MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

BRIEFING

Intellectual property policy for universities and Crown Research Institutes – Draft options

Date:	29 May 2025	**Priority:**	High
Security classification:	In Confidence	**Tracking number:**	BRIEFING-REQ-0014638

Minister	Action sought	Deadline
Hon Dr Shane Reti **Minister of Science, Innovation and Technology**	**Agree** to scope of work on an IP and commercialisation policy. **Discuss** your feedback with officials.	3 June 2025

Contact for telephone discussion (if required)				
Name	**Position**	**Telephone**		**1st contact**
Gina Williamson	Manager, Innovation Policy	04 901 8203	Privacy of natural persons	
Dr Simon Wakeman	Principal Policy Advisor, Innovation Policy			✓

The following departments/agencies have been consulted
n/a

Minister's office to complete:

- ☐ Approved
- ☐ Noted
- ☐ Seen
- ☐ See Minister's Notes
- ☐ Declined
- ☐ Needs change
- ☐ Overtaken by Events
- ☐ Withdrawn

Comments

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Purpose

To provide you with a scope and an early set of options for a national intellectual property (IP) management and commercialisation policy for universities and Crown Research Institutes (CRIs) / Public Research Organisations (PROs). Your feedback on this will enable us to focus further analysis and inform any material to support your engagement with colleagues at the Going for Growth Innovation, Technology and Science Pillar (IT&S) Ministers Group meeting on 17 June.

Recommended action

The Ministry of Business, Innovation and Employment (MBIE) recommends that you:

a **Note** the importance of nesting an IP management policy in a wider system of incentives and support to encourage commercialisation.

Noted

b **Agree** the scope of this work focuses on levers directly affecting the incentives to commercialise research created by university and CRI staff in the course of employment.

Agree / Disagree

c **Note** that Cabinet agreed the national IP policy will be based on the model used at Waterloo University in Canada, which vests ownership of IP with the researchers who create it.

Noted

d **Note** our consultation has revealed some drawbacks of the pure inventor-owned IP model, but Cabinet's intent could be achieved by giving researchers a first right to commercialise.

Noted

e **Agree** to discuss your feedback on the draft options with officials.

Agree / Disagree

f **Indicate** any supporting material you would like prepared for the IT&S Ministers Group meeting on 17 June.

Gina Williamson
Manager, Innovation Policy
Labour, Science and Enterprise, MBIE

29 / 05 / 2025

Hon Dr Shane Reti
Minister of Science, Innovation and Technology

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Background

1. Cabinet has agreed to introduce a national IP policy for research in research organisations (ie, universities and PROs). It also agreed the policy would be based on the model used at Waterloo University in Canada, which vests ownership of the IP with the researchers who create it. It noted that the core principle of the policy is that the inventors must directly benefit from their inventions [CAB-24-0504.02, recs. 18, 19, and 21, refer].
2. The Minister of Science, Innovation and Technology (SI&T) is expected to report back to Cabinet in the second quarter of 2025 on a proposed policy and wider incentives for commercialisation in the science and innovation sector, including the operation of the technology transfer offices (TTOs) in universities and PROs [CAB-24-0504.02, rec. 22, refers].
3. On 6 May 2025 you met with Scott Inwood, Director of Commercialisation at University of Waterloo's TTO (known as WatCo) [BRIEFING-REQ-0013288 refers]. In his meeting with you and in engagements with MBIE, he stressed the importance of the wider context for Waterloo University's success, including its engagement with the wider innovation community, support for work-based learning, and provision of entrepreneurial education.
4. The Science System Advisory Group's (SSAG) second report recommended that TTOs adopt the University of Auckland / UniServices model, which "shares some characteristics with the 'Waterloo model', including entrepreneurial education and support, an investment-driven approach, and control and ownership vested in the inventors" [BRIEFING-REQ-0013691 refers].

