

Australian Catholic University

**Feedback to the Department of Education,
Skills and Employment**

*Higher Education Research
Commercialisation Intellectual Property
Framework: Consultation Paper*

October 2021

Feedback to the Consultation on a Higher Education Research Commercialisation Intellectual Property Framework

Australian Catholic University (ACU) acknowledges the opportunity to provide feedback on the *Higher Education Research Commercialisation Intellectual Property Framework* consultation paper.

ACU supports the Federal Government's efforts to find mechanisms to foster higher education research commercialisation by supporting the successful negotiation and management of university-industry collaborations and partnerships. While ACU recognises a Higher Education Research Commercialisation Intellectual Property Framework (Framework) would provide valuable guidance to universities and industry in intellectual property (IP) projects, we consider mandating the adoption of standardised IP licensing and contractual agreements is more likely to constrain rather than enhance university-industry collaboration.

We recommend the Framework should instead serve as a guidance and checklist, promoting best practice in the negotiation and management of IP projects. Fundamentally, universities and industry need flexibility in IP projects as one size does not fit all. ACU supports the advocacy and concerns raised by Universities Australia in this respect.

ACU provides the following feedback on specific questions raised in the Consultation Paper. This addresses how the Framework could be enhanced as a source of guidance in IP-related projects.

1. What would ensure the HERC IP Framework is applied consistently across universities and industry?

The Framework should promote simplicity and flexibility. Language used in the framework and agreements should be accessible and easily understood by all parties. Technical terminology that may be unfamiliar to industry or universities should ideally be avoided. The Framework could also capture and provide guidance on frequently used IP models to support a consistent application across different situations. For example, cases where:

- Project IP is vested in an industry partner, background IP is licensed to a partner and the university retains the right to use the research for education.
- Royalties are received by the university post-project.
- Project IP is licensed with exclusivity or non-exclusivity.
- A start-up or joint venture is involved (3 parties: start-up, university and funder).

With respect to flexibility, the approach should be that the partnership(s) drive the paperwork, not the other way around. There is a risk of stifling collaboration if industry partners feel they must rigidly follow the Framework, regardless of its suitability for a particular project. There should be allowance for bespoke arrangements.

We note the adoption of standard IP commercialisation processes and agreements are optional in overseas jurisdictions. To encourage (rather than mandate) take-up of the Framework, additional incentives could be used such as:

- the Australian government publicly recognising participants who have joined;
- the Australian government licensing to participants a logo/trade mark which they can use to promote their credentials; and
- the Australian Taxation Office/other department giving favourable treatment to those participating e.g. expedite requests for rulings or approvals.

2. What parts of standard agreements must allow changes to accommodate variation?

Acknowledging that the use of rigid standard agreements can be impracticable, we suggest encouraging using a set of minimum standards or non-negotiable terms in agreements. This would also set out in general terms the permitted exceptions. Some of these exceptions are outlined in the Consultation Paper, for instance around limitation of liability, indemnities and warranties (section 2.7). Consideration could be given to developing a template/series of templates, or a clause bank where the parties can select from a range of clauses - or a combination of both, enabling parties to select relevant clauses and fill in a template.

Regarding warranties and liabilities, the Consultation Paper appropriately acknowledges:

...universities are not, by their nature, in a position to offer warranties or take on liabilities to the same extent that they are taken on or offered by commercial entities. (p. 17).

A good way of managing uncertainty in research contracts is to set go/no-go milestones at which the funding partner can elect to continue, re-scope or terminate a project. This recognises it is important for industry partners to have clarity on the level of uncertainty in research projects as this directly relates to business risks. It also acknowledges that the research process typically involves higher uncertainty than the development/commercialisation process. Furthermore, while a research contract cannot offer a guarantee for successful research, it can offer a guarantee for an agreed scope and level of investigation. This promotes clarity and certainty in collaborations, for all parties.

3. What should be in and out of scope for the HERC IP Framework to be useful, reasonable and practical?

The Framework should cover direct research contracts between industry and academia/universities, and contracts under Department of Education, Skills and Employment grants. Consideration could also be given to providing guidance on contracts underlying Industry PhDs, university consultancy contracts and lab testing contracts. Philanthropically funded research should be out of the Framework's scope. Reference to overseas equivalents in the Framework may also be necessary since commercialisation of IP is not limited to Australia, and investors may be comparing different jurisdictions before investing in Australian universities.

