

Disbursement of Net Revenue from Intellectual Property Commercialisation Procedure

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Purpose

This procedure describes how income from intellectual property commercialisation activities is distributed by the University.

Scope

This procedure applies to all staff, students and affiliates, including conjoint, adjunct, emeritus, honorary and visiting appointments of the University and its controlled entities.

Legislative Context

- [Federation University Australia Act 2010](#)
- [Federation University Australia Statue 2021](#)

- Part 7 - Intellectual Property
- [Federation University Australia \(Operations\) Regulations 2022](#)
 - Part 4 - Intellectual Property
- [Copyright Act 1968 \(Cth\)](#)
- [Patents Act 1990 \(Cth\)](#)
- [Designs Act 2003 \(Cth\)](#)
- [Plant Breeders' Rights Act 1994 \(Cth\)](#)
- [Circuits Layouts Act 1989 \(Cth\)](#)

Definitions

A complete list of definitions relevant to this procedure is contained within the Intellectual Property Policy.

A further list of definitions **specifically** relevant to this procedure is included below:

TERM	DEFINITION
Background intellectual property	Any Intellectual Property owned by the University that exists at the time new Intellectual Property is created
Commercialise/commercialisation	To exploit commercially and includes: <ul style="list-style-type: none"> a. in relation to an IP right; the exercise of all the rights exclusively granted to the holder of such IP rights by the laws of the jurisdiction in which the IP right subsists, including where permitted the right to sub-license those rights b. in relation to a product, kit, apparatus, substance, documentation or information resource (or any part of such materials): to make, distribute, market, sell, hire out, lease, supply, or otherwise dispose of it; and c. in relation to a method or process: to use the method or process or to make, distribute, market, sell, hire out, lease, supply, or otherwise dispose of a product, kit or apparatus the use of which is proposed or intended to involve the exercise of the method or process
Commercialisation revenue	The gross revenue actually received and retained by Federation University from the Commercialisation and Exploitation of specific IP owned by the University, after the payment of any withholding, goods and services or other taxes, bank fees, transaction fees and other charges. Commercialisation Revenue does not include income received from the provision of research, consultancy or other services
Contributor	A Staff member, Affiliate or Student who is a Creator or is a person that contributed to the creation, development or invention of the relevant IP, as determined in accordance with the relevant process
Course materials	All materials produced in the course of, or for use in, teaching in any form and all IP in such materials including but not limited to lectures, lecture notes and material, syllabi, study guides, assessment materials, images, multi-media presentations, web content, case studies and course software
Creator	Any of the following: <ul style="list-style-type: none"> a. in the case of a patentable invention subject to the Patents Act 1990 (Cth): the Inventor

	<ul style="list-style-type: none"> b. in the case of a literary or artistic work or similar subject to the Copyright Act 1968 (Cth) : the Author c. in the case of designs registrable under the Designs Act 2003 (Cth): the Designer d. in the case of Plant Breeders Rights, under the Plant Breeders' Rights Act 1994 (Cth): the Principal Breeder e. in the case of circuit layouts, under the Circuits Layouts Act 1989 (Cth), the Designer
Indigenous Traditional Knowledge	Indigenous Australians' rights to their heritage, consisting of intangible and tangible aspects of the whole body of cultural practices, resources and knowledge systems developed nurtured and refined by Indigenous people and passed on by them as part of expressing their cultural identity, including distinctive signs and symbols, practices, know-how and skills
Intellectual property (IP)	<p>All statutory and other proprietary rights (including rights to require information be kept confidential) in respect of inventions, copyright, trademarks, designs, patents, plant breeder's rights, circuit layouts, know-how, trade secrets, data, materials and all other rights as defined by Article 2 of the Convention establishing the World Intellectual Property Organisation of July 1967, all rights to apply for the same and, for the avoidance of doubt, includes:</p> <ul style="list-style-type: none"> a. Patents under the Patents Act 1990 (Cth) b. Copyright which subsists in original works under the Copyright Act 1968, including computer programs and data (Cth) c. Trade marks registered under the Trade Marks Act 1995 (Cth) d. Designs registered under the Designs Act 2003 (Cth) e. New plant varieties under the Plant Breeder's Rights Act 1994 (Cth) f. Circuit layouts (computer chips) under the Circuit Layouts Act 1989 (Cth); and g. Trade secrets and other confidential material under Common Law
Invention	Any IP that is patentable under the Patents Act 1990 (Cth)
Net revenue	The monetary amount retained by Federation University from the Commercialisation Revenue received from the commercialisation of IP after the legitimate claims of third parties are satisfied
Pre-existing intellectual property	Tangible IP that the University agrees is owned by a Staff member, a Student or a third party prior to the date of their employment or enrolment at Federation University
Specifically commissioned	Work requested by the University by agreement, where particular consideration is given. This may include financial consideration or relief from teaching or other duties
University resources	Resources of the University and its controlled entities which includes without limitation facilities, funds, services, equipment, paid leave, staff time and support staff

