

# SESLHD POLICY COVER SHEET



**Health**  
South Eastern Sydney  
Local Health District

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<b>SUMMARY</b>	This document provides the policy under which Intellectual Property which arises from health research, should be managed at South Eastern Sydney Local Health District.

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# SESLHD POLICY

## Managing Intellectual Property Arising from Health Research

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### 1. INTRODUCTION

This Policy was developed pursuant to clause 3.4 of NSW Ministry of Health Policy Directive PD2005\_370 - NSW Health Policy on Intellectual Property arising from *health research* in Public Health Organisations (**the NSW Health Policy**), which provides that all public health organisations that are involved in *health research* must have an intellectual property policy which is consistent with the NSW Health Policy.

Any or all of the provisions contained in this Policy, including provisions relating to the sharing of any proceeds from the commercialisation of *intellectual property*, may be amended or revoked at any time (provided such action is consistent with the NSW Health Policy).

### 2. DEFINITIONS

For the avoidance of doubt, defined terms used in this Policy have the same meaning as in the NSW Health Policy. Defined terms appear in italics.

A link to the NSW Health Policy is available at clause 10 of this Policy.

### 3. POLICY STATEMENT

As a public health organisation that carries out *health research*, SESLHD is bound by the NSW Health Policy.

The purpose of this Policy is to set out SESLHD-specific process and procedure in relation to *intellectual property* that is developed in the course of *health research* at SESLHD.

While the commercialisation of intellectual property derived from *health research* is not necessarily the primary aim of medical research, where assessed as feasible, SESLHD will pursue commercialisation of *intellectual property* where that will lead to improvements in patient care.

### 4. AIMS

The aims of this Policy are to:

- encourage *health research* and the acquisition and dissemination of knowledge and skills;
- manage *intellectual property*, which has the potential for commercialisation in a manner which benefits SESLHD and the *creator(s)* of the *intellectual property*;
- create an environment in which *intellectual property* can be identified and developed and its generation encouraged and facilitated; and
- recognise and reward innovation by SESLHD employees.

### 5. SCOPE

This Policy applies to all *intellectual property* created for or on behalf of SESLHD arising from *health research* including in the course of employment by any of the following: all SESLHD employees, students and *visitors* including: permanent employees, volunteers, temporary and casual employees, employees seconded from other organisations, contingent workers including

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labour hire, service providers and professional services contractors and consultants whilst using SESLHD infrastructure, resources and/or accessing SESLHD information systems and applications (including those provided by external providers such as eHealth).

This Policy does not apply to *intellectual property* arising from work commissioned or contracted by SESLHD for a fee. The *intellectual property* in commissioned or contracted work is governed by the terms of the applicable commissioning agreement.

### 6. RESPONSIBILITIES

#### 6.1 Intellectual Property Committee

The Intellectual Property Committee (**the Committee**) will make recommendations to the SESLHD Chief Executive on the identification, protection and commercialisation of SESLHD-owned *intellectual property* and act as a resource for employees who need advice or guidance with *intellectual property* matters.

The standing members of the Committee will include the:

- Chief Executive Officer or delegate;
- Head of Legal Services, SESLHD or delegate;
- Director of Finance or senior delegate;
- Director of Research (except that the Director of Research will not participate in Committee discussions relating to research in which the Director of Research is or has been directly involved); and
- Director Corporate and Legal Services or delegate.

The *creator(s)* Line Manager(s) will be invited to attend Committee meetings as executive sponsor of the *creator(s)*. The Committee may seek advice from the Chief Medical Information officer, or legal advisors external to SESLHD as required.

The Director of Research will nominate the secretariat for the Committee. The proceedings of the Committee will be treated as commercial in confidence.

#### 6.2 Intellectual Property created by employees

As set out in the NSW Health Policy and for avoidance of any doubt, *intellectual property* created by SESLHD employees in the course of their employment is owned by SESLHD.

*Intellectual property* created using significant SESLHD resources, such as: funding, other employees, laboratory facilities, equipment, existing intellectual property owned by SESLHD) will be deemed to have been created by an employee in the course of employment with SESLHD unless an agreement has been made in writing with the SESLHD Chief Executive stating otherwise.

This policy does not detract from the moral rights conferred on *creators* under Part X of the Copyright Act 1968.

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#### 6.3 Notification of intellectual property by employees

Pursuant to the NSW Health Policy and for the avoidance of doubt, a SESLHD employee is to notify the Director of Research as soon as possible of the creation, or anticipated creation, or any work, product or process as a result of, or in the course of, *health research* undertaken in the course of the employee's employment.

