

Government of Yukon

Intellectual Property Guideline

For

Custom Software Development Contracts

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Strategic Objective: *“To increase the commercial development potential of Intellectual Property created by Yukon businesses in Custom Software Development Contracts while protecting Government rights to contract deliverables and retention of IP ownership if required.”*

Department of Highways and Public Works
Information & Communications Technology (ICT)

Approved By: Information Resource Management Committee (IRMC)
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1. Introduction

1.1 This guideline provides a framework for the *Intellectual Property (IP)* arising out of *Custom Software Development Contracts*. It allows for the *IP* to be owned by the *Contractor* while protecting the *Government* of Yukon's rights to use the contract *Deliverables* and retain *IP* ownership where it deems it to be in its best interests.

1.2 The *IP* guideline supports the socio-economic objectives of the *Government* ensuring that procurement activities "*benefit Yukon residents and Yukon businesses where practicable*"¹ and "*diversify the economy by promoting the development of industries such as information technology*"²; and addresses the *Yukon IT Sector Strategy* to "*provide for vendor control over intellectual property*"³.

1.3 The *IP* guideline consists of - **principles** and **interpretation**; **objective** and **scope**; **authority** and **application**; **guidelines** and **exceptions**; and **implementation**, **management** and **evaluation** responsibilities.

1.4 The *IP* guideline is expected to evolve in terms of its scope and application as experience is gained both in terms of ensuring *Government* rights and interests are protected and having a positive impact on Yukon IT sector development.

2. Principles

The *IP* guideline is based on the following six principles:

2.1 *Custom Software Development (CSD) Contracts* are undertaken to acquire specific *Deliverables* at competitive prices and must provide the *Government* unrestricted, perpetual use of those *Deliverables* and associated *Intellectual Property*.

2.2 *CSD Contracts* must be assessed individually to ensure that the unrestricted, perpetual rights to contract *Deliverables* are protected, now and into the future, and *IP* ownership is retained where required by the *Government*.

2.3 The *Government* recognizes that in giving up *IP Ownership* it must retain the right and ability to continue to have reciprocal arrangements with other jurisdictions for the potential sharing of custom software.

2.4 Commercial development of *IP* arising from *CSD Contracts* is not the role of the *Government* and is best achieved by the private sector to contribute to economic growth and job creation.

2.5 The *Government* has an overall responsibility for promoting economic growth and job creation in the Yukon and has made specific provision for social and economic development objectives to be pursued through its procurement practices.

2.6 The *Government* supports the *Yukon IT Sector Strategy* and, as one of the industry's largest customers, has a key role to play both from an economic development perspective and to meet the information technology needs of the *Government*.

¹ Government of Yukon Contract Regulations

² Government of Yukon Throne Speech 2003-04

³ Yukon Information Technology Sector Strategy

3. Interpretation

The following terms and their interpretation apply in the *IP* guideline:

Artifact – Any of the resulting works, products or *Deliverables* typically created by the *Government* or a *Contractor* during the *Custom Software Development* process.

Background – All *Intellectual Property (IP)* that existed or came into existence outside of the *Custom Software Development (CSD) Contract* and excluding *Foreground* (see *Foreground* below).

Commercial Development - Any use, transformation and/or dissemination of the *Foreground* that generates, or is intended to generate business for profit.

Contracting Authority – Any government body or government employee authorized pursuant to the *Financial Administration Act*, to enter into a *CSD Contract* with a *Contractor* on behalf of the *Government*.

Contractor – Any person, partnership or corporation which supplies goods or services and constructs software under a *CSD Contract* with the *Government*.

Custom Software Development (CSD) - Involves the creation of computer programs resulting in *IP Foreground*, ranging from entirely new development work to a substantive amount of new code in existing software programs, and as distinct from the purchase and installation of pre-existing 'packages or products' which does not.

Custom Software Development Contract – A contractual agreement between the *Government* and a *Contractor* involving the creation of computer programs and *IP Foreground*.

Deliverables - All computer code, custom-developed software, documentation, supplier work information and other assets, materials, recorded information, and products of any kind, to be delivered as part of the *CSD Contract*.

Department – A department as defined in the *Financial Administration Act*, which includes applicable crown corporations.

Deputy Head - The deputy head as defined in the *Public Service Act*.

Foreground - All *Intellectual Property* first conceived, developed, produced or reduced to practice by a *Contractor* as part of the work under a *CSD Contract* (see *Background* above).

Government – Any use of the word *Government* refers to the Government of Yukon unless indicated otherwise.