Scope of the policy options

A system that successfully encourages research commercialisation is multi-faceted

5. We understand the desired outcome from a national IP policy for research organisations is to increase the rate of commercialisation from publicly funded research. The decision to adopt the Waterloo model specifically is on the expectation that, by increasing the direct benefits to researchers from their inventions, it will incentivise more commercialisation activity.
6. Our analysis of the approaches to commercialisation at University of Waterloo (**Annex One**) and University of Auckland (**Annex Two**) highlights that the ownership and allocation of IP rights to inventions nests in a wider system of incentives and support to encourage commercialisation. This wider system includes:
    a. the overall mandate to engage in commercialisation prescribed by the organisations' owners and governance board
    b. the availability of and funding for commercialisation services provided by the institution itself and other public sources (eg, TTOs, incubator programmes)
    c. the incentives to do research with closer links to industry/commercialisation (eg, through Performance-Based Research Funding and targeting of commercialisation in research funds) and/or to actively partner with industry (eg, the Applied PhD programme and forms of work-integrated learning)
    d. the initiatives to develop commercialisation/entrepreneurship capability among staff and students (eg, the University of Auckland Business School's Centre of Innovation and Entrepreneurship)

e. the access to funding streams and/or financial capital to support bringing inventions to market (eg, the Pre-Seed Accelerator Fund, the Aspire Fund, the University of Auckland's Founder Fund).

The scope of the current policy work focuses on mechanisms that directly affect the incentives to commercialise research created in the course of employment

7. While acknowledging the importance of the wider ecosystem in driving commercialisation and their alignment with the Cabinet decision, we recommend the scope of this work focus on levers directly affecting the incentives to commercialise inventions created researcher-organisation staff in the course of their employment. A coherent set of actions should include:
    a. the allocation of IP rights and the right to commercialise inventions
    b. the terms of engagement between researchers and the research organisations, including equity sharing
    c. the provision of commercialisation services by research organisations, including government funding to support those services
    d. the commercialisation mandates on research organisations (as these strongly influence the choices research organisations make on these factors).
8. We believe these elements cover the points agreed by Cabinet. We suggest wider set of initiatives to encourage commercialisation (including educational initiatives to encourage commercialisation) could be considered as a second/future phase of this project.

Current commercialisation approaches in New Zealand research organisations

9. To better understand IP and commercialisation policy and practice across the New Zealand public research system, we spoke with a selection of stakeholder representatives including TTO representatives and commercialisation entities such KiwiNet (a consortium of all the TTOs other than UniServices). This section summarises the key features of the current approach, with a more detailed overview provided in **Annex Three**.
10. In contrast to the Waterloo model, in New Zealand the legal IP rights are generally 'owned' by the research organisation, which also holds the right to commercialise. In practice, researchers are typically involved in the commercialisation journey and may benefit through revenue or equity sharing arrangements. Although CRIs do not have benefit sharing arrangements with staff, staff can be involved in spinning out a company.
11. There is significant variation across the sector in the approach to commercialisation, reflecting differences in institutional size, research maturity, particular attributes of the local ecosystem, and internal capability. Most research organisations take a case-by-case approach, tailoring commercialisation pathways to the specific opportunity. The two main pathways for commercialisation are licencing IP for royalties or spinning out a company.
12. The New Zealand system is modernising, with research organisations increasingly adopting more investor-friendly spin-out models, reducing their equity stakes to maximise founder incentives, and improve start-up viability. There is also a growing emphasis on founder-led ventures and flexible IP arrangements.
13. The Commercialisation Partner Network (CPN) plays a central role in supporting this evolution among the research organisations, providing shared resources, training, and coordination across the sector.

KiwiNet is widely seen as a key enabler of capability development and best practice for smaller research organisations, particularly those lacking commercialisation experience.

14. Resourcing remains a key constraint across the system. Most TTOs are funded by their host research organisations as a discretionary budget item since they are not seen as 'core business' by most universities. This makes them vulnerable to reprioritisation and limits the ability to scale or sustain commercialisation capability, despite growing demand and opportunity.

