



THE UNIVERSITY OF  
MELBOURNE

**The University of Melbourne**

**Submission to the Productivity Commission's draft report**

**Australia's Intellectual Property Arrangements**

**June 2016**



The University of Melbourne welcomes the opportunity to comment on the Productivity Commission's draft report.

The University acknowledges the significant work the Commission has undertaken to conduct an expansive review into Australia's intellectual property arrangements. The University, as an extensive creator and user of intellectual property for public good and community engagement, is keen to share its perspective on key issues to support the review.

### **The University supports a fair use exception in line with Draft Recommendation 5.3**

The University recognises that the current fair dealing exception is a controversial and sensitive issue.

If adopted, a fair use exception would make it easier for the University to use and make available copyright material for educational and research purposes, as well as engaging with the wider academic community.

The University frequently receives requests for permission to use the University's content. Currently, most of these requests involve use that would be regarded by the University as fair, but simply does not fall within the prescribed purposes. In most cases, the administrative time and cost of responding to these requests outweigh any potential licensing fees. From the University's perspective, a broader, open-ended exception that focuses on fairness would remove unnecessary and costly administration.

Similarly, the University has attempted on occasions to obtain permission to use copyright material for a one-off, non-commercial activity (including charitable purposes). There is often a failure to successfully negotiate licensing terms, ranging from fees to indemnity obligations. In light of the difficulties, in these cases, the University's researchers/lecturers have opted to abandon the proposed use altogether.

### **The University supports reform of the inventive step in line with Draft Recommendation 6.1**

The University notes that the principle underlying Draft Recommendation 6.1 is to raise the quality of patents in Australia by lifting the inventive step threshold.

The University considers that there are additional advantages to aligning the inventive test closer to the laws of other key markets, including the US and Europe.

Although the University's research focuses on outcomes that benefit the Australian community, the potential impact of the University's research often reaches a global scale. As a result, the University considers Australian and overseas patent protection when assessing early-stage technology for commercial potential, as well as anticipating the needs of potential licensees, investors and research collaborators. Often, the University seeks preliminary opinions from external Australian counsel when evaluating the patentability of new inventions. However, the University receives hundreds of invention disclosures a year from its researchers and it is cost-prohibitive to obtain opinions from overseas counsel for all new technologies.

By aligning the Australian test for inventive step closer to the laws of other key markets (such as the US and Europe), the University believes that a preliminary validity assessment based on Australian law would apply more readily to the position overseas. This would provide the University with greater consistency with decision making, despite the nuances that would remain for determining inventive step in other countries. The University also stands to benefit from cost-savings, which can be devoted to patent protection programs and further research and development.

## **The University does not support excluding business method and software patents as patentable subject matter in line with Draft Recommendation 8.1**

The University recognises that the patentability of business method and software patents is a controversial and sensitive issue. Nonetheless, the University strongly supports patent protection of business methods and software.

The University would like to note that business methods and software innovation are increasingly being produced at the University by its researchers and students. In particular, entrepreneurial students often seek to commercialise their technology and attract further development funding by applying to enter the University's Melbourne Accelerator Program. The portfolio of technologies that undergo MAP can be viewed through <http://themap.co>. In the University's view, specifically excluding business methods and software as patentable subject matter may deprive creators of the only effective and available form of intellectual property protection. This, in turn, may reduce their prospects of attracting investment funding and opportunities to enter valuable networks to develop and grow the business.

Before any decision to exclude business method and software as patentable subject matter, the University strongly supports lifting the test for inventive step and clarifying the manner of manufacture threshold for business methods and software. Despite the High Court's recent refusal to hear the *RPL Central* decision, the University notes that IP Australia has taken measures to clarify the principles when examining computer implemented subject matter – see [http://manuals.ipaustralia.gov.au/patents/national/patentable/2.9.2.7 Computer Implemented Inventions - Schemes and Business Methods.htm](http://manuals.ipaustralia.gov.au/patents/national/patentable/2.9.2.7_Computer_Implemented_Inventions_-_Schemes_and_Business_Methods.htm). In the medium term, this approach may address concerns relating to the harm claimed to be created by business methods and software patents, while allowing high quality innovation to be deserving of patent protection.

## **The University supports a broad open access policy in line with Draft Recommendation 15.1**

The University supports the principle that publicly funded research should be available to the public to facilitate the production of further knowledge. Internationally, there is a trend to open access mandates, and there are benefits to Australian researchers from harmonising local mandates with those trends. There are also lessons from these international experiences, for example the UK, EU and USA, particularly with respect to the challenges individual institutions face in order to be compliant and the associated administrative burden of this compliance.

