

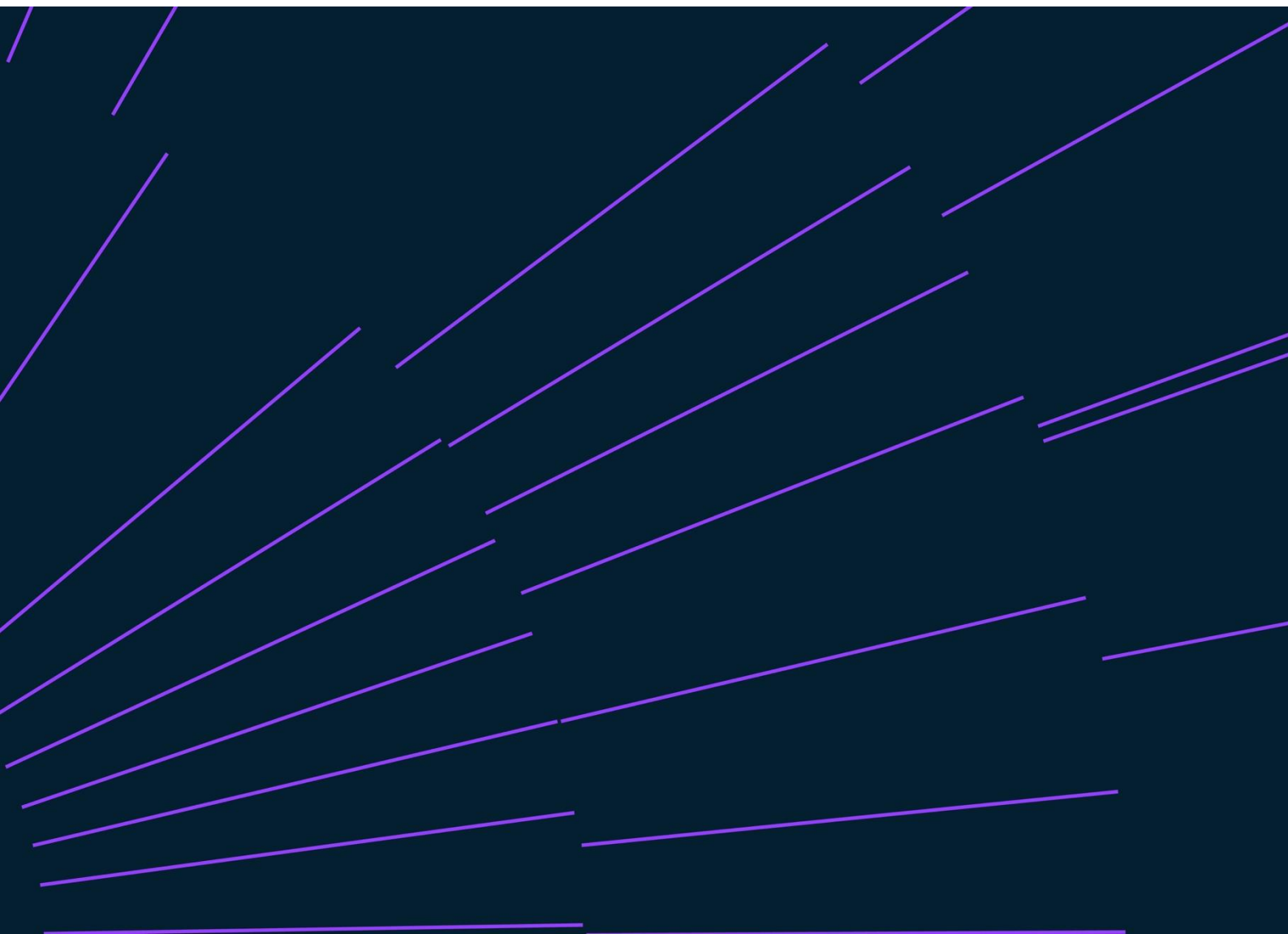
GRIFFITH—HACK

Higher Education
Research
Commercialisation
IP Framework -
Consultation Paper
Submission

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Consent is given to make this
submission publicly available