4. What information should be in the process maps, guidance and educational material?

The following reflects best-practice for IP project management and contract negotiations. Encouraging the adoption of such practices would assist in realising the underlying objectives of the Framework, namely, to support, incentivise and increase partnerships between industry and universities.

Management of third-party IP: Prior to a project's commencement, as part of standard processes, partners should be informed of possible uses of third-party IP. For example, this may include the use of open-source software, third-party IP software under licence, General Public Licence (GPLv3), or proprietary data and designs. Educational/guidance material should outline the importance of informing partners on the use of third-party IP, in recognition that this could ultimately affect a partner's ability to commercialise the outcomes of the project. It would, for instance, assist to avoid situations where third-party IP (e.g. underlying codes) is used in project deliverables without prior notice being given to the industry partner. Educational material could also include examples of how to identify and articulate third-party IP.

Non-infringement and novelty checking: Contract templates could include a statement on the scope of prior searches in this regard. This can provide industry with clarity on IP commercialisation risks.

Project performance metrics: Guidelines should cover how to discuss, negotiate and agree on performance metrics prior to signing a contract, or re-negotiate performance metrics during the project. Where suitable, performance metrics agreed to at the beginning of the project could be included in the contract template (e.g. as an optional section) with provision(s) to allow such metrics to be modified when necessary if both/all parties agree. This would help ensure all parties are clear on project expectations and end-goals, and support industry participation by ensuring performance metrics reflect and meet the end-user needs envisaged by the industry partner(s). Furthermore, it would assist in avoiding scenarios where universities or an industry partner feel they have wasted their time or money at the end of a project, due to poor communication on the ultimate end-goals of the collaboration.

Patent creation: Guidelines/educational material should capture the intricacies of patent creation and attribution. This could help to manage expectations, for example, around the scope of ideas and encourage participants to think through significant issues such as who will ultimately be the designated assignee, inventor etc.

5. What other processes and agreements should be included in the HERC IP Framework?

Including memorandums of understanding (MOUs) and non-disclosure agreements (NDAs) within the Framework would be particularly beneficial. This could save parties a significant amount of time by having standards in place. MOUs are often lengthy in terms of legal provisions but tend to be underdone when it comes to operational plans. The Framework could provide a template(s) which covers key areas such as scope, partner intent, partner expectations, and governance arrangements. NDA templates could also be useful, accompanied by guidelines and illustrative examples of what parties' obligations are under particular provisions, in practical terms.

6. Should the HERC IP Framework apply to (a) only ARC or DESE research programs; or (b) also extend to publicly funded research at federal level through departments, Rural Research and Development Corporations, the NHMRC and PFRAs?

Adoption of the Framework should not be mandatory, however, it should be available for use by any party that sees value in it.

7. Would pre-negotiation tools help your organisation build trust and confidence in a partnership? What tools would help?

Pre-negotiation tools can be useful to build trust and confidence in partnerships. Scoping sheets, which tend to be under-utilised in academia, can help articulate the breakdown of tasks for each partner and the total estimated effort; but allowing each partner flexibility/discretion to manage their respective project responsibilities at granular level. MOUs covering the scope of partnerships, project intent, timeframe, and governance arrangements, can also be useful to building constructive partnerships. Other useful documents/tools are covered above, including NDAs and performance metrics.

In some situations, however, it may be more suitable to navigate straight through to negotiating the terms of a formal agreement due to the nature of the project and given the effort and expense that can be involved in drafting pre-negotiation tools.

8. What communication and educational subject material would help your organisation in implementing the Framework?

Periodic seminars for university staff and online videos would be helpful. As a minimum, a dedicated website should be established. With users' consent, and in compliance with the law, website traffic-flows could be analysed to help assess its usage and identify areas for improvement. Publicising, communicating and educating potential participants on the Framework is necessary for its success and the Federal Government should take a leadership role in this respect.

9. How can performance of the HERC IP Framework be monitored without an undue administrative burden on users?

Subject to any confidentiality obligations, anonymised statistical information could be given to the appropriate government division to monitor take-up and progress. For instance, this may involve monitoring website downloads and the number of enquiries received regarding the Framework. Including a question such as "Do you intend to use the HERC IP Framework" in grant application forms could also provide useful indicative data.

Monitoring should utilise existing reporting channels/resources. It should not require additional reports that place additional administrative burden on users, which could discourage collaboration.