The University is a member of the Australasian Open Access Strategy Group and complies with the ARC and NHMRC's open access policies. The University has also established "*Minerva Access*" as the University's Institutional Publication Repository. *Minerva Access* is indexed by Google Scholar and other search engines such as the National Library of Australia's Trove.

Despite the University's measures, the University has observed that the use of *Minerva Access* has not been broadly adopted, with the exception of research receiving ARC and NHMRC funding. The University has also observed that the majority of other research organisations have Institutional Repositories, and that the pattern of modest uptake of the opportunity to deposit works in these systems is widespread.

This low rate of adoption may be for a variety of systemic reasons, including: lengthy or indefinite embargoes imposed by key publishers and exclusions that prevent post-print (ie final draft post-refereeing) or publisher's version of articles. The administrative overhead of complying with competing publisher, funder and institutional mandates may also be a factor.

As a result, the University suggests that implementing an open access policy throughout the Australian Government should include a significant transition period. For example, a transition period of three years

would allow the sector to dedicate enough resources and time to influence a change in culture within the University and with research/industry partners and publishers.

If the Commission wishes to vary its Draft Recommendation to incorporate an international trend towards the inclusion of research datasets into the open access policy, the University would suggest including a longer transition period (such as five years) for this material. This reflects the extra time needed to build the necessary systems, to update Ethics protocols in light of the mandate, and to manage the potential conflicts relating to data and results that have not yet been published. Unpublished data and results may be the subject of ongoing research and/or may contain commercially and personally sensitive material.

In light of the investment required, implementation of an open access policy (and associated returns) should be measured and reported. Ideally this would be done in conjunction with data that can help quantify the return on investment in terms of impact and engagement (for example Altmetric).

Careful consideration should be given to exemptions to open access mandates where ethics approval can not be given or where publishers prevent compliance with the mandate.

### **The University's experiences with the experimental use exemption (Information Request 6.2)**

Since the introduction of the experimental use exemption, the University has observed confusion among its researchers regarding the scope of the exemption. In particular, it is often not clear whether certain experiments are regarded as experiments 'on' the patented invention (which fall within the exemption) compared to experiments 'with' the patented invention (which still would amount to infringement).

Where the University is a creator of the patented invention and has granted or assigned exclusive rights to a third (commercial) party, the University may in return seek during negotiations a broad research licence to its own invention. This is despite the proposed use potentially falling under the exemption. However, this general approach has the potential to delay negotiations.

### **Is more needed to improve commercialisation of publicly-funded research?**

The University acknowledges the significant work undertaken by the Australian Government to address impediments to collaboration between the research and industry sectors. These initiatives include Source IP and the IP Toolkit. In particular, the IP Toolkit contains a Model Full Research Collaboration Contract for use when a sponsoring organisation will be providing money or other assistance to a research organisation such as the University.

The University acknowledges that the Model Contract, along with the Model Term sheet, provides a starting point when the parties do not have access to a template collaboration agreement. However, the University considers that the form of the Model Contract is unwieldy and not user friendly, which is likely to result in cumbersome negotiations.

In contrast, the University and other major research organisations have, for efficiency, invested resources to develop their own template agreements that comply with internal policies, best practices and legal obligations. In the University's case, these template agreements are negotiable, particularly to accommodate the needs of research and industry partners.

Since the introduction of the IP Toolkit, the University has observed that certain funding bodies are imposing the Model Contract on research organisations when dealing with industry. The University also observed that the Model Contract has set expectations on positions that are not appropriate in the context of the proposed collaboration arrangement and/or do not accord with the University's internal policies, best practices and legal obligations. Examples of terms in the Model Contract that require further flexibility include:

- material transfer (particularly relating to biological materials);
- ownership of student generated intellectual property;
- ownership and use of improvements to background intellectual property (and third party intellectual property);
- commercialisation of project intellectual property and associated risks; and
- compliance with third party obligations under previous/current funding and collaboration agreements.

As an example of helping to address this issue, the University is working with the ARC to build a set of template agreements for linkages that would be more effective and user-friendly than the generic Model Contract.

For further information or to discuss the submission, please contact:

Doron Ben Meir  
Executive Director of Research, Innovation and Commercialisation  
The University of Melbourne