Case Study

**DIRA-GREEN: The importance of an IP management structure in a research project**

**December 2012**

**Project details**

*Name of coordinator:* DIRA-GREEN

*Business sector:* Powder Metallurgy

*EU Funding Scheme:* FP7 Research for the benefits of SMEs

*Name of the collaborating company:* ALTA LAB Srl

*Type of company:* SME

*Website:* [www.diragreen.eu](http://www.diragreen.eu)

1. **Background**

The DIRA-GREEN consortium is engaged within the FP7 Research for the benefits of SMEs programme\(^1\) and is composed of twelve partners - SME Associations-Groupings (SME-AGs), Research and Technological Development (RTD) performers, End-User SMEs and Technical SMEs - belonging to eight member states.

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\(^1\) Within this programme, the consortium is involved in the specific action: "Research for SME Associations". To have a better understanding of this programme, the reading of the fact sheet on "IP specificities in research for the benefit of SMEs", available in the European IPR Helpdesk library, is recommended.
Since the start of the collaboration, the consortium reckoned the need to set an appropriate management structure to properly deal with the different issues related to intellectual property (IP), likely to arise during the project. This has resulted in a well-thought IP management structure which has the function of ensuring smooth implementation of the project and optimal exploitation of the resulting intangible assets².

The FUPOL consortium consists of 17 partners from 10 EU countries (Austria, Croatia, Cyprus, Germany, Italy, Latvia, Romania, Spain, France and the UK) also including the Chinese city of Yantai. It comprises innovative companies, leading research institutes, high-level political organisations as well as strong pilot partners.

2. Description and goals of the project

The DIRA-GREEN project in fact addresses the specific Powder Metallurgy (PM) market, which is the production from metal powders for a wide range of industrial parts, including gears, bearings, etc. This innovative project aims to achieve challenging results based on x-ray technology for non-destructive inspection and testing applied to the production line in the PM industry.

DIRA-GREEN at the same time aims to increase the competitive advantage of the European PM sector by developing a highly effective non-destructive system to inspect “green parts”³, which would ensure a higher-level quality of PM components and savings in material, time and energy.

The Consortium decided to participate in the Research for the benefit of SMEs programme, since it is expected to provide a breakthrough inspection tool for the PM manufacturing market and further economic motivation in terms of production and distribution licensing of the finished product.

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² The DIRA-GREEN IP management structure can be considered as a best practice in any collaborative research programme, in order to successfully achieve the potential impact of project results. This has been pointed out in a previous fact sheet produced by the European IPR Helpdesk on "How to manage IP in FP7 during and after the project", available in the library.

³ The PM process comprises firstly powder compaction followed by a heating process. “Green Parts” are the powder material generated after powder compaction and before the heating process (sintering). The main drawback of PM is that, following powder compaction (“green part”), porosity and cracks in the microstructure of the generated material may be present. This can lead to unreliable mechanical properties that limit the usefulness of this manufacturing technique. Material porosity does not change during sintering, and therefore it is preferable to determine “green part” porosity to avoid unnecessary sintering, thus saving material, energy, and time. DIRA-GREEN x-ray technology would represent a fast, non-destructive inspection capable of identifying local density defects in sintered materials or “green parts”.

3. IPR Strategy / Management

The DIRA-GREEN management organisation is composed by a Consortium Committee (CC) and an R&D Committee (RDC).

The strategic direction is assigned to the **Consortium Committee**, whose members are SME AGs and End-User SMEs, and which is where issues concerning intellectual property rights (IPR) (e.g. patent filings and fees payment, IP licensing, royalty schemes and the like) are debated and decided by a two-thirds majority.

On the other hand, issues of a technical nature (e.g. analysis and evaluation of innovative technology devices suitable for prospective patent protection) are debated and decided by a two-thirds majority within the **R&D Committee**, whose members are RTD performers and Technical SMEs.

The two committees abide by the obligation of mutually reporting their respective activities and decisions, as well as of exercising a mutual control over them.

The Consortium Committee has specifically appointed an Exploitation Manager, to coordinate and report on the exploitation activities. The Consortium Committee and the Exploitation Manager are therefore collectively responsible for the management of the project foreground and for the development and drafting of the Plan for the Use and Dissemination of Foreground (PUDF).