Actions

1. Authorised Officers

The only officers of the University authorised to:

- initiate;
- proceed with the protection of;
- exploit;
- make commitments in relation to, or
- otherwise deal with Federation University Australia IP

are the Vice-Chancellor and the IP Officer (Deputy Vice-Chancellor, Research & Innovation).

Creator(s) cannot act on their own behalf or on behalf of the University when dealing with University owned IP.

Any commercial enquiries in relation to the right to exploit IP owned by the University received by Staff or Students must be referred to the IP Officer.

Staff or Students must not engage in any commercial discussions without the involvement of the IP Officer.

2. Disbursing of Net Revenue from Commercialisation

Net Revenue received from IP commercialisation by the University will be disbursed as follows:

- a. 50% to the Creators;
- b. 25% to the University; and
- c. 25% to the relevant School or Centre of the University.

This right applies regardless of whether the Contributor is still associated with the University.

Any such net revenue of commercialisation will be paid to the Contributor's estate if the Contributor is deceased.

2.1 Weighting the contribution of multiple Creators and multiple technologies

	ACTIVITY	RESPONSIBILITY	STEPS
A.	Weighting contributions and multiple technologies	IP Officer Creators	There are frequently multiple Creators and multiple patents or technologies commercialised concurrently. By agreement of all of the Creators in writing: <ol style="list-style-type: none">a. the relative contributions of each of the Creators to the development of each IP component will be determined by the IP Officer and defined in the Researcher IP Commercialisation Deed. If required, a relative weighting will be applied to the commercial value of each IP component in an IP portfolio involving multiple technologies or patents, that is commercialised concurrently

			<p>under a common licensing, option or assignment agreement.</p> <p>b. The Net Revenue entitlements of each Creator will be calculated according to the above weightings and Creator contributions.</p> <p>If the Creators cannot agree on a) or b) above, then the default position is:</p> <p>That all Creators contributions will be deemed equal and all technologies and IP will be considered equal in value; or</p> <p>a. The IP Officer may obtain advice and determine that relative value of each IP component or technology contained in a portfolio. If a patent is excluded from a licence that includes a portfolio of more than one patent, then the commercialisation costs attributable to the patent will only be deducted from the commercialisation revenue generated from that licence until such time that that particular patent is no longer included. The University or the Creators of the IP associated with that patent will no longer share in Net Revenue generated from the licence, from the time that the patent was excluded from the licence. The University share of Net Revenue from commercialisation of IP should act as an incentive to the School/Centre/Directorate in which the IP was developed to encourage further research and technology transfer activity.</p> <p>The principles on which the University share of Net Revenue will be received and disbursed are:</p> <p>a. The University's share will be received by the Office of the</p>
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			<p>DVC (R&I) who will be responsible for tracking and monitoring income derived from IP commercialisation and for the allocation of that income;</p> <p>The DVC (R&I) has the flexibility to handle the allocation of the University's share of Net Revenue on a case-by-case basis, taking into account such matters as, for example, the quantum of Net Revenue received or whether the Net Revenue is encumbered by pre-existing agreements.</p>
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2.2 Disbursing of net revenue from IP assigned to Creator(s)

	ACTIVITY	RESPONSIBILITY	STEPS
A.	Disbursement of Net Revenue	<p>IP Officer</p> <p>Creator(s)</p>	<p>If the University decides not to proceed or continue with the commercialisation of specified IP, the Creator(s) may request the University to assign that IP to them, with the University having the discretionary right to do so, or not.</p> <p>It is a condition of assignment of the IP to the Creator(s) that the University receives a future benefit amounting to 20% of the Net Revenue received from the commercialisation and exploitation of that IP by the Creator(s) after their reasonable commercialisation costs have been recovered, unless otherwise agreed by the Vice-Chancellor and the IP Officer.</p>

3. Disbursing of Net Revenue from Commercialisation

3.1 Commercialisation Deed

	ACTIVITY	RESPONSIBILITY	STEPS
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A.	Complete Commercialisation Deed	IP Officer Creator(s)	Under the Researcher IP Commercialisation Deed, the Creator(s) assign their IP to the University. This Deed also defines the distribution of Net Revenue to Creator(s) under the IP Policy.
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3.2 Commercialisation Costs

The Commercialisation Costs deducted by the University from Commercialisation Revenue to determine Net Revenue include all identifiable out-of-pocket expenses relating to the commercialisation of a particular IP. The following are considered reasonable Commercialisation Costs:

3.2.1 The costs of registering, protecting and enforcing IP rights

Associated invoiced patent attorney costs and registration and renewal fees relating to IP, and all patent attorney and external legal costs associated with the assertion of IP rights. Any patent costs recovered from a licensee are offset against the costs incurred.