Draft policy options

15. In **Annex Four**, we present three draft options for an IP and commercialisation policy. These options vary around the following elements, which we view as essential components of a coherent, effective IP and commercialisation policy:

    a. Legal and beneficial IP rights

        i. IP ownership rights: The legal rights (ie, the formal legal title) to inventions created by researchers during the course of employment.

        ii. Commercialisation rights: The beneficial rights (ie, the right to receive the benefits from the IP, such as profits or royalties, and the right to exploit the IP for commercial purposes).

        iii. Benefit sharing: The actual share of benefits between the researcher(s) and the research organisation, especially the share of equity allocated to researchers that participate in founding a start-up to commercialise the IP.

    b. Commercialisation support

        i. Provision of general commercialisation services: These include prospecting for new opportunities, patent filing, and providing commercialisation support outside of specific projects. These services could be offered through a TTO or a third-party organisation and have different possible funding models.

        ii. Funding for general commercialisation services: This could come from the research organisation or directly from the Government.

        iii. Funding for project costs: This enables researchers, possibly supported by the TTO or a third party, to prepare an invention for private-sector investment by (eg) a venture capital firm.

    c. The mandate on the research organisation to engage in commercialisation.

16. Under the status quo:

    a. Legal and beneficial IP rights

        i. The research organisation requires researcher(s) to assign their IP rights to it and has first right to commercialise.

        ii. The research organisation has discretion over whether it involves the researcher(s) in commercialisation and the extent to which it shares the benefits (including the equity in any spin-out) with the researcher(s).

    b. Commercialisation support

        i. The research organisation provides and funds commercialisation activity through its TTO and has full discretion over the level of commercialisation activity it engages in.

ii. The Government supports this activity through:

- the CPN, which provides funding to support building commercialisation capability and coordination of activities across TTOs
- the Pre-Seed Accelerator Fund (PSAF), which funds 50% of the costs for each commercialisation project (matched by 50% from the TTO).

c. The research organisation is encouraged to commercialise research under the Education and Training Act 2020 (universities) and Statements of Corporate Intents (CRIs), but there is no formal requirement.

17. We have identified three options, which vary from the status quo as follows:

1. Strengthened commercialisation mandate: The research organisation retains ownership of the IP but, as a condition of receiving public research funding, the research organisation would be required to pursue commercialisation opportunities for the benefit of New Zealand and share benefits with researchers. Confidential advice to Government

2. Researcher gets first right to commercialise: While the institution retains ownership of IP, the researcher(s) obtain the first right to commercialise (except for research done under specific direction of the research organisation and/or a third-party funder). If the researcher(s) choose to commercialise, they are not obligated to engage the TTO for commercialisation support (ie, they can choose whether to engage the TTO or to commercialise alone). If the researcher chooses not to commercialise, the right to commercialise reverts to the research organisation. Confidential advice to Government

3. Researcher owns IP and controls commercialisation: The researcher(s) retain ownership of the IP rights and unrestricted control over the commercialisation of the invention (except where the research is under specific direction of the research organisation and/or third party funded as in Option 2). The research organisation has no rights to participate in the commercialisation unless it is engaged by the researcher. Confidential advice to Government

18. The three options involve different degrees of change from the status quo:

a. Option 1 uses the Government's high-level levers to push research organisations to consider the wider benefits, without significantly disrupting the current models under which research organisation fund and provide commercialisation support.

b. Option 2 increases the incentives for the researcher(s) to generate commercialisable inventions, engage in commercialisation, and increases their degree of choice and direct benefit from commercialisation. Confidential advice to Government

c. Option 3 essentially replicates the Waterloo University's model, which allocates control over commercialisation activity completely to the researcher(s). Confidential advice to Government

19. Under all three options, our initial advice is that the research organisations would be required to implement the policy as a condition of receiving both public research funding (ie, through Endeavour,

the Strategic Science Investment Funding, etc.) and commercialisation support (ie, CPN, PSAF, etc). Alternatively, the policy could be required just as a condition of receiving commercialisation support, could be required under a Ministerial direction to the research organisations (at least for the new PROs), or could be enacted in legislation.

20. Each of these options is designed to provide an internally coherent set of choices on the various elements described in paragraph 15. You may wish to consider other options involving different combinations of the components described here.

