

# Open source IP

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Why commercialise IP?

IP as a source of university revenue

Intellectual services more lucrative

Universities overvalue IP

IP has a low chance of commercial success

IP protection an obstacle and diversion

Proposal

## Why commercialise IP? (1)

‘Through more strategic use of intellectual property rights, institutions would have scope to access revenue streams, royalty benefits, or equity shares for themselves and their researchers.’

(Australian Government,  
*Knowledge and innovation, 1999*)

## Why commercialise IP? (2)

‘Maximising the outcomes of our investment in public sector research will create new business opportunities, jobs and exports.’

(Innovation Summit Implementation Group, 2000)

# IP as a source of university revenue

Licensing income is:

1.2% of all income of the top 25 US licensing earners

4.2% of all US universities' research expenditure

(US AUTM, 2002)

## Intellectual services more lucrative

‘Researchers and research organisations will, except in very rare situations [and in biotechnology], earn more from being paid for their work input (contracts and consultancy) than from licenses and royalties flowing from intellectual property or from income earned in spin-out companies.’

(Howard, 2005)

# Universities overvalue IP

Research is from 5% to 60% of the total cost of introducing a commercial innovation, depending on the industry, firm, technology, size of innovation and the method of analysis.

(Pavitt, 2001; Brown, 1990)

# IP has a low chance of success

<b>Stage of innovation</b>	<b>Best estimate</b>
1 Raw product idea	3,000
2 Patent disclosure	300
3 Patent granted	125
4 Significant development	9
5 Pilot plant, test marketing	4
6 Commercial launch	1.7
7 Commercial success	1

(Stevens & Burley, 1997)

## IP protection an obstacle

‘The processes of working out licensing and sharing arrangements can actually impede the free flow of ideas necessary for research and innovation to flourish. . . lawyers spend a great deal of time, energy and money working out fine details of intellectual property agreements. This raises the more general issue of why registration of intellectual property rights is sought.’

(Howard, 2005)

## IP protection a diversion

An important issue to address is whether technology licensing should be approached as a revenue raising strategy or a whether more attention and recognition should be given to the broader contribution concerning the dissemination and application of knowledge.

(Howard, 2003)

# Proposal

With the exception of biotechnology, universities simply give away most intellectual property as a contribution to the general good

Encourage transfer and adoption, including non commercial uses

Put IP in perspective

Encourage more lucrative intellectual services

## Possible 'blockbuster' clause

If IP contributes to a 'jackpot' of revenues of, say, \$50 million over 10 years, there would be a sharing of revenue determined by a nominated commercial arbitrator

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