

Higher Education Research Commercialisation IP Framework

18 October 2021

To the University Research Commercialisation Scheme Working Group,

Thank you for the opportunity to provide a submission on the Higher Education Research Commercialisation IP Framework.

As the peak body representing 92 professional societies and nearly 90,000 scientists and technologists, Science & Technology Australia is a strong advocate for research translation and commercialisation. Our members include those working every day in research commercialisation.

In our advocacy, STA has proposed a \$2.4 billion Research Translation Fund to turn discoveries into products and services, and training a new generation of “bench-to-boardroom scientists” and specialised knowledge-brokers to drive engagement between industry and universities.

The Government’s proposed IP Framework is a useful guide for university–industry collaborations. It will help to build industry confidence in a structured approach across our research translation system. We welcome any effort to demystify fair and effective access of IP for Australian industry, with appropriate protections on educational and non-commercial use.

However, we caution strongly against making a framework mandatory. The IP Framework and guidance documents should not limit the freedom of parties to tailor from a standard agreement.

We offer an analogy from employment law. The Fair Work Commission produces standard employment contracts as a resource to assist employers and employees, but does not mandate their use. Employers and employees remain free to vary the terms to suit their business and personal circumstances, so long as the minimum legal employment standards are met.

In a non-mandatory form, the proposed new IP framework will drive open discussion and ensure parties need to carefully explain choices that differ from the framework - achieving its key aim - without tying the hands of parties in commercial dealings.

We consent to this submission being publicly available.

We are always available to contribute our expertise and experience, and those of our members, to strengthen Australia’s mechanisms for research commercialisation.

Yours sincerely,



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President
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Summary of recommendations

Science & Technology Australia recommends:

- **Publish a standard IP Framework and templates as a guide and resource but retain flexibility for parties to negotiate variations from the templates by mutual agreement.**
- **Affirm the list of processes and agreements and contracts in the framework, which should retain flexibility to tailor.**
- **Include a simple language explanation of the reasons for, and the effect of, key clauses in a table accompanying the templates to assist industry partners.**
- **Develop a robust IP Assignment Deed for PhD students as a resource to guide parties.**
- **Offer non-mandatory template agreements for use across all research programs and cover all fields of research.**
- **Offer indicative average royalty figures to assist both industry and universities to arrive at a fair arrangement more swiftly.**
- **Make the framework as easy-to-read as possible with plain English explanations of each aspect of a template.**
- **Provide templates for both simple and complex agreements that allow flexibility for tailoring in each case - and not set an arbitrary project value threshold for either.**
- **Embed guidance and pre-negotiation content in an IP toolkit rather than the IP Framework.**
- **Produce simple language explainers and webinar content including case studies on effective research translation to build skills and knowledge.**
- **Adopt a light-touch approach to assessing uptake that does not impose undue administrative burdens.**

Should a mandatory IP Framework be implemented?

Science & Technology Australia strongly supports making it easier for industry to collaborate with researchers in universities but cautions clearly against adopting a rigid mandatory framework.

Making IP negotiations between researchers and commercial partners faster and transparent boosts collaboration. Yet a move to greater use of standard IP agreements should not eliminate flexibility entirely. Research agreements can be complex, involve multiple institutions, business partners, and student agreements. STA's engagements with both industry and researchers in our network suggests there will often be circumstances when both partners may wish to vary terms and conditions by mutual agreement. Some flexibility is not only needed – but also wisest.

We invite the Australian Government and the Department to consider an arrangement similar to template employment agreements. The Fair Work Commission publishes template employment contracts as a resource to assist both employers and employees, but does not mandate their use. Employers and employees are free to vary the terms and conditions to suit their business and personal circumstances, so long as the minimum legal work standards are met.

Rather than the Australian Government imposing a mandatory standard IP agreement on every university–industry IP deal below a certain threshold, it would be more prudent and more practical to produce templates as a guide, while keeping flexibility to meet the needs of both parties.

STA recommends: Publish a standard IP Framework and templates as a guide and resource, but with crucial flexibility to make variations based on the needs of the parties.

What the HERC IP Framework will do

What would ensure the HERC IP Framework is applied consistently across universities (research institutes/centres, colleges, faculties, departments and researchers) and industry?

Using the IP Framework to establish minimum standards and a starting point for discussions between university and industry will ensure basic consistency. Any changes from standard guidance would need to be justified by both parties, but such flexibility is critical to ensuring effective outcomes for complex projects and technologies.

Standardising the handling of IP of research candidates (Masters by Research and Doctor of Philosophy students) is one area that would benefit from such consistency. Students assigning IP to universities at commencement, with clear inventorship participation opportunities, would give universities freedom to negotiate the best and fastest outcomes for researchers and industry.

What parts of standard agreements must allow changes to accommodate variation? Why? How?

Standard agreements need to clearly cover Background IP that is registered and/or patented, Background IP in the form of know-how and trade secret equivalents, and the Foreground IP (Project IP).

Scope of access to Background IP will vary based on projects, especially as access might be limited to specific use cases. For example, a materials science Background IP might be provided to one party for use as a coating for machinery while it might be incorporated into a sensing technology for medical devices with another.

Project IP ownership would operate on a sliding scale, with ownership proportional to investment. In cases where research investment is predominantly from one party, they would have the right to retain Project IP. This could be industry providing costs that cover all overheads. Alternatively, if the university in-kind contributions (staff time, equipment access, and overheads) are significant, there should be options for them to retain Project IP with a clear mechanism for the industry partner/s to preferentially licence the Project IP.

