GUIDELINES

IDENTIFICATION, MANAGEMENT AND COMMERCIALISATION OF UNIVERSITY-OWNED R&D INTELLECTUAL PROPERTY

INTRODUCTION

Guidelines provide user-friendly principles and guidance to staff and students in relation to the University’s policies and procedures. It is expected that guidelines will be updated from time to time to reflect the University’s experience and changes in the external environment.

The framework for the identification, management and commercialisation of R&D intellectual property is contained within:

- The RMIT Act (1992)
- The RMIT Statute 7.1 and Regulation 7.1.2
- The RMIT Intellectual Property Policy
- Procedures and Guidelines that support the Intellectual Property Policy, including:
  - Procedures
    1. Identification, Management And Commercialisation Of University-Owned R&D Intellectual Property
    2. The RMIT Register Of R&D Intellectual Property
    3. Distribution Of The Net Benefits Obtained From The Successful Commercialisation Of R&D Intellectual Property
  - Guidelines
    1. Identification, Management And Commercialisation Of University-Owned R&D Intellectual Property
    2. Distribution Of The Net Benefits Obtained From The Successful Commercialisation Of R&D Intellectual Property
- The R&I Section Code of Research Practice

These guidelines complement the Procedure for identification, management and commercialisation of University-owned R&D intellectual property. This procedure describes the University’s approach to the identification, management and commercialisation (exploitation) of R&D intellectual property where these processes are not pre-defined by agreements with other parties, and where the University has clear title to the ownership of the R&D intellectual property.

Procedures for identification, management and exploitation of R&D intellectual property arising from the University’s industry-funded research and its participation in initiatives such as Cooperative Research Centres are normally governed by the agreements established prior to the commencement of these projects or the University’s participation in such enterprises. In many cases the commercialisation pathway for the R&D intellectual property these initiatives generate is also defined in the governing agreements or contracts.

E&T intellectual property is covered by other procedures under the Intellectual Property Policy.
DEFINITIONS AND ACRONYMS

Commercialisation

Commercialisation includes any activity or initiative undertaken with the objective of, or that could contribute to, development or exploitation of intellectual property in ways that might or are intended to generate commercial returns or other material benefits to the owners of the intellectual property.

E&T Intellectual Property

Education and training intellectual property (E&T intellectual property) includes any education and training (or teaching and learning) intellectual property created or developed by staff in the course of his or her duties, pursuant to the work specified in the contract of employment, position description and work plan. This includes all intellectual property in course material, course material delivery systems and other work-related outputs.

Foreground Intellectual Property

New intellectual property created through research, scholarship and similar activities is often called foreground intellectual property, to distinguish it from the pre-existing (or background) intellectual property that often is the foundation that leads to new intellectual property.

Intellectual Capital

Intellectual capital is the knowledge and expertise of the University, accumulated through, and applied in its academic programs. Intellectual capital may include specific items of intellectual property, as well as knowledge and expertise often referred to as “know how”.

The University strives to expand its intellectual capital and that of its staff through all their endeavours, and improve its application so as to enhance the quality, relevance and value of the University’s teaching, research and other activities.

Intellectual Property

Intellectual property means any confidential information or any rights resulting from intellectual activity in the industrial, scientific, literary or artistic fields, including but not limited to the electronic media and any rights under the Patents Act, Copyright Act, Design Act, Trade Marks Act, Plant Varieties Act and rights under any convention to which Australia is a party and under the Common Law.

Pre-Existing Or Background Intellectual Property

Pre-existing or background intellectual property includes identifiable intellectual property, pre-existing ideas, concepts, theories, designs, processes or other artifices (where ownership by the University or other persons or entities could be established) that could act as precursors to discovery or contribute to the creation of new intellectual property. Pre-existing or background intellectual property does not include ideas, concepts, etc., that would normally be regarded as existing in the public domain.

R&D Intellectual Property

Research and development intellectual property (R&D intellectual property) includes any new ideas, concepts, theories, designs, processes or other artifices created by individuals or teams of people through systematic or adventitious research or discovery or similar activities.
IDENTIFICATION AND MANAGEMENT OF R&D INTELLECTUAL PROPERTY

Ownership

RMIT Statute 7.1 states the University’s position on ownership of intellectual property created by staff and students as:

- **Staff:** “Any intellectual property created by a member of staff in the course of his or her duties will be the property of the University which may require a member of staff formally to assign to the University his or her interest in any such intellectual property.”