21. **Annex Four** notes the key strengths and weaknesses of these different options. In particular, it notes that a significant weakness of Option 3 is that distributed IP ownership may create complications.

22. As noted above, Cabinet agreed that the IP policy would be based on the Waterloo University's model. Our discussions with Scott Inwood (noting his views on these matters are shared in his personal capacity) and with stakeholders have revealed that the pure inventor-owned IP model (characterised by Option 3) may not generate the outcomes the Government is seeking. It may increase – rather than reduce – complexity and slow the commercialisation process. For example, it potentially creates a situation where the IP rights are owned by multiple inventors (some of whom are students or work for other research organisations). This increases the difficulty of licensing or transferring those rights to a start-up on founding and/or a third-party organisation on sale. It also increases the risk of litigation between different inventors on who has what rights to the invention.

23. Our engagements and analysis to date suggest that Option 2 largely resolves this issue while still achieving Cabinet's intent of increasing the benefits that researcher(s) receive from their inventions. We welcome your response and feedback on this. You may wish to discuss this with your colleagues on the IT&S Ministers Group.

Items for further consideration

Our discussions with groups representing the commercialisation professionals and the researchers themselves have highlighted issues we need to consider

24. We have engaged with a range of stakeholders, including senior managers working in university and CRI TTOs and researchers with commercialisation experience, to seek their views on the proposed options. While there is broad support for improving commercialisation practices, commercialisation professionals consistently emphasised that this should be achieved through guidelines and incentives rather than mandates. They also noted that KiwiNet (under the CPN's support) is playing a valuable role in lifting capability across TTOs and should be strengthened, not replaced.

25. A common concern raised was that an inventor-owns IP model could undermine coordinated commercialisation across the system, reduce incentives for research organisations invest in commercialisation, and risk poor outcomes due to the inexperience of researchers with commercialisation pathways. Stakeholders also highlighted the importance of flexibility and case-by-case decision-making, noting that commercialisation is highly context-specific and that rigid rules or standardised terms could stifle innovation and responsiveness.

26. The researchers with commercialisation experience welcomed the Government's efforts to "bang heads together" to get better outcomes from the system for research commercialisation. They were open to the Waterloo University's model but recognised that many researchers benefit from the support of a TTO. Instead, they think it is important to make sure the TTO has the right incentives. They also pointed to other factors that hinder commercialisation, including the ability to take leave to found a start-up and access to infrastructure.

27. A consistent theme across all feedback was the need for distinct approaches for universities and PROs, given their different mandates, governance structures, and relationships with industry. In particular, CRIs emphasised the importance of aligning commercialisation activities with organisational strategy and national research priorities, and cautioned against applying university-focused models to their context.

We continue to work through outstanding issues to ensure a coherent and effective policy

28. This briefing provides a set of options and our early view from initial engagement and analysis. We are undertaking further analysis and testing with stakeholders to understand better the likely impact of these options. We highlight here the main points for further analysis.

29. A key issue is whether and how the policies might need to differ between PROs and universities. CRIs/PROs operate in a different context than universities and IP generated within the organisation is more integral to their core business model so there are reasons why the provisions might be different. We also anticipate there would need to be exceptions to the rules (eg, for inventions created in collaboration with industry) or other carve outs that would benefit from being made explicit (eg, IP generated by students).

30. We have proposed in some options the introduction of standardised terms of engagement between researchers and research organisations / TTOs that would cover such things as benefit sharing (eg, equity shares) and leave for researchers to found start-ups or access to use of the organisation's research equipment in a start-up. We need to more closely consider the risks and benefits of a standardised approach and how strongly to mandate these terms (eg, mandated government policy or sector-generated best practice guidance).

31. We are also continuing to build more detailed understanding of the current state of law, policy, and practice. This includes further clarifying the legal situation around the IP and commercialisation rights in the current settings to best understand legal and practical implications of the proposed changes in the rules.

