licence

A distribution licence grants commercialisation rights to licensees to enable them to distribute or market the IP for a price.

Advantages of using a distribution licence include:

- it may be a useful way for an entity to offset the development costs of producing the IP
- it will minimise risks associated with marketing and supply, as such risks will be borne by the distributor, and
- the entity need not divert internal personnel and resources towards the commercialisation of the IP.

However, it will require some effort on the entity's part to manage the relationship with the distributor. It is important to ensure that the entity has the skills and resources to do this.

### Assignment

The assignment of IP is generally equivalent to the sale of an asset. In its simplest terms, ownership of the IP, including all the exclusive rights in the IP, is transferred to another owner for a price. Assignments are usually set out in the form of a contract or a deed.

An agency would usually not be entitled to use the IP after it is assigned. If the agency requires further use of the IP, then a licence back to the agency should be part of the terms of the assignment.

Assignment can be the most straightforward mechanism for commercialisation, providing an entity with a payment for an asset. However, the consideration for an assignment can be much more complicated and might include a series of payments, or shares in the assignee, or a mixture of any of these. Typically, assignment does free the entity from responsibility for the ongoing management of the IP.

In considering any assignment, an entity should be mindful that the [Archives Act](#) provides a public right of access to Commonwealth records which are over 30 years of age. This will require that the Commonwealth retains its rights to the IP to ensure public access and could exclude the option of an assignment.

Further information about the right of public access to Commonwealth records under the [Archives Act](#) is available from the National Archives of Australia website: at [www.naa.gov.au](http://www.naa.gov.au).



Potential advantages of assigning compared to licensing from an entity's point of view are the:

- assignee assumes risk after the IP is assigned
- entity only has to deal with a one-off transaction
- entity does not have to monitor the assignee's exploitation endeavours, and
- entity may be able to negotiate a larger up-front fee.

Potential disadvantages of assigning compared to licensing from an entity's point of view are:

- it is difficult to negotiate a sale amount (refer to Chapter 5 for more general information on assessing and valuing IP)
- the entity will lose control of the IP and its further development
- there is no opportunity to share additional profits if the IP turns out to be more valuable than anticipated
- the entity will be unlikely to be given the opportunity to help exploit the IP, and
- the IP rights may eventually be lost if the assignee fails to properly manage the IP.

Source: Adapted from Biotechnology Australia, Biotechnology Intellectual Property Manual, 2001.

### Spin-off companies

A 'spin-off' company is where an entity establishes a separate company to commercialise some particular IP. The entity will license or assign its IP to the spin-off company, which will exploit the IP to generate revenue.

A spin-off company may be especially relevant where the IP requires significant additional development and resources. The development requirements and associated risks may make licensing or assignment of the IP to an existing company unlikely, or even impossible. By selling shares in the spin-off company, it has the financial resources to develop the IP. It should be noted that some entities may not be permitted to own shares in a company.

The Governance Arrangements for Australian Government Bodies requires an entity considering establishment of a spin-off company to seek agreement from the Department of Finance.

Potential advantages of establishing a spin-off company include:

- transferring the responsibility for commercialisation to the spin-off company
- reducing the risk of developing the IP by the entity, as the risks will be borne by the spin-off company
- attracting new sources of funding to further develop any existing IP
- attracting the staff necessary to progress the development of the IP, and
- enabling the entity to strengthen its relationship with the relevant industry.

Potential risks and other issues in establishing a spin-off company include:

- The requirement to comply with the Corporations Act 2001 (Cth)
- The requirement to obtain the necessary approval to establish a spin-off company, e.g. CSIRO must ensure it has its Minister's approval if it is to take an equity controlling interest in the spin-off company
- Taxation issues, as the spin-off company will not be tax-exempt, and
- Loss of entity staff to the spin-off company.



## Joint venture arrangements

A joint venture is where two or more parties agree to work together to undertake a specific project or pursue an objective. Joint venture arrangements can be a useful mechanism for public sector entities to take advantage of private sector experience and expertise to develop and market their IP. A private sector partner may be able to provide assistance in areas such as production capability, access to marketing and distribution, and other expertise that may not generally be available in the public sector.

A joint venture, in its broadest sense, can take a variety of forms, including:

- a contractual arrangement
- a company, or
- some form of joint ownership.

In any of the forms, the parties pursuing a joint venture will generally need to set out the processes and anticipated outcomes for the venture. The rights and obligations of each party need to be clearly defined.

Key characteristics of unincorporated joint ventures usually include:  
(The purpose of the venture is generally quite specific).

- The parties to the joint venture will contribute their own IP, costs, personnel and other resources required for the project.
- Ownership of new IP from the joint venture will be shared between the parties according to their contributions to the venture.
- Management of the venture is normally divided between the parties, or a person may be appointed to act as the manager of the venture. The manager will report to the management committee comprised of representatives of all parties.

Further information is available from the Guide for a Joint Venture Arrangement published on the [Australian National Audit Office website](#). The guide sets out the relevant factors that may be considered by an entity in a step-by-step process.

## Sale of products or provision of IP related services

Manufacturing and selling products, or supplying IP-based services is another form of commercialisation.

When pursuing this form of commercialisation, it is important that an entity ensures that:

- the commercialisation activity is in keeping with the entity's purposes
- it has the infrastructure, resources and staff necessary to manufacture the goods or supply the services
- it is aware of any product liability risks, and
- it has taken appropriate actions to mitigate the risks.

## Choosing a partner for commercialisation

When pursuing a commercial opportunity, an entity should ideally select a partner which offers the:

- most efficient, effective, economical and ethical means of commercialisation, and
- best value for money for commercialisation of the IP.



In addition to monetary aspects, other aspects of the partner should be considered, including its expertise, reputation, access to the relevant networks for the commercialisation project and what equity position it is seeking for the level of investment it intends to provide. A due diligence exercise is also recommended to ensure that the chosen partner entity has the relevant resources and is capable of fulfilling the performance obligations of the commercialisation project.

There may be some advantages to appoint a developer of the IP to manage the commercialisation at the outset. These include:

- savings off the contracted development price
- the contractor will have a greater stake in the success of the IP, and
- the availability of improvements made to meet a wider market.

However, it should not be assumed that a contractor involved with development of the IP is automatically best placed to manage its commercialisation. Commercialisation calls for different skills from the development task. In addition, there is a risk that the development may be driven by commercialisation needs, rather than the entity's needs.

When selecting a commercialisation partner, it is important that an entity operates without bias and in an open and accountable manner.

In some instances, it may be appropriate to negotiate directly with a purchaser or a licensee without going through a competitive process. These include situations where the:

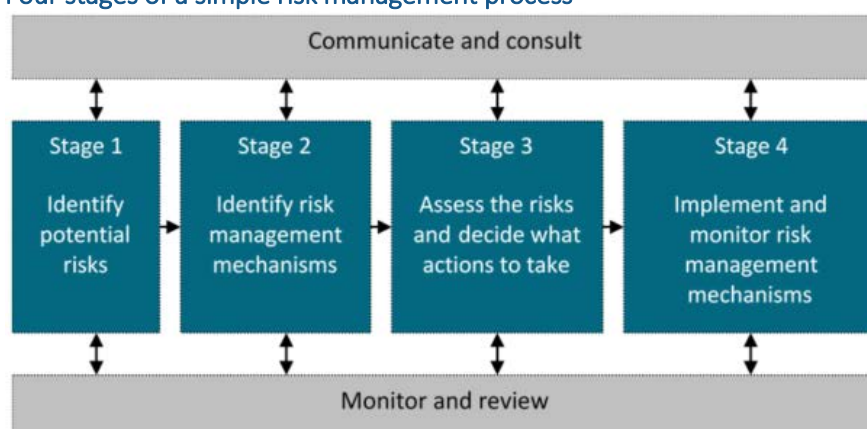
- direct negotiation is anticipated in the contract under which the IP is developed
- entity is approached by a party seeking a once-off licence to the IP for use in a particular territory. However, the entity should only do so after it has taken into account all relevant considerations listed in the section 'Issues to consider when making commercialisation decisions' earlier in this chapter, and
- entity is satisfied that the interests of the Australian Government are best served by direct negotiation.

## How to manage risks in commercialisation

Appropriate risk management mechanisms should be adopted to ensure that the government is only exposed to an acceptable and managed level of risk throughout the commercialisation.

A simple risk management process may be represented by four stages, with ongoing communication and consultation, as well as monitoring and review.

### Four stages of a simple risk management process



For more information on risk management, see:

- Management Advisory Board, *MAB/MIAC Report No. 22 Guidelines for Managing Risk in the Australian Public Service, 1996*, and
- Standards Association of Australia, *Australian and New Zealand Standard, AS/NZS 4360 Risk Management 2004*, available from the [Standards Association of Australia website](http://www.sas.org.au).

### Stage 1. Identify potential risks

The first stage involves identification of potential risks associated in a proposed commercialisation. These may range from questions about how the IP is managed, through to issues concerning the relationship between the entity and any proposed commercial partner. The following table sets out some of the questions that can be asked to identify potential risks.

#### Risk assessment

Type of risks	Questions to assess potential risks
IP	<p>Does the entity own the IP?</p> <p>Does the entity have rights to commercialise the IP?</p> <p>What is the strength of the IP protection? (e.g. is the patent valid?)</p> <p>Is the entity managing the IP properly? (i.e. what is the risk of the entity failing to apply for, or properly monitor, the registration of the IP?)</p> <p>Will use of the IP infringe others' rights?</p>
Technology	<p>Will the technology (e.g. process or products) deliver what it promises?</p> <p>What is the potential liability for using the technology?</p> <p>If access to upgrades is to be provided, can the entity deliver on this promise?</p>
Business and financial	<p>What are the financial risks of the commercialisation project? What are the chances of failing to recover costs associated with the commercialisation?</p> <p>Is the relationship between the entity and its commercial partner maintained at a good level?</p> <p>Is the entity appropriately rewarded by the commercialisation process? (e.g. are the licence fees and royalty rate appropriate?)</p>
Legal	<p>Does the commercialisation breach any legislation, policy or contractual obligation? Has the entity ensured it is charging market prices in granting licences or in joint ownership relationships?</p>
Resources	<p>Can the project be adequately resourced?</p> <p>What are the risks of losing staff to the commercial 'partner'?</p>
Reputation	<p>Is there a risk that the reputation of the entity will be tainted?</p>



## Stage 2. Identifying risk management mechanisms

Managing the risks identified in Stage 1 may be done in different ways according to the circumstances. Some risk mechanisms that can be considered are outlined in the table below:

### Identifying risk management mechanisms

Types of risks	Risk management mechanisms
IP	<p>Conduct appropriate IP due diligence to ascertain that the entity owns the IP or has the rights to commercialise it.</p> <p>Perform IP searches (such as validity and infringement searches) to minimise the risk that the IP being commercialised cannot be claimed or that it infringes others' IP rights.</p> <p>Manage IP properly to minimise the risk of failing to apply for, or monitoring, the registration of IP leading to loss of IP rights.</p> <p>Keep proper IP records, including retaining sufficient evidence of the creation of the IP, to provide support for the validity of the IP as well as entity ownership of the IP.</p>
Technology	<p>Take out, or require the relevant party to take out, appropriate insurance (e.g. insurance on product liability). See below for more information on this form of insurance.</p> <p>Limit any liability for ongoing maintenance, support or upgrade of the IP or the product. An option may be to supply the IP on an 'as is' basis.</p>
Business and financial	<p>Cap the risk at an appropriate level using a limitation of liability clause in the contract.</p> <p>Monitor commercialisation activities taken on by the proposed business partner according to a previously approved business plan and the relevant contracts.</p> <p>Ensure that the contract stipulates appropriate termination requirements and that all post termination requirements are understood should the commercialisation project be abandoned.</p> <p>Obtain relevant expert advice in relation to the commercialisation project.</p>
Legal	<p>Ensure that all of its commercial agreements are reviewed by a legal adviser.</p> <p>Ensure the nature of warranties and indemnities are clearly understood by the entity. For further information see the Guidelines for issuing and managing indemnities, guarantees, warranties and letters of comfort 2003 available from the <a href="#">Department of Finance website</a>. Consult the guidelines and seek legal advice when considering warranty and indemnity clauses.</p>
Resources	<p>Ensure that systems for the ongoing management of the commercialisation project are in place and adequately resourced.</p> <p>Allocate appropriate resources to manage contracts that are related to the commercialisation project, e.g. licence and distribution agreements.</p> <p>Allocate appropriate resources to manage the business relationship.</p>
Reputation	<p>Retention of control over the integrity of future product development may assist an entity in maintaining its reputation. However, this should be weighed against the costs of retaining the product.</p>



## Insurance

Entities may consider transferring their risk by obtaining appropriate insurance. The most relevant forms of insurance in the context of IP commercialisation include:

- offensive IP insurance
- defensive IP insurance, and
- product liability insurance.

### *Offensive and defensive IP insurance*

Offensive IP insurance provides a mechanism for funding an action against a third party for infringement of an entity's IP. Defensive IP insurance covers a claim where an entity is sued for unauthorised use of another party's IP. The premiums for these types of insurance are often expensive. It is important that an entity carefully conducts a cost, benefit and risk analysis to determine whether these types of insurance are appropriate.

### *Product liability insurance*

Product liability insurance covers damage to a person or property suffered as a result of goods that have been manufactured, repaired or altered. This type of insurance is applicable where a product is to be sold or distributed as a result of the IP commercialisation. It may be appropriate to include a contractual requirement to take out product liability insurance as part of a commercialisation process.

### *Comcover*

Comcover is the Australian Government's self-managed fund for insurable risks. Entities wishing to obtain insurance from Comcover should be familiar with the terms and conditions of its policies. Further information is available from [Comcover](#).

## Stage 3. Assessing the risks and deciding on what actions to take

The third stage involves a two-dimensional assessment of the risks identified in Stage 1:

- how likely the event described in the risk analysis is to occur, and
- if the event did occur, how adverse the consequences may be.

### *Is the event likely to occur?*

Information should be gathered to assess how likely the risk considered in the analysis is likely to occur. Often information about likelihood of occurrence is already available. For example, an entity would have a fair idea of whether a technology which is being considered for commercialisation will work as promised. List each event and rank the chance of occurrence using a standard scale. A useful scale is: unlikely > probable > likely > highly likely.

### *If the event did occur, how adverse are the consequences?*

An entity's purposes and functions should be taken into account when judging the consequences of an unfavourable event. Classify the event into these categories:



### Categorising risks based on consequence

Category	Consequence
Minor	The consequences may be absorbed through management effort, e.g. providing more resources to find a solution.
Significant	A significant event where the consequences need to be dealt with by rigorous management.
Catastrophic	A disaster where the function of the entity may be paralysed, e.g. where reputation of the entity is irreparably damaged.

The risk level for each event should then be determined by combining the assessment of the likelihood of an even occurring and how adverse the consequences might be. This should then be used to make a decision on whether any action to manage the risk is necessary.

### Stage 4. Implementation and ongoing monitoring of risk management methodologies

Once a decision has been made on the appropriate mechanisms for treating the identified risks, the entity will generally need to identify how those mechanisms should be implemented. Implementation will need to be closely monitored to ensure that deadlines are observed and any relevant fees are paid.



## Chapter 11. Enforcing IP rights

### What this chapter covers

This chapter outlines:

- when IP enforcement issues are likely to arise
- what enforcement of IP rights may achieve and the risks in enforcing IP rights
- the different forms of IP enforcement, and
- an overview of the likely steps in IP enforcement proceedings.

### When do IP enforcement issues arise?

IP enforcement arises when:

- somebody, whether a current or former employee, contractor or member of the public, is suspected of using an entity's IP without permission, or in an inappropriate manner, and the entity would like to stop them, or
- where somebody claims that an entity has infringed their IP rights.

#### Example 1—Entity IP infringed

After a process of due diligence, an entity has decided that certain material it is publishing is of a sensitive nature and needs to take measures to ensure that the publication is disseminated in its entirety. The entity publishes the material with a Creative Commons BY-ND licence (which allows others to distribute the work, even commercially, but only in its current form). A company reproduces part of the material as part of an advertisement for its products, without the entity's consent and in context, it appears as if the entity is endorsing the product. The entity's copyright notice in the publication has made it clear that the work must be in its current form only.

#### Example 2—Entity as alleged infringer

An entity uses a certain symbol on promotional stationery. It transpires that the symbol is substantially the same as a trade mark registered by a private company. It receives a letter from the registered owner of the trade mark demanding that the entity cease use of the mark.

In this chapter the primary focus is on enforcement of IP rights by an entity of its own IP. However, the discussion is also relevant to claims made against an entity. Further information is set out in [‘What to do if someone claims that the entity has infringed their rights’](#) in Chapter 8.