- **Students:** “Any intellectual property created by a student in the course of his or her duties at the University will be the property of the student provided that where a student is to be involved in a project or specific commission in respect of which the University has provided funds, equipment, facilities or supervision the University may require the student, before commencing the same, formally to assign to the University his or her interest in any intellectual property which he or she may create as a result of such involvement.”

The University’s Intellectual Property Policy also states:

1. Any physical object embodying University intellectual property will be the property of the University.

2. The University owns R&D intellectual property created by adjunct professors, emeritus professors, casual staff and other visitors engaged in research or activities where the R&D intellectual property is created directly through their appointment or responsibilities at RMIT University, including through participation in research projects, collaboration with other staff, supervision of students of the University, or while they utilize RMIT University resources or facilities.

3. All University staff who are also students at the University, or who undertake educational programs or activities that may result in the creation of R&D intellectual property, must enter into an agreement with the University that clearly identifies the ownership of any R&D intellectual property that could be created through these activities.

The University also claims a share of intellectual property developed by visiting research staff while working at the University. The share of the intellectual property claimed by the University is determined by the Intellectual Property Committee having regard to the funds, equipment, facilities or supervision provided by the University.

Pre-Existing Or Background Intellectual Property And Intellectual Capital

Individuals and organisations who wish to collaborate with RMIT or engage RMIT to perform research, innovation, consultancy and so on do so because they recognise and want to tap into the intellectual capability and knowledge of its staff and to utilize the University’s specialised facilities and expertise.

The accumulated intellectual capability, knowledge, facilities and expertise of the RMIT community constitute its intellectual capital. Specific items of intellectual property can also be regarded as intellectual capital.

It is important that any pre-existing or background intellectual property and intellectual capital that the University contributes to collaborations with other individuals or organisations is recognised and recorded.

Recognition and recording of the University’s contributions of background intellectual property and intellectual capital to collaborative activities:

- Establishes the ownership of the initial inputs to a collaborative initiative
- Enables the value of the “know how” contributed to a collaboration to be estimated
Establishes a claim to a proportion of the benefits that might flow from commercialisation of new intellectual property that incorporates pre-existing intellectual property and intellectual capital owned by RMIT and its staff.

All background R&D intellectual property and intellectual capital that the University proposes to make available for any collaborative research or similar activities with, or for, other individuals or organisations must be identified and recorded in the University’s Register of R&D Intellectual Property prior to the commencement of any collaboration.

Also, a commercialisation strategy that will provide a return to RMIT commensurate with the use of its background R&D intellectual property or intellectual capital must be developed and approved prior to the commencement of any collaboration.

In this way:

- The University can ensure that its pre-existing or background R&D intellectual property and intellectual capital and that of its staff is identified and protected
- The University’s contributions to potential successful commercial outcomes from the application of the new / foreground intellectual property created by the collaboration can be identified, so all those who should share in the benefits of commercialisation can be identified and receive their entitlement.

Disclosure

Formal identification and recognition of new R&D intellectual property developed by RMIT staff and students (as appropriate) is essential if the intellectual property is to be protected.

It is important to note that the ability to protect intellectual property generated by research and discovery and innovation is generally lost if the information enters the public domain without adequate protection. This can occur through presentation of conference papers, journal articles, and so on prior to, for example, application for a patent, registration of a circuit design or plant variety, and so on.

Disclosure to RMIT according to this procedure is not meant to inhibit publication of research findings. However, the disclosure procedure will give the University the opportunity to identify valuable intellectual property and to seek specialist intellectual property advice if necessary to ensure that the most appropriate forms of protection and dissemination can be identified and implemented.

It is essential that intellectual property disclosed to the University is supported by accurate and verifiable information such as records of research projects, laboratory notebooks, computer disks and so on, that demonstrate best practice in research and laboratory management according to codes of research practice such as those of the NHMRC, which is endorsed by the RMIT Code of Research Practice.

These procedures will thereby ensure that any benefits that could be generated by commercialisation in the future can be captured for the benefit of the creators of the new intellectual property and the University.

Publication of R&D Intellectual Property

The University’s Intellectual Property Policy states that subject to any established contractual issues or obligations, commercial confidentiality or any other constraint determined by RMIT as the owner of the R&D IP, University staff do not need to seek explicit release from RMIT to publish that R&D IP.

