IPR provisions in FP7 & Consortium agreement

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Why dealing with IPR issues is important?

» Why should I share and disclose sensitive information about my know-how?

» Which risks does it imply?

» Will I lose my future rights to exploit my intellectual property?

» Which rights do I have on the project results?
What is IPR?

Intellectual Property Rights = legal instruments to protect someone’s intangible assets (non-physical assets)

How = By granting a legal title which entitles the owner the right to prevent others from exploiting it.

Converting Intellectual Assets into Property.
Types of IPRs

- Industrial property rights: Patents, utility models, plant varieties, industrial designs, trade marks, trade secrets

- Copyright (literary, artistic, scientific creations)
Patents

» Technical inventions that are new (worldwide) and have inventive step and industrial applicability

» Valid for 20 years

» Instruments: national, European (not yet Community Patent), international application (PCT)

Utility models

- Technical incremental inventions (products) with lower degree of inventive step

- It is very similar to the patent, but usually has a shorter term (often 6 or 10 years) and less stringent patentability requirements.

- In some countries: relative novelty (national)

- National legislation exists (not available in all EU states)

- National Patent Office
Industrial Trade Secret

- Any information (formulae, methods, manufacturing processes, financial data, customer lists etc.)
  - held secret through its holder’s reasonable effort
  - conferring economic value /competitive advantage due to its secret nature.

- Indefinite duration (until in public domain)

- NO REGISTRATION NEEDED!

- Means of protection:
  - Confidentiality agreements
  - Technological means of protection
  - Law against unfair competition
Copyright

» Original creations (artistic, literary, scientific works in the broadest sense of the terms) expressed in a particular form (not included ideas).

» books, songs, photography, plastic works, computer programs, databases...

» Author’s life + 70 years

» No registration needed. Automatic protection from the very moment of creation
Short Quiz

IP rights allow me to protect my creations and exercise some exclusive rights to them.

- trade marks
- patents and utility models
- designs
- trade secrets
- copyright

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Why IPR is important?

Innovative and creative ideas are at the heart of most successful businesses (knowledge-based economy)

But ideas by themselves have little value. IPR offers exclusive property rights.
- To commercialise an invention
- To prevent others from using it
- To safeguard a strong market position
- To strengthen your negotiation power
- To attract investors
- To develop good reputation among consumers

Moreover IPR serves as information source.
IP management in research collaborations

Under which conditions are they going to exchange their knowledge?

Who will be the owner of the results?

Who and how will exploit the results?
IPRs are important at all stages of an FP7 project

Before Project
- Proposal preparation, incl. “potential impact”
- Defining project related know-how
- Defining IP protected areas
- Negotiating a Consortium Agreement

During Project
- Strategy for protection & management of foreground
- Granting of access rights
- Protection of generated IP

After Project
- Protection of generated IP, Exploitation, Dissemination of results

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Grant agreement and consortium agreement

- internal organisation of consortium
- financial provisions
- intellectual property rights
- internal dispute resolution systems

Consortium agreement

- describe the project and its implementation (Annex I)
- project control (periodical reports, audits)
- community grant and cost justification models
- intellectual property rights
Intellectual Property Provisions - Terminology

- **Background** = information and attached rights
  - which is held by participants prior to their accession to the grant agreement (no sideground)
  - which is needed for carrying out the project or for using its results. So, it relates only to information relevant to the project.
  - which may be defined by the participants

- **Foreground** = all results (tangible and intangible) of the project and attached. Such results include rights related to copyright, design rights, patent rights, plant variety rights or similar forms of protection;
Intellectual Property Provisions - Terminology

- **Access Rights** = licenses and user rights to foreground or background owned by another participant in the project.

- **Dissemination** = the disclosure of foreground by any appropriate means other than that resulting from the formalities for protecting it, and including the publication of foreground in any medium;
Background: Is the information (including IPR) held by the participants before entering in the project.
May I lose the ownership of my *background* if I participate?

