



Contract Policy Notice 2000-2 – Revised Policy on Ownership of Intellectual Property Arising Under Crown Procurement Contracts (Archived)

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DATE: July 17, 2000

TO: Functional Heads, Administration / Finance of all Departments and Agencies

SUBJECT: Revised *Policy on Ownership of Intellectual Property Arising Under Crown Procurement Contracts*

SUMMARY

1. Effective October 1, 2000, officials are to implement a revised *Policy on Title to Intellectual Property Arising Under Crown Procurement Contracts*. The policy aims to increase the commercialization of intellectual property (IP) created by contractors in government procurement contracts.
2. Contracting officials should note that specific changes have been made to the policy to clarify the policy's application and improve its implementation.
3. Contracting officials should also note that:
 1. Decisions on IP ownership, licensing provisions and commercialization requirements are required before releasing bid solicitation documents;
 2. Information sessions will be available for key personnel from July to November 2000;
 3. Departments are encouraged to use and adapt, with advice from their legal counsel, the attached model contractual clauses (which will be available Fall 2000);
 4. An implementation guide has been developed and is attached; and
 5. Departments will need to modify their internal reporting systems to allow for the capture of IP information.

BACKGROUND

4. Since 1991, it has been the Government's policy to assign contractors, in most cases, the intellectual property (IP) they create in the course of government contracts involving research and development.
5. Following a detailed review of the policy, it was concluded that work was required to improve the policy's effectiveness and its implementation.
6. Industry Canada led an extensive consultation exercise with stakeholders leading to a submission to Treasury Board Ministers in June 2000.

POLICY - GENERAL

7. The Treasury Board has approved the revised *Policy on Title to Intellectual Property Arising Under Crown Procurement Contracts* (Annex A), for implementation on October 1, 2000. A three-month transition period (from October 1, 2000 to December 31, 2000) has been provided so Departments can complete contracts in their system where decisions on IP ownership were made prior to October 1, 2000.
8. This policy supersedes the 1991 policy as well as any other policy or directives on IP in procurement contracts, including section .1.4.4 of the Treasury Board *Policy on Science and Technology - Contracting-out* (revised wording for section .1.4.4 provided at Annex B).
9. The changes found in the revised policy centre on four specific improvements aimed at strengthening implementation. First, the scope and exceptions have been clarified to enable more consistent application of the policy. Second, clearer licensing provisions are incorporated. Third, specific measures have been made for communication and training to support contracting officials in implementing the policy. Finally, improved reporting provisions have been included.

POLICY - OBJECTIVES AND UNDERLYING PRINCIPLES

10. Like the 1991 policy, the revised policy aims to increase commercialization of IP. It recognizes that commercial exploitation of IP can contribute to economic growth and job creation by having contractors own the IP they create in the course of their

work under Crown procurement contracts, and it also recognizes that there will be instances where the Crown will need to retain the IP in order to act in the broader public interest.

11. It further recognizes that the objective of commercializing IP from government contracts takes place within the framework of the government's *Contracting Policy* and its provisions with respect to socio-economic objectives.

12. Most importantly, the revised policy recognizes that the primary objective of Crown procurement contracts is for the Crown to receive the deliverables contracted for, and to be able to use those deliverables and any arising IP for Government of Canada activities.

POLICY - APPLICATION

13. This policy applies to all Departments as defined in the Financial Administration Act (i.e. Schedules I, I.1 and II), unless specifically exempted by an Act of Parliament or by Treasury Board.

14. Unlike the 1991 policy, the revised policy covers the treatment of IP arising under all Crown procurement contracts, not just contracts containing research and development components. The policy does not affect existing IP ownership rights of the Crown, the contractor or a third party.

15. The policy does not apply to:

- Mechanisms other than Crown procurement contracts, i.e. memorandums of understanding (MOUs), collaborative research agreements, grants and contributions or to partnering arrangements;
- Ownership of, or the right to use any trademarks or trade names;
- Prototypes or any other physical embodiments of intellectual creation when these are deliverables of a Crown procurement contract; and,
- Personal information as defined by the *Privacy Act*, or to any compilation or database containing personal information or Crown-supplied information when the intellectual property cannot be severed from the information.

