

23 May 2014



Department of Industry and IP Australia

### ***KCA submission on IP Toolkit for Collaboration proposal***

KCA welcomes initiatives to improve the level of collaboration between the research and business sector. We are pleased to note the steadily growing value of this interaction, as measured by the joint survey activities carried out by the Department of Industry and KCA Inc (National Survey of Research Commercialisation), but we remain convinced that more needs to be done to improve the level and ease of interaction.

We also note the reference to the Lambert initiative in the UK. Of course this was subject to a recent external review “Collaborative Research between Business and Universities: the Lambert Toolkit 8 years on” - <http://www.ipo.gov.uk/ipresearch-lambert.pdf> , and 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. Some of the findings of the report included:

“Where the agreements are used, they are often used in practice not as a first choice, but rather as a compromise position” – p3 – (only a minority of respondents preferred them as a starting point)

“industrial support for the toolkit has been lacking - large companies are more likely to view the Lambert agreements as biased towards universities, and to have a more negative view of the potential benefits of the toolkit” – p4 – (in the experience of many of our members, large corporates in particular prefer use of their own templates, not those of universities or third parties, and most of our members accommodate this preference, dependent on the nature of the transaction involved)

“while SMEs seem the most likely to benefit but the least likely to know about or use the toolkit” – p4

“The agreements are great but when even UK government departments will not use them, we cannot possibly expect independent companies to!” – University (p89)

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.

### **Term Sheet**

In relation to the model template term sheet (“a model term sheet (information on the terms and conditions of a business agreement involving collaboration and IP)”), KCA suggests that provision of information about common underlying principles and factors to consider in such collaborations, along with potentially some simplified options for consideration, may be of benefit to inform the thinking of those engaged in developing agreement around such engagements. Something pitched at a higher level is more likely to have broader utility, rather than a term sheet structure that may

not fit the circumstances. As the report on the Lambert toolkit notes “the decision tree and outline can help to finalise the important points more easily” (p4). However when designing such materials it is worth noting that even on the issue of guidance, experience of the Lambert model has been mixed –“(t)he guide can be a blunt tool” (p64), with a number of respondents especially in large companies disagreeing with the proposal that “(u)se of the decision guide reduces arguments over IP ownerships at the outset”.

In particular issues around indemnities and warranties can be problematic and difficult to resolve simply by outlining tick box options or providing standard terms. Appropriate arrangements are contingent on understanding of the circumstances of the case, and often risk issues are best mitigated by commercial partners who will further modify and adapt research outputs. As the report on the use of the Lambert toolkit referenced above notes:

“liabilities, indemnities and warranties are clauses that are often challenging to negotiate, partly because universities and companies have very different approaches to risk management” (p4)

However there are certain common principles that it may be useful to articulate, for example:

- the need to consider the approach towards IP ownership and use rights in the context not only of immediate requirements but also of probable future needs
- distinguishing between ownership of IP and rights to its use (with stress on the latter), to facilitate appropriate apportionment of rights and obligations and avoid simplistic all/nothing confrontation and disagreement on such issues
- in cases where there is a clear weight of background IP that rests with one party, stressing the benefits to be obtained from consolidating ownership/use rights with that party to avoid complication
- the requirements on Universities from funding bodies to accommodate open access and open data approaches

This sort of guidance would be appropriately couched to stress the need for consideration of the individual circumstances, the potential need for external advice, and be supplementary to related materials already available elsewhere (including guidance on the IP Australia site – most of which is understandably tuned towards the more immediate requirements of a business’s interaction with the IP regimes than the broader issues that arise in collaborations).

It may also be useful to consider some principles and approaches that apply in the context of multi party collaborations – or provide links to other resources that achieve this (including for example the CRC related examples linked in the discussion paper).

It might also be helpful to use some video materials to complement text based and decision tree guidance: with industry and research sector representatives speaking about their situations, perspectives and how they have resolved issues in some of the collaborations they have engaged in. Such brief “war story” examples are often useful ways of adding colour and improving understanding of how to resolve common issues.

## **Model agreements**

Following on from this, while KCA does not object to provision of the suggested “a small set of model agreements”, KCA suggests that again the value of these is more likely to be in an educational capacity rather than in broad adoption, based on the experience of the use of the Lambert toolkit. Therefore provision of example options for resolution of key issues illustrated by their application to representative hypothetical situations is probably more useful than template agreements per se.

In its conclusion the report on the use of the Lambert toolkit notes:

“The negotiation of collaborative research agreements between universities and businesses remains contentious, and will probably always continue to be so. This is because balance points can be hard to find, especially on IP ownership and valuation issues, on publication rights and on liability, indemnity and warranty clauses.” (p91)

It also notes that the landscape is significantly different today from when the toolkit was first developed, with open innovation and broader collaborations being a more common feature – hence less suited to a simple model of a two party transaction.

## **Links**

KCA agrees with collation of links to relevant resources as suggested (links to the existing *National Principles of Intellectual Property Management for Publicly Funded Research* and links to other relevant resources). KCA would be happy for its site to be included in the links to relevant resources. This may be of benefit as KCA provides a central point of collation for direct links to those representatives of its members responsible for negotiating industry collaborations. We also intend to prioritise curation and promotion of positive stories of collaboration to act as flags to successful interactions, productive outputs from collaboration and illustrate examples of co-working that others may wish to emulate. KCA is also happy to provide suggestions as to other links that may be usefully considered – including obviously other associated Commonwealth programs (eg links to the R&D Tax incentive program)

## **Building Effective engagement – moving from links to forging linkages**

Looking at the broader purpose behind the IP toolkit – namely that of promotion of effective collaboration - KCA suggests that events that involve active discussion between the research and business sector of blockers and enablers to interaction, and provision of examples of working collaborations, would be useful adjuncts. KCA is happy to work with the Department, IP Australia and others to facilitate such events and would be happy to build on recent discussions with the Department in April to design ways in which collaborative interaction could be facilitated and barriers to engagement reduced, by strengthening mutual understanding of the different needs and perspectives of the research and industry sector.

KCA would be pleased to be engaged in any further consultation that flows from the submissions.

Yours Sincerely

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