
CONFERENCE ON LICENSING, TRANSFER OF OWNERSHIP AND DISPUTE RESOLUTION

Commercialization of IP Generated in International R&D Projects

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IP PROVISIONS IN FP7 CONSORTIUM AGREEMENTS



DESCA
The Simplified FP7 Model
Consortium Agreement
www.DESCA-FP7.eu

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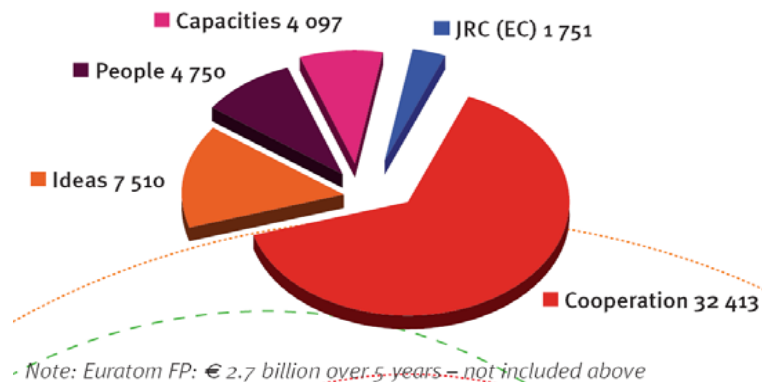
AGENDA

- FP7 – Structure and Budget Funding Scheme „Collaborative Projects“
- Legal basis for IP Provisions in FP7: FP7 Rules of Participation
- FP7 Projects Contractual Relations:
Grant Agreement – Consortium Agreement
- FP7 Consortium Agreements
- DESCA and its IP Provisions
- Experience from negotiations: controversial IP issues

FP7 – Structure and Budget

Funding Scheme „Collaborative Projects“

- FP7 „Specific programmes“ and their budget in million €



- Implementation by different „funding schemes“ (types of projects)
- Funding scheme „collaborative projects“
- Focussed research projects with clearly defined scientific and technological objectives and specific expected results
- Average of 9 project partners (industry and academia from at least 3 different countries) organised as a consortium, duration 3 – 5 years

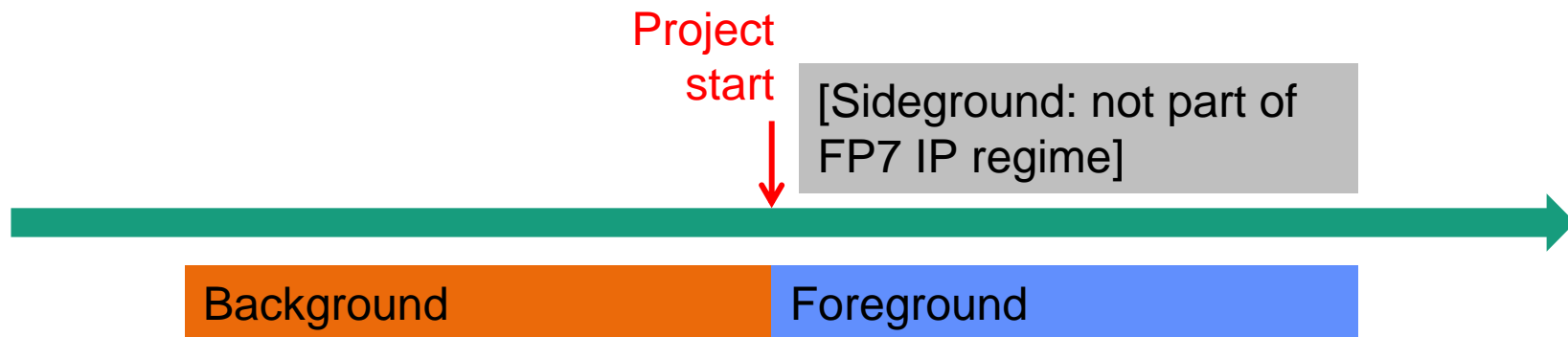
Legal basis for IP Provisions in FP7: FP7 Rules of Participation

- REGULATION (EC) No 1906/2006 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 December 2006 laying down the rules for the participation of undertakings, research centres and universities in actions under the Seventh Framework Programme and for the dissemination of research results (2007-2013)
- Regulation introduces FP7 IP regime and related terminology:
 - Foreground
 - Ownership, Transfer, Protection, Dissemination
 - Background
 - Access Rights
 - For the implementation of the project
 - For use of own Foreground