Methods of enforcement will vary depending on a number of factors, including the type of IP and whether the action arises prior to or following the grant of a registered IP right. It is always prudent to seek legal advice immediately when an entity becomes aware that somebody is infringing rights in IP which it owns or manages. A failure to respond in a timely manner may impact upon the entity's rights and possibly reduce the remedies available for the infringement of the IP. Good strategies for protecting IP will also assist the effectiveness of any enforcement action. See Chapter 5 [‘Making IP Protection decisions’](#).



## Why enforce IP rights?

When considering IP enforcement action, entities should carefully consider their aims and purposes in enforcing the IP rights. These may include:

- protecting the value of the IP
- protecting the reputation and image of the entity or the Australian Government generally
- recovering financial damage suffered by the entity
- meeting contractual obligations the entity may have to other parties, especially licensees
- deterring infringement of the IP by others, and
- resolving a dispute commercially.

The functions and purposes of the entity and its broader government obligations may impact upon the manner in which the entity takes enforcement action. For example, the entity's IP policy may be to promote wide use of entity material, but not to allow use that impacts upon the entity's reputation or 'brand'.

## What risks arise in enforcement of IP?

As with any claim or potential legal dispute, a number of risks arise for any entity which seeks to enforce its IP rights. The nature and extent of these risks will always depend upon the particular circumstances. In assessing the risk, the following questions will generally be relevant:

- Is the proposed enforcement at risk of being characterised as an unjustified threat which may be unlawful?
- Are the potential financial liabilities and other risks which may result from the enforcement action justified in the circumstances?
- Is the cost of enforcing the IP right justified, both in terms of the financial cost and the significant executive and management time which may be required?
- Will enforcement mean the IP right may be challenged and found to be invalid—risking the entity's continued use of the IP?

Any decision to bring enforcement action must be preceded by an appropriate risk assessment and be consistent with the entity's corporate mission.

In relation to published copyright information, entities should be mindful that there is an expectation that government information should be made widely available. Consequently, care should be taken to ensure that any decision to enforce copyright is carefully balanced against any risk that the action could be perceived as being contrary to the purposes of encouraging wide public access to and re-use of government information. For further information see Chapter 9 '[Sharing and Granting Access to Government IP](#)'. Therefore it is very rare for Commonwealth entities to need to take formal action to enforce copyright in such material (see section '[What informal and practical forms of enforcement exist?](#)' below for further information).

### Unjustified threats

For most forms of IP, a threat to institute infringement proceedings is unlawful where there is no proper basis to commence the action. If an entity commences an infringement action without proper grounds or makes an unfounded allegation of infringement, the entity may be liable to pay damages flowing from the unjustified threat.

Allegations of infringement must always be supported by sufficient evidence. It is critical that consideration of any enforcement action (including by way of letter of demand) be based on appropriate advice as to the existence and enforceability of the rights to be claimed.



## Potential liability and costs

An enforcement action (as with any other form of legal action) always carries the risk that it may not be successful. If this occurs it is usual that the person bringing the action is ordered to pay the opposing party's legal costs in addition to their own costs. Legal costs in enforcement actions may be substantial.

It is also possible that the party accused of infringing IP rights will seek compensation from the person bringing the unsuccessful action. For example, compensation may be claimed for loss resulting from being forced to cease supply of a product, or for damage to a company's reputation.

Always seek advice on potential liability which may arise in bringing an enforcement action.

## The cost of enforcing rights

While other factors may take priority (such as risks to the entity's reputation, or breach of contractual obligations), any decision to enforce IP rights requires consideration of the costs involved (financial, time and resources) and the results that success may achieve. The rewards may be financial, but may also prevent further losses of the relevant IP, and other IP.

## Risks to the existence and continued use of IP rights

The validity and ownership of IP is nearly always subject to review by a court. In IP enforcement proceedings, the infringing party will often make a cross-claim against the party bringing the action. This cross-claim may be by way of a challenge to the ownership or validity of the IP. The risk that such a cross-claim may be successful is always a major consideration in any enforcement action.

## What informal and practical forms of enforcement exist?

The forms of IP enforcement vary from simple practical measures to complex litigation. In some cases informal or practical measures may be effective in protecting IP. Informal measures, such as those outlined below, may also be the first step of a broader enforcement strategy. It should be remembered that actions, claims and concessions made in any informal process may affect future legal proceedings. Always keep records of informal measures taken and any resulting discussions or correspondence.

Entities should consult with their internal legal services before taking any informal or practical enforcement steps. It is recommended that entities consult the [Legal Services Directions](#) made by the Attorney-General before taking any informal or practical enforcement steps. The directions set out the framework for management of legal services and handling of legal matters by Commonwealth entities.

## Administrative or disciplinary action

Entities should be aware that entity employees may infringe their entity's IP. Whether through ignorance or intent, employees may take originals or copies of protected IP during the course of their employment or when they leave an entity. Regardless of how the IP might be used, and whether or not it is for commercial purposes, if copying and use of the IP occurs without the entity's authorisation, the employee may have infringed the Commonwealth's IP rights.



If the infringement:

- Proves to be conscious.
- Has a significant impact on an entity's operational or strategic business.
- Risks accusations of third party infringement.
- Risks accusations of being in breach of the commonwealth procurement rules.
- Entities have an obligation to ensure action is taken to limit that infringement and risk manage the consequences. This may be achieved through letters of demand, mediation, administrative or disciplinary action. For serious cases of infringement, administrative or disciplinary action may be taken in accordance with the [Public Service Act](#), the [Parliamentary Service Act](#), [Defence Force Discipline Act](#), [Australian Federal Police Act](#) or the relevant legislation, and terms and conditions under which that person is, or was, employed.

## Letter of demand

A letter of demand issued to the person or company thought to be infringing an IP right is usually the first step in an enforcement process. A letter of demand may be effective to put an immediate stop to the infringing conduct and avoid the time and cost of pursuing the infringing party in court. Expert advice should be sought in drafting a letter of demand.

The amount of damages awarded by a court may be reduced if a letter of demand is not sent to the infringing party prior to court proceedings being commenced. In the absence of a letter of demand, a court may infer that the infringing party did not know, and could not be expected to have known, they were infringing the owner's rights.

## Enforcing IP rights when there is a breach of contract

Infringement of IP may arise in conjunction with a breach of the contract relating to the IP. In such cases it may be appropriate to address the infringement in the manner in which other disputes under the contract are handled. For example, this may include a project committee meeting, escalation of the dispute to a senior officer or by following dispute resolution procedures set out in the contract.

Contractual rights may sit side by side with the rights existing in the IP itself. In such cases it may be appropriate to rely on both the contractual position and the IP rights in seeking to prevent the infringement.

## What remedies are available if court proceedings are successful?

Two primary categories of remedies are available for an IP enforcement action through a court proceeding—interim (or temporary) remedies and permanent remedies.

Interim remedies may be ordered after a short hearing (sometimes without the other party present) at any stage up to judgement. Remedies of this type include:

- *Anton Piller order*—an order used before issuing formal proceedings authorising the search of an alleged infringer's premises for the purpose of seizing infringing articles, where such articles are likely to be removed or destroyed if the infringer is put on notice of the allegation of infringement.
- *Interim or interlocutory injunction*—an order requiring the infringing party to cease the alleged infringing conduct pending the outcome of the proceedings.
- *Mareva injunction*—a form of interim injunction which freezes the infringing party's assets so that they cannot be consumed or transferred out of the jurisdiction prior to proceedings being finalised.



Permanent remedies may be ordered at the completion of the proceedings either by the court or, if the matter settles, by agreement. The following are types of permanent remedies:

- *Damages*—compensates the owner for loss suffered as a direct result of the infringing conduct. Damages may not be available where the infringing party did not know, and had no reasonable grounds, for suspecting that the conduct constituted an infringement.
- *Account of profits*—an order requiring the infringing party to hand over the profits made from the infringing conduct to the owner of the IP. Generally, the IP owner is required to choose between seeking damages or an order for account of profits.
- *Final injunction*—an order requiring the party to cease the infringing conduct for the life of the IP right.

## What forms of alternative dispute resolution are relevant to IP enforcement?

Alternative dispute resolution (known as ‘ADR’) may involve an informal settlement conference attended by the parties and their legal representatives or a more formal process such as mediation or arbitration. Alternative dispute resolution should be adopted as the first step in addressing any perceived infringement before legal action is pursued.

Parties to contract may have agreed within the contract to use ADR to resolve any dispute between them instead of using the court system.

