Department of Industry and Science & IP Australia  
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Re: Draft IP Toolkit

To whom it may concern

We commend the positioning of the IP Toolkit as a means to assist SMEs and research organisations deal with IP in their businesses. The descriptions of the various types of IP are informative and well directed to researchers and companies unfamiliar with this area. We also commend the checklist section in providing users with a comprehensive list of issues they should consider – not just in protecting IP but in all aspects of a potential collaboration, including budgets, milestones, project plans etc.

However, given that IP is a complex area of the law, particularly where it intersects with new technologies, we submit that the content of the toolkit must be carefully pitched to its target audience.

Currently, the toolkit is a very long document and might give the impression to an SME that dealing with many aspects of IP in a business is generally a “do-it-yourself” issue. In contrast, we submit that for many SMEs and research institutes, their IP is (or at least has the potential to be) one of their most valuable assets and therefore warrants professional attention.

Notwithstanding, a basic understanding of the most commercially relevant IP principles, together with the ability to identify IP related issues, is of critical importance to SME and research institute managers. It is in this context, that we believe the IP Toolkit has an important role to play.

Turning to the IP Toolkit as currently drafted:

There is a strong focus in the draft toolkit on the detail of IP transaction and collaboration agreements (including the presentation of very detailed draft agreements). However, we submit that there are relatively few real-world situations where an SME could use a long and complex template agreement such as the one
presented in the toolkit without seeking professional advice in order to understand all aspects of the agreement. Therefore, it seems that the template agreements are not likely to significantly reduce the need for SMEs to seek professional counsel when entering into these types of agreements. It is interesting to note that the toolkit itself acknowledges that the template should not be used for “complex” or “high risk” projects. In this regard, we submit that for the majority of SMEs, making significant investment into the development of IP is nearly always a complex or high risk activity, thus reinforcing the risk that the template agreements may be of limited use to SMEs in a real world setting.

In light of the above, we suggest that the focus of the toolkit could be shifted toward providing a concise overview of some of the fundamental IP principles that will assist SMEs and research institutes with increasing their IP literacy to be able to identify IP issues within their businesses. Examples of such principles could include:

(i) the nature of IP as a property right and as a tradable business asset;
(ii) very short (ie. one-sentence) overviews of differing IP protection regimes (with a particular focus on patents, trade secrets, trademarks, designs and copyright) and how they might apply to example products and processes;
(iii) first-principles rules governing IP ownership and inventorship such as what constitutes inventorship, the role of employment contracts in the chain of title and student considerations;
(iv) fundamental information regarding the timing of disclosure, particularly the importance of establishing a patent priority date;
(v) the jurisdictional nature of registered IP rights and the non-existence of “worldwide” rights;
(vi) the types of costs and processes involved in maintaining IP rights (particularly patents) to give companies and researchers an idea of when costs can escalate; and
(vii) the importance of commercial considerations when deciding whether or not to pursue specific claims/jurisdictions (i.e. it is difficult for a research organisation to make such decisions in the absence of a commercial partner that understands the importance of specific claims/jurisdictions to commercial success).

Some of the issues noted above are already dealt with (at least to some extent) in the toolkit. Thus, in some cases, it may only be necessary to reorganize the draft in order to increase their prominence.

It would also be useful to provide examples of the types of impediments that commonly delay or even prevent collaborators from concluding agreements, and ways to avoid these problems. The most common in our experience is an excessive focus on the value of IP before it has been reduced to practice.

In conclusion, a re-focusing of the toolkit on fundamental IP principles and IP literacy would enable the document to be substantially shortened (and thus made more accessible to SME management) and would arm SMEs with the knowledge they need to at least identify IP issues within their businesses. The awareness
provided by a toolkit so amended would then enable SMEs and research institutes to determine when professional advice might be required in order to maximize the value of their IP assets.

Yours faithfully

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