Notifications must be in writing, marked "confidential" and emailed to the Research Directorate at: [SESLHD-ResearchDevelopment@health.nsw.gov.au](mailto:SESLHD-ResearchDevelopment@health.nsw.gov.au) setting out:

- the work, product or process in detail;
- each person involved in the creation of the work, product or process and provide details of the contribution that each person made to the creation of the work, product or process;
- the research project or program in the course of which the work, product or process was created; and
- any known details as to the likely commercial significance of the work, product or process. To be clear, the creator must still notify if the commercial significance of the work, product or process is not known.

SESLHD employees must not apply for the registration of any *intellectual property* created during the course of their employment (for example, file a patent application, or lodge an application for registration of a design), or otherwise claim ownership of any *intellectual property*, unless the *intellectual property* has been assigned to him or her by SESLHD in accordance with this Policy.

If an employee applies for the registration of any *intellectual property* in breach of this Policy the employee must upon becoming aware of the breach or upon request by SESLHD must assign the rights in the *intellectual property* to SESLHD.

#### 6.4 Role of the Committee on notification

In accordance with the NSW Health Policy and for the avoidance of doubt, the Committee will examine and consider all notifications made to it under clause 6.3 of this Policy. If a notification does not contain sufficient information about the work, product or process for the Committee to properly consider the notification, the notifying employee shall provide to the Committee such further information as the Committee requests.

In determining whether to recommend for SESLHD to protect or commercialise *intellectual property*, the Committee may also seek advice from third parties both within and external to SESLHD.

When the Committee considers that it has sufficient information, the Committee shall make a recommendation to the SESLHD Chief Executive whether any steps should be taken toward protection and/or commercialisation of the *intellectual property*. The Committee shall make the recommendation in a timely manner and without delay. A recommendation may be made to take steps to protect the *intellectual property* pending a later consideration and recommendation as to commercialisation.

SESLHD may approve a general commercialisation strategy with details of the strategy to be implemented by SESLHD (or persons engaged by SESLHD for that purpose). A commercialisation strategy may comprise a number of steps in which progression to the next

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step is conditional on the successful outcome (as determined by the Committee) of the previous step.

Where protection and/or commercialisation is to proceed, the Committee will:

- consult the *creators* in relation to protection and commercialisation strategies (but the strategy will be determined by the Committee in its sole discretion);
- ensure that all *creators* have been properly identified;
- ensure that SESLHD and the *creator* enter into an Agreement for Share of Commercialisation Proceeds determined by the Committee; and
- where there is more than one *creator* obtain, as soon as possible, written agreement from the *creators* as to the relative contribution of each of them to the creation of the intellectual property.

Where SESLHD determines that no steps are to be taken toward protection and/or commercialisation of *intellectual property*, the Committee may make a further recommendation to SESLHD that:

- the *intellectual property* be assigned to any one or more of the *creator(s)* on appropriate terms and conditions (including any retention by SESLHD of a share of the net proceeds of commercialisation appropriately reflecting the effort and risk taken by the *creator* in such commercialisation); or
- the *intellectual property* be retained by SESLHD, but that the *creator(s)* be allowed to act as agent for SESLHD solely for the purpose of seeking commercial partners, with SESLHD agreeing to participate in negotiations with such commercial partners regarding commercialisation.

The appropriate recommendation will depend on the circumstances of the case.

#### 6.5 Distributing proceeds of commercialisation

In accordance with the NSW Health Policy and for the avoidance of doubt, where intellectual property developed by an employee is commercialised by, or on behalf of, SESLHD, and such commercialisation gives rise to income to SESLHD then SESLHD will deduct all *establishment costs* and *protection costs* expended by SESLHD as a first call on all *gross commercialisation proceeds*.

Following this, *net commercialisation proceeds* will be distributed as follows:

- one third to the *creator(s)* of the *intellectual property*;
- one third to the department of SESLHD which originated the *intellectual property*; and
- one third to SESLHD.

SESLHD will divide the one third share of *net commercialisation proceeds* payable to the *creators* amongst the individual *creators* in accordance with the contributions identified in the Agreement for Share of Commercialisation Proceeds outlined in clause 6.4. If no such agreement has been made, SESLHD will distribute the one third share in accordance with its own reasonable estimate of the relative contributions of each *creator*. In making such an estimate, consideration will be given to the role of any *creators* who have left the employ of SESLHD. The estimate of the

Committee will be final and binding on the *creators* until such time as the *creators* notify SESLHD that an agreement has been reached between them.

Monies paid to employees under this Policy shall be paid as income.

An employee's eligibility to distributions of *net commercialisation proceeds* under clause 6.5 is conditional upon the employee having acted in good faith in accordance with this Policy.