### Mediation

Mediation may be ordered by a court, may occur by agreement, or may be required under the terms of a contract. Mediating has the following primary features:

- a structured negotiation process between the parties facilitated by an independent mediator
- aimed at resolving the matter or at least narrowing the issues
- not all matters are suitable for mediation—the proceedings may involve a complex point of law or the parties may be so opposed to one another that mediation would serve no purpose
- the mediator does not have the power to impose any decision or outcome on the parties, and
- if the parties agree to resolve the dispute, terms of settlement are prepared, signed and filed with the court or otherwise in an enforceable form in order to give effect to the resolution.

### Arbitration

Arbitration is a fairly formal, rigid means of dispute resolution. It may arise by direction of the court in some circumstances, or by agreement. Arbitration has the following primary features:

- an arbitrator has the power to make decisions which are binding on the parties
- as in the case of mediation, not all matters are suitable for arbitration, and
- although the arbitrator’s decision is binding, generally both parties have a right of appeal to the relevant court (where the arbitrator has been appointed by a court).

## Can IP infringement be a criminal offence?

A range of criminal offences may apply where IP rights have been deliberately or recklessly infringed. These offences are set out in each piece of legislation dealing with the different forms of IP.

It may be necessary to seek expert advice for information about offences that apply to particular circumstances (see Chapter 13 [‘Further information and assistance’](#)).



## Chapter 12. Working with Aboriginal and Torres Strait Islander communities

### What this chapter covers

This chapter provides:

- three scenarios and a case study as a guide to best practice; and
- advice on how to discuss Traditional Knowledge (TK) and Traditional Cultural Expressions (TCEs) with Aboriginal and Torres Strait Islander peoples.

### Why is this important?

The Australian Government recognises that culture and knowledge are a significant and important part of the livelihood and wellbeing of Aboriginal and Torres Strait Islander peoples. TCEs, such as dreaming stories, and TK, such as plant medicines, often come up in discussions with Aboriginal and Torres Strait Islander peoples about IP. TK and TCEs can have different meanings and be governed in a variety of ways by Indigenous communities. To reflect this, entities should take a thoughtful approach when engaging with Aboriginal and Torres Strait Islander communities and be open to creative options for ownership, management and use of (IP) derived from TK and TCEs.

In the Australian context, when using the words 'Indigenous' and 'Aboriginal' always use a capital 'I' or 'A'. Remember to spell out Torres Strait Islander and do not use abbreviations in formal documents.

#### Scenario one

The first scenario arises where a Government entity or third party is working with an Aboriginal or Torres Strait Islander community and this work involves their TK or TCEs but there is no intention to create IP. Examples include a community's cultural performance at a Government hosted public event or delivering a program in a culturally appropriate manner.

Aboriginal and Torres Strait Islander peoples are the primary guardians and interpreters of their culture and knowledge. Entities should not make assumptions about how a community manages their TK and TCEs. Each Aboriginal and Torres Strait Islander community may have a different approach to the governance of their own culture and knowledge. It is important that entities talk with community representatives (these are different in each community and may include elders, land councils, prescribed bodies corporate, national resource management groups, local councils or Traditional Owners) to understand community protocols that determine permission to access and use TK or TCEs. Proper consultation with communities will guide the direction of future work or activities.

Entities also need to be aware that some TK and TCEs are culturally sensitive. Entities should respect community protocols around secret and sacred material. A community may decide not to grant permission to an entity to access or use their TK or TCEs and this decision must be respected.

#### Scenario two

The second scenario arises where a Government entity or third party is working with IP derived from an Aboriginal or Torres Strait Islander community's TK or TCEs.

Where there is existing IP derived from TK and TCEs there may be two levels of consultation required. The first level of consultation involves negotiating a licence with the IP right holder (this could be an artist, inventor, author, film maker or a community) to use their IP. The second level of consultation relates to underlying TK or TCEs in that IP. In many cases there are multiple levels of ownership.



For example, an entity wishes to use a reproduction of a painting in their annual report. The painting involves a TCE of a dreaming story. The artist will own the copyright in the painting. Also, there may be Traditional Owners who have their own governance system for the TCEs in the story depicted by the art work. The entity will need a licence from the copyright owner to use a reproduction of the painting in their annual report. For the second level of consultation, the entity should seek confirmation from the artist that they have the authority or permission to depict the TCE in the painting and to approve its use in the annual report. The Entity should consider what measures should be taken to inform the Traditional Owners of the intended use of the painting in their annual report, including that the annual report may be made available with a creative commons licence.

### Scenario three

The third scenario is where new IP is derived from TK and TCEs.

Entities should seek prior permission from the owners of the TCEs or TK before starting the project. As part of the permission process, entities need to ensure that the community understands and agrees on ownership of IP derived from TK and TCEs, how the IP will be managed and how future use of the IP will be managed. Acknowledgements need to be agreed by all parties. This is called free, prior informed consent, which is discussed below. A community may choose to not grant permission to work with all elements of their TK or TCEs and this must be respected by an entity.

In considering IP derived from TK and TCEs, possible options for entities include:

- co-authorship
- co-ownership between the entity and community of the IP, and
- royalty-sharing arrangements.

Entities can also give proper attribution and notices in publications.

### Consultation—ask first

Consultation means working together, listening to what the other party has to say and acting upon it. Consultation is not a one-way process, but a process of sharing knowledge and opinions.

You cannot expect one person to speak on behalf of all Aboriginal and Torres Strait Islander peoples and do not presume that the view of one group represents the collective view of the community.

In many cases an entity will be advised to firstly speak with a community's Traditional Owners, Elders or community spokespeople before a formal agreement may occur. If you do not know who to speak with, ask—there is nearly always a spokesperson for a particular place or community.

Aboriginal and Torres Strait Islander Government employees speak on behalf of themselves and not on behalf of their community or all Indigenous persons. Unless a staff member is identified as a Traditional Owner or a community spokesperson, speaking with the staff member does not constitute appropriate community consultation.

Consultation does not only occur at the beginning of a project, entities need to constantly ask 'am I doing the right thing?', 'is there anyone else I should speak with?' and 'do you fully understand what I am requesting?' The key to effective consultation is free, prior and informed consent.





## Free, prior and informed consent

Free, prior and informed consent means that all parties are aware of the scope and implications of the activity. Consent must be obtained free of duress or pressure and can be withdrawn. All parties are informed and fully cognisant of the purpose, performance and risks of the proposed activity. The consent process should be transparent for all parties, and information should be explained in languages for all parties.

When seeking consent from Aboriginal and Torres Strait Islanders peoples they need to be informed of the intended use and audience of the project, research or other outcome. Approval also needs to be sought for any planned changes to the usage of derivative IP through, for instance, renegotiating licences.

### Case study

An Indigenous community is working with a university to record their endangered language. Language is regarded as a TCE. The university has received a Government grant to fund the activity and has a contract with the Government to deliver an outcome. The university also has a formal agreement with the community to record the language for the benefit of the community. Because it is an oral expression, not fixed in material form, language is not protected by copyright or any other IP. As such, representatives of the community are not in a position to assign or license any IP in the language.

Result—The university and Indigenous community came to an agreement that acknowledged that the community is the guardian of its language as a TCE. The university and community nominated a set of ‘language informants’, representatives of the community that have authority to make informed decisions over their language. They have the authority to allow their language to be used in academic papers or forums on the condition that they, their language and their community are suitably acknowledged.

The agreement also set up a framework for managing derivative IP. A community organisation, nominated by the community members, owns copyright in the recorded products created under the project for community use. Under the agreement, neither the university nor individual academics are allowed to financially benefit from using the language and recorded information without negotiating separate agreements which set out ownership and benefit sharing of the copyright. The agreement further acknowledges that there will be no transfer or assignment of copyright ownership of the records of the Indigenous language made as part of the project.

## Protocols

Protocols are appropriate ways of communicating and working with others. Aboriginal and Torres Strait Islander communities place importance on the observation of cultural protocols. There are many different protocols for communicating and working with Indigenous materials, and interacting with Indigenous people and their communities. Entities are advised to consider how their own protocols articulate managing IP with Indigenous stakeholders. Entities may consider reviewing their protocols to reflect advice included in this guide. The ‘Further Reading’ section includes suggested protocols that entities may consider using as a reference guide.





## Traditional knowledge notices

Entities may consider providing a written notice when intending to use TK or TCEs in a Government publication. This notice would identify to an audience upfront that content includes text and/or images that depict TCEs and or TK. The notice should reflect the type of material and the agreement negotiated with the community or communities. Suggestions include informing the reader that it is their responsibility to contact the community should they wish to use the content in anyway, as well as seeking permission from the publisher. The precise wording should be negotiated with the community/communities with whom the entity is working.