**No**The background is generated outside the project.

*Notes:*

The ownership of background does not change (if the participant does not want it to change)
Only: possible access rights could be given
To deal with sensible/valuable information: confidentiality agreements must be signed from the very beginning to set up the consortium/implement the proposal
Management of background

Define the background needed to carry out the project (positive list)

If needed, exclude specific background (negative list)

Access rights

Implementation

Royalty-free, unless otherwise agreed before the signature of grant agreement

Use

Royalty-free or fair and reasonable conditions
The background

- Background is the information necessary for the execution of the project or for the use of foreground

- Background remains the property of the participant that brings it into the project

Q. What are the positive and negative lists?
A. The **negative list** is the one that identifies the background that participants wish to exclude from their obligation to grant access rights; all the rest is, in principle, included. The identification of background in a negative list should be specific enough to enable the other participants to understand which information, technology, know-how, etc. is excluded. The **positive list** identifies the background that participants will make available to the project and to access rights; all the rest is, in principle, excluded.
Management of foreground

- Foreground means the results generated in the project
- Foreground belongs to the participant who has generated it.
- Pay attention to potential rights of employees and other personnel, ...

**Access rights**

<table>
<thead>
<tr>
<th>Implementation</th>
<th>Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Royalty-free</td>
<td>Royalty-free or granted in fair and reasonable conditions</td>
</tr>
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Ownership of Foreground

Each participant owns the foreground it generates.

Joint ownership:
- when foreground is generated jointly and it is impossible to determine the respective share of the work, in which case:
  - the joint owners must reach an agreement
  - however, in absence of a specific agreement, a default regime applies: any joint owner is entitled to grant non exclusive licenses to third parties, without any right to sublicense, subject to prior notification and fair and reasonable compensation to the other owner(s)
- in actions for the benefit of specific groups (e.g. SMEs)
- when agreed by two or more participants
Transfer of ownership of Foreground

Transfers of ownership of foreground are allowed.
Obligations regarding foreground must be passed on (esp. regarding the granting of access rights).

Notifications/objections:
- Prior notification of transfer to the other participants who may object if it would adversely affect their access rights.
- Subject to prior agreement, the other participants may waive their rights to be notified in advance regarding specific third parties (e.g. mother companies)
- The Commission may object to transfers to third parties established in non-associated third countries for ethical, competitiveness or security reasons (where appropriate: requirement to notify the Commission).
Protection, use, dissemination

- Foreground capable of industrial or commercial application must be protected (taking into account legitimate interests)

- Foreground must be used (= in further research or commercially) and disseminated (= disclosure by appropriate means, including publications)

- Prior notice of dissemination must be given to other participants (not to Commission, unless no protection, in which case the latter may request to protect on its own behalf)

- Any dissemination (publications, ...) and patent applications must indicate the Community financial assistance
Access Rights

Participant needs access rights to carry out its work in the project

Participant needs access rights to use its own foreground
Access rights (1/3)

» Under certain conditions, a participant in a project must grant the other participants access rights to its foreground or background if this is needed by the requesting participants for carrying out the project or to use their own foreground.

» Access rights must be requested in writing.

» Examples where access rights would appear to be needed:
  - Without the access rights concerned, some of the R&D tasks assigned to a participant under the project would be impossible to be carried out, or significantly delayed, or require significant additional resources.
  - Without the access rights concerned the use of a given element of foreground by its owner would be technically or legally impossible or would require very significant additional R&D work.
Access rights (2/3)

- Participants may define the background needed in any manner (e.g. “Positive list” or “negative list”).

- In many projects it may not be necessary to exclude any pieces of background: either they will be central to the project and should not be excluded or they will be remote enough that any request to grant access rights can safely be rejected.

- Requests for access rights for use purposes: within one year after termination (or another period to be agreed).

- Possible to grant exclusive licenses to background and foreground if the other participants waive their access rights.
Access rights (3/3)

» In principle, the granting of access rights does not include the right to sublicense.

» The Commission may object to exclusive licenses being granted to third parties established in third countries.

» Participants may agree to additional or more favourable access rights than those provided for in the grant agreement (e.g. in the consortium agreement).