### 6.6 Clinical Academics and joint teaching hospital/University facilities

SESLHD will take steps, as early as possible in the identification/protection/commercialisation process, to clarify issues regarding *intellectual property* created by clinical academics and at joint facilities.

SESLHD will negotiate a fair and equitable agreement as to the rights of respective parties to *intellectual property* created in joint facilities or by clinical academics affiliated with SESLHD. In negotiating such agreements, SESLHD will take into account the rights set out in this Policy and any applicable University Policy and the equitable contributions of all parties to the creation of the *intellectual property*.

### 6.7 Intellectual Property created by Visitors

In accordance with the NSW Health Policy and for the avoidance of doubt, the ownership of *intellectual property* created by *visitors* will depend on the terms of any agreements between the *visitor* (or the *visitor's* employer) and SESLHD. In general, *intellectual property* created by *visitors* is owned by the *visitor* or his or her employer (subject to any applicable agreements).

Before a *visitor* uses SESLHD resources to carry out research which may result in the creation of any *intellectual property*, SESLHD will reach a prior written agreement regarding the basis upon which those resources are used. Where the *visitor* is an employee of another body (for example an independent research institute or a practice company) the agreement will be between SESLHD and that body. The Director of Research will ensure that, where *visitors* are using SESLHD resources to create *intellectual property* the issue of an appropriate agreement is raised with the *visitor* and referred to the Committee at the earliest opportunity.

The Committee will provide advice to the SESLHD Chief Executive on appropriate agreements between SESLHD and *visitors* using SESLHD's resources to conduct *health research*.

Appropriate agreements may include an assignment of *intellectual property* by the *visitor* to SESLHD on certain terms and conditions, or may include terms under which SESLHD receives a share of the income of commercialisation of the *intellectual property*. Whether terms are appropriate will depend on factors such as: the extent and nature of the research, the use of SESLHD resources, the source of the research funding, involvement of any SESLHD staff and any other relevant factors.

The Committee will keep the *visitor* (and his or her employer if any) fully informed and will consult the *visitor* when it considers these issues. *Visitors* will be provided with an opportunity to seek their own independent legal advice before entering into an agreement.



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#### 6.8 Intellectual property created by students

In accordance with the NSW Health Policy and for the avoidance of doubt, SESLHD will not claim ownership over *intellectual property* created by students except where the *intellectual property*:

- has been created using substantial SESLHD resources;
- is created as a result of pre-existing *intellectual property* owned by SESLHD;
- has been created by a team of which the student is a member; and/or
- has been created as a result of funding provided by or obtained by, SESLHD.

Heads of departments should be cognisant of the potential for students undertaking *health research* in their Department which may lead to the creation of *intellectual property*. Agreements between SESLHD and such students, including terms as to the ownership of *intellectual property* created by that student should be concluded at that time, considering the same matters set out in clause 6.7.

Where there is an affiliation or agreement between SESLHD and the student's University, SESLHD and the University will agree on how to equitably deal with the *intellectual property* of students, considering this Policy and the intellectual property policy of the University.

#### 6.9 Payment of monies under this Policy

Where a share in the proceeds of commercialisation of *intellectual property* is to be paid to *creators* pursuant to this Policy, no monies shall be paid unless the *creator(s)* first sign a written Agreement for Share of Commercialisation Proceeds with SESLHD acknowledging:

- that SESLHD owns the *intellectual property*;
- that each *creator's* rights to receive monies under the agreement is in full and final satisfaction of any rights or entitlement that the *creator* has in respect of the commercialisation of the *intellectual property*;
- his or her responsibility for taxation obligations which may flow from the receipt of those monies; and
- that he or she has had the opportunity to seek his or her own independent legal advice in relation to the agreement.

#### 6.10 Independent research institutes funded by SESLHD

In accordance with the NSW Health Policy and at its sole discretion, SESLHD may support or resource the development of *health research* by provision of research and administrative staff, infrastructure and equipment or direct funding to independent research institutes. In general, where such institutes are independent legal entities they will own any *intellectual property* created by their own employees (subject to the terms of any applicable constitution or agreements).

Where SESLHD provides such resources it will have in place agreements with such institutes which outline the rights of SESLHD in relation to *intellectual property* created by the institute, using SESLHD resources and funding.

The Committee's advice may be sought in relation to such agreements.

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#### 6.11 Collaborative research, joint ventures and arrangements with third parties

Where SESLHD creates *intellectual property* in conjunction with other organisations in the public or private sector through collaborative research projects, or joint venture arrangements for specific research and development projects, the ownership of the *intellectual property* that arises from such ventures will depend upon the contractual arrangements between the parties.