## Further reading

[Music: Protocols for Producing Indigenous Australian music](#)—produced by Australia Council for the Arts

[Writing: Protocols for producing Indigenous Australian writing](#)—produced by Australia Council for the Arts

[Visual Arts: Protocols for producing Indigenous Australian visual arts](#)—produced by Australia Council for the Arts

[Media Arts: Protocols for producing Indigenous Australian media arts](#)—produced by Australia Council for the Arts

[Performing Arts: Protocols for producing Indigenous Australian performing arts](#)—produced by Australia Council for the Arts

[Pathways & Protocols, a guide for ‘filmmakers working with Indigenous people, culture and concepts’](#)—produced by Terri Janke for Screen Australia.

[Guidelines for Ethical Research in Australian Indigenous Studies](#)—produced by Australian Institute of Aboriginal and Torres Strait Islander Studies.

[Ask First: A guide to respecting Indigenous heritage places and values](#)—produced by DSEWPaC.

[Dream Shield: A guide to IP for Aboriginal and Torres Strait Islander business owners](#)—produced by IP Australia.



## Chapter 13. Further information and assistance

### Where can I go to find out more about IP?

#### Internal entity resources

Internal entity resources generally exist which provide further information on IP. These are likely to include:

- the entity IP Policy
- the entity IP Implementation Plan, and
- relevant entity staff responsible for IP (e.g. IP Officer, IP Committee, legal staff).

#### External IP advisers

Intellectual Property is a specialised field requiring particular expertise and experience. There are categories of professionals that can provide IP advice.

When engaging external assistance consider relevant entity procedures, including compliance with the Legal Services Directions, published on the [Attorney-General's Department website](#).

Directories of registered patent and trade mark attorneys and IP lawyers may be found at:

- [IP Australia](#)
- [Professional Standards Board of Patent and Trade Mark Attorneys](#), and
- relevant state and territory law societies.

#### Government resources

The Department of Communications and the Arts has portfolio responsibility for copyright. Queries about Australian Government copyright policy may be addressed to the Content and Copyright Branch of the Department. General queries about any other types of IP may be addressed to IP Australia.

#### Other general Australian Government departments

Department	Web address	Information	Details
Department of Communications and the Arts	<a href="http://www.communications.gov.au">www.communications.gov.au</a>	Copyright information and fact sheets	Information about the whole-of-government implementation of an IP framework Statement of Intellectual Property Principles (released May 2007) Legal Services Directory
IP Australia	<a href="http://www.ipaustralia.gov.au">www.ipaustralia.gov.au</a>	Information about all types of IP other than copyright Online IP registration searches and lodgement tool	<a href="#">IP Explained</a> <a href="#">Guide to applying for your patent overseas</a> Dream Shield (indigenous business owners) Make Your Mark (industrial designers) Protect Your Creative (graphic designers) Fashion Rules (clothing industry)

Department	Web address	Information	Details
Department of Finance	<a href="http://www.finance.gov.au">www.finance.gov.au</a>	<a href="#">Commonwealth Procurement Rules</a> <a href="#">Procurement Process Considerations</a> <a href="#">Procurement Connected Policies</a> <a href="#">Confidentiality through the procurement cycle</a> <a href="#">Additional reporting on confidentiality</a>	<a href="#">SourceIT model contracts</a> Outcomes of the Review of the Government Information Technology and Communications Framework, Version 4 <a href="#">Australian Government Competitive Neutrality Guidelines for Managers (2004) (FC 2004/01)</a> <a href="#">Open Source Software Governance Arrangements for Australian Government Bodies</a> <a href="#">List of Australian Government Bodies and Governance Relationships</a> Management of the website <a href="http://data.gov.au">data.gov.au</a> .
Department of Industry and Science	<a href="http://www.industry.gov.au">www.industry.gov.au</a>	<a href="#">Information on IP as it relates to innovation.</a>	
Department of Foreign Affairs and Trade	<a href="http://www.dfat.gov.au">www.dfat.gov.au</a>	Information and advice about international law, trade law and IP obligations under FTAs.	
Attorney General's Department, Office of International Law	<a href="http://www.ag.gov.au">www.ag.gov.au</a>	Information and advice about international law, trade law and IP obligations under FTAs.	
Department of Defence	<a href="http://www.defence.gov.au">www.defence.gov.au</a>	<a href="#">Contracting with Defence</a>	Provides information, guidelines and templates for procurements with Defence.
Office of the Australian Information Commissioner	<a href="http://www.oaic.gov.au">www.oaic.gov.au</a>	Freedom of Information functions, including overseeing the operation of the FOI Act and review decisions made by entities under the Act.	Privacy functions conferred by the <a href="#">Privacy Act</a> and other laws. Government Information policy functions.

Information on IP available online:

- Australian Copyright Council at [www.copyright.org.au](http://www.copyright.org.au).
- Australian Centre for Intellectual Property in Agriculture at [www.acipa.edu.au](http://www.acipa.edu.au).
- Arts Law Centre of Australia at [www.artslaw.com.au](http://www.artslaw.com.au).
- Intellectual Property Research Institute of Australia [www.ipria.org](http://www.ipria.org).



The Australian State Government publications listed below are for information only and do not take the place of federal policies, obligations and guidance.

#### Australian state governments

Department	Web address	Information	Details
New South Wales Government	<a href="http://www.nsw.gov.au">www.nsw.gov.au</a>	IP Management Framework for the NSW Public Sector (2005)	Policy on IP arising from Health Research in Public Health Organisation (2004)
Queensland Government	<a href="http://www.qld.gov.au">www.qld.gov.au</a>	Intellectual Property Standard (IS25) Intellectual Property Principles	Intellectual Property Guidelines (2004)
South Australian Government	<a href="http://www.sa.gov.au">www.sa.gov.au</a>	Intellectual Property Policy (2006)	Intellectual Property Management (1999)
Tasmanian Government	<a href="http://www.go.tas.gov.au">www.go.tas.gov.au</a>	Information Technology–Related Intellectual Property Principles	
Victorian Government	<a href="http://www.vic.gov.au">www.vic.gov.au</a>	Managing and Commercialising Intellectual Property, a guide to assist Victorian universities and research institutes better manage knowledge and ideas.	
Western Australian Government	<a href="http://www.wa.gov.au">www.wa.gov.au</a>	Government Intellectual Policy and Best Practice Guidelines (2003) Commercialising Government Owned Innovations (2005)	General Guidelines for the Implementation of Western Australian Government Intellectual Property Policy (2002)

#### Other general resources

##### Textbooks

- McKeough J, Stewart A and Griffith A, Intellectual Property In Australia (3rd edition), Butterworths, 2004
- McKeough J, Bowery K and Griffith P, Intellectual Property: Commentary and Materials (3rd edition), Law Book Company, 2002
- Reynolds R and Stoianoff N, Intellectual Property: Text and Essential Cases, The Federation Press, 2003
- Ricketson S and Richardson M, Intellectual Property: Cases, Materials and Commentary (2nd edition) (revised), Butterworths, 2002
- McGinness P, Intellectual Property Commercialisation: A Business Manager's Guide, Butterworths, 2003



### Loose leaf services

- Australian Industrial & Intellectual Property, (edited by A Liberman) CCH Australia Ltd
- Copyright & Designs, (edited by J Lahore) Butterworths
- The Law of Intellectual Property, Copyright, Designs & Confidential Information, (edited by S Ricketson and C Creswell) LBC Information Services

### Internet

- Australasian Legal Information Institute at [www.austlii.edu.au](http://www.austlii.edu.au)
- Standards Association of Australia at [www.riskmanagement.com.au](http://www.riskmanagement.com.au)

### Information on intellectual property from other countries

#### New Zealand

- Intellectual Property Office of New Zealand at [www.iponz.govt.nz](http://www.iponz.govt.nz)
- Copyright Council of New Zealand at [www.copyright.org.nz](http://www.copyright.org.nz)
- Ministry of Economic Development at [www.med.govt.nz](http://www.med.govt.nz)
- New Zealand Legal Information Institute at [www.nzlii.org](http://www.nzlii.org)

#### United Kingdom

- UK Intellectual Property Office at <http://www.ipo.gov.uk>

#### United States

- Copyright Office of United States at <http://www.copyright.gov>
- United States Patent and Trademark Office at [www.uspto.gov](http://www.uspto.gov)

#### European Union

- Office for Harmonisation in the Internal Market at [www.oami.europa.eu/ohimportal/en/](http://www.oami.europa.eu/ohimportal/en/)
- European Patent Office at [www.epo.org](http://www.epo.org)