The Consortium Committee furthermore governs the background access rights, starting from their initial definition set out in the Consortium Agreement (CA). In particular, the latter states that Background Access Rights can be extended during the project by the owner, while only the Consortium Committee can permit a party to withdraw any of its background from CA.
The European IPR Helpdesk

This diagram shows how the consortium is shaped and the interrelationships between parties (i.e. SME AGs, RTD performers, End-User SMEs and Technical SMEs between themselves and with the two Committees).

The DIRA-GREEN IPR strategy assumes that the project foreground will be jointly owned by the SME AGs (as defined in the CA), which will provide preferential user rights on the final product to Technical and End-User SMEs and will benefit from the royalty scheme on the final product distribution.

With the agreement of the Consortium Committee, the SME AGs nevertheless maintain some flexibility in setting alternative routes to marketing the projects results in order to guarantee the optimal implementation of the exploitation plan, by the possibility of issuing additional or complementary licences to qualified industrial players or marketers.

The details of the joint ownership management will be deployed during the project in the Plan for the Use and Dissemination of Foreground, and finalised in the final Exploitation Agreement developed by the Exploitation Manager.
4. Planned outcome

« During the proposal preparation, we have extensively debated the business case and the benefit for the SMEs and the SME associations », Mr Giuseppe Rotondo, engineer at the Italian SME “ALTA Lab” said.

« In particular we have highlighted the need for the Technical SMEs to make an investment, to bring the prototype demonstrator to a finished product, and we have agreed on allowing return on investment through a seven-year long production licensing, while the SME associations will retain the Intellectual Property (IP) ownership and will receive their compensation from a royalty scheme.

So our desired outcome as Technical SME is to obtain from the project a successful demonstrator with market potential, to provide engineering to an industrialised product, and to get a return on investment from prospective production and sales to the extended market of manufacturers in the PM industry.

The desired outcome for other partners such as End-User SMEs is to get pre-market access to the DIRA-GREEN system, by receiving initial systems at a discounted price for five years after market introduction.

These desired outcomes will be debated and frozen in the final Exploitation Agreement, which will contain among others conditions all the applicable clauses for IP management and for the grant of licensing rights to the licensee SME partners», he underlined.

ALTA Lab S.r.l.

In DIRA-GREEN the Alta Lab role is Technical SME. It is a role distinguished from End-User SMEs, which are industrial PM manufacturing companies supporting project specification and validation.

As Technical SME, Alta Lab supports the technical specifications concerning the X-ray technology, and the related development and prototype testing and verification.

Giuseppe ROTONDO, Engineer at the Italian SME “ALTA Lab”
5. Advantages to gain from this model management

The DIRA-GREEN IPR management scheme represents a well-articulated and innovative practice, and the consortium is confident that it will show its effectiveness during the project exploitation. For this purpose a dedicated Exploitation Manager has been appointed and is operational.

It is particularly important for the Research for the benefit of SMEs programme to carefully examine the business case, and to try to implement in practice the spirit of the programme, which is recognising the SMEs/SME associations as taking the leading role, and to debate in a timely manner the concept rules for the distribution of the benefits of the project outcome.

This has to be reflected by the Consortium Management structure, and by the IPR management scheme, where the IPR ownership and the preferential/exclusive rights for the exploitation licensing have to be clearly identified and distinguished.
GET IN TOUCH

For comments, suggestions or further information, please contact

European IPR Helpdesk
c/o infeurope S.A.
62, rue Charles Martel
L-2134, Luxembourg

Email: service@iprhelpdesk.eu
Phone: +352 25 22 33 - 333
Fax: +352 25 22 33 – 334

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The European IPR Helpdesk aims at raising awareness of Intellectual Property (IP) and Intellectual Property Rights (IPR) by providing information, direct advice and training on IP and IPR matters to current and potential participants of EU funded projects. In addition, the European IPR Helpdesk provides IP support to EU SMEs negotiating or concluding transnational partnership agreements, especially through the Enterprise Europe Network. All services provided are free of charge.

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