

GUIDELINES ON CONFIDENTIALITY IN COMMERCIAL PROJECTS

Introduction

Where there is commercial potential in a research project, or that potential has been realised to the extent that a commercial deal is being negotiated or has been put in place, it is essential that the team of people involved in the research project (or who share their workspace) are made aware of and comply with obligations of confidentiality. Failure to do so can jeopardise commercialisability (for example, patenting may be ruled out) or result in JCU's breaching formal arrangements with its commercial partners.

Commercially sensitive projects include not only projects that are governed by an agreement with a third party (such as a contracted research project to develop a patent that is subject to a licence agreement), but any project where commercial potential exists, whether or not the researcher has disclosed the subject matter to JCU.

In some cases research unrelated to a commercially sensitive project, but falling within the same field of research as a commercially sensitive project, may also be subject to specific confidentiality provisions.

In these Guidelines:

- “Project Manager” means the senior researcher who heads the research project;
- “RIDO” means the Research Innovation and Development Office.

JCU's Statement and Guidelines on Research Practice¹ includes a section dealing with “Data Storage and Retention” (s2) which is of relevance to these guidelines. The sub-sections dealing specifically with confidentiality are noted and briefly discussed in Appendix A.

These Guidelines are based in part on the information in a joint (and excellent) publication by Biotechnology Australia, NHMRC and DETYA: Biotechnology Intellectual Property Manual².

A. Intellectual Property and Confidentiality

1. Patents and Prior Art

All information that constitutes and supports an invention must be treated as confidential, preferably up to the point that a full patent application is filed.

A disclosure of such information prior to filing a patent application will constitute prior art against which the patent application will be evaluated for novelty. Normally the first filing date (or “priority date”) will be of a provisional patent application. Publication of the invention described in the patent application prior to that date will (subject to the discussion below, in part A.2) mean that a patent will not be granted.

Release of information to someone who is not under an obligation to keep that information confidential, is sufficient to constitute publication. Any release to anyone outside of JCU who is not under such an obligation of confidentiality must be made with the protection of a confidentiality (or non-disclosure) deed.

¹ At <http://www.jcu.edu.au/office/Policy/resresp.htm>

² Available from http://www.biotechnology.gov.au/Primary_Producers/IP_Management/IP_Training_Manual/ip_training_manual.asp

Disclosure after the filing of a provisional application may not jeopardise the patent, but only to the extent that the disclosed information is included in the provisional application. If the specification of the invention develops during the time between filing the provisional and the full applications, then any disclosure of those developments prior to filing the full application will be prior art against which the full application will be evaluated. And likewise for claims made in subsequent secondary patents.

A further reason for not making public disclosures prior to filing a full application is that it is not unusual for provisional patents to be allowed to lapse. Twelve months may prove inadequate to get the research to the point that a full application can be made, or may see developments that alter the patenting strategy. Disclosure under such circumstances could have disastrous consequences for intellectual property protection.

Disclosures should only be made after consultation with RIDO, and, where necessary, must be made with the protection of a confidentiality deed.

The Project Manager must liaise with RIDO about the appropriate form of such a deed, which must be executed by the Project Manager and the Pro-Vice-Chancellor (Research and International).

2. Patents and the Grace Period

Despite what is stated in the previous section, there is (as of 1 April 2002) a 12 month grace period for the filing of full applications. That is, where information about an invention is publicly disclosed – for example by the sharing of research results at seminars or conferences, through journals or on the internet – a full application must be filed within 12 months of the date of disclosure. However, such disclosures are most definitely not encouraged. As IP Australia states³:

The grace period may help a patent application succeed in cases where disclosure of an invention has been made by mistake or is ill timed. However, a grace period should not be used as a general strategy for publishing an invention before filing a patent application. The lack of a uniform grace period or grace period requirements around the world could mean patent applications that rely on grace period disclosures may be invalid in other countries. In addition, third parties who use an invention in the grace period and before a patent application is made will retain their rights to use the invention.

Publication without provisional patent protection imposes the 12 month deadline on full filing. In some circumstances it will not be possible to progress R&D to the point that adequately demonstrates the patentability of the invention within that period, with the risk that any submitted patent application will fail under examination.