Ownership of the copyright and the moral rights of the author will be in accordance with applicable University policies.
The RMIT Register Of R&D Intellectual Property

The University’s Register of R&D Intellectual Property will record:

- All R&D intellectual property owned by RMIT or in which the University has an interest, including details of the creators and the dates of disclosure (where available)
- All decisions by the University regarding R&D intellectual property created by RMIT staff or students (where appropriate)
- All agreements or arrangements the University enters into relating to R&D intellectual property (including commercialisation proposals related to or that may arise in relation to collaborative research and development)
- Pre-existing or background RMIT-owned R&D intellectual property or intellectual capital that is contributed to any activities or initiatives where collaboration with other individuals or organisations may create new R&D intellectual property

The Register of R&D Intellectual Property thus records details of the creators and dates of disclosure of new R&D intellectual property, as well as identifying the contributions of other intellectual property to the creation of new R&D intellectual property and ideas. These processes enable the creators of new R&D intellectual property to receive full credit where credit is due.

The record of any agreements relating to R&D intellectual property will also assist in determining how it can be developed in the future, and its links to other intellectual property.

COMMERCIALISATION OF R&D INTELLECTUAL PROPERTY

Rationale For Commercialisation

Commercialisation enables the creators of R&D intellectual property to demonstrate the application and commercial value of their endeavours to the University’s partners, other organisations and the community at large.

The knowledge and expanded experience University staff and students gain from people and organisations outside the University system through commercialisation initiatives enriches their academic programs, and increases the intellectual capital of RMIT.

The financial rewards from successful commercialisation provide incentives for University staff and students to engage in real world activities, and generate a return to the University and its partners on their investment in research and discovery.

Wherever possible, strategies for the commercialisation of University-owned R&D intellectual property must conform to the University’s Intellectual Property Policy, especially the general principle that the University will endeavour to maximise the intellectual capital generated from its activities and by its staff, and thereby maximise the benefits that flow to the University’s teaching and learning programs and its further research activities.

Commercialisation Options

Options for the commercialisation of R&D intellectual property include:

- Licensing of intellectual property and ideas to external organisations. Benefits could be obtained through:
  - License fees (e.g. a once-off or recurring fee that allows an external organisation to develop and commercialise R&D intellectual property or ideas that are owned by the University)
Royalties (e.g. an annual payment based on the net financial benefits or commercial returns an external organisation generates from the R&D intellectual property or ideas it is licensed to commercialise)

Other benefits (e.g. access to the resources and facilities of the organisation that has the license to commercialise the R&D intellectual property)

- Creation of University Spin Off Companies, i.e., companies established to commercialise specific R&D intellectual property. University Spin Off Companies are characterised by the University retaining an ongoing management and / or commercial interest in the operation and activities of the company. Benefits could be obtained through:
  - Dividends generated from the successful operation of the company and distributed to the participating organisations in proportion to the amount of equity they hold in the company
  - Ongoing commercial links between the Spin Off Company and the University, e.g., research University researchers perform that is funded by the Company, training programs, etc.
  - Collaboration, knowledge and technology transfer between the University and the company
  - On-selling its interests to another organisation, e.g. based on the estimated future worth of the company

- A diverse range of other activities intended to generate commercial returns or benefits (e.g. the outright sale of R&D intellectual property for an agreed amount)

Each option presents distinct advantages and disadvantages for the participants (financial, commercial, risk and so on) that have to be examined and evaluated in a commercialisation proposal and business plan.

Requirements For Commercialisation Proposals And Business Plans

A detailed commercialisation proposal and business plan is required for each proposal to commercialise specific R&D intellectual property, regardless of the commercialisation path proposed.

It is important to recognise that although every case for commercialisation appears to be unique in its details, the issues and processes that lead to commercialisation are often very similar. These guidelines aim to provide general principles and information that should be adapted to each specific proposal.

Contents Of Commercialisation Proposals And Business Plans

A commercialisation proposal and business plan must be a complete description of the commercial and financial operation and implications of the commercialisation initiative.

