

Knowledge Commercialisation Australasia (KCA) submission to the IP Toolkit

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Knowledge Commercialisation Australasia (KCA¹) is the peak body leading best practice in industry engagement, commercialisation and entrepreneurship for publicly funded research organisations in this region. It represents a significant majority of the commercialisation offices of public sector research organisations across Australia, and works with similar bodies globally including the US, Europe and the UK to maintain and promote best practice in commercialising early stage research. This includes all activities across the commercialisation spectrum, from licensing technology to existing companies, to managing sponsored research and contracts, and spinning out new companies.

KCA is supportive of the intent of the IP Toolkit, but believes several amendments need to occur to ensure the desired outcome of greater collaboration between SMEs and research is realised.

General Comments

A recent survey of Australian technology transfer and commercialisation office Directors indicated that no office had used or had been asked by a collaborator to use the 2015 IP Toolkit. Colleagues in the UK report similar findings with respect to the Lambert Agreements which were subject to an external review “Collaborative Research between Business and Universities: the Lambert Toolkit 8 years on” - <http://www.ipo.gov.uk/ipresearch-lambert.pdf> . KCA arranged for the author of this report to speak at our Annual Conference in Sydney in 2013. It is our understanding that the toolkit has had a mixed reception from differing elements of the research and business sector and is rarely used unmodified.

The value of the IP Toolkit and the agreements within are only as relevant as their awareness within the business community. Consideration to how they are marketed and promoted to industry is key to the successful uptake and usage.

The template agreements are very detailed in some areas, but then lack the appropriate commercial focus and intellectual property structure in others. If the goal is to reduce friction, then templates should be succinct and relevant.

In terms of current contracting practices within the sector, many Universities and PFROs have their own standard terms, especially for use in relation to high volume lower value standard work. But as noted above we often need to use or work from the base of industry standard templates, especially for interactions with larger businesses (in particular those that are international). Context is critical in most collaborations and this blunts the utility of any fixed pro forma approach.

Provisions to Maintain

Checklist – With respect to small to medium-sized enterprises (SMEs) and other parties that may not routinely engage in collaboration that focuses on the creation of intangible assets, e.g. intellectual property (IP), the checklist is a simple tool that could be useful. It also addresses matters and aids in awareness of key points to consider when negotiating IP agreements.

¹ See <https://www.kca.asn.au/>

Agreement templates – KCA is generally supportive of the inclusion of agreement templates that can be readily adapted and hence reduce legal costs. With respect to SMEs, legal expense can be a significant barrier to entry and may delay negotiations.

Inclusion of a mini-IP Toolkit – A shorter simpler agreement makes it easier to engage with industry, especially when the agreement often earmarks the beginning of a relationship.

Provisions to Address

Heavy focus on warranty and liability – it is uncommon to address liability and warranties in collaborations, and it is rare that a research organisation will issue a warranty against a project. When partnering with Australian companies, indemnities are often not included at all as universities will prefer to revert to the common law position. With research-based collaboration, where project outcomes are unknown prior to commencement, it is difficult to determine what loss parties are expected to cover for each other. Issues can be addressed via provisions for confidentiality and IP. For the purpose of Australian companies, inclusion of indemnities makes the agreement complex and takes away from purpose of the agreement. Having a streamlined set of terms would be appropriate for international collaboration.

Provisions for joint ownership of project IP – Jointly owned (or tenants in common) IP ownership is confusing considering owners have different rights under different jurisdictions. For example, part owners of jointly owned IP have complete freedom to operate in the US, where in Australia the IP is encumbered and both parties need to enter into further agreements to exploit the IP. Within an Australian context, jointly owned IP constrains freedom to operate and often results in further contract negotiation and entering into further agreements in the future. A better approach would be to remove this option and have provisions for benefit sharing and/or cross licensing to parties within the agreement.

Further consideration:

Know How - Within most collaborative research projects, the IP created is often not registerable and exists as know-how. The IP Toolkit focuses too much on patentable IP and neglects to cover know-how, which may be of more value to an SME using the agreement.

Commercial not legal focus – The agreement deals with the collaboration, but does not include possible commercial models for project outcomes – especially with sharing of revenue or other benefits arising from project IP. Information on sharing revenue and risk sharing between partners would be valuable.

IP structuring – Inclusion of information for IP structuring models would be beneficial to SMEs. This structuring could include different commercial strategies limited to jurisdiction, field of use etc. As the toolkit is currently structured, most transactions would result in exclusive licensing or joint IP ownership, which wouldn't reflect best practice and what commonly occurs in these transactions.

Students – students involved in industry collaborations should be specifically addressed as most institutional IP policies give students IP rights to their research project. There is a real risk that a joint IP situation could inadvertently occur.

Publication – some information on publication vs IP protection and how issues are resolved would be beneficial as it is always a contentious issue. For example, provision of some sample scenarios detailing procedures for publication consent with appropriate timeframes would be helpful.

Project Management – an issue that often occurs after an agreement has been executed is project management and deviation from project plan and scope due to academic curiosity. Providing information on project management and how IP, results etc. are noted and recorded would be useful. Also, having information on semi-formal mechanisms to address issues and make decisions on getting projects back on track would be useful.

Areas that can be improved upon

Inclusion of case studies – many users of an IP Toolkit may be new to research collaborations. Including case studies against relevant parts of the agreement and relaying tips and tricks would be really valuable.

A worked example/ sample agreement – The agreement is very long winded and detailed which is a big barrier to uptake. Due to the number of variables, there is an increased risk to parties if the agreement is completed incorrectly. A worked example may be beneficial.

Also rather than trying to account for every eventuality and scenario, it would be better to separate R&D from commercialisation agreements and limit such considerations to an option to negotiate a licence at a later stage. This is especially true given the IP has not been created yet and hence cannot be reasonably valued, which generally leads to argument between the parties