32. We are also considering the implications of any changes to the rules around the ownership of IP for the Crown's Treaty obligations, particularly protection of Mātauranga Māori. The initial advice we have received is that any policy change should not affect this but we will explore this more fully.

33. As we progress policy development, we are continuing to engage with experts and sector stakeholders that might be affected by any policy change. We will next engage with early-stage capital investors that look to invest in opportunities coming out of research organisations to understand how any changes might impact downstream investment opportunities. We will also be engaging further with the leadership of the research organisations, including through Science New Zealand and Universities New Zealand.

34. We will also continue to engage with the Ministry of Education and the Tertiary Education Commission around the educational initiatives to encourage commercialisation. Confidential advice to Government

Confidential advice to Government

Next steps

35. You have indicated in the SI&T Reforms Cabinet paper an intention to test options for an IP management policy and commercialisation supports with colleagues at the IT&S GFG Ministers Group meeting scheduled for 17 June.

36. We welcome your views on the options presented here and will be available to discuss this with you at the SI&T Officials meeting on 3 June. Your feedback will assist us to:

    a. prepare material to support your engagement with the IT&S Going for Growth Ministers group

    b. refine the scope of further analysis as we prepare policy recommendations.

37. We will provide you further advice and recommendations for a national IP management and commercialisation policy (with a draft Cabinet paper) for your consideration in mid-July.

Annexes

Annex One: Key features of University of Waterloo approach to commercialisation

Annex Two: Key features of University of Auckland approach to commercialisation

Annex Three: Summary of the current state of IP and commercialisation practices in New Zealand

Annex Four: Draft options for a national IP-commercialisation policy for universities and CRIs/PROs

Annex One: Key features of University of Waterloo approach to commercialisation

1. The University of Waterloo is a large, research-intensive organisation located in Ontario, Canada, with a strong focus on engineering, mathematics, and computer science, which is internationally recognised for its distinctive approach to research commercialisation.

Waterloo's distinctive "inventor owns" IP policy is complemented by a wider system of support for innovation and commercialisation

2. Waterloo's "inventor owns" IP policy grants full ownership of IP to the inventor, whether student or staff, without any obligation to share with the university. This policy is designed to incentivise commercialisation by reducing institutional friction and attracting entrepreneurial researchers to the university.

3. Waterloo's IP policy is complemented by a robust ecosystem designed to enable the commercialisation of innovation at all levels. This model is designed to be scalable, talent-led, and focused on enabling researchers to lead commercialisation efforts with the university's support available as needed. Key features of this ecosystem includes the following:

    a. WatCo provides client-focused commercialisation services, with a strong emphasis on startup creation rather than licensing.

    b. The University of Waterloo itself provides entrepreneurship and commercialisation support for students (at both undergraduate and graduate level) and staff.

    c. The University of Waterloo operates the largest "co-operative education" (or integrated learning) programme in the world.

4. Inventors at Waterloo are not required to work with WatCo, but may choose to do so under a standard set of terms:

    a. If engaged, WatCo holds the exclusive right to commercialise (and make all decisions related to commercialisation), but will consult with inventors before doing so.

    b. Inventors retain full IP ownership but WatCo manages IP protection, licensing, and negotiation.

    c. Inventors may terminate the agreement after five years, with IP reassigned to the inventors upon reimbursement of WatCo's direct costs.

    d. Inventors receive 75 per cent of licensing revenue (WatCo retains 25 per cent minus costs) and researchers that participate in founding a startup receive 95 per cent of equity (WatCo receives 5 per cent, undiluted until the startup reaches $2 million in sales/investment).

5. Entrepreneurship is embedded across disciplines through the University of Waterloo's Conrad School of Entrepreneurship and Business, which offers:

    a. Undergraduate courses and a Minor in Entrepreneurship

    b. a Master of Business, Entrepreneurship and Technology programme

    c. PhD-level entrepreneurship pathways.

6. Velocity, the university's flagship incubator offers mentorship, advanced prototyping facilities, and access to investor networks. It is currently supporting over 60 active start-ups and has helped launch more than 400 companies. The UpStart and JumpStart programmes provide funding and structured support for graduate students to explore the commercial potential of their research, including customer discovery and mentorship.

