

Higher Education Research Commercialisation IP Framework – Consultation Paper

Submission by Scott Bouvier, King & Wood Malleons

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To Department of Education, Skills and Employment (DESE)

From Scott Bouvier, King & Wood Malleons

Thank you for the opportunity to provide a submission on the consultation paper considering a new framework for intellectual property management and negotiation in higher education research commercialisation, intended to incentivise and increase partnerships between businesses and universities (“**Consultation Paper**”).

This submission is a personal submission and is not made on behalf of any of my clients. However, my comments are made in the context of working extensively in the higher education and research commercialisation area for over 20 years and being a technology and IP lawyer for almost 30 years. My context is more specifically described at the end of this submission.

Efficient contracts

Much of my work has been and is focussed on assisting clients with efficiently and effectively contracting. This is not only in the higher education and research commercialisation sector but also extensively in the commercial sector. My work has included the preparation of multiple precedent agreements suites, extensive training on the skills of reviewing and negotiating agreements and advice on processes to improve efficiency.

I am a strong believer that lawyers and business managers need to focus more on ensuring that contracts achieve the commercial objectives intended by the parties, and less on risk related matters and fanciful contingencies.

I unreservedly support the proposition that Australia needs to improve its capability and skills in commercialising research and innovation. I have presented on that topic many times in many different forums. My central theme has focussed on developing the skills of the people involved in that process, including the lawyers and commercialisation professionals in the university and research sector¹.

I agree that the contracting process needs to be more efficient. In my view, this would be achieved primarily through improving the skills of research and commercialisation professionals, including lawyers.

More standard agreements would be particularly helpful for research collaboration between Universities in Australia and for grant agreements for research funded by the Commonwealth. More broadly, I also support the development of agreement templates and support tools as methods to improve skills, and for their use to be encouraged on a voluntary basis. However, for such agreement templates and support tools to be successful, they will need to be developed by the leading advisers in the sector on a collaborative basis and without fears of cartel risks.

In my view, the proposed mandatory system will only complicate the contracting process. A mandatory system will in effect create another set of standard agreements which are required to be used in certain circumstances. Other research and commercialisation will continue using the various different forms that

¹ Each year I present an IP licensing cases/lessons seminar to the leading professional organisations IPSANZ and LESANZ, and have done so over the last 10 years.

different universities and research institutions use. This will reduce efficiencies and create complexity when research is partly funded by DESE/ARC and partly funded through other means.

Further, any organisation entering into a contract needs to consider its own governance, policies, delegation, objectives and risk management practices, which ultimately govern the approach by that organisation.

As importantly, there is a significant risk that mandatory agreements will not be supported if they are not developed and agreed by the leading research and commercialisation lawyers in Australia. While I am aware of the involvement of a couple of experienced research and commercialisation lawyers in the working group, many of the highly regarded lawyers in the area, including LESANZ, do not appear to be involved.

Improving commercialisation

In any event, and perhaps most importantly, I doubt that the changes contemplated by the consultation paper would address the primary challenges for commercialisation in Australia.

Standard agreements would create efficiencies in the university and research sector and reduce the time to agree contracts and costs. However, that is unlikely to increase the likelihood of success of commercialising those projects nor the speed of the commercialisation. Further, the proposal to design pathways is unlikely to have significant impact other than providing a reference tool. In my experience, IP is commercialised in many different ways, including within sectors and it would be extremely difficult to prescribe effective pathways or a playbook.

In my view, DESE's investment should be on further developing the skills of commercialisation professionals, including through investment in templates and support tools developed by the leading research and commercialisation lawyers. However, these initiatives may not assist the commercial counterparties on those transactions in better engaging or more quickly agreeing commercialisation agreements. I have been involved in a significant amount of work for commercial organisations across food, agribusiness, mining and health sectors. In my experience, those organisations need to further develop their skills to properly engage in commercialisation.

Even with efficiencies developed in the contracting process, in my experience most of the commercialisation challenges and problems begin after the point that the commercialisation agreements are agreed. Those challenges are well documented and varied but ultimately come down to the issue of skills of the commercialising team. The commercialisation agreements are just the start of that journey.

The key founders/researchers will need to continue to be engaged with the commercialising vehicle, a matter which is not addressed in the proposed framework. The founders/researchers need to be better aligned and incentivised. As importantly, the commercialising vehicle needs a strong commercial team with the right experience for that particular sector. Encouraging and developing the right innovators and entrepreneurs should be a primary focus of any drive to improve commercialisation results in Australia.

Summary

There are substantial benefits that would arise from a well-developed voluntary system in terms of efficiencies and skills. However, such a system should not be mandatory. Further, the templates and tools will only receive strong uptake if they are prepared in a transparent manner by leading commercialisation professionals and lawyers².

In conclusion, mandatory requirements are unlikely to be innovative. There is a real danger that this proposal moves us backward and stifles innovation and creative commercialisation.