16. For information on how IP is treated in grants and contributions, Departments should consult sections 7.10.1 and 8.4.1 of the *TB Transfer Payment Policy* available on the TBS Website under the Policies and Publications Financial Management section, Comptrollership Policies and Publications sub-section (<http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=12257>).

POLICY - IMPLEMENTATION

17. As there will be instances where the broader public interest requires Crown ownership of IP, the policy provides for these circumstances in two ways: first, by identifying a series of exceptions to the policy (section 6, Annex A), and second, by including an explicit recognition that Departments may seek an exemption through a Treasury Board submission (section 8, Annex A).

18. The policy provides clear licensing provisions for contractor and Crown-owned IP. It also allows Departments to require commercialization of IP in Canada and/or within a specific period of time to the extent that the requirement is consistent with Canada's international trade agreement obligations.

19. Departments will need to determine the IP ownership before awarding a contract. The policy calls for Departments to indicate ownership and the appropriate exception (if applicable), licensing provisions and commercialization requirements in solicitation documents for competitive contracts, or in writing in advance of negotiations for non-competitive contracts.

20. In consultation with Industry Canada, TBS, Federal Partners in Technology Transfer (FPTT), representatives of the Treasury Board Advisory Committee on Contracting - General Sub-Committee (TBACC) and Justice, PWGSC has developed the draft model contractual clauses which will be posted on the TBS Website in the near future. These model clauses are consistent with the policy. Departments are therefore encouraged to adapt them for their own use with advice from their legal counsel. PWGSC is consulting with industry on these clauses. Once finalized, they will be incorporated into the PWGSC Standard Acquisition Clauses and Conditions (SACC) Manual (<http://www.pwgsc.gc.ca/text/generic/copyright-e.html>).

21. The approved policy also includes a reporting mechanism to enable its ongoing monitoring and an evaluation of the policy's implementation in 2003-2004. Effective January 1, 2001, Departments are required to maintain a record of IP ownership and exceptions invoked, other than section 6.5, for all contracts valued over the threshold for solicitation of bids as set out in the *Government Contract Regulations* (http://www.tbs-sct.gc.ca/pubs_pol/dcgpubs/contracting/contractingpol_b-eng.asp).

22. In order to minimize departmental reporting burden, this data will be collected through the existing *Annual Report to Treasury Board on Contracting Activity*. Advance notice of this requirement was provided to Departments on March 8, 2000 in CPN 2000-1.

23. PWGSC will be modifying its reporting systems - Automated Buyer Environment (ABE), Acquisition Information System (AIS), Automated Data Capture (ADC), Universal ABE Interface (UABEI), Requisitions on the Net (REQNET) and DataCapture (DATACAP) - in order to allow Departments to submit this IP ownership data along with other information collected for annual reporting. Changes to the DATACAP reporting binder (available at <http://publiservice.tpsgc-pwgsc.gc.ca/acquisitions/text/otlstls/hm-e.html>) will be done after the system modifications are completed. In turn, Departments will need to modify their internal reporting systems to allow for the capture of the IP information and ultimate submission to PWGSC for inclusion into the annual report to TBS.

24. Further explanation on the policy's reporting requirement is available at section 10.3 of the implementation guide (Annex C). The guide also includes a decision tree to help officials determine what questions they need to ask in applying this policy.

26. Finally, in cooperation with PWGSC and TBS, Industry Canada has organized information sessions for key departmental personnel. It is intended that these individuals will, in turn, provide information and training to their departmental staff. The sessions will take place from July to November in the National Capital Region and in the regions and will be offered via TBACC and FPTT.

CONTRACTING POLICY WEBSITE

27. This CPN, the policy, the implementation guide and the model contractual clauses will be available on the TBS Website (www.tbs-sct.gc.ca), under the Policies and Publications Contracting section.

ENQUIRIES

For policy advice and guidance, please contact:

Industry Canada at

(613) 990-8966

or

Treasury Board Secretariat at

(613) 957-2487.

Annex B

New Wording for Section .1.4.4 of the Treasury Board Policy on *Science and Technology - Contracting-out*

Public Works and Government Services Canada shall ensure that proprietary rights with regard to intellectual property and industrial properties, technical information, designs and prototypes arising out of contracts awarded under this policy, reflect the requirements of the *Policy on Title to Intellectual Property Arising Under Crown Procurement Contracts*.

Date modified: