'A magic of academia': intellectual property rights

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Recently conflict has arisen between academics and universities over the ownership of intellectual property and the benefits flowing from such control. Two recent cases highlight litigation between researchers and universities in the Federal Court: one involving Victoria University of Technology (VUT) and the other the University of Western Australia (UWA). Some disturbing deficiencies have been revealed in the management of intellectual property in the public sector.

In *Victoria University of Technology v Wilson* (2004) 60 IPR 392, VUT commenced proceedings against a professor and a senior lecturer in the School of Applied Economics in relation to a patented invention, an online international trade information technology system. The two employees and a former student had incorporated a separate company in which the intellectual property was split 40 per cent between each of the employees and 20 per cent to the former student.

The arguments of the academy were threefold. First, the university argued that the employees were bound by the university's intellectual property policy. Second, the university claimed that there were implied terms of the two academics' contracts of employment stipulating that they would not enrich themselves at the expense of the university. Third, the university contended that both academics owed to it fiduciary and other equitable duties of loyalty and good faith.

The Supreme Court of Victoria held that the intellectual property policy was not a term of the employees' contracts and, accordingly, of no assistance to VUT. It held that the mere existence of an employer/employee relationship did not give the employer ownership of inventions made by the employee during the term of the relationship. The judge observed:

> *Perhaps it is not all that long ago that professional public servants (in the broad sense that includes academics) were expected to refrain from private money-making activities. The theory then was that such persons were appointed to do a job, which was expected to be all-consuming, and they were paid a salary in effect for the whole of their time. If such an employee were not working he was expected to be at rest, and it was a misuse of his resting time (for which in effect the employer was paying) to work for someone else. It went without saying that they would not work for themselves or for anyone else.*
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> *But that is no longer the case. In the last thirty years public service in general and academia in particular have changed considerably. To a greater or lesser extent, both have been politicised and commercialised ... A number of the conditions of service which once informed academic service structures have been replaced with 'business practices'. Permanent and tenured employees have in many cases been replaced with 'contractors'. And, correspondingly, notions of loyalty and service have tended to diminish. It no longer goes without saying that public servants in general or academics in particular are bound to refrain from extraneous paid activities. These days it takes an express term of contract or condition of service in order to achieve that result.*

The Court determined that the employees had indeed breached their fiduciary duties to the university. The Court noted that the employees had obtained the opportunity to develop the invention because of their academic positions at VUT. Further, work on the invention was initially done in their capacities as employees and only later did the employees themselves decide to continue in their own capacity.

Similar conflict has arisen in the Federal Court case of *The University of Western Australia v Gray* [2005] FCA 277. UWA alleged that cancer research specialist, Dr Gray, had developed the technologies on university time, while a member of the university staff. It alleged, in essence, that he has obtained intellectual property rights and benefits flowing from them in breach of his contractual and fiduciary duties to the university. In a procedural hearing, the judge held that UWA had not sufficiently supported its causes of action in its pleading: 'In my opinion, given the number of paragraphs in respect of which objections have been upheld, the statement of claim as a whole should be struck out with leave to replead.'

The push towards greater commercialisation within universities and public research institutions has its hazards and pitfalls. As Australian lawyer Tom Reid observes, there is greater disputation between academics and their universities:

> *Universities are moving away from their traditional role as centres of academic learning and research, and toward becoming providers of training and on-demand expertise. They are expecting more from their tenured academics with respect to bringing in private sector funds, and thus expanding the scope of intellectual property rights that they can claim were created in the course of the academic's employment. On the other hand, it is becoming more important for academics to take on private sector work in their personal capacity, both to advance their careers and (for sessional appointees at least) to supplement their income. As the body of academics becomes increasingly distinct from the entity that is 'the university', the scope for conflict between the two over the rights to intellectual property (whether held under common law and statute, or in equity) will increase.*

Furthermore, public research institutions have had to brace themselves for greater litigation — in terms of both defending their own claims and warding off allegations of infringement. There have been concerns expressed about what impact such a culture of litigation will have upon the nature and function of universities. As the Dean of the Medical School at Duke University, R Sanders Williams, observes: 'there's a nobility of science and a magic of academia', which could be threatened by putting all university activity 'in the same cold glare as the corporate world'. ■