

Cabinet Guidelines for intellectual property from public service research contracts

Background

In January 2004, Cabinet agreed IP produced from research performed for the Public Service should be used for the greatest national benefit [CAB Min (04) 2/1 and CBC Min (04) 1/4 refer].

Ministers approved guidelines for use when the Public Service negotiates research contracts. The guidelines are complementary to normal negotiations, intended to assist them rather than to supplant them in any way.

Cabinet directed the Ministry of Research, Science and Technology (MoRST), in conjunction with the State Services Commission, to advise relevant departments and agencies of the guidelines.

Public service departments often commission research to guide their operational policy work. Intellectual property (IP) arising from this research is valuable to New Zealand.

On occasion, this IP is commercially useful and, in some cases, its commercial exploitation can produce an important national benefit, by creating value-added outputs and providing people with high-skilled jobs.

Please direct further enquiries to info@mbie.govt.nz

Purpose

These guidelines are for use by departments or ministries, when negotiating the purchase of research from providers. It is expected that negotiating parties will usually agree on terms and conditions to suit themselves. These guidelines are intended to clarify the government's expectations when a contentious issue arises in negotiations on use or ownership of intellectual property (IP). They should be applied reasonably and in good faith. They are not intended to prescribe a dispute resolution procedure.

Government's Aim

The government sees commercialisation of intellectual property (IP) from research as an important way to create benefits for New Zealand. Generally, it sees research providers as best placed to do this. At the same time, the government wants certainty that the present and ongoing needs for the IP, by departments or ministries that have commissioned research giving rise to intellectual property are met.

Statement of Policy

Where IP is likely to result from research commissioned by departments or ministries, they should negotiate contract terms with providers to define IP and take into account its use and exploitation. Contractual terms and conditions should recognise that:

(1) The department or ministry has a right to own any IP resulting from the research that it contemplates as a result of the research and that is specified as an output or deliverable in the contract.

(2) The provider has a right to own any other IP which results, but was not contemplated by the department or ministry, at the time of contracting and that is not specified as an output or deliverable in the contract. The provider must disclose discovery of any other IP to the department or ministry in a timely manner.

(3) The department or ministry and the provider both retain ownership to and rights to the prior IP that each respectively brings to the contracted research.

(4) The department or ministry may itself have a defined objective to use or exploit the IP referred to in (1) above itself, within a reasonable period of time. In this case the objective should be set out in the contract and it should retain exclusive rights to the IP referred to in (1) above.

(5) The department or ministry acknowledges that research is valuable for New Zealand in many ways and commercialisation of IP is one way to realise part of that value. It should, if requested by the provider, negotiate with and grant to the provider a licence with exclusive rights to commercialise the IP referred to in (1) above, unless it can show that such commercialisation is likely to be detrimental to the national benefit. It must show this in a timely manner.

(6) These exclusive rights are subject to the department or ministry having:

- full access to the IP;
- full freedom to use it for any purpose; and
- full freedom to restrain the provider from any subsequent use of commercialisation that it considers is likely to be detrimental to the national benefit. It must show this in a timely manner.

(7) The provider must disclose to the department or ministry any significant new commercialisation or use that it seeks for the contemplated IP. It must do this in a timely manner.

Guidance on Licences

1. In negotiating full access and full freedom of use in (6) above, the department or ministry should negotiate and grant licences to the provider that best suit its business needs. This means, it should first establish what IP rights it will need before it negotiates the research contract.
2. Research contracts should be clear on ownership of any resulting IP and the link of any licences to ownership.

3. Generally, licence rights should be negotiated at the time of contracting. They should clearly set out licence holders, terms to expiry, and any special conditions.
4. It is important to get proper advice about licence rights and how they are framed as part of advice on formulating the contracts generally.