The grace period will not provide an earlier priority date, which remains the date of first filing.

In accordance with section A.1, any disclosure that is made of a patentable invention prior to the filing of a full application should be made under the protection of a confidentiality deed.

3. Confidentiality as an Intellectual Property Protection Strategy

³ At http://www.ipaustralia.gov.au/patents/P_grace.htm

Even if a technology is both patentable and commercialisable, patenting may not be the most efficient option – it may be wiser to rely on keeping the invention a trade secret. Factors that would be considered include:

- the rate of development of knowledge and applications within the field,
- the state of development of the invention,
- whether or not information can be reverse engineered,
- the likely lifespan of the product in the marketplace,
- whether or not a commercialisation partner has an effective monopoly in the field, and
- the likelihood of patent infringements, and the capacity and/or willingness to detect, monitor and litigate those infringements.

If the choice is made to keep an invention confidential, rather than to file a patent application, then the following guidelines must be stringently adhered to. In no circumstances, for example, would JCU permit a student to work on such a project, nor should the Project Manager permit the involvement of visiting staff, collaborators or contractors without the formal approval of the Pro-Vice-Chancellor (Research and International).

B. Management of Confidentiality

1. Personnel Practices

1.1 Employment and Participation

[Note that the problems of managing confidentiality become particularly acute where laboratory space is shared. In such cases, it may be appropriate for personnel who are not involved in a commercially sensitive project to be treated in the same way as those who are (ie. in terms of the relevant part of this section).]

1.1.1 New Staff and Contractors

In communications that form part of the process of an appointment to a position that involves work on a commercially sensitive project, including in the position description and in the interview, the Project Manager must ensure that it is clearly stated that the project is commercially sensitive and that the appointee will be subject to obligations of confidence. The Project Manager must also ensure the appointee must have no conflicting existing confidentiality or commercial obligations.

Once the appointment is made, the employment contract must include terms that specify in as precise a way as practicable what information the employee will be required to keep confidential.

The employment contract must also include reference to, and an explanation of, the terms of JCU's Intellectual Property Policy, whereby JCU owns the intellectual property produced by its staff in the course of their employment⁴, and of any terms in a project-relevant contract with a third party that varies the terms of the policy

It is the responsibility of the Project Manager to liaise with RIDO in respect of the project-specific terms to be included in the employment contract, paying particular attention to the provisions of any contract with a third party that is of relevance to the

⁴ Subject to some exceptions in respect of copyright. See at <http://www.jcu.edu.au/office/Policy/ippol.htm>

project. Project Managers should be particularly aware of the restrictions on the capacity of a staff member to publish on the basis of their work on a commercially sensitive project, and must make absolutely clear in the terms what those restrictions are.

These terms should be maintained as a schedule (the “confidentiality schedule”)

It is the responsibility of the Project Manager to provide Human Resources with the confidentiality schedule no later than the submission of the relevant appointment forms.

A copy of the schedule should be kept on the Project Management file, and another sent to RIDO (which has responsibility for the updating of the central Records file).

This sub-section applies to staff employed on any term (full-time, part-time, short-term or casual), and to contractors.

1.1.2 Existing Staff

Where an existing staff member is to be transferred to work on a commercially sensitive project, the staff member must be made fully aware and at the earliest opportunity of the commercial sensitivity of the project, the information that the employee will be required to keep confidential, and intellectual property ownership issues.

It is the responsibility of the Project Manager (in consultation with RIDO, as outlined in 1.1.1) to compile a confidentiality schedule which must be issued to the staff member and signed for.

Copies of the signed release should be kept on the Project Management and Personnel files, and a copy sent to RIDO

1.1.3 Students

Where a student is assigned to work on a commercially sensitive project, or indeed has any involvement with such a project, the student must, prior to commencing work or becoming involved, sign a confidentiality and intellectual property assignment deed (to be obtained from RIDO) in accordance with the JCU policy on Student Intellectual Property.