3.2.2 External IP management & review services

The University may employ external IP management consultants, or contractors to administer and manage its IP portfolio. These costs associated with IP management and administration and the costs of engaging other external parties to carry out specific reviews of IP and the IP landscape, including assessing the commercial potential or value of IP, are reasonable commercialisation costs. Any IP management or review costs recovered from a licensee are offset against the costs incurred.

3.2.3 Research & Development – Creation of prototypes, models and samples

Product and prototype development costs are reasonable commercialisation costs. Any product development or prototype costs recovered from a licensee are offset against the costs incurred.

3.2.4 Insurance and legal costs

When there are specific insurance costs during the commercialisation of a technology in excess of the University's insurance cover, these are allowable commercialisation costs.

External legal service costs for a specific technology including conducting due diligence reviews, preparing contracts or dealing with legal disputes are reasonable commercialisation costs allocated to the technology.

Defending, prosecuting, or settling actions, or asserting rights arising from legal disputes, or court ordered payments are reasonable commercialisation costs allocated to the technology.

3.2.5 Market review and commercialisation consultant costs

External costs incurred through market and technology surveys and preparing business plans or investment proposals are part of developing a case for and progressing commercialisation. These costs are reasonable commercialisation costs allocated to the technology. If an analysis benefits several technologies or patents, then the costs are shared equally.

3.2.6 Marketing and Travel

When the University is developing an understanding of the technology or market opportunities, and when developing a relationship with potential and actual licensees, investors or industry partners, reasonable out-of-pocket costs for travel and meetings are commercialisation costs allocated to the technology.

Industry specific conference costs for promoting specific technologies and assessing their market potential are commercialisation costs allocated to the technology.

External consultant and supplier costs specific to developing and promoting technologies for their commercial development are commercialisation costs allocated to the technology. These include electronic promotional materials (e.g. videos) and designing, and the production of promotional materials for a specific technology.

Success and other fees associated with appointing agents or independent contractors to promote, secure and manage licensing, capital investment and other commercialisation opportunities are considered reasonable commercialisation costs.

3.2.7 Accrued costs

Where patent or other costs have been committed to a technology that has been licensed, and where those costs are recoverable from the licensee, but have not been invoiced at the time of reconciling commercialisation income received to date, then those costs will be accrued as commercialisation costs against the technology for the purpose of determining the Net Revenue in any disbursement period.

3.2.8 Platform technologies

Where a technology is a platform technology with multiple applications, it may have the potential for multiple income streams. All commercialisation costs are deductible from any commercialisation revenue received, regardless of the market sectors involved.

3.3 Investments in incorporated entities

If the University takes the risk of making a direct capital investment in a spin-off company, in return for equity, then this is not a commercialisation cost and any return generated from that equity holding will not be treated as commercialisation revenue.

In the event that the University converts any commercialisation costs into equity in a spin-off company, those costs will be counted as recovered and any income generated from that equity holding will not be treated as commercialisation revenue.

Supporting Documents

- Operations Governance Policy
- Intellectual Property Procedure
- Disclosing and Exploiting Intellectual Property Procedure

Responsibility

- The Chief Operating Officer (as the Approval Authority) is responsible for monitoring the implementation, outcomes and scheduled review of this procedure.
- The Director, Research and Enterprise (as the Document Owner) is responsible for maintaining the content of this procedure as delegated by the Chief Operating Officer.

Promulgation

The Disbursement of Net Revenue from IP Commercialisation Procedure will be communicated throughout the University via:

1. an Announcement Notice via FedNews website and on the 'Recently Approved Documents' page on the 'Policies, Procedures and Forms @ the University' website to alert the University-wide community of the approved Procedure;

Implementation

The Disbursement of Net Revenue from IP Commercialisation Procedure will be implemented throughout the University via:

1. an Announcement Notice via FedNews website and on the 'Recently Approved Documents' page on the 'Policies, Procedures and Forms @ the University' website to alert the University-wide community of the approved Procedure;

Records Management

NIL