7. The University of Waterloo also operates the world's largest cooperative education programme, placing over 24,000 students annually with more than 8,000 employers. This model provides students with real-world industry exposure and helps seed commercially relevant research ideas.

8. The university's commercialisation strategy is deeply integrated with the surrounding innovation ecosystem. Located in one of Canada's most tech-dense regions, University of Waterloo has cultivated strong ties with industry and government. Its model is designed to be scalable, talent-led, and focused on enabling researchers to lead commercialisation efforts with institutional support available as needed.

Annex Two: Key features of University of Auckland approach to commercialisation

1. The second SSAG report recommended adopting the University of Auckland's commercialisation model, which shares characteristics with the University of Waterloo's model. This Annex sets out key features of the University of Auckland model.

IP is owned by the University of Auckland

2. Unlike Waterloo's inventor owns IP policy the University of Auckland's employment contracts require that researchers assign IP rights to the university for any invention created by staff in the course of their employment. This is consistent with the approach of all other New Zealand research organisations.

UniServices provides 'wrap around' support (including funding) to support researchers with commercialisation and shares revenue if they choose not to do so

3. Despite this difference, there are two features of the University of Auckland model that distinguish it from traditional technology transfer models and align with the University of Waterloo approach:
    a. An investment-driven approach to commercialising university inventions.
    b. The campus-wide focus on entrepreneurship ("an entrepreneurial campus").
4. When UniServices receives an invention disclosure, it is assessed according to four criteria:
    a. Is it a novel invention?
    b. Is the problem (market) it solves large and growing?
    c. Is there some time bound monopoly that exists (ie, protectable IP)?
    d. What do the inventors (and their students) want? Do they want to be involved in a spin-out?
5. UniServices, has developed the "Easy Start-Up" model as its primary framework for supporting spin-outs. This model is designed to streamline the commercialisation process for staff and student founders who wish to lead the development of a start-up. Key features include:
    a. Comprehensive support: Founders receive access to market validation, business planning, and incubation services through UniServices and the Centre for Innovation and Entrepreneurship.
    b. Templated legal documents: Standardised legal templates reduce overhead and ensure investor readiness from the outset.
    c. Equity sharing: Where the university holds IP, it is typically licensed to the startup in exchange for a small equity stake—usually no more than 10 per cent of founding equity. Where the university has no IP claim (eg, student ventures), no licence is required.
    d. Access to investment: Founders are supported to apply for funding from the University of Auckland Inventors' Fund, a $40 million pre-seed/seed fund managed by UniServices. The fund typically invests via convertible notes and is designed to bridge the gap between research and venture capital.
    e. Third-party investment: UniServices works with founders to attract additional investment from local and international venture capital firms.
6. This model is designed to ensure that founders retain a significant ownership stake through multiple funding rounds, increasing the likelihood of long-term success and scalability.
7. For researchers who do not wish to lead a start-up, UniServices can manage the commercialisation process directly. In these cases, any net revenue is shared according to the 'thirds' model: one third

to the inventor(s), one third to the department, and one third to UniServices on behalf of the university.

Similar to the University of Waterloo, the University of Auckland has a wider set of initiatives to encourage entrepreneurship within the university

8. The University of Auckland has made entrepreneurship a core part of its institutional identity, with a strong emphasis on fostering an "entrepreneurial campus." Central to this is the Centre for Innovation and Entrepreneurship, based in the Business School, which offers co-curricular programmes open to students and staff from all faculties. These include workshops, venture competitions, incubator access, and mentoring, all designed to develop entrepreneurial capability and support start-up creation.

Annex Three: Summary of the current state of IP and commercialisation practices in New Zealand

In general, New Zealand research organisations own the IP created by staff

1. New Zealand research organisations generally require ownership of IP created by staff under employment agreements is assigned to the organisation, unless created as part of a commercial contract. Students typically retain ownership of IP themselves; however, in practice, this is often managed by the research organisation. Where the research organisation owns the IP, they generally have the first right to commercialise, although in practice this is often done in consultation with inventors.