Government Activities – Includes the existing (prior to April 1, 2005) ability to share custom developed software among *Government* departments, with other levels of government or public bodies in the Yukon and with other federal, provincial and territorial governments.

Information Resource Management Committee (IRMC) – A committee of all Deputy Heads responsible for developing and coordinating the corporate view on the management and integration of information resources, as set out in *General Administrative Manual Information Technology Management Directive 2.3* issued under the *Financial Administration Act*.

Intellectual Property (IP) – Any rights resulting from intellectual activity including all intellectual creativity legally protected through patents, copyright, industrial design and integrated circuit topography, or subject to protection under the law as trade secrets and confidential information.

Intellectual Property Owner (or Ownership) – Refers to the individual, partnership or corporation having the ultimate legal control over particular intellectual property rights.

Sponsoring Department - The department which has budget authority for a particular CSD project.

Subcontractor – A corporation, partnership or individual awarded a contract by a *Contractor* and under that contract supplies goods or services or performs work on a *CSD Contract* for which the *Contractor* was engaged by the *Government*.

Yukon Business – Has the same meaning as in the *Contracting Directive* made pursuant to section 23 of the *Financial Administration Act*.

4. Objective

4.1 The objective of the *IP* Guideline is to increase the commercial development potential of *Intellectual Property* created by *Yukon Businesses* in the course of a *Custom Software Development Contract* while protecting *Government* rights to contract deliverables and retention of *IP* ownership if required.

5. Scope

5.1 The scope of the *IP* guideline encompasses the area of *Custom Software Development* involving the creation of *IP*, including application software, database software, web software, among others.

6. Authority

6.1 The *IP* guideline is issued under the authority of the *Information Resource Management Committee (IRMC)*, as approved by that body at their meeting of February 22, 2005 for implementation effective April 1, 2005.

6.2 *IRMC* is responsible for decisions on any substantive changes, exceptions and other matters referred by *Departments*, and for oversight of the strategic objective of the *IP* guideline.

7. Application

7.1 The *IP* guideline applies to all *Departments* including Yukon Housing Corporation and Yukon Liquor Corporation.

7.2 The guideline applies to the *Foreground* that arises by virtue of a *Custom Software Development Contract* and that is created by the *Contractor*.

7.3 The guideline does not affect existing *IP Ownership* rights of the *Government*, the *Contractor*, or a third party of their respective *Background* material.

7.4 The guideline does not affect *IP Ownership* rights between the *Contractor* and any of its subcontractors, except as it pertains to the *Contractor* obligation to ensure agreements are in place dealing with any *IP* rights of subcontractors under a *Custom Software Development Contract* with the *Government*.

7.5 The guideline does not apply to the ownership of, or the right to use, any trademarks or trade names.

7.6 The guideline does not apply to personal information (as defined under the *Access to Information and Protection of Privacy Act* or related legislation), nor to *Foreground* involving any compilation or database, containing personal or government-supplied information, if that *Foreground* cannot be exploited without using that personal or *Government*-supplied information.

7.7 The guideline does not apply to custom software development work performed internally by *Government* employees for which *IP Ownership* will continue to be owned by the *Government*.

7.8 The guideline does not apply to *IP Ownership* in *Custom Software Development Contracts* prior to the effective date of the *IP* guideline, which under previous contracts will continue to be owned by the *Government* under the *Copyright Act*, unless previous or subsequent agreements exist to the contrary.

8. Guidelines

8.1 The *Government* will provide *Yukon Businesses* ownership of the *Intellectual Property Foreground* created by the *Contractor* under a *Custom Software Development Contract* with the *Government* of Yukon, subject to the rights retained in Section 8.2 and exceptions in Section 9 below.

8.2 Where *IP Ownership* will vest with the *Contractor*, the *Government* requires the *Contractor* to provide royalty-free, perpetual, unrestricted, noncommercial rights to use, or have used by a third party, the *CSD contract Foreground* and *any included Background* for all *Government Activities*. The 'rights to use' includes, without being limited to, the right to reproduce, modify or enhance, and to use in future software development contracts.

8.3 Where *IP* ownership of *Foreground* is being provided, the *Contracting Authority* will indicate this in writing to the *Contractor*, along with the rights required by the *Government* and any applicable conditions, in or during:

- (1) the request for proposal (of a competitive contract), or
- (2) contract negotiations (of a sole-sourced contract);

and, if rejection of *IP Ownership* is applicable the *Contractor* is required to indicate this in writing.

