

Higher Education Research Commercialisation IP Framework Consultation Paper

Submission from Rio Tinto to Department of Education, Skills and Employment

18 October 2021

Summary

Rio Tinto supports a higher education research commercialisation (HERC) intellectual property (IP) framework that simplifies IP management and negotiation between business and universities. Rio Tinto believes that careful consideration must be given to the default positions proposed in the framework in order to balance the competing interests of universities and businesses. Rio Tinto is keen to see a framework that emphasises and encourages the translation of research into impact in business with the benefits this can bring to broader society. However, over-standardisation of positions could remove necessary flexibility to accommodate differing situations and be counter-productive, increasing negotiation timescales and the risk of failure of relationships.

Introduction

Rio Tinto is a large multi-national business consisting of mining and metals companies operating across approximately 35 countries.

Technology and innovation form a core part of Rio Tinto's business model as we constantly seek to improve production and processes and progress our sustainability initiatives, and gain competitive advantage from our innovation investment. The ability to protect and realise value from investment in innovation is a contributing factor in our success and underpins our justification for future investment. To that end, Rio Tinto employs internal innovation and R&D teams, specialist in-house IP lawyers, and patent attorneys and searchers.

Rio Tinto has strong existing relationships with Australian universities, institutes, and other research organisations through which it undertakes innovation activities. The innovations that Rio Tinto generates span a variety of technology areas, including advances in mining machines, mining processes, mine planning techniques, material sciences, mineral and metal processing, modelling and simulation techniques, and information and communications technology applications.

Rio Tinto has significant commercial interests and investments in Australia, including substantial mining operations, mineral processing operations, and research and development facilities.

Rio Tinto thanks the Department of Education, Skills and Employment for this opportunity to comment on the proposed HERC IP Framework. In the time and word limit available, Rio Tinto has not been able to prepare a detailed response to each of the discussion topics. However, Rio Tinto recognises the importance of the proposed HERC IP Framework and has prepared and is available to discuss the following preliminary high-level comments and responses. It is Rio Tinto's view that application of the HERC IP Framework would not be suitable for research that is funded by an industry partner.

Submissions

Rio Tinto's submissions focus on the following questions:

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

Question 11: What would make the HERC IP Framework attractive to collaborating and investment partners?

Question 12: What specific activities in your organisation would not be amenable to a standardised agreement?

Rio Tinto is keen to see a framework that emphasises and encourages the translation and commercialisation of research, while fairly recognising the contribution of publicly funded university developed IP. We have highlighted below concerns on a number of elements of IP agreements which we regularly face when negotiating with university and other publicly funded institutions.

Background IP

Rio Tinto's experience is that universities rarely agree to undertake freedom to operate assessments in relation to proprietary background IP created by the universities. We understand that a freedom to operate assessment may be better placed to be performed by the commercialising entity, however the universities need to recognise that without a clear freedom to operate position the value of their background IP will be diminished in the eyes of the commercial partner. Rio Tinto supports the position that an agreement should recognise that companies can also contribute significant background IP and must be confident that collaboration will not undermine their commercial position.

Foreground IP

Rio Tinto agrees that clear ownership and access to foreground IP are critical. However, in our experience identifying the scope of the research and likely outputs is more difficult than settling on the ownership position. This also leads to difficulties in agreeing to an ownership position in relation to improvements, so our position is to avoid the concept of improvements. We agree that flexibility is required to allow negotiations about ownership to occur in context.

Commercialisation

In addition to issues concerning commercialisation pathways, the consultation paper discusses broader challenges in negotiating commercialisation agreements such as difficulties reaching agreement on value of university IP.

Rio Tinto believes that while thoughtful standardisation of processes and agreements is part of the solution, there must be greater transparency and clearer communication on participants views of commercialisation roadmaps for IP with the aim of reaching a common goal early in the lifetime of a project. This includes greater transparency on valuation of university IP. This is key to improved understanding of the challenges and needs faced by universities and industry partners, will help address the common disconnect on perceived value of university IP and build trust.

Rio Tinto suggests that university IP is usually in a very early stage of development and that the commercialisation pathways need to recognise the significant investment and risk that an industry partner will take to successfully translate university IP to a commercial product or process.

Rio Tinto agrees that discussions about commercialisation at the outset of a project can slow progress of project planning and initiation, however failure to develop a shared view of at least a high-level roadmap can lead to more significant difficulties later in a project's lifetime. Rio Tinto recommends the following strategies to manage and mitigate those difficulties:

- establishment of joint understanding on a high-level commercialisation roadmap during project development discussions;
- a strong Steering Committee to be established by the project agreement;
- research to be separated into phases;

- the research phases to be gated such that there is a clear milestone point towards the end of the project to discuss and negotiate commercialisation of project outcomes.

Warranties and liabilities

It is Rio Tinto's experience that risk allocation discussions are always difficult and time consuming. Rio Tinto does not accept as a standard position that 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. To the extent that a university has created IP and consideration is being paid for that IP, the university should be able to warrant that to the best of its actual knowledge the university has created the IP and it does not infringe third-party IP. If the standard position does not expect universities to warrant non-infringement of third-party IP, a university would be in a position where it would not be held accountable even where it knows there is infringement of third party IP. Rio Tinto accepts that universities should not be expected to provide a warranty of non-infringement of third-party patents worldwide, however to the extent that universities (who are approached as experts in their field) have actual knowledge of a third-party patent, that should be covered by a warranty of non-infringement.

Right to publish

Rio Tinto recognises the importance of publication to a university. To the extent that the university research is publicly funded Rio Tinto supports publication of research output. However, to the extent that research is funded by an industry partner Rio Tinto believes that more emphasis needs to be placed on the importance of successfully translating the research into successful business outcomes. Rio Tinto believes the industry partner should have a right to veto all publications, not just a right to delay publication or remove specific material while a patent application is in process. There are areas of IP which are not patentable and a business may wish to employ other IP protection strategies, such as keeping the IP confidential or as a trade secret. Rio Tinto encourages more flexibility around the right to publish.

Confidentiality

Similar issues arise with confidentiality discussions as with the right to publish. To the extent that research is funded by an industry partner, that partner's views as to confidentiality requirements needed to successfully translate the research should be considered.

Other comments

In response to other questions, Rio Tinto makes the following submissions.

Question 6: What information should be in the process maps, guidance and education material? What formats are best?

Rio Tinto recommends including 'IP 101' and 'Contracting 101' guides in the material. Rio Tinto considers this knowledge should not be assumed when negotiating with external representatives.

Question 10: What unique aspects of specific sectors and commercial situations should be accommodated in the HERC IP Framework? Why? How?

Rio Tinto suggests the HERC IP Framework include an agreed competition protocol to enable competitors in the same industry to collaborate where their research interests are aligned.