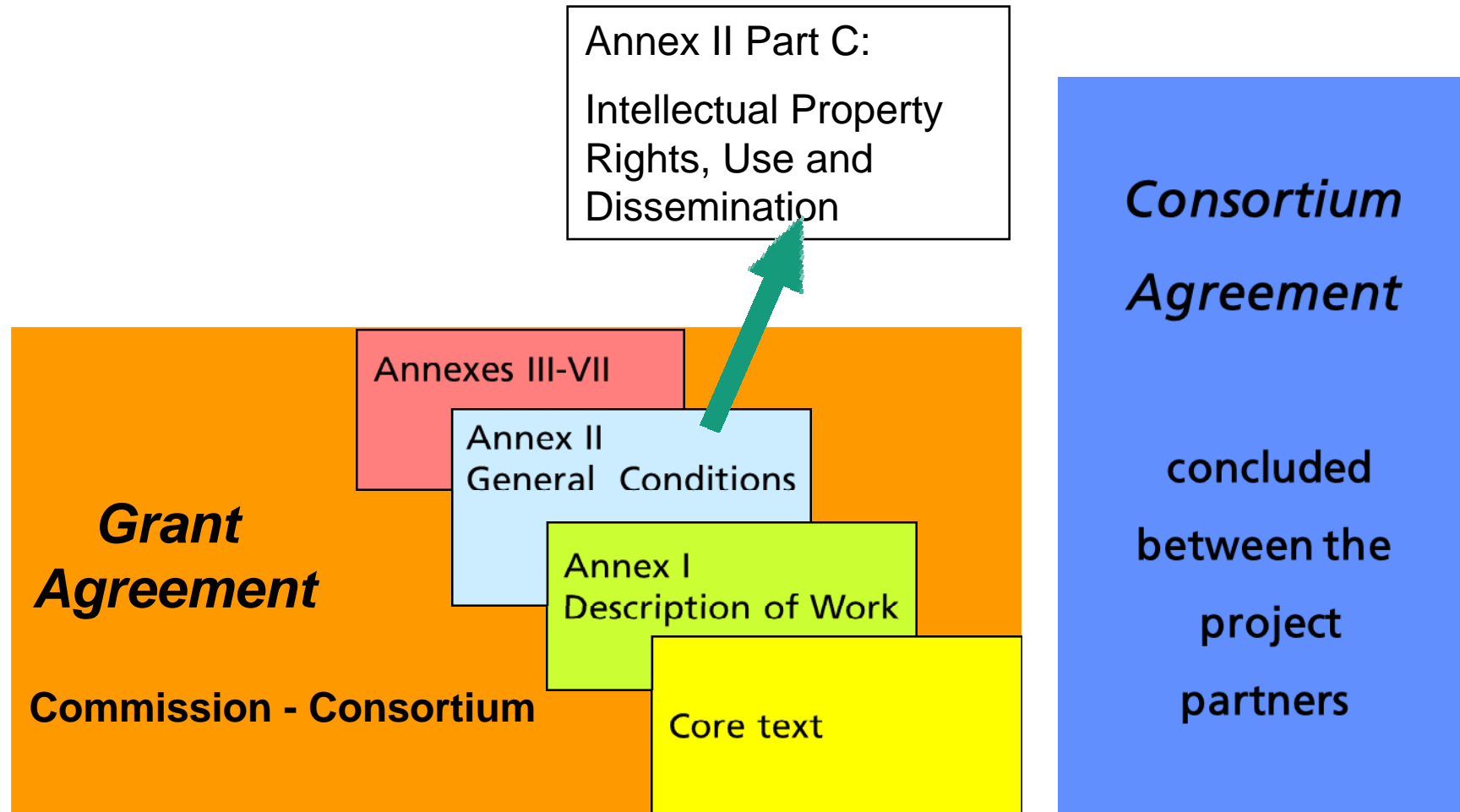
FP7 Rules of Participation IP-related Terminology: Foreground, Background, Access Rights

- Foreground: the results, including information, whether or not they can be protected, which are generated by the project. Such results include rights related to copyright, design rights, patent rights, plant variety rights or similar forms of protection
- Background: information which is held by participants prior to their accession to the grant agreement, as well as copyrights or other intellectual property rights pertaining to such information, the application for which has been filed before their accession to the grant agreement, and which is needed for carrying out the project or for using the results of the project
- Access Rights: licences and user rights to foreground and background

FP7 Rules of Participation IP-related Terminology: Foreground, Background, Access Rights (2)