8.4 Where the *Government* is establishing any special conditions (e.g. royalties, sharing limits) as it relates to the *IP Ownership* in a *Custom Software Development Contract*, such conditions should be specified in the request for proposal or contract negotiations, and in the contract between the *Government* and the *Contractor*, but may be subsequently established if mutually agreed by the contracting parties.

8.5 If requested, the *Government* may transfer *IP* ownership to the *Contractor* on *Custom Software Development Contracts* entered into prior to the effective date of the *IP* guideline, subject to the protection of *Government* rights and any applicable exceptions as outlined in the guideline and any special circumstances.

8.6 Where the *Contractor* owns the *Foreground*, the *Contractor* may require that the *Government* provide, at the *Contractor's* expense, any reasonable assistance to enable the *Contractor* to secure *IP* rights in the *Foreground*.

8.7 Where *Custom Software* user rights are being shared, or considered for sharing, with another public body or jurisdiction as part of *Government Activities*, the *Government* will provide them with *Contractor* contact information and inform the *Contractor* of sharing and, if appropriate, help facilitate their involvement.

8.8 If requested by the *Contractor* and there are no negative implications, the *Government* may grant a license to the *Contractor* for use of *Government Background* or components thereof when it is required for use to commercialize the *Foreground*.

9. Exceptions

9.1 The *Government* will retain *IP* ownership of the *Foreground* under a *Custom Software Development Contract* where one or more of the following exceptions apply:

- (1) national security precludes *Contractor* ownership of the *Foreground*;
- (2) statutes, regulations, or prior obligations of the *Government* to a third party or parties preclude *Contractor* ownership of the *Foreground*;
- (3) the *Contractor* does not wish to have *IP* ownership of the *Foreground*;
- (4) the main purpose of the *Custom Software Development Contract* or of the deliverables contracted for is to:
 - (a) generate knowledge and information for public dissemination,
 - (b) augment an existing body of *Government*-owned *Background*,
 - (c) deliver a component or subsystem that will be incorporated into a complete system at a later date, or
 - (d) deliver an information system which integrates services across jurisdictions, levels of government, programs and/or sectors.
- (5) the *Foreground* consists of material subject to copyright only with the exception of documentation pertaining to the contract; or
- (6) it is deemed justified and not provided for above and the *Department* has sought and obtained approval from *IRMC* for the exception.

9.2 Where the *Government* retains ownership of the *Foreground* by invoking an exception under Section 9 of the *IP* guideline, the *Contracting Authority* will inform the *Contractor* that the *Government* will own the *Foreground*, or if applicable the components thereof, and indicate the exception being invoked:

- (1) in the request for proposal (of a competitive contract), or
- (2) during contract negotiations (of a sole-sourced contract).

9.3 Where the *Government* owns the *Foreground*, the *Government* may require that the *Contractor* provide, at the *Government's* expense, any reasonable assistance to enable the *Government* to secure *IP* rights in the *Foreground*.

9.4 Where the *Government* owns the *IP Foreground* and there are no negative implications, the *Government* will grant the *Contractor* a license for use of the *Foreground*, including the right to use the *Government*-owned design artifacts *IP* for maintaining and enhancing the software.

10. Implementation

10.1 *Deputy Heads* are accountable for the implementation of the *IP Guideline* within their *Department*, and for ensuring contracting personnel receive required orientation and responsibilities are met.

10.2 *Contracting Authorities* are responsible for ensuring that all *Custom Software Development* 'request for proposal' documents and *CSD Contracts* are consistent with the *IP* guideline.

10.3 *Sponsoring Departments*, if different than the *Contracting Authority*, remain responsible for decisions regarding the ownership of *IP Foreground*.

10.4 The *Government* will establish contract wording templates that reflect the objectives and intent of the *IP* guideline for use by *Contracting Authorities* in *Custom Software Development Contracts*.

10.5 *Department* are responsible for ensuring records are maintained of their *Custom Software Development Contracts IP* ownership, including whether the *Government* (1) retained *IP* ownership and the exception clause(s) invoked, and (2) allowed for *Contractor IP* ownership and if rejected.

11. Management and Evaluation

11.1 *Highways and Public Works - Information and Communications Technology (ICT)* is responsible for providing advice and assistance to *Departments* on the *IP* guideline implementation, managing and tracking its application, and for ongoing evolution and refinement of the guideline in consultation with *Departments* and IT industry.

11.2 *Economic Development*, in consultation with *Highways and Public Works - ICT*, will be responsible for periodically conducting an interdepartmental and IT industry evaluation of the *IP* guideline and its impacts, both intended and unintended, upon the *Contractors* and the *Government*.

IP GUIDELINE FRAMEWORK

