

Department of Education, Skills, and Employment
By email: urcs@dese.gov.au

18 October 2021

Submission on the Higher Education Research Commercialisation IP Framework Consultation Paper

Thank you for the opportunity to provide input to this important process.

The ARC Centre of Excellence for Engineered Quantum Systems (EQUS) is a national research effort, now in its eleventh year, funded by the Australian Research Council. We have over 260 researchers and students, located at five host universities – The University of Queensland, The University of Sydney, Macquarie University, the Australian National University, and the University of Western Australia.

Within EQUS the Translational Research Program (TRP) is a flagship program with the purpose of facilitating the translation of our research for commercialisation and other impacts in society. Our program includes direct funding for translation projects and staff to participate in those projects, as well as providing support and training to our people in translation, commercialisation, intellectual property, startups, and industry career paths. EQUS' TRP is a nexus for networking and contact with university technology transfer offices, business, government, and industry for the centre and Australia's quantum community.

In the following sections we address some of the questions posed in the consultation paper.

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Yours faithfully,

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General comments

Commercialising publicly funded research is a valuable way to realise a return on the research funding invested by Australia's taxpayers. Commercialising research creates new businesses, attracts inbound investment, contributes to local economic activity, generates jobs, earns export returns, increases industrial capacity and complexity, and builds sovereign capability in Australia.

Intellectual property (IP) agreements between Universities, Business, and Technology Investors have long been difficult and contentious, and we welcome efforts to make these simpler, and more transparent. However, researchers originating the IP figure nowhere in the proposal. This oversight needs to be remedied. From original conception, through the research work itself, and then reducing to practice and productisation, researchers play an important role.

Significant additional work is required from the time research is identified with commercialisation potential to when it is ready to commercialise. This work requires the researchers who originated the IP. However, this is not the purpose for which these people were employed, and often not their primary career interest. To participate, these researchers must be

1. Able, i.e. allowed by their employer and provided with time and resources required, and
2. Incentivised, i.e. provided with rewards (career, reputation, monetary, etc) sufficient to displace the status quo

Enabling these requirements leads to the thorny issue of conflicts of interest (Col), especially in the context of publicly funded research.

In our own experience, the earliest impediments to translation and commercialisation of publicly funded research are the arrangements required for the originating researchers to participate. Issues of funding, promotion and career recognition, and conflict of interest policies can prevent a researcher from carrying their work to commercialisation or choosing to engage with the process. Translation funding and career matters are outside the scope of this consultation and we are very pleased to see some of our leading universities taking small actions on both those fronts.

The present proposal should provide clear guidance on managing ColS, standardise the terms relating to ColS, and include model Col management plans and agreements. Researcher participation may be as a university employee, a consultant, secondment to an external business, employment by an external business, founder or a startup, director or manager of a startup or spinout, equity holder in a startup or spinout, or in some other capacity. In all these cases the researcher in consultation with their university and external partners will need to manage the ColS which may arise from their participation.

We must ensure researchers are not disadvantaged by choosing to commercialise research.



EQUS

Australian Research Council
Centre of Excellence for
Engineered Quantum Systems

Responses to specific questions from the consultation Discussion Paper.

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

Consistency requires easy identification of cases where the Framework applies. Obligations to use the Framework should be triggered by IP created using public funds, with no categorisation discretion exercised by the institution.

The framework agreements should include reference to the specific grants or public funding used. Similarly, successfully concluded Framework agreements should be reported to the funding agency, and mentioned in future grant applications as an indicator of success when deciding funding for that researcher. This aligns the career and funding interests of the researcher, and those of the institution with the purposes of the HERC IP Framework.

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

Parties should be able to elect to which Australian jurisdiction they submit.

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

The proposed HERC IP Framework should expand to include model conflict of interest management plans for researchers who want to commercialise their own work, or who want to participate in the commercialisation of their research via a third party.

4. What are the strengths and limitations in the current Australian IP Toolkit that could be addressed in HERC IP Framework?

The current Australian IP Toolkit is targeted at individual researchers. Researchers are employees, and their institutions own any IP created with public funds. So, agreements with business are made at the level of the institution, not the individual researcher. The HERC IP Framework better reflects the parties to any contract.

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?

We have found the web materials for the Australian IP Toolkit useful for training researchers and helping understand the agreements that their institutions will make with industry. To avoid confusion the Toolkit should be replaced by the Framework materials. This is a difficult area for researchers, so please ensure there is one, consistent, and up-to-date source of information.

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

Flowcharts and checklists are good ways to communicate processes and requirements concisely and accurately to stakeholders who are not, nor need to be, experts.

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

Researchers are left out of the Framework. Processes and agreements, particularly those relating to conflicts of interest and managing such conflicts, as well as including and incentivising researcher participation should be developed.

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 PFRA's?

The Framework should apply equally to all publicly funded research at the federal level and we encourage state, philanthropic, and charitable funding bodies being able to elect to make use of the Framework too.

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

The Framework should provide standard terms to set out parties requirements and responsibility for assessment, permits, and compliance with e.g. defence export controls.

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

No response.

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

Allow for researchers to engage with the framework on equal conditions as third parties. Researcher-led startups and spinout should be encouraged and although these are probably in the minority of commercialisation agreements, researchers should have a right to pursue commercialisation of their work on terms no worse than any other counterparty.

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

No response.

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

No response.

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

No response.

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?

Yes. A standard form Term Sheet and Letter of Intent to demonstrate support would assist. In the case of EQUUS' TRP we must allocate funds to projects that prepare research not yet ready to commercialise. These pre-negotiation tools would help demonstrate interest and help to validate the application.

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

Up-to-date presentation materials which could be incorporated into training sessions. The Framework should have an accurate and detailed user's manual, along with annotated samples of all the agreements with notes explaining the purpose and use of each section.

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

Framework agreements should include explicit reference to the particular funds used to create the IP. Once a Framework agreement is executed the original funder of the IP should be notified. Researchers whose IP is the subject of a Framework agreement should be able to use that as evidence of success in support of future grant applications.