FP7 Projects Contractual Relations: Grant Agreement – Consortium Agreement



FP7 Consortium Agreements

- Mandatory to conclude Consortium Agreement
- Commission offers guidance, but provides no specific model
- Several model CAs for FP7 projects exist: DESCAs, IMG4, EICTA, EUCAR
- Main contents of Consortium Agreement:
 - Roles and responsibilities, governance structure, decision-making
 - Financial provisions, liabilities
 - Dispute settlement
 - Provisions on access to project results (Foreground) and Background
- Consortium Agreement clauses implement FP7 IP provisions
- Some Grant Agreement IP provisions are mandatory, some leave a certain leeway for negotiations in the Consortium Agreement

DESCA AND ITS IP PROVISIONS

DESCA – Development of a Simplified Consortium Agreement

- Core Group: ANRT, EARTO, UNITE, Eurochambres, VTT, CA-Team Germany (Fraunhofer, Helmholtz, KoWi)
- Consultation Group: Airbus, Alcatel, CEA, CNRS, DaimlerCrysler, Dassault, EARMA, ECTRI, EICTA, Eurocopter, IFP, INRETS, Uni Wageningen, Yellow Research, Motorola



DESCA IPR Section – Structure (1)

FP7 Grant Agreement Annex II

Part C INTELLECTUAL PROPERTY RIGHTS

SECTION 1 – FOREGROUND

II.26. Ownership

II.27. Transfer

II.28. Protection

II.29. *Use*

II.30. *Dissemination*

SECTION 2 – ACCESS RIGHTS

II.31. *Background covered*

II.32. Principles.....

II.33. *Access rights* for implementation.....

II.34. *Access rights* for use

DESCA

USE AND DISSEMINATION

SECTION 8 - FOREGROUND

8.1 Joint ownership

8.2 Transfer of Foreground

8.3 Dissemination

SECTION 9 – ACCESS RIGHTS

9.1 Background covered

9.2 Principles

9.3 Access Rights for implementation

9.4 Access Rights for Use



DESCA IPR Section – Structure (2)

- 9.5 Access Rights for Affiliated Entities
- 9.6 Additional Access Rights
- 9.7 Access Rights for Parties entering or leaving the Consortium
- 9.8 Specific Provisions for Access Rights to Software

- **SECTION 10 - NON-DISCLOSURE OF INFORMATION**

- 11.8 Settlement of Disputes

FOREGROUND

Ownership of Foreground

Grant Agreement II.26

- General rule: Foreground resulting from the project is owned by the Beneficiary generating it
- Joint ownership: Where several Beneficiaries have jointly carried out work generating Foreground and where their respective share of the work cannot be ascertained, they shall have joint ownership of such foreground. Joint owners must conclude Joint Ownership Agreement
- Default regime for joint ownership: Any joint owner is entitled to grant a non exclusive license to third parties without any right to sublicense subject to prior notification (45 days) and fair and reasonable compensation of the other owner

DESCA provisions on joint ownership

- Option 1: The Grant Agreement default regime applies
- Option 2: Right to use and sublicense without consent, information to or compensation of the other owner

Transfer of Foreground

Grant Agreement II.27

- Transfers of ownership are allowed though the obligations regarding Foreground must be passed on to the transferee
- 45 days prior notice of any transfer of Foreground to a third party, Beneficiaries have right to object within 30 days if their Access Rights are adversely affected
- Beneficiaries can waive right to prior notice, or change time-limit for objection, with regard to specifically identified third parties

DESCA

- Grant Agreement applies
- Parties waive right to prior notice regarding the third parties if identified in an attachment to the CA

Protection and Use of Foreground

Grant Agreement II.28 and 29

- Foreground capable of industrial or commercial application shall be protected
- If no protection and no transfer to other Beneficiary or Affiliated Entity in a Member State (MS) or Associated country (Ac) or to any other third party in a MS or Ac, no dissemination before the Commission has been informed
- Owner shall use Foreground or ensure that it is used

DESCA

- Grant Agreement applies
- No (additional) rules concerning Protection and Use

Dissemination of Foreground

Grant Agreement II.30.3

- Obligation to disseminate Foreground
Note: No dissemination before decision regarding possible protection!
- 45 days prior notice of any dissemination – Beneficiaries have right to object within 30 days if legitimate interests regarding their Foreground or Background could suffer disproportionately great harm

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- Procedure of Grant Agreement applies
- The Party objecting a publication has to show that its legitimate interests will suffer disproportionately great harm and shall include a request for necessary modifications
- Publication of other Party's Foreground only with prior approval
- Cooperation obligation regarding thesis or degree

ACCESS RIGHTS

Background Covered

Grant Agreement II.31

- Beneficiaries may define the Background *needed* for the purposes of the project in a written agreement and, where appropriate, may agree to exclude specific Background

