

Submission in Response to the HERC IP Framework Agreements 23 February 2022

Submission authors:

Professor Kathy Bowrey, Faculty of Law and Justice, University of NSW
Emeritus Professor Tom Cochrane, Queensland University of Technology
Dr Marie Hadley, Newcastle Law School, University of Newcastle
Emerita Professor Jill McKeough, Faculty of Law, University of Technology, Sydney
Dr Kylie Pappalardo, Law School, Queensland University of Technology
Professor Irene Watson, Pro Vice Chancellor Aboriginal Leadership and Strategy, University of South Australia
Professor Kimberlee Weatherall, The University of Sydney Law School, University of Sydney

Who we are

We are university researchers and leaders with decades of experience in IP law, and leadership in research (including externally funded, commissioned and industry-connected research), university management, Australian Indigenous research and law reform. Our current ARC Discovery Project investigates ownership of research produced in Australian universities, and how to facilitate access broader access to the research conducted in the university sector: *Producing, Managing and Owning Knowledge in the 21st Century University* (Australian Research Council DP200110578).

Our submission

Thank you for the opportunity to comment on the HERC IP Framework Agreements. We expect that detailed feedback on the drafting of the agreements has been, and will be provided by others. We confine these comments, therefore, to six higher-level points. We suggest that it will be necessary to work closely with experienced actors within and outside Universities to address problems identified here and in other submissions.

In our discussions with DESE there was some suggestion that these commercialisation templates could have potential future relevance to ARC Linkage and other publicly funded competitive grant schemes. Were a much wider scope in application to be anticipated, there would need a much wider range of considerations to the issues canvassed below.

First, we refer to our earlier submission, and reiterate our concern that the legal foundation for the Framework Agreements is weak: it cannot be assumed that the University is always the first owner of intellectual property in the outputs of University research.

Second, as discussed in our previous submission, the agreements do not address Indigenous IP. Using these agreements in any context involving any Indigenous IP would contravene mandatory sector policies, including the *Australian Code for the Responsible Conduct of Research* (2018); the *NHMRC Ethical conduct in research with Aboriginal and Torres Strait*

Islander Peoples and communities: Guidelines for researchers and stakeholders (2018) and the *AIATSIS Code of Ethics for Aboriginal and Torres Strait Islander Research* (2020). It could also breach State Biodiscovery laws and protections. The failure to require **routine** consideration of these policies and laws, and provide practical guidance significantly increases transaction costs for all parties, and increases the likelihood of industry partners failing to understand their legal obligations. Although the Guidance Material accompanying the Framework Agreements refers readers to a range of information sources and protocols, we think this risks misleading both researchers and industry partners into thinking that questions relating to Indigenous IP are (merely) ethical and not necessary to address in binding legal agreements. This is a consistent problem that impedes the development of strong, lasting research relationships between Indigenous people and university and other researchers. This oversight will impact the Government's Priority Manufacturing areas, in particular *Food and beverages* and *Medical products*, where Indigenous knowledge is frequently used. Consideration should be given to developing model benefit sharing agreements that can be used within the Food Industry.

Third, mandating the use of the framework agreements as currently drafted risks disrupting international collaboration. The HERC templates are not compliant with the *Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization to the Convention on Biological Diversity (CBD)*. The Nagoya protocol to the CBD has 133 ratifications including the UK and the majority of EU nations. Japan and China have acceded to it. Regardless of the failure of Australia, New Zealand, Canada and the US to ratify the protocol, failure to comply with its provisions is already impacting international research collaboration. In certain situations there is already an obligation on Australian researchers to be Nagoya compliant such as when they want to export to a country that has adopted Nagoya, or they are working with an institution (university, journal, funding agency) that has decided that will only work with people who are Nagoya compliant. Inadequate documentation of compliance impacts the potential for investment in research commercialisation by industry partners. It is possible too that over time, similar issues of provenance and international provenance assurance will arise in relation to other research materials, such as data.

Fourth, we highlight lessons from a [comprehensive review](#) into issues around the IP commercialisation in universities following the adoption of Lambert templates (revised), commissioned by the UK Department for Business, Energy, and Industrial Strategy (BEIS) (February 2018). This involved 138 interviews with representatives from 35 universities (senior management and technology transfer or knowledge exchange staff); 291 interviews with businesses, charities and spin-outs; and 20 interviews with investors. A key lesson from that review is that interpersonal relationships are critical to successful commercialisation, which also means that contract negotiations are important: they both test, and develop relationships between an academic inventor, companies, and investors, building the

working relationship that contributes to the long-term success of commercialisation and positive outcomes such as follow-on licencing deals, research collaborations, or consultancy relationships.

Another finding was entirely contrary to what might be anticipated. Whilst in universities with little experience of research commercialisation, templates and other practical guidance was thought helpful, due to the inadequate funding of research within universities there are internal pressures to produce the big ticket win from commercialisation. In the UK templates increased concern within universities about underpricing or undervaluing IP. Such concerns are exacerbated by a template approach that seeks to produce legal clarity for future scenarios before the market potential of the collaboration can be assessed.

The IP Australia Annual Report 2021 found that residential patent filings accounted for about 8% of all registrations achieved in Australia. The Productivity Commission has already expressed concern that whilst the number of residential filings is small there is a problem with Australia's "multitude of low-value patents". The government accepted most of the PC recommendations to make it harder to obtain a patent, including removing the lower level "innovation patent" system. The DESE policy approach seem to encourage external collaborators to assume patenting is the solution for growing the Australia's manufacturing sector, ignoring that the PC found that patenting activity frustrates follow-on innovators and researchers who are forced to invest in costly workarounds.

Fifth, and in light of the above, we remain concerned that this initiative cuts across, and is inconsistent with, other important government initiatives such as the Chief Scientists' work on promoting open access to the products of Australian research. The result of mandating use of the framework creates the presumption that IP is something you *license* rather than knowledge to be built upon, or that should be broadly available to the Australian public and Australian industry. It is likely to create further barriers to the publication of research outcomes and outputs in open access forms. The mission of universities has long been to bring the benefits of learning and research to the community. This takes the form of both public dissemination of research outputs and graduate expertise, as well as private collaborations based on protected intellectual property.

Sixth, academic research practice and the research career trajectories are **diverse**: scholarly researchers make choices about the kinds of research that they will pursue, and the extent to which they will engage with applied research and industry collaboration. Industry collaboration is not appropriate for, or possible for, all university researchers. This emerges clearly from both our current research project and our interviews with research leaders, *and* our combined experience in roles including Associate Deans (Research), Dean, and Pro-Vice Chancellor (Aboriginal Leadership and Strategy). We applaud efforts by government to *enable* academic careers involving industry collaboration (through, for example, the new

Industry Fellowships). We suggest, however, that pursuing a path of industry collaboration is already difficult given other demands on academics time (including teaching), and that adding mandates, reporting and bureaucracy to academic paths involving IP commercialisation (via obligations to use certain agreements, and mandatory reporting and reasons where agreements are not used) is likely to create *disincentives* for academics in a position to choose what kind of research to pursue.