AusBiotech response on the draft IP Toolkit for research collaboration

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20 February 2015

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Introduction

AusBiotech provides this submission in response to the draft IP Toolkit for research collaboration, after also providing comment in response to the consultation on ‘Boosting the commercial returns from research’ (November 2014).

AusBiotech is a network of over 3,000 members in the life sciences, including therapeutics, medical technology (devices and diagnostics), food technology and agricultural, environmental and industrial biotechnology sectors; working on behalf of members for almost 30 years to provide representation to promote the sustainability and growth of Australian biotechnology.

We do see that an IP Toolkit for research collaborations could be beneficial for SMEs who are engaging in research with research institutions. However, in order for the IP Toolkit to provide any valuable assistance to a company intending to collaborate with a research institution, the IP Toolkit requires further revision.

Most research institutions are very experienced in documenting research collaborations, therefore a majority have template research agreements that have been developed over many years, which they prefer to use as a base document. As such, we believe the IP Toolkit would be best suited as a resource for companies engaging in research collaborations to understand issues that arise in the negotiation of the research agreement.

Parties to a contract are always going to have differing agendas and priorities and template contracts are not conducive to assisting parties reaching a compromise. When parties have some understanding of each other’s agendas, they can efficiently and cost-effectively negotiate an agreement which can be drafted to achieve a compromise suitable to each party.

Please find following AusBiotech’s comments on the questions posed, based on feedback from its membership, which includes biotechnology companies, ranging from start-ups to mature multinationals, research institutes and universities, and specialist intellectual property professionals.

**Does the draft IP toolkit offer useful guidance and tools to simply and improve discussions on IP in research collaborations?**

Yes, the draft IP Toolkit could offer useful guidance to SMEs who wish to engage in collaborations; however we envisage that the IP Toolkit would be of little use to researchers.

**What is the most useful part and why?**

The overview of IP is useful, however it could be simplified, particularly with the number of other general resource available. The toolkit would be best suited to focus on the role of IP in collaborations. While the checklist and chart of IP considerations appear helpful, they would benefit from a discussion on issues, such as jointly-owned IP.

**What is the least useful part and why?**

In AusBiotech’s view, the inclusion of a template research agreement in the IP Toolkit is of little use. A template agreement is unlikely to be adopted by research institutions that have spent years developing their own template documents. Research institutions own templates have been drafted to take into account that research institution’s approach to various issues arising in research collaborations. A government template could be detrimental to companies who use it without fully
understanding the consequences of its contents and fail to seek professional advice. The consequences of using template agreements are often not discovered until due diligence is conducted on a party, or a party wishes to commercialise the research outcomes and it is revealed that the agreement doesn’t provide the rights that the party originally thought it had. This can result in the parties having to come back and renegotiate the original agreement to facilitate commercialisation or investment, which can be difficult when there are several parties involved, some of which may have moved on and not wish to undergo the time and expense of renegotiating the agreement.

Many of the key issues that arise in research collaborations are presented as clause options in the templates. The parties are required to select the appropriate option, however parties who haven’t sought professional advice often do not understand which option is the most appropriate. There may also require significant drafting to be inserted to tailor the provision to the parties’ requirements. If the parties simply progress by selecting an option without including additional detail in relation to the terms, the parties may find that the agreement is unclear, which leave key issues open for interpretation or may even void the agreement due to uncertainty.

Unfortunately template agreements are too frequently used in scenarios where the template is not suitable. The template agreement included in the IP Toolkit is more suited to a sponsored or contract research arrangement as opposed to a joint development arrangement, and as noted above research institutions generally have their own templates for these circumstances. Having a template that has many of the contentious issues left to the parties to pick an option without guidance on the consequences of selecting one option over another, or understanding variations to each of those options, can result in less than ideal arrangements, or worse such that the research outcomes cannot be used as intended.

In a ‘successful’ example of a jurisdiction developing a template agreement, poor uptake has been reported. For example, in the UK they tried the ‘Lambert Toolkit’. Whilst there is some evidence that the Lambert toolkit has been successful in achieving its aims of making negotiations faster, cheaper and easier, and in providing useful information, precedents and support to facilitate these negotiations, this positive impact has been limited and negated by both low level of usage and the manner of that use. The Sagara Review found clear evidence that, four years after the publication of the Lambert Review, there was still only limited use of the Lambert model agreements.

Are there any gaps in the information provided?

It would be useful if the IP Toolkit also discussed the issues with particular IP ownership structures, in particular, the issues that arise with joint ownership of IP. Additional information in relation to IP licensing would also be helpful.

There also should be information about how research institutions deal with these types of arrangements, such as describing the roles of university technology transfer offices, offices of research and their legal departments in these arrangements.

Many companies engage in research collaborations with research institutions as a result of a grant, such as an ARC linkage grant or NHRMC development grant. Therefore it may be beneficial to include some information in relation to grants and how they may impact on a collaboration agreement.

How could the draft IP toolkit be improved for the target audience of SMEs and researchers?
The IP Toolkit will be of little use to researchers as research institutions’ research offices or technology transfer offices will generally deal with these arrangements and are across the issues outlined in the IP Toolkit. Therefore, the IP Toolkit could be more effective in being targeted for SMEs.

Section B2 on IP related issues in contracts may be over simplistic and includes explanations of warranties and indemnities. There should a minimum level of assumed contract knowledge to keep the IP Toolkit to a manageable length. There could be references to other guides to cover the basic issues in contract law and IP.

Any other comments or suggestions for improvement?

An alternative solution could be to encourage and/or support education and training initiatives in relation to the preparation for, and negotiation of collaborative research agreements.

Industry and research institution collaboration may also be improved if research institutions could be encouraged to take more commercial positions, which make research collaborations more attractive to industry.

Summary

The draft IP Toolkit could offer useful guidance to SMEs who wish to engage in collaborations; however we envisage that the IP Toolkit would be of little use to researchers.

In order for the IP Toolkit to provide any valuable assistance to a company intending to collaborate with a research institution, the IP Toolkit requires further revision. It would be useful for the IP Toolkit to include: issues in IP ownership structures, such as joint ownership; information on IP licensing; information about how research institutions deal with various structural arrangements, such as describing the roles of university technology transfer offices, offices of research and their legal departments in these arrangements; and information in relation to grants and how they may impact on a collaboration agreement.

The inclusion of a template research agreement in the IP Toolkit is of little use. A template agreement is unlikely to be adopted by research institutions that have spent years developing their own template documents.

AusBiotech has previously noted (in it submission to ‘Boosting Commercial Return from Research’ review) that a number of jurisdictions have attempted such agreements, only to find that in many cases: (a) It did not speed up the process; and (b) did not sufficiently assist the process. Patents are by definition unique from one another and each operates in its own technology and market context, and therefore a negotiation process of approximately nine months is normal.

We are not aware of other countries introducing anything similar with any success. We are therefore sceptical of the template agreement’s ability to achieve the desired result when other developed countries haven’t successfully introduced a similar concept. Even in the most successful example of a similar template, in the United Kingdom, the template has had very little usage.