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- Option 1: Positive list
The Parties list Background available for the Parties (if Needed) – all other Background is excluded from the obligation to grant Access Rights
- Option 2: Negative list
The Parties list specific Background excluded from the obligation to grant Access Rights – all other Background is available (if Needed)
- For both options, access to Background after signature of the CA may only be reduced if parties approve

Access Rights – Principles

Grant Agreement II.32

- All requests shall be in writing
- Information of the Consortium of any limitation to the granting of Access Rights to Background
- Termination of the participation of a participant shall not affect obligation of granting Access Rights
- No right to grant sub-license
- Exclusive licenses to Background and Foreground possible if other participants waive their Access Rights in writing
- Commission may object to the granting of exclusive licenses to Foreground to third parties established in third countries not associated to FP7

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- Principles of Grant Agreement apply
- Parties decide whether restrictions of Access Rights have impact on the project work plan and may decide to update it accordingly

Access Rights – Conditions

	Access Rights to Background	Access Rights to Foreground resulting from the Project
For implementation of the Project	Yes, if a participant needs them for carrying out its own work under the Project	
	Royalty-free unless otherwise agreed before accession to the grant agreement	Royalty-free
For use purposes (exploitation + further research)	Yes, if a participant needs them for using its own Foreground	
	On fair and reasonable conditions to be agreed	Option 1: On fair and reasonable conditions to be agreed; internal research royalty-free Option 2: royalty-free

Access Rights – Definition of „Needed“

Grant Agreement

- No definition

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- Access Rights granted for the implementation of the Project:
Access Rights are Needed if carrying out the tasks assigned to the recipient Party would otherwise be impossible, significantly delayed or require significant additional financial or human resources
- For Use of own Foreground:
Access Rights are Needed, if the Use of the recipient Party's own Foreground would otherwise be technically or legally impossible

Access Rights for Affiliated Entities

Grant Agreement II. 34.3

- Affiliates established in a Member State or Associated Country have Access Rights under the same conditions as Beneficiaries

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- Option 1: Grant Agreement applies
- Option 2: Grant Agreement applies

In addition, Affiliated Entities shall also enjoy Access Rights if they can show that

- they hold a license on Foreground developed by a Party they are affiliated to; and
 - they Need Access Rights in order to Use such Foreground;
 - they are established in a Member State or an Associated State; and
 - they are listed in Attachment 4 to the Consortium Agreement (OPTIONAL).
- For both options:

Access Rights for Affiliates upon written bilateral agreement and under fair and reasonable conditions;

Parties may refuse to grant Access Rights to Affiliates if it would be contrary to their legitimate interests.

Access Rights for Parties joining or leaving the Project

- Parties joining:

All Foreground developed before the accession of the new Party shall be considered to be Background with regard to said new Party

- Parties leaving:

- Parties leaving have to continue to grant Access Rights (if not agreed otherwise on a case by case basis)
- Parties leaving in default: they lose their Access Rights
- Parties leaving voluntarily: they keep Access Rights to Foreground developed up to the date they leave

Non-Disclosure of Information

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- Based on Grant Agreement clause
- Range of confidentiality:
 - only information marked as confidential
- Duration:
 - five years after the end of the Project

Settlement of Disputes

DESCA

■ OPTION 1: WIPO Mediation followed, in the Absence of a Settlement, by WIPO Expedited Arbitration or by Court Litigation

■ OPTION 2: Mediation by bMediation followed, in the absence of a settlement, by CEPANI Arbitration or by the courts of Brussels

Experience from negotiations: controversial IP issues

- How to specify the Background available to the project?

Positive list – negative list

- Default regime on Joint Ownership

What should the default/placeholder regime on joint ownership be?

- Access Rights to Foreground for Use

What should the scope of Access Rights to Foreground be?
(Needed Foreground – all Foreground). Under which conditions?

- Access Rights to Sideground

Extension of Access Rights to also include Sideground?

If so: under which conditions?

Experience from negotiations: controversial IP issues (2)

- Request for Access Rights

Written request – „hereby requested and deemed granted“

- Definition of „Needed“

- Definition of Affiliated Entities

Application of definition of Annex II, or broaden the scope to include additional entities?

- Rights of Affiliated Entities

What should the scope and conditions be as regards Access Rights of Affiliated Entities, and as regards possibilities of transfer of Foreground to Affiliated Entities?

Relevance of the Consortium Agreement IP Provisions for Agreements in Commercialization Phase

Provisions in CA set the scope for, and influence, agreements made after the project, in particular with regard to

- Jointly owned Foreground

- Background

- Access Rights to Foreground and Background
 - Scope
 - Conditions
 - Affiliated Entities