

CALL TO ACTION INDUSTRY ARTICLE: START-UP IP IN ACADEMIC PRIVATE SECTOR PARTNERSHIPS - WHO OWNS IT REALLY?

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When it comes to fostering innovation, the allure of academic partnerships calls like a siren for the brave climate start-ups of the world.

This includes my own Canadian firm, Crow Chateau Corporation, a start-up in climate compatible housing design technology, focusing on built-in accessibility with an emphasis on mobility, visual, auditory and neurodiverse needs. An academic partnership with the private sector delivers immense value to all participants involved. The reciprocation of shared knowledge, experimentation of innovative concepts, and the use of cutting-edge laboratory equipment, along with preparing students for job market readiness are but a few of the positive outcomes.

In Canada, academic partnerships are the gateways to many government grant funds. For instance, qualifying for the National Research Council of Canada funding requires an academic partner to be the administrator of the grant funds. If that were the end of the story, altruistic pricing benefiting a firm's future customers would be more likely. However, most of the leading academic institutions in Canada require their own IP agreements for anything new created in such grant funding partnerships. What does it mean to create something together versus improving or automating a process that exists? If innovative code and machine learning is required to automate an existing complex unique process with its own background IP, has new IP been created from the perspective of both parties?

This would be beneficial if academic institutions were primarily in the business of IP, competing directly with private industry for market share. But by nature, they are research institutions designed to foster curiosity to allow new ideas to flourish. So how have they staked their claim on the newest ideas? Is this the best for global innovation in the face of our most pressing climate disasters and even our ability as a society to address the 17 Sustainable Development UN Goals?

It is worth noting that government grants typically involve a knowledge mobilization requirement, allowing the public taxpayers to benefit from the newly available information derived from their indirect research funding.

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Universities owning intellectual property developed with small scale industry partners and start-ups in Canada can pose challenges discouraging innovation and economic growth in several ways.

Most IP agreements with the leading Canadian universities arrange an exclusive IP license with the external industry partner involved. This poses a challenge for smaller players entering the market competitively. Payments to use IP and innovative ideas they brought to the table must be accounted for. Why is academia, who is predominantly taxpayer and student funded in the fray with private commercialization? The goals are misaligned.

To start, when universities own intellectual property, it restricts the ability of industry partners and start-ups to access and commercialize the innovations. This creates a barrier for the smaller external entities to develop and market new products or services based on the research and technology developed in collaboration with the academic partner. According to *University Affairs*, more than 50% of patents developed in Canadian academic partners end up in foreign companies. Given the domestic resources invested, a more favourable end-result to Canadians would be expected if this investment were viewed through a private sector lens. URL: <https://universityaffairs.ca/opinion/in-my-opinion/understanding-university-ownership-of-ip-in-foreign-research-collaborations/>

Secondly, university ownership of intellectual property often leads to cumbersome licensing agreements and complex legal procedures. Often these licenses are appraised at the projected market value. This can hinder the smooth transfer of technology from academia to industry. Start-ups and industry partners may face challenges in negotiating agreements that are fair and beneficial for both parties. Lengthy negotiations and legal processes may delay the commercialization of these innovations, stifling innovative activities and economic growth. The fear of limited or costly access to the resulting intellectual property or restrictive licensing terms may deter potential industry partners from entering into such collaborations, reducing opportunities for cross-pollination of ideas and expertise. Yet it's this fusion of ideas that sits at the heart of many academic institutions.

University ownership of intellectual property can create a financial burden on industry partners and start-ups. Licensing fees or royalties demanded by universities for the use or commercialization of intellectual property can be costly, and complex to spin-off from the academic body. These financial obligations can significantly reduce the resources available to start-ups for further development and scaling up operations.

In conclusion, a balance must be struck to encourage collaboration, facilitate technology transfer, and ensure fair access to intellectual property in order to foster innovation and promote economic growth for all stakeholders involved.

Is it time to evolve academia's role in innovative growth? What are the IP academic partnership arrangements in your jurisdictions and what are your thoughts on their current state?