



### PURPOSE

This policy provides direction to Departmental staff regarding the approach to the ownership and use of Intellectual Property (IP) in contracts.

### POLICY STATEMENT

- 1.1. The Department's position regarding the ownership, management and use of IP may vary according to the nature of the procurement in question, and the contract will need to reflect that position.
- 1.2. For details of the relevant standard clauses in the DIT Conditions of Contract, refer to:  
[http://www.DPTI.sa.gov.au/documents/contractsandtenders/DPTI\\_general\\_conditions\\_of\\_contract](http://www.DPTI.sa.gov.au/documents/contractsandtenders/DPTI_general_conditions_of_contract).
- 1.3. The Contractor will retain ownership of their pre-existing IP (sometimes referred to as "Background Intellectual Property") that they bring to the contract; i.e. IP that was in existence prior to the commencement of the contract (there may be very rare exceptions to this where the Department wants to buy the Background IP).
- 1.4. For most Departmental contracts (including planning, design, supply, installation, construction, operations and maintenance and media campaigns), the normal position is as follows:
  - The IP developed during the contract, specifically for that contract, belongs to the Department and the contractor is granted a perpetual, irrevocable, royalty free licence to use, modify or adapt the IP.
  - The Contractor warrants to the Department that they are not breaching any other party's IP and indemnifies the Department accordingly.
- 1.5. For the above contracts, a request by a tenderer / contractor to vary the IP clause would not usually be acceptable.
- 1.6. For some types of contract, particularly for the development of software and related ICT, the Department may consider adopting a position in favour of the Contractor owning the IP in the software developed under the contract and granting the Department perpetual, irrevocable, royalty free licence to use the IP. This approach acknowledges:
  - the costs that the Department would incur in managing and administering IP assets;

- the difficulty in obtaining value for money in the procurement process if the Department retains the IP 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.

## 2. Confidentiality

- 2.1. In some instances, particularly where the supply and / or maintenance of equipment is involved, extreme care must be used to ensure that the confidentiality clause does not cause problems if the Department seeks to have maintenance or modification of the equipment undertaken by others.
- 2.2. If it is contemplated that maintenance or modification by others is required, the *Contract Manager* must ensure that the conditions of contract include a clause which enables Background IP to be given to others for the purpose of tendering for the modification or maintenance.

## 3. Purchase of Intellectual Property

- 3.1. The Department may offer to purchase the intellectual property (IP) of unsuccessful short-listed tenderer(s) for design & construct contracts where the estimated value of the Contract exceeds:
  - \$25 million on straightforward contracts; or
  - \$10 million on contracts that are technically complex or have significant potential for innovation.
- 3.2. The amount to be paid **must** be endorsed by the Director, Finance & Procurement or the Director Project Procurement & Contracts . The Chief Executive **must** approve the amount to be paid for each contract.
- 3.3. The amount to be paid will be a notional percentage of the estimated tender preparation cost. The percentage will be determined by consideration of:
  - the likelihood of significant innovation and / or benefits to the Department being developed if sufficient resources are allocated to the tender design
  - the experience of the industry concerned in preparing Design & Construct contracts and whether sub-contractors to the head tenderer receive full reimbursement of design costs
  - the number of tenderers
  - The percentage is expected to be in the range of 30% to 50% of the estimated tender preparation cost.
- 3.4. An agreement (which may be an exchange of letters) must be documented where the unsuccessful tenderer assigns the IP to the Department or grants the Department a perpetual, royalty free licence to use the IP for any purpose associated with the project. The intent

to offer to purchase the IP must be communicated to the tenderers in the Conditions of Tendering.

## DEFINITIONS

All definitions not specific to this policy are available in the Procurement Governance & Policy [Glossary of Terms](#). Defined terms are in italics.

## REFERENCES AND RELATED DOCUMENTS

Nil.

## DOCUMENT APPROVAL

Approval Date:	6 July 2018
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Policy Contact Officer:	Team Leader Policy
Policy Custodian:	Manager Procurement Governance & Policy
Division:	Finance and Procurement
Policy Owner:	Chief Executive

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