» Special provisions apply to certain types of actions (e.g. frontier research (ERC), research for the benefit of specific groups (e.g. SMEs), security research).
Conditions for access rights

**Access rights conditions**

Access rights to background

**Needed for carrying out the project**

Royalty-free unless otherwise agreed before accession to the grant agreement

**Access rights to foreground**

Royalty-free

**Needed for use of own foreground [x]**

Fair and reasonable conditions or royalty-free to be agreed at any time

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Eligibility of IPR costs

- IPR protection, dissemination and management are “other costs”. Accordingly, the EC contribution may reach 100% of the costs.

- Costs associated with patents relating to results obtained outside of the project are not eligible.
Access Rights – Main Principles

End of the project
Project implementation
Use
1 year

Access rights for implementation

Access rights for use

• the conditions of Grant Agreement are applicable for the necessary access rights
• all requests of access rights shall be made in writing
• it may be necessary a written agreement specific and signed between the participants
• access rights do not include the right to sublicense, unless otherwise agreed
Showing a clear IP strategy at proposal

- Outcome of the project goes beyond the state of the art.
- Management of any jointly owned results.
- Adequate protection of the results.
- Clear plan for the use of the results.
- Identification of target public for dissemination of the results and clear dissemination plan.
- Third party rights are taken into account.
Contractual agreements (on top of the EC contract)

- Memorandum of understanding or letter of intent at the proposal stage establishing restrictions regarding the use of confidential information.

- Consortium agreement to be signed before the beginning of the project.
The consortium agreement is an instrument used by the participants of a consortium to develop and supplement aspects that are particular to each project and cannot be fully covered by the standard EC grant agreement.

An agreement to regulate internal issues to work organisation, IPRs, etc.

Internal private agreement concluded by the participants. The Community is not a party in it. It is different from the grant agreement that they sign with the EC to carry out the project.
Consortium agreement (2/2)

- The CA is compulsory unless the relevant call for proposals states otherwise.
- The CA cannot contradict the EC grant agreement.
- It has to be signed before the EC grant agreement.
Typical clauses

» **Management organisation:**
  - Bodies of the consortium-powers and responsibilities
  - Roles of the participants
  - Decision making procedures
  - Payment modalities (pre-financing, monitoring of expenses)

» **IP related provisions**
  - Background to be excluded (“negative list”)
  - Background available for access (“positive list”)
  - Management of jointly owned foreground
  - Conditions for access rights (royalty free/ fair conditions, additional access rights, etc)
  - Management of the IP protection
  - Conditions for dissemination

» **Confidentiality**

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Management organisation

» Steering committee (management board)
  - To define, divide and develop the tasks
  - To check the progress of the work
  - To coordinate the research teams
  - To coordinate the preparation of the reports
  - To advise and direct the partners on the developments necessary for the project
  - To permit formal exchanges of information between the partners

» For small projects the management board may be the General assembly.

» Other bodies can be created as necessary (e.g. workpackage technical committees, IPR committee, conflict resolution committee, quality assurance committee, etc)
Typical management structure

Coordinator

WP1 leader
WP2 leader
WP3 leader
WPn leader

Partner
Partner
Partner
Partner

Project Management team

Steering group (all partners – for small projects)
(selected group, eg WP leaders – for large projects)

Industry group
Advisory group
IPR committee

General assembly (all partners)

General assembly

General assembly

General assembly

General assembly

General assembly

General assembly

General assembly

General assembly

General assembly

General assembly
Powers & responsibilities of the bodies

» The powers and responsibilities of the bodies

» The operating procedures (agenda, meetings, minutes, etc)

» Decision making (composition, majority agreement, veto rights, etc)
Consortium agreement models

- There is no official CA model drafted by the Commission, although it provides a checklist of topics which may be included in the CA.

- Various organisations have worked on CA models.
  - DESCA: General purpose, comprehensive model designed with alternative options for several clauses.
  - IMG4: Similar to DESCA. Fits the needs of Aeronautics projects.
  - IPCA: It suits the needs of the ICT industry containing detailed provisions on software.
  - EUCAR: It is made by the European Council for Automotive R&D.
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Thank you very much for your attention!