Institutions take a case-by-case approach to how inventions are commercialised

2. There is significant variation within and between research organisations as to whether inventions are commercialised by licensing for royalties or developed through a spin-out. Most research organisations take a case-by-case approach to determining whether licensing the IP for royalties or taking equity in a spin-out company is most appropriate, with the primary consideration being which commercialisation pathway will maximise economic impact from the IP. Secondary factors (eg, inventor preferences, commercial considerations, and the research organisation's structure, and appetite for risk) also influence the approach taken.
3. There are also different preferences between research organisations, which are driven by differences in resourcing, financial considerations, and strategic drivers. For example, some research organisations seek to maximise their cash return in the short term to help fund the TTO, or the university more generally, and because they do not have the resources to manage a large portfolio.

Research organisations are increasingly taking a more commercially focused approach to spin-outs

4. There has been a trend across the sector in recent years to shift towards more investor-friendly spin-out models that minimise institutional equity stakes to maximise founder incentives. These differences reflect not only organisational strategy but also the maturity of local innovation ecosystems and the availability of external investment.
5. In practice, this means most research organisations now take low levels of initial equity in a start-up, 10–20 per cent is common for spin-outs founded since 2021. This is to maximise the attractiveness of the company to third-party investors. This low organisational equity share is balanced by higher equity shares for researchers who leave their research roles to actively lead the spin-out, aligning with international norms and investor expectations. Three Universities – the University of Auckland, Massey University, and as of May 2025 the Auckland University of Technology – have investment funds for later stage investments in start-ups.
6. Research organisations are increasingly aligning their commercialisation practices with international best practice, placing greater emphasis on founder-led ventures, flexible IP arrangements, and investor readiness. Many research organisations leverage the shared resources, training, and coordination provided through KiwiNet.
7. The overarching trend is one of increasing objectivity and adaptation, with most research organisations focused on supporting inventors to successfully commercialise their research in ways that reflect their unique contexts and capabilities.

While universities typically share the benefits from licensing and spin-outs with researchers, CRIs do not

8. Universities generally have benefit-sharing arrangements for inventors where there are royalties being generated from IP licensing arrangements or when equity in a company is sold. In most universities, benefit sharing follows a model of one third to the inventor(s) and two thirds to the research organisation. The research organisation's share is often divided evenly between the department where the IP was generated and the research organisation as a whole. This standard model is codified in some organisational IP policies and followed only by convention in others.

9. CRIs have moved away from sharing these types of benefit-sharing arrangements due to a perception that this created perverse incentives. This is distinct from founder equity, which is typically allocated to inventors who actively lead the spin-out and often leave the research organisation to take on founding roles. In this case, founder equity is negotiated to reflect the ongoing role of the inventor and to meet investor expectations.

A key challenge across the system is the precarity of funding for commercialisation functions

10. Most TTOs are funded by their host research organisations, often as a discretionary item in the institution's budget, making them vulnerable to cutbacks due to internal reprioritisation. Several research organisations have had to scale back their commercialisation activities due to funding cuts, and many report that the lack of stable, dedicated funding limits their ability to grow or sustain capability.

11. Some TTOs are also expected to generate revenue or recover costs from commercialisation, creating misaligned incentives. International evidence suggests this model is ineffective –TTOs are most successful when funded as a stable service focused on enabling impact.

A wide range of entrepreneurship education is offered across the sector

12. Entrepreneurship education and capability-building programmes are also delivered in a variety of ways. While some institutions (eg, the University of Auckland, Massey University, and the University of Waikato) offer structured programmes, competitions, and incubator access, others rely more heavily on informal support or external partnerships.

13. Many TTOs are directly involved in delivering entrepreneurship support, but the scale and consistency of these efforts vary. There is growing recognition of the need to strengthen this part of the ecosystem, with calls to build on national platforms like KiwiNet and the CPN more generally to ensure more consistent access to capability-building opportunities across the country.

