



Comment

DAVID CHUTER – CEO and managing director, IMCRC

Effective industry and research collaboration: Addressing the intellectual property challenge



ONE of many lessons I learned as a young engineer working for an automotive supplier in the UK was about the relevance of intellectual property (IP) to a manufacturing business.

This was before the digital age, and – as the most junior engineer in the office – it was my job to roll the new product design drawings (Mylars, for those who remember) from the vehicle producers across

the floor to decipher what had changed since the previous issue. I had found a small box in the corner of the drawings that said that any work undertaken by the supplier remained the IP of the car company.

I asked my director what it meant – did it matter that we didn't own any IP in the parts we were manufacturing?

He explained that in some sectors – defence and medical, for

example – IP ownership is critical for establishing credibility and authority in the field, and to protect the uniqueness of an invention as well as deliver profitability given the sizeable upfront investments. But, he said, in manufacturing, the value was likely more in the manufacturer's way of producing, processing and selling the product. In other words, the how of manufacturing is more important than the what.

He also added that manufacturers were often better off focusing their resources on keeping their IP confidential and bringing their product or service to market as quickly as practical, rather than investing significantly in registering inventions, designs and the like. The analogy he gave me, which still resonates today, was that if he and I were asked to bake a cake using the same ingredients, equipment and recipe, our cakes would be very different. You only have to watch Masterchef to see this in action.

When considering investing in IP you have to be clear on why it matters to you (at its most basic, IP is just another commercial tool), and what value you can create through ownership and exploitation of IP. This is arguably more relevant in today's data-driven and disruptive environment. It is also relevant when collaborating with others, particularly with research organisations, where the ownership of IP has historically been one of the primary barriers to forming successful and sustainable partnerships.

In the third of our three-part series on cultivating successful industry and research partnerships, we look at different ways manufacturers can address IP ownership arising out of collaborations with research organisations.

Your “secret sauce” might be more than an idea

Before deciding how to manage the IP of a collaborative project, it's important to determine what will make the product or service you are creating different – in other words, recognise your ‘secret sauce’ or uniqueness. This “secret sauce” might not be what you design, make and sell. Rather, it might be the innovative way you create, process or sell your product or service. It might be a superior business model that lets you save time and money, so you can offer your product or service at a value that no one else can match. Or it might be your logistics, your app-based service platform or your skilled workforce that give you the edge. Or it might simply be your ability to solve a customer's problem better than anyone else.

Not all “secret sauces” need protection

Of course, in some industries, particularly those that are highly regulated like medical and defence, it's very important to invest in IP protection, and I wouldn't want anyone thinking that IP ownership and protection doesn't matter – this is not the message.

However, in the fast-moving world of manufacturing, the reality is protecting your invention or design in the form of a patent or design registration may be a lengthy and costly process that comes with both opportunity and risk.

The opportunity is that you own the exclusive rights to the invention and can prevent others from using it. The risk is that by registering your IP (e.g. through filing a patent application), you are required to ultimately describe your invention to the world. Which means someone else may be able to play on the fringe without breaching the patent (should it be granted). In a global manufacturing industry, where and

The ownership of IP has historically been one of the primary barriers to forming successful and sustainable partnerships.



how to protect your IP are constantly moving targets that depend on markets, governments and their legislative regimes.

It also means if someone infringes or tries to revoke your patent, you need the resources (think management, cash, legal support) and time to defend it.

In today's fast paced world prone to disruption, you might decide with your research partner that it's smarter to invest in people and get to market quickly rather than through formal IP protection. Or, if your research partner decides they'd still like to own the IP, you might agree on an arrangement that allows for their IP ownership without preventing the project from progressing to commercialisation (e.g. licence). The key is to collaborate and not compete, and to focus on commercialisation outcomes.

Commercialisation is key

At the Innovative Manufacturing Cooperative Research Centre (IMCRC), we aim to remove barriers that prevent manufacturers from

engaging with universities and commercialising collaborative R&D projects.

We've taken several steps to help remove the perceived barrier of IP ownership.

Firstly, while it is not unusual for cooperative research centres to own IP in the projects, they co-fund, we decided early on that IMCRC would not do so. Without any vested interest, we have been able to help project participants come to mutually beneficial agreements and outcomes.

Secondly, before participants commence any R&D collaboration, we require them to establish and agree on why, how and when they plan to commercialise the IP arising out of their project. We also remind them to check for any restrictive IP owned by third parties globally.

Thirdly, we encourage participants to think creatively about IP ownership and agree on an approach from the outset. Generally, manufacturers are open to investing in IP ownership and protection, as long as it doesn't restrict their path



It's important to first determine what will make your product or service different.

to commercialisation. Research organisations, on the other hand, often wish to own the IP in their research, so that they can use their learnings to benefit other projects or to train the next generation workforce.

A mutually beneficial solution we've seen is where the manufacturer has been exclusively licenced to lead commercialisation of the IP in particular fields relevant to their market. Meanwhile, the research organisation has been allowed to use

its strength, scale and connections to apply the IP in other, non-competing markets.

Finally, while IP might seem initially like a barrier, we ask our participants to continue the conversation. We've seen robust discussions about who should own IP as part of the long-term commercialisation plan result in strengthening collaboration, respect and mutual trust between manufacturers and research organisations.

Dear Valued Customer,

POSTCARD

Wish you were here!

There are so many amazing things happening where we are and we can't wait to tell you!

We have the all NEW Chicago Pneumatic High Efficiency Permanent Magnet Screw Compressor.

With it's Innovative Interior Permanent Magnet Motor, Variable Speed Technology Tailored for Screw Compressors and of course, Energy Savings, this Screw Compressor is a must have for your business!



See you soon!

From Chicago Pneumatic Compressors



Chicago Pneumatic

1300 555 284

www.cpcompressors.com.au



People. Passion. Performance.