The commercialisation proposal and business plan should include:

- The nature and scope of the commercialisation proposal, e.g. business activities for a University Spin Off Company
- Financial estimates and accounting policies employed in their preparation, with analyses of the sensitivity of the financial estimates to the assumptions that underlie their development
- Performance targets, including:
  - Revenue targets
  - Return on investment targets, and
  - Dividend levels
- Major investment / divestment activities including proposed sources of funds or policy on retention of funds from divestment
- Proposed structure and key people who will be involved in the commercialisation initiative and its governance, e.g. the proposed board structure and membership and key operating personnel of a University Spin Off Company
Due diligence assessment and risk management – identification, assessment, minimization, monitoring and management of risk

Description of agreements, contracts, assignments, plans and other technical, commercial or legal arrangements necessary for the commercialisation initiative to proceed

Mechanisms to enable RMIT to recover its costs and the value of its resources inputs to preparation of a commercialisation proposal or business plan

Potential performance of the commercialisation initiative vs RMIT business performance criteria (e.g. financial returns to the University)

Criteria for RMIT to remain in the commercialisation initiative or to exercise an exit strategy

Wherever possible, commercialisation proposals and business plans must be supported by independent indemnified advice. Sources of information and assistance in preparation of commercialisation proposals include:

- The Intellectual Property / Ideas Evaluation Panel
- The Business Advisory Network and supporting internal resources, including:
  - RMIT business development managers
  - Participants in other commercialisation initiatives, e.g. staff involved in the formation and operation of other University Spin Off Companies
- External specialist advisors and networks

The commercialisation proposal and business plan must comply with the University’s Intellectual Property Policy. Specific requirements in this policy include:

**Link To University Strategic Plan**
The activities, initiatives and outcomes that comprise the proposed commercialisation initiative must align with the University’s objectives and Strategic Plan

**Background Intellectual Property and Intellectual Capital**
The commercialisation proposal and business plan must identify the background R&D intellectual property and intellectual capital that the University has contributed to the commercialisation initiative and indicate how the University will obtain an appropriate return from the use of its background R&D intellectual property or intellectual capital

**Enhancement of the University’s Intellectual Capital**
The commercialisation proposal must describe the access the University will have to the intellectual property to enable it to increase its intellectual capital and thereby enhance its academic programs, non-commercial research, etc.

**Distribution Of Financial Benefits To The University, University Staff And Students Who Participate In Commercialisation Initiatives**
The commercialisation proposal must comply with University Statute (7.1) in relation to the sharing with the member of staff or student as the case may be of any income received by the University from intellectual property. The University will also seek to recover the costs of its inputs to any commercialisation proposal or initiative

A detailed proposal for the distribution of benefits must be prepared in accordance with the Procedure “Distribution Of The Net Benefits Obtained From The Successful Commercialisation Of R&D Intellectual Property” that is a component of the University’s Intellectual Property Policy.
Compliance With University Policies
The commercialisation proposal must comply with the relevant University policies. These include:

- Outside Activities – RMIT People Services Policy No. 311
- Conflict of Interest – RMIT People Services Policy No. 570
- University Code of Ethics – RMIT People Services Policy No. 518
- RMIT University Code of Research Practice
- Procedures for Non Operating Grant Funded Activities - Commercial and Legal Services Group,
and
- The RMIT Code of Research Practice.

Compliance With Internal and External Requirements For RMIT University’s Governance Of Its Controlled Entities
The proposal must demonstrate that the University will be able to comply with all internal and external requirements it must meet for the governance and management of its controlled entities.

ROLES AND RESPONSIBILITIES

RMIT University Council
In accordance with the RMIT Act 1992, the Council of RMIT University has designated responsibilities and powers in relation to the governance and operation of the University’s controlled entities. For example, Council approval is required for the University to participate in any limited company, including Spin Off companies established to commercialise R&D intellectual property.

The University Council also confirms that external requirements for governance of University controlled entities are met.

A proposal for the University to participate in a commercialisation initiative would normally only be presented to the Council with a recommendation that it be approved after it had been endorsed by the Vice-Chancellor on the recommendation of appropriate University committees, including the R&D Intellectual Property Committee, the Finance and Major Initiatives Committee, the Audit and Risk Management Committee and the Legal Services Group.