Where SESLHD enters into collaborative research activities, joint ventures or similar arrangements with third parties, SESLHD will ensure that there is a written agreement between the parties setting out:

- the rights (if any) of each party to use the *intellectual property* brought to the project by the other party;
- the ownership of *intellectual property* created individually and jointly by the research partners;
- the rights and obligations of the parties regarding the protection and commercialisation of *intellectual property*;
- the benefits flowing back to each of the parties with respect to any proceeds of commercialisation.

Agreements will protect SESLHD's interests proportionately to its contribution to the research, collaborative or joint venture, or other related project.

SESLHD will obtain legal advice regarding joint ventures and collaborative research projects before entering into any agreement.

#### 6.12 Commercialisation by outside bodies

SESLHD may contract a third party to commercialise its *intellectual property*. This process will occur in consultation with the *creator(s)*.

Arrangements will vary in their terms and conditions, and may include:

- an assignment of the *intellectual property* to the commercialising entity; and/or
- provisions for profit sharing with *creators* (rather than relying on this Policy)

If SESLHD enters into such an arrangement it will ensure that the return to SESLHD is equitable, and that the profit sharing arrangements with employees do not disadvantage employees by providing a lesser entitlement than that envisaged by this Policy. The advice of the Committee may be sought in relation to these arrangements.

#### 6.13 Need for confidentiality – prior disclosure

If *health research* may lead to the creation of *intellectual property* the researcher should notify their Line Manager who should notify the Committee.

This Policy is not intended to restrict the flow of information in the course of collaboration and communication between researchers and practitioners which SESLHD recognises as being essential to *health research*.

Where intellectual property has been created it is critical that no disclosure or prior publication of such innovation be made to any third party outside of SESLHD until steps have been taken to



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secure statutory protection. SESLHD will keep disclosure within SESLHD on a “need to know” basis and ensure the Committee keeps such information confidential.

Prior publication may include verbal and written disclosure in any forum, the presentation of papers at scientific conferences, publication of papers in peer journals, and, the discussion of innovation or aspects of it with colleagues who are not under obligations of confidentiality will generally constitute prior publication.

Where a *creator* wishes to disclose an innovation, prior written approval must be sought from the Committee. The Committee may obtain legal advice as to whether the publication will jeopardise intellectual property rights, and will advise as to what disclosures may and may not be made.

Students will not be prevented from publishing a thesis containing any *intellectual property* that is otherwise subject to this Policy, for a period greater than two years.

### 7. MISCELLANEOUS

#### 7.1 Taxation

SESLHD will comply with relevant taxation obligations flowing from the commercialisation of *intellectual property* and may seek taxation advice.

Employees and *visitors* must obtain their own taxation advice.

#### 7.2 Risk management

SESLHD will not incur undue risk of liabilities in excess of the proposed gains expected from commercialising *intellectual property*. Business, legal and risk management advice will be obtained as part of the commercialisation process.

#### 7.3 Audit matters

The audit of monies received through commercialisation of *intellectual property* will be undertaken in accordance with the Ministry of Health Accounts and Audit Determination policies/procedures for Local Health Districts, in force at the relevant time.

### 8. DISPUTE RESOLUTION

If a *creator* disputes any request or recommendation of the Committee in relation to this Policy, they must notify any other *creator(s)* of the intellectual property, the Committee and the SESLHD Chief Executive, in writing.

The Committee Chair will attempt to resolve the dispute within 21 days of such notification. Should the matter remain unresolved after 21 days, the *creator(s)* and the Chief Executive of SESLHD will agree upon an independent arbiter to determine the disputed issue(s) and the *creator(s)* and SESLHD agree to be bound by the arbiter’s decision.

### 9. REVIEW OF THIS POLICY

This Policy will be reviewed by the Committee every three years from the date of its publication.

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### 10. REFERENCES

Legislation, policies and guidelines:

- [NSW Ministry of Health Policy Directive PD2005 370 - Intellectual Property Arising from Health Research](#)
- [NSW Ministry of Health Policy Directive PD2013 033 - Electronic Information Security Policy - NSW Health](#)
- [NSW Government Digital Information Security Policy](#)
- [NSW Information Classification and Labelling Guidelines](#)
- [NSW Government Intellectual Property Management Framework](#)
- *University of Western Australia v Gray* (2008) FCA 498.

### 11. STANDARDS

ISO 27001:2013 Information technology - Security techniques - Information security management systems.

### 12. SUPPORTING DOCUMENTATION

Australian Government Cyber Security Strategy.

### 13. REVISION AND APPROVAL HISTORY

Date	Revision No.	Author and Approval
August 2019	DRAFT	Drafted by Leah McManus, Executive Officer, Research Development Approved by Christopher White, Research Director
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