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Introduction

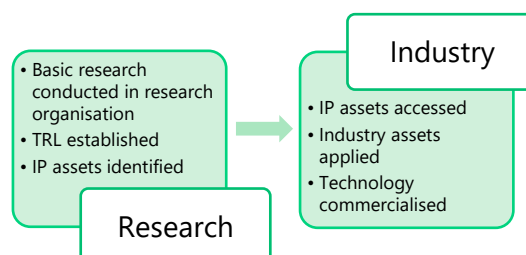
There is immense value in getting collaboration between universities and businesses right, however to incentivise and increase partnerships, there are barriers to overcome. For universities, as the seller of research and ideas, challenges include access to the requisite skills and assets to successfully commercialise technology, effective project management, and the challenge of aligning how they can maximise returns from transferring IP alongside their ability to publish. For industry stakeholders, the buyers, their barriers include minimising the cost in acquiring that IP and achieving commercial certainty. For SMEs, a further challenge is having the skills to navigate technology transfer processes. Identifying processes and ways to align the motivations of both buyer and seller, setting up the right cross-organisational team with the competencies required, and minimising any obstacles related to differences in culture, values, perspectives and objectives related to IP rights, is essential to overcome the university research commercialisation challenge.

The proposed HERC IP Framework goes some way to address those challenges. The creation of standardised agreements to assist in contract execution will reduce friction during contract drafting and review. However, this process simplification presupposes that there is existing alignment between the parties. Whilst the HERC IP Framework introduces guiding processes to assist in research translation, they are limited and do not directly address this alignment piece of the challenges identified above. In addition, standardised agreements may inhibit creating the necessary structures and behaviours to attract businesses and create the enduring eco-systems required to improve Australia's record in research translation.

Considering a broader ecosystem for the research translation process, with greater tools and early-stage processes that ensure alignment of objectives of both parties is critical to unlocking value for both universities and business.

Collaborative model

The standardised agreements of the HERC IP Framework take a linear transactional view on research translation where government funded research is made available to business and industry on specific terms. This can be represented as follows:

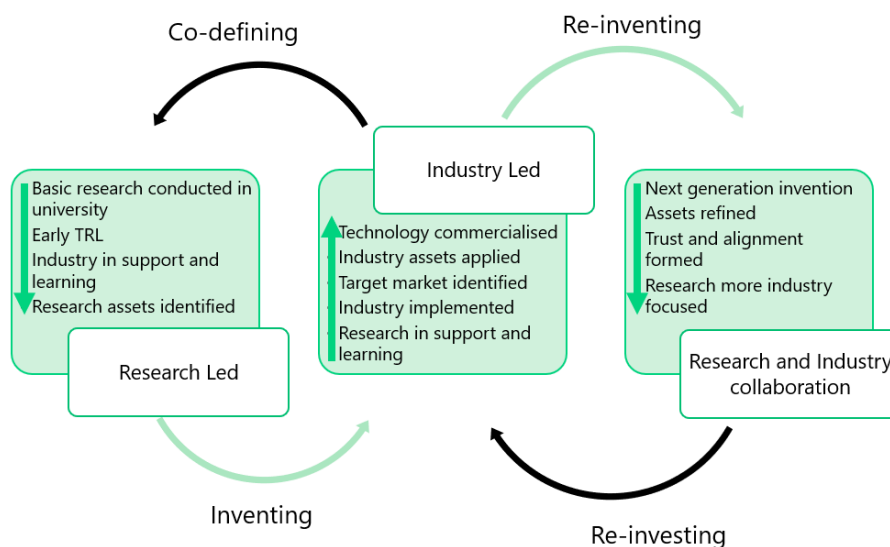


When viewed through this transactional lens, the focus is on the benefits gained by the parties in that transaction derived from the limited IP assets already identified (for example Background and Foreground IP). This transactional approach is problematic as it focuses on short term return, accentuates the motivational divide between university and industry (particularly around IP ownership and financial return), and fails to properly consider the necessary investment, time and assets required for successful commercialisation. In addition, it does not take into account the complexity of the commercialisation process nor the substantial value that can be created through a broader collaborative engagement between the parties.

Alternatively, a research translation framework that takes account of a broader eco-system gives rise to the opportunity for much greater value creation for the parties, forms pathways for real collaboration, learning and knowledge flow, and significantly improves the potential for successful commercial outcomes.

Models that focus on creating the broader ecosystem are being used, such as the ARC funded research hub model, but these are typically used by larger organisations with more knowledge of tech transfer processes. There is a need to take that concept into smaller collaborations that will be more accessible to SMEs and those not familiar with engaging with universities.

An example model of a research industry eco-system we have developed is shown below



Our model of university research commercialisation accommodates deeper research industry collaboration over a longer timeframe rather than focus on a single transaction arrangement. It considers the dynamic opportunity of forming deeper relationships between research and industry, and the broader intangible assets required, developed and leveraged in commercialising research through an effective research industry relationship. When considered over this longer timeframe and in consideration of these broader assets, there are multiple points for the parties to extract value from the collaboration and the continuing ability for knowledge creation, transfer and learning.