The Project Manager must obtain the approval of the Pro-Vice-Chancellor (Research and International) prior to involving a student on a commercially sensitive project. Project Managers should be aware of the particular problems associated with the involvement of students on such projects, including:

- the possible impact on the student’s capacity to publish,
- the possible requirement for the student’s thesis to be examined in confidence, and to thereafter be held in confidential storage for a period not exceeding 18 months from the date of submission,
- the possible impact on the project of publication of the thesis after that time,
- that the student owns any intellectual property generated by the student (unless otherwise agreed to).

Project Managers must also consult with RIDO in regard to these (and any project specific) problems.

It is the responsibility of the Project Manager (in consultation with RIDO, as outlined in 1.1.1) to produce a confidentiality schedule for inclusion with the deed.

It is the responsibility of RIDO to ensure appropriate content and execution of the deed.

1.1.4 Visiting Staff and Collaborators

Where a visiting staff member has any involvement in a commercially sensitive project, the visiting staff member must, prior to becoming involved, sign a confidentiality and intellectual property deed (to be obtained from RIDO).

It is the responsibility of the Project Manager (in consultation with RIDO, as outlined in 1.1.1) to produce a confidentiality schedule for inclusion with the deed.

It is the responsibility of RIDO to ensure appropriate content and execution of the deed.

This provision may also apply to a collaborator at another research institution or organisation. It is the responsibility of the Project Manager to consult with RIDO to determine whether or not the collaborator is otherwise bound by confidentiality provisions in a third party agreement of direct relevance to the project.

1.2 Exits

Where a staff member, student, visiting staff member or collaborator ceases to be involved in a commercially sensitive project, the Project Manager must conduct an exit interview which reinforces the continuing obligation of confidentiality to JCU (and the potential consequences of breaching that obligation) for the period that that obligation persists.

At this interview, the kinds of information which the person will be required not to divulge should be made clear and agreed upon.

All materials in the person's possession that are considered to be or contain confidential information must be returned.

A written record must be made of the interview, and must include a statement about the return of confidential information.

The record must be signed by the exiting person and by the Project Manager, and copies placed on the employee's personnel file in Human Resources (where relevant) and on the Project Management file. A copy must also be provided to RIDO.

1.3 Review of Confidentiality Deeds

It is the Project Manager's responsibility to ensure that the confidentiality deeds referred to above are reviewed periodically, not less than every three months, and that such deeds are updated, particularly in respect of the information required to be kept confidential, where necessary.

Where an update is required the Project Manager must liaise with RIDO in respect of the appropriate form of such an update.

2. Identification and Protection of Confidential Information

2.1 RIDO Responsibilities

RIDO must consult with the Project Manager immediately upon the commencement of negotiations of any arrangements with a third party that involve any reference to confidentiality (as inevitably will be the case for a commercially sensitive project), and

must keep the Project Manager fully aware of the progress of those negotiations wherever that progress might have any impact on the management of the project.

RIDO must ensure that the Project Manager is made fully aware of the confidentiality provisions of any agreement or other formal arrangement with a third party, and of the confidentiality of the terms of the agreement or other formal arrangement.

RIDO must ensure that the Project Manager fully understands and is capable of implementing the steps listed in the following section ("Project Management"), in line with any third party agreement or any requirements for the protection of confidential research material.

Where necessary, RIDO should assist the Project Manager in providing training of project personnel about confidentiality and its management within a commercially sensitive project.

2.2 Project Management

It is the responsibility of the Project Manager to ensure that the following steps are taken to ensure the appropriate identification and protection of confidential information, including where that information is recorded in laboratory notebooks⁵.

As previously noted, the problems of managing confidentiality become particularly acute where laboratory space is shared, and the Project Manager may need to extend these steps to staff that share laboratory space.

- The Project Manager must put in place a system for recording what documents or classes of documents or data or other information, however stored, that are confidential, and for reassessing the confidentiality of information periodically.
- Access to confidential information must be limited. The measures taken to limit access may depend on the nature of the information and its sensitivity
- Documents that are confidential should be clearly and prominently marked as such.
- Information that is confidential should as far as possible be segregated from information that is not confidential.
- Documents that are no longer confidential should be removed from areas where confidential documents are stored, and documents that are no longer required should be destroyed. Merely discarding a confidential document that is no longer required is insufficient.
- The location of confidential documents should be recorded, including the location of copies, if they exist.
- If more than one copy exists, the copies should be numbered and their possession tracked. The number of copies should be kept to the absolute minimum. Further copying of documents should be restricted, for example by preventing removal of the most sensitive documents from a segregated area and not permitting copying in that area.