14. KiwiNet delivers national-level entrepreneurship programmes for researchers that complement local institutional education efforts, albeit at limited scale. Its flagship experiential initiative, the Emerging Innovator Programme, identifies researchers with entrepreneurial potential and fast-tracks them toward commercial success. Since 2015, the programme has supported 168 researchers, resulting in 24 spin-outs and more than $46 million in follow-on investment.

Annex Four: Draft policy options for a national IP-commercialisation policy for universities and CRIs/PROs

[See attachment]

Annex Four: Draft options for a national IP-commercialisation policy for universities and CRIs/PROs

Options[1]	Legal and beneficial IP rights			Commercialisation support			Commercialisation mandate	Strengths	Weaknesses
	IP ownership rights	Commercialisation rights	Benefit sharing	General commercialisation services[2]		Public funding for project costs			
				Provision	Funding				
0. **Status quo**	RO requires researcher(s) to assign IP rights to the RO	RO has first right to commercialise, but may involve researcher(s) at its discretion	At RO's discretion, creating variance in equity shares and revenue sharing arrangements across ROs	By the RO's TTO, supported by CPN[3]	By the RO, influenced by prominence of commercialisation within strategic priorities	PSAF[4]	General expectation to commercialise but no formal requirement		
1. **Strengthened commercialisation mandate** [*RO has IP and commercialisation rights*]	As for status quo	As for status quo	Guidance/rules on benefit sharing RO required to maximise equity share of founder researchers to incentivise participation	As for status quo	Confidential advice to Government	As for status quo	Requirement to pursue commercialisation opportunities for the benefit of NZ	• Requiring better revenue sharing increases incentive for researcher(s) to engage in commercialisation • Assigning IP rights to RO mitigates complications of distributed IP ownership • Confidential advice to Government • Restrains ROs from maximising benefits to RO	• The decision to commercialise remains with RO
2. **Researcher gets first right to commercialise** [*RO has IP rights but researcher has first right to commercialise*]	As for status quo	Researcher(s) have first right to commercialise[5] for a set time period Researcher(s) have choice whether to engage RO or use other pathways	Guidance/rules on benefit sharing RO may only take equity share in exchange for financial investment in commercialisation (not original research)	As for status quo	Confidential advice to Government		Requirement to pursue commercialisation opportunities for the benefit of NZ	• Assigning IP rights to RO mitigates complications of distributed IP ownership • Provides stronger incentive for researcher(s) to engage in commercialisation • Confidential advice to Government • Confidential advice to Government	• Confidential advice to Government
3. **Researcher owns IP and controls commercialisation** [*Researcher has IP and commercialisation rights*]	Researcher(s) retain IP rights	Researcher(s) have unrestricted control over commercialisation[5] Researcher(s) have choice whether to engage RO or use other pathways	Guidance/rules on benefit sharing RO may only take equity share in exchange for financial investment in commercialisation	By RO's TTO or an external provider commissioned through an enhanced CPN, which also covers general commercialisation services	Confidential advice to Government		Requirement to pursue commercialisation opportunities for the benefit of NZ	• Replicates the University of Waterloo's model, based on researcher-driven commercialisation. • Confidential advice to Government	• Distributed IP ownership may create complications • Confidential advice to Government

[1] In all cases, the RO would be required to implement the policy as a condition of receiving both public research funding (ie, through Endeavour, Strategic Science Investment Fund, etc.) and commercialisation support (ie, CPN, PSAF, etc.)
[2] General commercialisation services include prospecting for new opportunities, patent filing, and non-project-based commercialisation support.
[3] CPN provides funding to support building commercialisation capability and coordination of activities across TTOs.
[4] PSAF covers 50% of project costs necessary to prepare an opportunity for commercial investment.
[5] There would be an exception to the researcher(s)'s right to commercialise when the research was done under specific direction of the research organisation and/or a third-party organisation.

Note: lighter colours indicate changes from the status quo; RO: Research Organisation (universities and CRIs/PROs); TTO: Technology Transfer Organisation; CPN: Commercialisation Partner Network; PSAF: Pre-Seed Accelerator Fund