Whilst the model considers long term value creation over a broad base of assets, it can also enable an engagement to start small and build. This can be particularly attractive for SMEs and those not experienced with collaborating with universities. The early stage engagement may be an honours year placement or PhD scholarship where researcher gets industry experience and the business has the safeguards of ownership of IP generated. This can then provide a platform for further collaboration within the broader model.

The net effect of viewing the relationship between research organisations and industry as part of this broader eco-system is that it can more readily bring alignment between the parties for sustained value creation. It contributes to properly recognising and creating a broader base of IP assets that will maximise long term commercial value. It considers not only the creation of registered IP, but the creation of multiple forms of IP for the maximum commercial benefit of all parties. With this approach IP is embedded in the strategic management of innovation, technology and research collaborations.

To enable this broader view, we believe the HERC IP Framework needs to consider broader IP metrics to be used in industry research collaboration and to measure the success of such a relationship. These broader IP metrics include knowledge transfer between university researchers and industry, the development of deeper relationships between university and industry, joint reputational benefit in successful commercial ventures, and downstream licencing and contract research opportunities.

To support these metrics, different types of diagnostics (market, technical, and socio-economical) would facilitate different conversations on IP, depending on the nature of the collaboration and the field of industry. These can be addressed in the specific processes of the HERC IP Framework.

Addressing specific questions raised in the consultation paper

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

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

- HERC IP Framework should include an eco-system model(s) of university/research collaboration that focus stakeholders on long term value creation and increases the opportunity for successful commercialisation.
- The IP Framework needs to encompass further process stages, particularly early stages that assist in scoping the opportunity, testing assumptions, and bringing alignment to the stakeholders. These stages include:
 - *Foundation stage* to articulate relevant intangible assets (including skills) being brought to the collaboration. These can work across dimensions of brand/reputation, business and operation processes, marketing insight, networks, confidential information and registrable IP. This process assists in properly defining and apportioning Background IP ownership and should also include an assessment of the IP landscape and the commercial risk and opportunity. An output of this stage is an IP asset register.
 - *Strategy stage* to test assumptions, identify gaps and commercial pathway selection. These include diagnostics to assess IP assets (and in particular to identify strengths, gaps, capability), constraints (for example university continued access to IP for research and publication, industry need for registered IP ownership, willingness to enforce IP rights), timeframes, and commercial pathways. These commercial pathways are considered under a broader ecosystem model engagement and consider broader metrics of return on investment (e.g. industry experience, reputational gain, downstream licencing and contract research opportunities).

Introducing diagnostic tools such as those proposed under the IP Framework will allow research organisations and industry to make their own assessment of an opportunity as well as to prepare a joint proposal. It will also highlight areas of differing view but provide more context to facilitate resolution. As defined processes, they can embody best practice and evolve, test assumptions and force explicit decision (including the decision to not engage in an area of the diagnostic).

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

- We recommend the process maps be embedded in a digital canvas (akin to a business model canvas) that has embedded diagnostics. The advantage of a canvas is that it can condense information to provide a standard visual summary that can be readily understood and communicated.
- Primary steps to guide decision making in respect of the structure of the arrangement between the research organisation and the business/ industry partner may include the following:

- translating and selecting the *Collaboration assets* from IP assets captured under the *Foundation* stage. These assets will be embodied in the Agreements;
- selecting commercial pathways and revenue models for Collaboration assets;
- selecting other parameters based on selected commercial partners. These parameters can fall through to key terms in the Agreement(s).
- Diagnostics are provided at each step. These may be satisfied using a rating score for assessment. Examples of the diagnostics may include:
 - collaboration assets - ability to transfer, access and ownership, encumbrances, sustainability of asset protection, enforcement, economic life.
 - commercial pathways – complexity (market and supply chain context, legislation), internal capabilities (technical, commercial, management), and mission fit (strategic alignment).
 - revenue model - revenue expectations, revenue risk, investment.
 - partner assessment – capability, reputation, trust.
 - controls- limitations, performance, monitoring.

Conclusion

We view the HERC IP framework as a base to support and enhance ongoing research-industry collaboration however recommend it is supported within a broader eco-system, with additional processes and diagnostic tools. These processes and diagnostic tools are particularly important to accommodate stakeholders less familiar with technology transfer such as researchers and SMEs. These processes serve to identify the broader assets involved in technology commercialisation, the opportunities for value creation through a deeper collaboration and to make more informed strategic decisions that can facilitate greater alignment and mutual benefit between stakeholders. Without tools and processes that ensure understanding of the negotiable and collaborative assets, there will be missed opportunities for value sharing.

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