⁵ Because the US works on a first-to-invent (rather than file) basis, this is particularly important where patenting in the US is a possibility. Notes on inventor record standards can be found at <http://www.jcu.edu.au/div2/rido/patents.html#4>

- Examples of appropriate storage practices include:
 - retaining confidential information in locked drawers or cabinets,
 - keeping confidential documents in separate areas with restricted access,
 - ensuring that areas which contain confidential information are securely closed at night.
- Information which is maintained on a computer should be protected by password access and/or encryption and, in any event, access to confidential files should be restricted by the Project Manager to only those who need it.
- Where information is maintained in soft-copy in collaboration with other organisations, it may be advantageous to have a centralised and common database of that information and a nominated systems administrator with privileged access.
- In some cases, where a process having several steps is involved, it may be possible for the Project Manager to assign separate personnel to work on each step, so that the number of people who have knowledge of the whole process is as few as possible.
- In some situations it may be appropriate that the Project Manager appoints a person in each discrete work area whose responsibility it is to supervise the security arrangements governing confidential information, to ensure that proper practices are followed and to provide training, as necessary.

2.3 Communications

Third party contracts may impose document control procedures beyond the following, which serve as minimal requirements. Third party contracts may impose a requirement for notification of the third party in respect of any proposed communication, and for potential subsequent limitations. It is the Project Manager's role to be aware of such third party constraints, to advise relevant personnel of the constraints, and to monitor compliance with these constraints.

All communications in relation to a commercially sensitive project must be reviewed, approved and transmitted as follows:

- All communications that are solely about the research – which may include such matters as the content of a patent application, but not such matters as commercialisation terms or the appropriate form of intellectual property protection – and that pass outside of JCU must be reviewed, approved and (where practicable) transmitted by the Project Manager.
- All other communications that pass outside of JCU must be reviewed, approved, and transmitted by RIDO, except where policy, delegation or prudence dictate that the communication should be reviewed, approved and transmitted by the Pro-Vice-Chancellor (Research and International) or the Director, Research Services.
- All internal communications should be treated with considerable care. Wherever confidential information is included in a communication it should be clearly stated as such. No confidential communications should be made without the review and approval of the Project Manager or RIDO, as appropriate (as per the previous two points).

- Press announcements or media releases must not be made without following relevant JCU policy, and not without the review and approval of the Pro-Vice-Chancellor (Research and International).

It is not unusual for there to be provisions about public announcements in third party contracts, and every person with communications responsibilities must ensure that they are fully conversant with such provisions.

Communications include:

- technical publications (whether journals, books, conference papers, posters or other formats),
- correspondence,
- e-mails,
- technical information brochures,
- internal memoranda and internal seminars,
- noticeboard signs.

Confidential Information

Communications that contain secret or other confidential information should be clearly marked “Confidential”.

Except where one is communicating with a person who is bound by professional obligations of confidence (eg. a patent attorney), merely marking a document as confidential is not sufficient guarantee that its contents will be treated and regarded as confidential.

It is therefore very important that the recipient agrees that s/he will keep the information secret before the communication is made.

3 Related Projects and Project Results

It is not uncommon for commercial arrangements in respect of the outputs of a particular research project to have impact on other research being conducted at JCU. For example:

1. A standard term for a shareholders agreement, such as that which would apply to a start-up company in which JCU is a member, is one that imposes an obligation on shareholders to not compete with the company within the scope of the company’s business.
2. Where JCU has a commercial arrangement with a third party under which it licenses intellectual property arising from a research project to a third party, there may be provision for the third party: (a) to be notified of any results falling within the field of the project, even if those results are from work elsewhere at JCU, and (b) to have first right of refusal to commercialise such results.

Where such arrangements exist, it is the responsibility of the Pro-Vice-Chancellor (Research and International) to ensure that Heads of Schools are aware of the collateral effect of third party contracts, and that Heads of Schools report at the earliest opportunity any relevant research of which they are aware to the Pro-Vice-Chancellor (Research and International).