#### International

- World Intellectual Property Organisation at [www.wipo.int](http://www.wipo.int)
- World Legal Information Institute at [www.worldlii.org](http://www.worldlii.org)

## Abbreviations

### Abbreviations and their meanings

Abbreviation	Meaning
AASB	Australian Accounting Standards Board
ABN	Australian Business Number
ABS	Australian Bureau of Statistics
ACIAR	Australian Centre for International Agricultural Research
ACMP	Society of Advertising, Commercial and Magazine Photographers
ACN	Australian Company Number
ADR	Alternative Dispute Resolution
AEShareNet-FfE	AEShareNet—Free for Education Licence
AFDA	Administrative Functions Disposal Authority
AFS	Assisted Filing Service
AGIMO	Australian Government Information Management Office
AIPP	Australian Institute of Professional Photography
AMCOS	Australian Mechanical Copyright Owners' Society
ANAO	Australian National Audit Office
ANSTO	Australian Nuclear Science and Technology Organisation
APRA	Australasian Performing Right Association
APS	Australian Public Service
ARBN	Australian Registered Body Number
ARIA	Australian Record Industry Association
AS	Australian Standards
ASIC	Australian Securities and Investment Commission
ATO	Australian Taxation Office
auDA	.au Domain Administration Limited
AustLII	Australasian Legal Information Institute
AVO	Australian Valuation Office
BSAA	Business Software Association of Australia
BDD	Broadcast Decoding Device
BSD	Berkeley Software Distribution Licence
CAC Act	Repealed <i>Commonwealth Authorities and Companies Act 1997 (Cth)</i>
CC	Creative Commons Licence
CCA	Commonwealth Copyright Administration



Abbreviation	Meaning
CC entities	Corporate Commonwealth entities—formerly CAC Act agencies
COMET	Commercialising Emerging Technologies
CPRs	Commonwealth Procurement Rules
CRA	Collaborative Research Agreement
CRCs	Cooperative Research Centres
CSIRO	Commonwealth Science and Industrial Research Organisation
Cth	Commonwealth of Australia
CTM	Community Trade Mark (European Union)
DBCDE	Department of Communications
DNS	Domain Name System
DRM	Digital Rights Management
EDUCATION	Department of Education and Training (formerly DEEWR)
EMPLOYMENT	Department of Employment (formerly DEEWR)
ESA	Endorsed Supplier Arrangement
FMA Act	Repealed <i>Financial Management and Accountability Act 1997 (Cth)</i>
FMA Regulations	Repealed Financial Management and Accountability Regulations 1997 (Cth)
FOI Act	Freedom of Information Act 1982 (Cth)
GITC	Government Information Technology Conditions
GITC4	Government Information Technology Conditions v.4
GPL	General Public Licence
GRDC	Grains Research Development Corporation
ICNCP	International Code of Nomenclature for Cultivated Plants 1995
ICT	Information and Communications Technology
IP	Intellectual Property
IP Principles	Statement of Intellectual Property Principles for Commonwealth Entities (originally launched in 2007).
ISO	International Standards Organisation
IT	Information Technology
MEAA	Media, Entertainment and Arts Alliance
MTA	Material Transfer Agreement
NHMRC	National Health and Medical Research Council
OAIC	Office of the Australian Information Commissioner
OSS	Open Source Software
Paris Convention	Paris Convention for the Protection of Industrial Property 1883



Abbreviation	Meaning
PBRs	Plant Breeder's Rights
PCT	International Patent Cooperation Treaty 1970
PGPA Act entities	Non Corporate Commonwealth entities pursuant to s21 PGPA Act
PPCA	Phonographic Performance Company of Australia
TCE	Traditional Cultural Expression
TK	Traditional Knowledge
TLD	Top Level Domain
TPA	Trade Practices Act 1974 (Cth)
TPM	Technological Protection Measure
R&D	Research and Development
RFT	Request for Tender
RMI	Electronic Rights Management Information
SARAS	Study and Research Assistance Scheme
SMEs	Small and Medium Enterprises
TRIPS	Trade-related Aspects of Intellectual Property Rights Agreement
UPOV	International Union for the Protection of New Varieties of Plants
USPAP	Uniform Standards of Professional Appraisal Practice
VISCOPY	Visual Artists' Collecting Society
WIPO	World Intellectual Property Organisation
WIPO Convention	Convention Establishing the World Intellectual Property Organisation
WTO	World Trade Organisation
2LD	Second Level Domain





## Glossary

### Account of profits

A legal remedy requiring an infringing party to deliver the profits made from unauthorised use of the IP owner's rights.

### AEShareNet

A non-profit company set up by the Australian Ministers of Education and Training to encourage and assist with the sharing and trading of learning materials protected by copyright. AEShareNet has established a set of standard licences.

### All rights reserved

The display of this notice on a copyright work indicates that no licence is implied by publication to use the work in any way normally reserved for the copyright owner.

### Alternative dispute resolution (ADR)

Refers to non-litigious methods of resolving disputes between parties, such as informal settlement conferences, arbitration or mediation.

### Anton Piller Order

A court order authorising the search of an alleged infringer's premises for the purpose of seizing articles which infringe IP.

### Artistic works

One of the categories of works set out in the [Copyright Act](#). It includes drawings, paintings, graphs, maps, sculptures, blueprints, and photographs.

### Assignment of rights

A method whereby the owner of IP rights can transfer ownership of some or all of the exclusive rights to the IP to another person.

### Assignee

The person(s) or corporate body to whom all or some rights to IP are legally transferred by an assignment of rights.

### Assisted Filing Services (AFS)

A service provided by IP Australia that offers applicants an early assessment of the registrability of their selected trade mark and may assist them in identifying any barriers that could prevent registration of their selected mark.

### .au Domain Administration (auDA)

The delegated authority by the Australian Government to manage the .au internet domain. auDA accredits and licenses registrars at [www.ada.org.au](http://www.ada.org.au).



## Background IP

Refers to IP existing prior to the performance of a contract or IP developed independently by a party to a contract.

## Broadcast

A communication to the public via a television or radio broadcast.

## Broadcast Decoding Devices (BDD)

A device that enables unauthorised access to an encoded broadcast. Defined under the [Copyright Act](#).

## Cinematographic work

One of the categories of work set out in the [Copyright Act](#). It includes feature films, DVDs, videos, documentaries, television programs and moving images generated by computer games.

## Circuit Layout

The layout designs or plans (topographies) of integrated circuits used in computer-generated equipment. They are sometimes referred to as 'computer chips' or 'semi-conductor chip designs'.

## Circuit Layouts Rights

Circuit layout rights are set out in the [Circuit Layouts Act](#). They give the creator automatic protection of original layout designs for integrated circuits and computer chips.

## Claims

In a patent specification, a claim is a written statement setting out the specific boundaries of the monopoly rights to be granted to the invention for a patent.

## Click wrap licence

An agreement attached to software that is available to be downloaded or used over the Internet. It commonly works by requiring a user to indicate agreement to the terms of the licence before being able to use the software.

## Collaborative research

Research undertaken by more than one person or organisation. It can include a simple research program between two organisations, or a complex interdependent project among a consortium of research institutions and the industry.

## Collaborative Research Agreement (CRA)

A contract which defines the terms and conditions under which collaborative research will be undertaken.

## Commercialisation

The process of taking an idea to the marketplace, usually through the sale or licensing of goods or services for a commercial gain. This involves working the idea into a business plan, consideration of protection options and considering how to market and distribute the finished product.



## Common law trade mark

See Unregistered trade mark.

## Community Trade Mark Application (CTM)

A system by which one trade mark application can be made for protection among all the European Union countries.

## Confidential information

In the context of IP, confidential information is information and materials of commercial or personal value kept confidential from the general public.

## Confidentiality agreement

An agreement requiring a person who receives confidential information from another person not to disclose the information.

## Constructive notice

Constructive notice is a legal concept used to signify that a person or entity is legally presumed to have knowledge of something, even if they have no actual knowledge of it.

## Copyright

A form of IP that protects the creative expression of an idea—not the idea itself. Copyright protection is provided by the [Copyright Act](#) which grants a bundle of exclusive rights to the copyright owner for a limited time for particular types of works in a particular form. If the work is original, Copyright protection is automatic.

## Copyright notice

A copyright notice indicates that the work is protected by copyright and identifies the copyright owner. It consists of the copyright symbol ©, the name of the owner and the year of creation or first publication. For sound recordings the phonograph symbol ℗ is used.