² The timeline of having these materials prepared to that standard by December 2021 seems highly unlikely. I would expect that June 2022 would be a more realistic timeline with a properly funded and skilled development team.

My context

- I have been involved in creating precedent research and commercialisation agreements for The University of Sydney, CSIRO, Monash University, Meat & Livestock Australia and AgriFutures Australia over the last 15 years, and most extensively in the last 5 years.
- I am a long standing advisor to CSIRO, The University of Sydney and Australian National Low Emissions Coal R & D (all over 12 years). More recently, I have extensively advised Monash University, Meat & Livestock Australia and AgriFutures on research and commercialisation including developing precedent agreements and training.
- More generally, my practice has involved an extensive amount of commercialisation work, both commercial work and disputes, focussing on the translation and the further development of technology, including a large number of matters for CSIRO, Garvan Institute, the University of Sydney and most notably Silicon Quantum Computing. In addition, I work closely with our private equity team on a large number of small to mid size transactions in the technology, health and food and agribusiness sectors. I helped establish Silicon Quantum Computing and have advised them since on its research and commercialisation. I also advised the University of Sydney on the well-known ObjectiVision litigation, which is the leading Federal Court decision on a commercialisation “gone wrong”.
- In the commercial sector, I have been provided extensive advice on standard contracts and contracting for Lion, Colgate, SunRice and Campari for many years.
- I have been a KWM partner for over 20 years, an IP and technology lawyer for almost 30 years and worked with White & Case in New York on technology deals in the late 1990s. Intellectual Asset Magazine recognises me in **IAM Strategy 300**, as one of the World's Leading IP Strategists for the last four years and in **IAM Global Leaders** as one of three lawyers who are highly recommended for transactions.

Consent - I consent to the publication of this submission.

Summary of discussion questions and short responses:

What will the HERC IP Framework do?

1. What would ensure the HERC IP Framework is applied consistently across universities (research institutes/centres, colleges, faculties, departments and researchers) and industry? **See the summary above. In addition, there may need to be exemptions from Australia's Competition Laws.**
2. What parts of standard agreements must allow changes to accommodate variation? Why? How? **This would vary from agreement to agreement. There should always be more flexibility with commercialisation agreements. Definitions should never have “one meaning” as stated on page 10. For example, there are many reasons why definitions of improvements vary vastly and broad definitions like the improvements definition included in the Consultation Paper glossary avoided.**

Framework scope

3. What should be in and out of scope for the HERC IP Framework to be useful, reasonable and practical? **Any voluntary templates and tools prepared by leading commercialisation professionals and lawyers in the sector would be useful, reasonable and practical. It may be counter-productive if the materials were too disruptive and followed a system that we are not familiar like the UK's Lambert IP Toolkit and Knowledge Transfer Ireland's guidance material (which may not even match Australia laws and commercial practices).**
4. What are the strengths and limitations in the current Australian IP Toolkit that could be addressed in HERC IP Framework? **I have not come across any use of the Australian IP Toolkit**

5. How could the demarcation between the HERC IP Framework and the Australian IP Toolkit be best set out to avoid confusion about applicability for different transactions? **It would be better to have one source of voluntary templates and tools prepared by leading research and commercialisation professionals and lawyers in the sector.**

6. What information should be in the process maps, guidance and educational material? What formats are best? **The information should be maintained online, evolve over time and have an ongoing feedback and development team and budget.**

7. What other processes and agreements should be included in the HERC IP Framework? **Inter-institutional agreements**

8. 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 system should be voluntary. RDC research has different objectives and funding models, driven by the levy model and their industry needs. RDCs are making significant advances on efficiency and should not be bound by any compulsory scheme.**

9. What specific issues in different fields of research should the HERC IP Framework include? **Content should be built over time. Issues will change over time. Quality content should be added when available.**

Target audiences

10. What unique aspects of specific sectors and commercial situations should be accommodated in the HERC IP Framework? Why? How? **See the answer to Q9.**

11. What would make the HERC IP Framework attractive to collaborating and investment partners? **The framework was voluntary, it improved overall skills in the sector (especially at the smaller Universities) and the materials were prepared in a transparent manner by leading research and commercialisation professionals and lawyers.**

Key parameters guiding development and implementation

12. What specific activities in your organisation would not be amenable to a standardised agreement? **Research and grant agreements should be more standardised, commercialisation agreements less so.**

13. What design aspects – such as a \$100,000 investment, or significant background IP - should define the threshold for more complex agreements? **This is complex and often the subject of specific advice suited to a specific organisation and its objectives.** Quantum will only be one factor of many.

14. What elements must be flexible to prevent barriers in complex, high value agreements? How would these work in practice? **All elements should be flexible.**

Trust and culture

15. 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? **Term sheets which matched standard templates.**

Implementation

16. What communication and educational subject material would help your organisation in implementing the Framework? **N/A**

17. How can performance of the HERC IP Framework be monitored without an undue administrative burden on users? **N/A**