STA recommends: Retain flexibility for parties to negotiate variations from the templates by mutual agreement.

Proposed Framework Scope

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

The proposed list of 'processes' and 'agreements and contracts' are all reasonable and should be in scope of the IP Framework. The caveat being these should be guidance documents and templates that establish minimum standards.

STA recommends: Affirm the list of processes and agreements and contracts in the framework, which should retain flexibility to tailor.

What information should be in the process maps, guidance and educational material? What formats are best?

A structured template that outlines key clauses with a simple language explanation of the reason for the clause in a table format would be best. If the intent is to demystify the process for industry (especially start-ups and SMEs), this would create confidence and understanding.

Clauses that accommodate significant variations should be explained with potential scenarios.

STA recommends: Include a simple language explanation of the reasons for, and the effect of, key clauses in a table accompanying the templates to assist industry partners.

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

Given a significant proportion of the research workforce with universities are PhD candidates, the IP Framework does not cover student participation agreements.

One of the simplest mechanisms would be to have a robust IP Assignment Deed that PhD students use to assign their IP to the universities, with appropriate protections. This mechanism is used at certain institutions with good effect, while ensuring PhD candidates get recognition and benefits as inventors (similar to academic staff).

STA recommends: Offer a robust IP Assignment Deed for PhD students as a resource to guide parties.

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?

The IP Framework should form the basic template for agreements for these research programs and agencies. It will be a very efficient mechanism to move faster from award to project commencement, which can currently take between eight months and a year. However, key clauses should have flexibility as described above.

STA recommends: Offer non-mandatory template agreements for use across all research programs.

What specific issues in different fields of research should the HERC IP Framework include?

The IP Framework should be for all fields of research, with provisions to specific application areas covered within any Background IP, Foreground IP, and licencing use.

STA recommends: Cover all fields of research.

Target Audiences

What unique aspects of specific sectors and commercial situations should be accommodated in the HERC IP Framework? Why? How?

Research areas such as medical sciences, medical technologies, pharmaceuticals, optical physics, and quantum computing are very infrastructure and materials intensive.

In such areas, providing royalty guidelines to inform industry of typical values would aid constructive discussions and collaboration. Industry or market benchmarked standards will ensure both universities and industry feel they arrive at fair outcomes.

In a similar vein, typical ranges for minimum royalty payments and bulk payments could be provided.

Any mechanism to improve transparency will create faster research translation success for Australia.

STA recommends: Offer indicative average royalty figures to assist both industry and universities to arrive at a fair arrangement more swiftly.

What would make the HERC IP Framework attractive to collaborating and investment partners?

The IP Framework needs to be targeted at industry partners that might not necessarily have ready access to intellectual property legal advice. This means the framework must be as easy to use and understand as possible with plain English explanations of each aspect of the template. This relates to the earlier recommendation to provide a tabulated explainer of key clauses and scenarios for key negotiable clauses.

STA recommends: Make the framework as easy-to-read as possible with plain English explanations of each aspect of a template.

Key Parameters Guiding Development and Implementation

What design aspects – such as a \$100,000 investment, or significant background IP – should define the threshold for more complex agreements?

We recommend providing templates that set minimum standards, but that are not prescriptive.

Any investment value chosen would be arbitrary, is extremely discipline and technology dependent, reliant on speed-to-market requirements, standards and compliance processes, and depth and breadth of Background IP.

There is no reasonable mechanism to cover such parameters and design catch-all clauses, without the risk of major unintended consequences – which could include universities not generating benefit from commercialisation (which would be counter to the objectives of the HERC efforts) or industry choosing to access Background IP from overseas.

STA recommends: Provide templates for both simple and complex agreements that allow flexibility for tailoring in each case - and not set an arbitrary project value threshold for either.

Trust and Culture

Would pre-negotiation tools (such as term sheets or non-binding agreements) help your organisation build trust and confidence in a partnership? What tools would help?

Trust and confidence are built between core collaborators within university and industry partners. Effective training in negotiation for both communities to be effective knowledge brokers is crucial. The Government and Department partnering with expert organisations to deliver such training is a prerequisite to driving the cultural change needed for effective research commercialisation.

For project agreements, being upfront about costs and IP position are key. Agreeing to these in principle before commencing contract drafting and negotiation dramatically cuts down time taken to sign contracts.

For licencing agreements, a term sheet that records the key parameters is immensely helpful. The details of a licencing agreement can be generic, with the term sheet capturing the critical payments, structure, and areas of use.

Guidance and pre-negotiations tools are more appropriate within an IP toolkit rather than the IP Framework.

STA recommends: Embed guidance and pre-negotiation content in an IP toolkit rather than the IP Framework.

Implementation

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

Simple language explainers and webinars for parties to understand the IP Framework and constituent material would be useful.

Presenting real case studies of projects and their evolution with a variety of IP structures would educate the community.

Engaging with peak bodies to access experts that can present case studies or provide specialist training on effective research translation is important for improving engagement and development.

STA would be delighted to assist the Department to identify case studies and effective training in research commercialisation.

STA recommends: Produce simple language explainers and webinar content including case studies on effective research translation to build skills and knowledge.

Governance

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

The IP Framework should be delivered as a set of templates that define minimum standards. A basic mechanism to assess uptake would be data on views and downloads of key documents and training materials.

Universities report their contracts across the different categories of engagement to the Government already. This data collection could include an extra question on whether the contract uses the IP Framework template (and if yes, an estimated percentage of similarity).

STA recommends: Adopt a light-touch approach to assessing uptake that does not impose undue administrative burdens.