The Pro-Vice-Chancellor (Research and International) must also ensure, through RIDO, that the Project Manager is fully aware of any such third party obligations. It is then the Project Managers responsibility to monitor, as far as possible, relevant research at JCU

to ensure that these obligations are met, and to report on any relevant research to the Pro-Vice-Chancellor (Research and International).

4. Checklist

The checklist included as Appendix B must be completed by the Project Manager at regular intervals, not less than every three months.

A copy should be sent to RIDO, with the original being kept on the Project Management file.

APPENDIX A – Statement and Guidelines on Research Practice

Section 2 of the Statement deals with Data Storage and Retention. It requires Schools to “establish procedures for the retention of data and for the keeping of records of data held” and imposes minimum retention periods. In respect of confidentiality, it states:

- 2.5 Data related to publications must be available for discussion with other researchers. Where confidentiality provisions apply (for example, where the researchers or University have given undertakings to third parties, such as the subjects of the research), it is desirable for data to be kept in a way that reference to them by third parties can occur without breaching such confidentiality.
- 2.6 Confidentiality agreements to protect intellectual property rights may be agreed between the University, the researcher and a sponsor of the research. Where such agreements limit free publication and discussion, limitations and restrictions must be explicitly agreed.
- 2.7 It is the obligation of the researcher to enquire whether confidentiality agreements apply and of the head of the discipline or research unit to inform researchers of their obligations with respect to these provisions.

These Guidelines emphasise the need for awareness and clear articulation of confidentiality provisions, and the Project Manager is expressly charged with the responsibility to inform researchers that is noted in 2.7.

APPENDIX B – Checklist – Research Management and Laboratory Practices

See following pages.

GUIDELINES ON CONFIDENTIALITY IN COMMERCIAL PROJECTS

Checklist – Research Management and Laboratory Practices

Project: _____

School: _____

Project Manager: _____
name *signature*

Date: _____

Protecting Confidential Information	Yes	No	N/A
Have all personnel – staff, students, visitors and external collaborators – who are involved in the project been briefed on the confidential aspects of the project?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Have all staff, students, visitors and external collaborators who are involved in the project been issued with, and signed off on, a confidentiality schedule?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Have all students, visitors and external collaborators who are involved in the project signed off on a confidentiality and intellectual property deed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are exit interviews conducted with all departing personnel who have had involvement in the project?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are written records made of exit interviews, which are signed off by the departing personnel?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are copies kept of all employment contracts, confidentiality and intellectual property deeds, and exit interview records?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Is there a system in place for assessing the confidentiality of information?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Have all third party contractual obligations in respect of confidentiality been recorded and implemented?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Do all personnel who have access to confidential information understand the importance of maintaining confidentiality?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Have employees and others been given training relating to what constitutes “publication” or “disclosure” of information?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Has a system been established for vetting and approving drafts submitted for publication?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

GUIDELINES ON CONFIDENTIALITY IN COMMERCIAL PROJECTS – CHECKLIST

Is the length of time that information must be kept confidential been made clear to all relevant personnel?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Is access to confidential information limited to only those who need it?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Have records been kept of who has access to, or holds, confidential information?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Have appropriate documents been marked as “CONFIDENTIAL”?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are confidential documents stored securely?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Is confidential information segregated from information that is not confidential?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Is record kept of the location of confidential information, and of all copies of such information?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are there processes in place to restrict the copying of confidential information?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are documents that are no longer required destroyed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Is the length of time that information must be kept confidential clear?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Is confidential information that is held on computer protected by secure password and/or encryption?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are shared databases under the sole control of a nominated systems administrator?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If the project shares laboratory space with personnel not involved in the project, have systems to protect the confidentiality of information been extended to include those personnel?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Has a system been established for vetting and approving drafts submitted for publication?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Have project personnel been made aware of obligations to third parties in respect of public communications about the project?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are processes in place to ensure that verbal or written public communications are vetted by and transmitted through appropriate channels?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are there any third party obligations in respect of related research results not arising out of the project?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If so, is ongoing monitoring of related research results from elsewhere in the University taking place?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>