Research & Development Intellectual Property Committee
This Committee is an advisory committee to the Vice Chancellor. It is established by, and operates in accordance with University Regulation 7.1.2, which states:

“The Committee will be responsible for all aspects of intellectual property arising from research, its application and innovation (“intellectual property”) within the University and without limiting the generality of the same will:

a) Make policy recommendations on intellectual property ownership rights between the University, its Departments, Centres, members of staff and students, its commercial companies and parties external to the University including the division of any income derived from the commercialisation of intellectual property
b) Determine the extent to which the University will support the development of any intellectual property
c) Inform the Vice-Chancellor on the activities of the Committee and any matters of intellectual property law concerning research
d) Resolve any dispute submitted to it by a member of staff or student concerning:
   i. The ownership of intellectual property
   ii. The division of any income arising from the commercialisation of intellectual property”
The Intellectual Property / Ideas Evaluation Panel

The Intellectual Property / Ideas Evaluation Panel, comprising a small number of skilled staff from within RMIT who also may have access to external expertise, has the following objectives:

- To increase knowledge and understanding of a given commercialisation opportunity and concurrently increase the confidence of potential investors (e.g., via the provision of a working prototype, business plans, market research etc)
- To ensure relevant community groups are well aware of the know-how base within RMIT through which the common good can be furthered
- To decrease the time to market of the opportunity or take advantage of the know-how
- To provide access to cross-university skills and external expertise to enhance the chance of project success
- To develop immediate project plans and clear commercialisation/exploitation objectives early on for more rapid project progress and efficient resource use
- To ensure appropriate protection of University intellectual property

Its operations, i.e. initial evaluation of commercialisation prospects of University-generated Intellectual Property, and its recommendations regarding the processes to be followed after evaluation, will be characterised by:

- Rapid responses to the research community through simple processes, and
- The building and support of skillful teams drawn from the within the University and appropriate external organisations

Business Advisory Network

The Business Advisory Network is the nucleus of cross-divisional teams that operate under the auspices of the Intellectual Property / Ideas Evaluation Panel to advise and support the University staff in relation to the processes, procedures and pitfalls of various commercialisation strategies, e.g. University Spin Off Companies. The Business Advisory Network:

- Will be coordinated by a small team representing Business Advisory, Planning and R&D Sections
- Assists and provides information and access to supporting networks for the teams that are formed to enable the Business Development Managers prepare their proposals and Business Plans for the University Spin Off Companies that emerge from their groups
- Is a source of knowledge and expertise in relation to various commercialisation initiatives, e.g. evaluation and establishment of University Spin Off Companies
- Validates proposals and business plans for commercialisation of R&D intellectual property
- Makes recommendations to the Intellectual Property / Ideas Evaluation Panel regarding commercialisation proposals

Legal Services Group

The RMIT Legal Services Group provides legal advice to RMIT in relation to its statutory and legal obligations, and advises staff as employees of the University.

For identification, management and exploitation (commercialisation) of R&D intellectual property, the Legal Services Group, and its range of specialist legal advisors, could thus:

- Advise the University and its staff regarding legal documentation provided by other organisations (contracts, memoranda of understanding and so on)
- Provide access to specialists regarding identification and protection of R&D intellectual property
• Represent the University and its staff in negotiations with other organisations, and
• Draft contracts and agreements for the University for its commercialisation initiatives.

The initial approach to the Legal Services Group on any matter related to identification, management and exploitation (commercialisation) of R&D intellectual property according to these procedures would normally be made through the University’s Research & Innovation Section, on the recommendation of the R&D Intellectual Property Committee or the Intellectual Property / Ideas Evaluation Panel.

**RMIT Business Development Managers**

Through their regular interactions and closeness to academic staff, RMIT business development managers can be key participants in identifying and evaluating intellectual property and in developing commercialisation proposals.

RMIT business development managers could:
• Support academic staff in presenting new R&D intellectual property to the Intellectual Property / Ideas Evaluation Panel for inclusion in the RMIT Register of R&D Intellectual Property, and for evaluation as to its commercialisation prospects
• Lead the preparation of the commercialisation proposal and business plan (with guidance and support from the Intellectual Property / Ideas Evaluation Panel and the Business Advisory Network), and
• Represent the University on a day-to-day basis in negotiations and interactions with academic staff, students, internal groups and external organisations involved with the development of a commercialisation initiative

If a RMIT business development manager is unavailable, the research team could appoint a capable project leader / manager to perform these tasks.

**SOURCES OF ADVICE AND ADDITIONAL INFORMATION**

Initial advice regarding this Procedure and these Guidelines should be sought from the University’s Research and Innovation Section.