## Cost approach

A method to IP valuation based on the principle that an investor would pay no more to purchase an IP asset than the costs of developing the IP asset themselves.

## Cost savings approach

An approach to IP valuation which calculates the savings available from using the IP asset compared with the costs of undertaking the same activity without using the IP asset.

## Creative Commons (CC)

A scheme providing standard format licences to be attached to copyright material for use by anyone for any purpose, subject to varying conditions.



## Custodianship

This principle recognises the role of ‘custodians’ of IP (especially of data sets). Although the Commonwealth of Australia is legally only one entity, individual entities are responsible for the IP they generate.

## Damages

A form of compensation that may be granted by a court for loss suffered as a direct result of infringing conduct.

## Defendant

A defendant is the person against whom an action is brought in a court of law. In the Federal Court this person is known as the Respondent.

## Deliverable

The product or outcomes resulting from a project in which IP rights may exist.

## Design

The feature of shape, configuration, pattern or ornamentation which can be judged by the eye in finished articles. The Designs Act 2003 (Cth) provides protection for new or original designs.

## Digital Rights Management (DRM) system

A system for management and protection of copyright material in the digital environment.

## Disclosure

In patent law, disclosure refers to the first public communication of the details of an invention.

## Distinctive

In trade mark law, distinctive refers to where a trade mark is unique and unlikely to be confused with another mark.

## Divisional application

A type of [patent application](#) which contains matter from a previously filed application. It allows the separation of one of the inventions into a new application without losing the priority date.

## Domain Names

Domain names are word sequences which are used to identify particular web pages.

## Dramatic work

One of the categories of work set out in the [Copyright Act](#). It includes plays, screenplays and choreographic works.

## Due diligence

In relation to IP, due diligence is a comprehensive analysis to confirm the ownership of IP and who is able to authorise its use.



## Economic Rights

A bundle of exclusive rights granted only to the copyright owner by the [Copyright Act](#). This includes the right of reproduction and the right to communicate the work to the public.

## Electronic Rights Management Information (RMI)

RMI is a set of systems for identifying content, protecting copyright and tracking the usage of electronic information.

## Encryption

A process by which information is obscured so that only those with authorised access may be able to read it.

## Endorsed Supplier Arrangement

A system for pre-qualifying suppliers selling to the Australian Government.

## Enforcement

The action taken to prevent infringement of IP rights by another person or action taken alleging infringement of IP rights by another person.

## Entity

In the IP Manual, the term is used to refer to a governmental unit of the Australian Commonwealth Department or State or a prescribed entity that is subject to the PGPA Act.

## Escrow

An undertaking to keep items in the custody of a neutral party until certain conditions are met.

## Examination

The process during which an IP asset is assessed to determine whether it complies with the requirements set out in the legislation covering patents, trade marks, designs and plant breeders.

## Exclusive licence

An undertaking not to allow anyone else (including the owner or the licensor) to exercise the rights over an IP asset in a specified territory as set out in a licence.

## Fair dealing

The categories of acts that do not constitute copyright infringement in the [Copyright Act](#). This includes use of copyright materials for research or study, criticism or review, reporting the news, for access by persons with a disability or for professional advice by a lawyer, patent attorney or trade mark attorney.

## Filing date

The date an application for a registrable IP reaches IP Australia in complete form.

## Foreground IP

See Project IP.



## Functionality

The properties, uses, or applications of a product.

## Generic use

This applies to a mark that has become synonymous with the goods or services to which it is applied, i.e. cellophane and aspirin. Such marks may not be registrable as a trade mark.

## Government Information Technology Conditions (GITC)

A standard IT procurement framework established by the Department of Finance.

## Income approach

An approach to IP valuation based on the estimated future income to be generated by the IP asset over its effective life.

## Indemnity

A guarantee contained in a licence, which covers any future losses that might be suffered through being sued for infringement of any undisclosed third party rights.

## Indirect infringement

Use of IP that has been authorised by a person who did not have the right to give permission to that use.

## Industrially applied

Application of a design to a product for commercial use.

## Infringement

The unauthorised use, exploitation or reproduction of IP in a way that would normally be the exclusive right of the IP owner.

## Infringer

A person who uses IP without the permission of the owner of the IP rights.

## Injunction

An order by a court to a particular person to cease doing a particular act.

## Innovation Patent

A type of patent which protects inventions which involve an innovative step and satisfies other requirements of patentability.

## Innovation step

A requirement for registration of an innovation patent under the [Patents Act](#). It generally requires there be a difference between the invention and what is known about that invention. This difference must make a significant contribution to the working of that invention.



## Intangible asset

An asset that does not have physical substance, including intellectual property in the form of copyright, patents and other IP rights.

## Intellectual Property (IP)

Intangible property that attracts rights resulting from intellectual activity in the industrial, scientific, literary or artistic fields. Property protected includes:

- Literary, artistic and scientific works
- Performances of performing artists, phonograms and broadcasts
- Inventions in all fields of human endeavour
- Scientific discoveries
- Industrial designs
- Trade marks, service marks and commercial names and designations
- Protection against unfair competition

## Intellectual Property (IP) Framework

An overarching framework which generally consists of a broad policy document setting out the purposes of managing IP, a plan for implementing the policy, and a mechanism for review and evaluation.

## Intellectual Property (IP) Implementation Plan

The formal plan or plans, procedures or practices adopted by an entity in IP management and detailing the means by which the entity will implement its IP policy.

## Intellectual Property (IP) Needs Analysis

A method used to determine an entity's preferred IP position by identifying the entity's needs and the broader government needs against possible IP outputs of the relevant project.

## Intellectual Property (IP) Outputs

The IP rights in the project deliverables. These are usually referred to as Project or Foreground IP.

## Intellectual Property (IP) Policy

A statement of principles outlining how the entity will manage its IP.

## Intellectual Property (IP) Rights

The exclusive rights attached to copyright, circuit layouts, designs, patents, plant varieties and trade marks.

## International patent application

An application under the Patent Cooperation Treaty (PCT) whereby an applicant can select or designate countries in which to register a patent.

## International trade mark application

An application filed under the Madrid Protocol treaty whereby an applicant may select or designate countries in which the applicant wants to register a trade mark.



## Internet Corporation for Assigned Names and Numbers (ICANN)

The international body responsible for managing and coordinating the Domain Name System. It ensures that every address is unique and that all users of the Internet can find all valid addresses.

## Invention disclosure form

A document compiled by the creators of the IP and possibly those working in collaboration with others, which sets out the details of the newly created IP and distinguishes that IP from other known related IP.

## Inventive step

A requirement for registration of a standard patent under the [Patents Act](#). It generally means that the new patent must not be 'obvious' to a person who has skill and knowledge in the relevant field of the invention ('person skilled in the art').

## IP Australia

IP Australia is the Commonwealth entity that administers patents, trade marks, designs and plant breeder's rights systems in Australia.

## Joint authorship

A collaboration of two or more creators where the contribution of each creator cannot be distinguished from the other. Each creator will own an indivisible share in the copyright in the work.

## Joint ownership

Ownership of IP by more than one entity. Joint ownership may arise by agreement, assignment, will or devolution by operation of law.

## Joint venture

A legal construction where two parties join together to form a new entity to reach an economic goal.

## Jurisdiction

In an IP context, this means the geographical area in which an IP owner may enforce their rights.

## Laboratory notebook

A bound notebook containing a record of the details of laboratory work conducted.

## Lapse

A lapse of IP rights due to failure to pay renewal (maintenance) fees.

## Legitimate articles

Articles reproduced with the consent or authorisation from the IP right owner.

## Letter of demand

A letter issued by the (asserted) holder of IP rights to a person suspected of infringing those rights.





## Licence

The grant of certain specified IP rights allowing another entity to exercise those rights. A licence enables the owner of the IP to retain ownership of those rights and exercise a varying degree of control over its use.

## Literary work

One of the categories of work set out in the [Copyright Act](#). This category includes all written material and computer software, such as books, reports, journals, articles, lyrics, poems and notes.

## Madrid system for the international registration of marks (Madrid system)

A system administered by WIPO which allows trade mark owners to apply for trade mark protection in those countries that are party to the Madrid Union through a single application lodged through a national or regional trade mark office.

## Manner of manufacture

A requirement for patent registration under the [Patents Act](#). There is no straightforward test for determining what a ‘manner of manufacture’ is. However, a rule of thumb for determining the manner of manufacture is whether the invention results from human activity, is not naturally occurring and has commercial potential.

## Market approach

An approach to IP valuation based on an assessment of the comparable price or royalty that could be achieved by similar technologies or IP in the market.

## Material Transfer Agreement (MTA)

A contract defining the rights and obligations of parties when materials are transferred from one organisation to another. Usually applied to materials which will be used for research purposes.

## Metadata

Metadata is information that describes digitally held content.

## Moral Rights

Personal rights protecting the integrity and right of attribution of the creator granted under the [Copyright Act](#). These rights cannot be assigned or licensed, but consent can be given to acts that would otherwise constitute infringement of the rights.

## Musical works

A category of works set out in the [Copyright Act](#)—includes musical scores and sheet music.

## Non-exclusive licence

A licence whereby an IP owner retains the ability to grant licences covering the same subject matter in the same territory to others.



## Notice of objection

Authorises the Australian Customs to seize goods that infringe the IP rights of owners of trade marks, copyright material and protected Olympic expressions.

## Notice of opposition

A document lodged by a third party opposing an application for IP rights.

## Novelty

A requirement for registration of a patent under the [Patents Act](#). This generally means that the invention must not have been publicly disclosed in any form, anywhere in the world, before lodgement of the patent application.

## Object code (binary code)

Machine-readable code in a computer program, which is read by the computer to execute a program.

## Open Source Software (OSS)

A software program that makes its source code freely available for use, copy, modification and redistribution by users.

## Opposition

A challenge by third parties to the registration of IP on grounds prescribed under IP legislation.

## Opposition period

The period during which opposition to the IP being considered for registration by third parties may take place.

## Parallel imports

Goods produced for sale in an overseas market with the consent of the IP owner and imported into the domestic market without the consent of the IP owner.

## Partnership

A business entity where two or more people join together assets and share in any profits and losses.

## Passing-off

A common law tort action that protects the reputation or goodwill of unregistered trade marks.

## Patent

A government grant which confers on the owner ('the patentee'), for a limited time, exclusive rights to exploit the invention claimed in the patent and to authorise a third party to exploit that invention.

## Patent attorney

In Australia, a patent attorney is a professional qualified in a scientific discipline and further qualified to draft and apply for patents and designs registration.



## Patent pending

A patent application that has been lodged, but has not yet been granted.

## Patentable

An invention capable of being patented.

## Patentee

The owner of a patent.

## Performers' Rights

Personal rights preventing unauthorised recordings or broadcasting of performances. These rights cannot be assigned or licensed, but its infringement may be consented to.

## Person skilled in the art

A legal term referring to a person who has the ordinary skills and knowledge in the relevant field of an invention being considered for patent registration.

## Plaintiff

The person bringing the action in a court of law. In the Federal Court this is known as the Applicant.

## Plant Breeder's Rights (PBR)

Exclusive commercial rights granted to the owner of a registered plant variety, e.g. to produce or reproduce the material, condition the material for the purpose of propagation, offer the material for sale, sell the material, import and export the material, and stock the material for any of these purposes.

## Prior art

A legal term referring to information that has been disclosed to the public in any form before a given date.

## Priority date

The priority date of a patent application is the date of lodgement of a provisional application to the Patent Office.

## Profit incentive component

The amount of economic benefit required to motivate the IP owner to enter into the development process. Used in valuation of IP.

## Project copyright file

The file containing all details of a copyright project, e.g. a list of all project elements that may be the subject of copyright and documents showing or clarifying copyright ownership of these elements, including ownership of moral rights.

## Project IP (or foreground IP)

New IP developed in the course of a contract by one or more of the parties to the contract. This may be referred to as the IP outputs.



## Protectable elements

In the context of trade marks this refers to the components comprising a mark that may be subject to protection, e.g. shape, colour, picture or logo, word or number, tag, scent, sound, pattern, configuration and ornamentation.

## Public disclosure

Material communicated to the general public, whether written or oral.

## Public domain

A legal term referring to the status of a work having no copyright protection and belonging to the public.

## Publication

Information, in printed or other formats, made available to the general public, or to an identified sector, either free or for a fee.

## Published editions

A publisher's typeface and layout of a published work.

## Registered design

A design that is registered with IP Australia and is granted protection under the Designs Act 2003.

## Registration key

Can form part of technological protection measure (TPM) that prevents the use of a computer program unless the user is able to enter a particular code.

## Relief from royalty approach

An approach to IP valuation that determines the value of an IP asset on the basis of royalties that an entity would normally have to pay to license it from a third party, but is 'relieved' from paying as a result of owning the IP asset.

## Replacement costs

An element of the cost approach of IP valuation which refers to the cost to replace an asset with similar utility.

## Reproduction costs

An element of the cost approach of IP valuation which refers to the costs necessary to reproduce the exact same IP asset.

## Right against false attribution

The right of a creator not to have authorship of a copyright work or cinematograph film falsely attributed to another person.

## Right of attribution

The right of a creator to be identified with his or her copyright work.



## Right of integrity

The right of a creator to have his or her copyright work or cinematograph film subjected to derogatory treatment.

## Royalty

A fee paid to the IP owner for the right to use the IP.

## Search report

A report containing a list of citations of prior art references that, in the opinion of the searcher, are material to the patentability of a claimed invention. A search report often presents an opinion of patentability.

## Second Level Domain name (2LD)

The part of a domain name located to the left of the dot, i.e. 'government' is the second level domain name in at [www.government.com](http://www.government.com).

## Secret use

In an IP context, secret use refers to the ordinary meaning of using something in secret. However, under the [Patents Act](#) secret use does not include uses for reasonable trial or experiment, a confidential disclosure of the invention by, or on behalf of, or with the authority of the patentee or nominated person, a use other than for the purpose of trade or commerce, or use by or on behalf of the Commonwealth, a State or a Territory to which the patentee or nominated person has disclosed the invention.

## Shrink wrap licence

A licence which can only be read and accepted by the consumer after opening the product.

## Sole licence

A licence where the licensee has the right to deal with the IP in the territory to the exclusion of everyone else except the person granting the licence.

## Sound recordings

One of the categories of works set out in the [Copyright Act](#). This category includes recorded music on CDs, tapes and mp3.

## Source code

Code in a software program that can be read by a person, but cannot be directly read by a computer until it is 'compiled' into object code.

## Specification

A full written description of the invention to be patented and the basis of the claims.



## Stability

A requirement for registration under the [Plant Breeder's Rights Act](#) which refers to a plant variety remaining unchanged in its relevant characteristics after repeated cycles of propagation or reproduction.

## Standard format licence

A ready-made contract that can be attached to copyright work granting a range of rights to use the work without requiring a user to contact the copyright owner.

## Standard Patent

A type of patent which protects inventions which involve an inventive step and satisfies other requirements of patentability.

## Technological Protection Measures (TPMs)

Technologies that aid in restricting access to IP works that are protected in Australia by copyright legislation, e.g. encryption, read-only and password-only access, certain registration keys, some name and serial numbers and software locks.

## Term

The duration of protection granted to a particular IP asset.

## Third party IP

IP provided by one of the parties to a contract but is owned by another person who is not a party to a contract. For example IP in 'off the shelf' software.

## Trade mark

Any sign used capable of distinguishing one trader's goods or services from another, e.g. a tag, shape, colour, picture or logo, word or number, scent, sound, pattern, configuration or ornamentation.

## Trade mark attorney

A professional person qualified in trade mark law and practice and registered under the legislation.

## Trade mark notice

The form of symbols used in conjunction with a trade mark used to inform the public of the status of the mark:

- a pending or unregistered trade mark <sup>™</sup> or
- a registered trade mark <sup>®</sup>.

## Trade name

Any word or words used by a person to identify that person's business/vocation or occupation

## Trade Secret

Information only known to the owner and, if an organisation, its employees who are under confidential obligations to keep the information secret.



## Uniform Standards of Professional Appraisal Practice (USPAP)

The generally accepted standard for professional appraisal practice in North America. There is no Australian equivalent to USPAP.

## Unjustified threat

A threat to institute infringement proceedings where there is no proper basis to commence the action.

## Unregistered trade mark

A mark that is not registered with IP Australia, but may be protected under the common law tort of passing off.

## Utility

A requirement for registration under the [Patents Act](#). This requires an invention to be useful to be able to be patented.

## Warranty

A statement providing assurance that a provision in a contract is true.

## World Intellectual Property Organisation (WIPO)

A United Nations body dedicated to promoting the use and protection of works of IP. WIPO administers various international treaties dealing with different aspects of intellectual property protection.

## World Trade Organisation (WTO)

An international organisation that administers trade agreements, deals with the rules of trade between nations, and is a forum for trade negotiations.

