



European IPR Helpdesk

Fact Sheet

How to manage IP in FP7 during the negotiations stage

June 2015¹

Introduction.....	1
1. Content and purpose of the negotiations	3
2. Consortium Agreement	4
3. IP arrangements within the Consortium Agreement	5
3.1. Confidentiality.....	6
3.2. Background	6
3.3. Sideground.....	7
3.4. Ownership, Legal Protection, Use and Dissemination of Foreground	7
3.5. Access Rights.....	9
Useful Resources	10

Introduction

In term of Intellectual Property Rights (IPR) issues, the negotiation stage is extremely important since it gives you the last opportunity to **fine-tune** the details outlined in part B of your **project proposal**². It is important to bear in mind that the well planned management of IP issues is essential for success in the negotiations with the European Commission (EC).

¹ This fact sheet was first published in October 2011, revised in April 2014 and in June 2015.

² See the factsheet on 'How to manage IP in FP7 during the proposal stage', available in the [library](#) of the European IPR Helpdesk.



After the evaluation of the proposal is completed, and the project selected for funding by the EC, the Project Coordinator is invited to start the project **negotiations** with the EC with the purpose of concluding a Grant Agreement. He will then receive a *Negotiation Mandate* from the EC that indicates the maximum EC contribution that the project will receive, the name of the EC project officer(s), and all of the comments made by the review panel within the *Evaluation Summary Report (ESR)*, concerning possible clarifications and changes in the proposed project.

Most certainly, during the negotiations you will be asked to provide more details on how you intend to implement your project and conclude important agreements that will shape your project and partnership.

The aim of the present factsheet is therefore to give guidance on the IP issues which you need to consider during the negotiations phase, which are encompassed in two main agreements needed to be concluded in order to successfully obtain the EU funding for your project.

These documents are:

DOCUMENT	SIGNATURE	PARTIES	CONTENT
Grant Agreement	<i>End of negotiations phase</i>	Beneficiaries and the European Commission	Establishes the rights and obligations of beneficiaries with regard to the EU <i>IP rules are not negotiable</i>
Consortium Agreement	<i>During negotiations phase</i>	Project Coordinator and Other Beneficiaries	Sets out the legal basis for the internal relationship and responsibilities among beneficiaries <i>IP rules need to be agreed upon by partners</i>

1. Content and purpose of the negotiations

The overall purpose of the negotiations is to agree on the scientific-technical details of the project and to collect financial and legal information needed for drafting the **Grant Agreement** (GA). Before beginning the negotiations, applicants are invited to reread the Model GA and its Annexes³. This helps to understand the different IP-related issues that are going to be negotiated, and is important because, prior to the first negotiation contact, the consortium must have completed the first draft of the *Annex I* and any appendices.

At the end of negotiations, when all the information is gathered and accepted by the EC, the GA is drafted and sent to the Project Coordinator for signature.

The core text of the GA establishes various conditions specific to the project, such as the list of participants, its starting date and duration, and the maximum EC contribution. The GA is furthermore divided in Annexes, which differ according to the programme and funding scheme. Commonly, the main Annexes with relevance to IP are the following:

- *Annex I - **Description of Work** (DoW) (made by the Project Coordinator) and **Plan for Use and Dissemination of foreground** (PUDF);*
- *Annex II - General conditions applying to FP7 projects, including the management of Intellectual Property Rights;*
- *Annex III - Conditions applicable to specific FP7 programmes.*

During the negotiations phase you will discuss the content of Annex I. Concerning IP matters, an agreement must be reached with the EC upon the **final DoW** including the **PUDF**. Thereafter, you will have an opportunity to revise your plan for the management of the IPR that will generate from the implementation of your project. However, you are asked to have prepared your strategy already in the proposal stage, so that you must be ready to **negotiate** your plan prior to the first contact with the EC⁴.

Annex II is also relevant in terms of IP since it deals with issues related to ownership, transfer, protection, use and dissemination of the IPR which are generated prior to the project ("*background*") and those generated during the execution of the project ("*foreground*"). However, for certain types of FP7 projects, such as "research for the benefit of SMEs" and Marie Curie Actions,

³ Participants should be extremely familiar with GA and its Annexes. Therefore it is advisable their thorough reading during the proposal stage and before the negotiation.

⁴ For a thorough explanation of the PUDF see the factsheet on 'How to manage IP in FP7 during the proposal stage', available in the [library](#) of the European IPR Helpdesk.

more specific IPR provisions may be found in separate Annexes⁵. However, what needs to be highlighted is that **Annex II and III are non-negotiable** with the EC since they establish the rules on use and dissemination of the IPR applicable to *any* FP7 project.

Besides, before the signature of the GA, the EC requires the consortium to prepare and sign a **Consortium Agreement (CA)**, which is mandatory for the entirety of the FP7 projects, unless it is differently specified in the call for proposal. Even so, in this case the EC is not a party to this agreement and most importantly it does not check its contents. Since the CA is an internal agreement setting out the management guidelines for the consortium partners, you will not need to agree upon the provisions contained therein with the EC.

To sum up, whereas the GA defines the rights and obligations related to the project between beneficiaries and the EC, the CA deals with the rights and obligations **between the beneficiaries themselves** with regard to the execution of the project, specifically those related to the **internal management of IP**. The CA is thus *complementary* to the GA and *preliminary* to its final signature, and IP provisions that are not included therein will fall back to the common regime provided in the GA (some examples are shown later in this document). This is the reason why **it is important that your consortium gives the highest possible priority to completing the internal CA**.

2. Consortium Agreement

The CA is thus envisaged as the instrument to develop and supplement aspects that are specific to your project and that are not fully covered in the GA, in particular issues related to the future use and dissemination of foreground by all the project partners. Even though the CA regulates the internal issues between project partners, it nevertheless finds its boundaries in the GA, not being allowed to contradict or negate the provisions therein provided.

As explained in an earlier factsheet⁶, you could anticipate the content of the CA within the prior *Memorandum of Understanding (MoU)*, another agreement that should be concluded between **participants** at the beginning of the proposal stage.

⁵ Separate model grant agreements, with related Annexes, have been adopted for these programmes. Visit

http://ec.europa.eu/research/participants/portal/desktop/en/funding/reference_docs.html#fp7.

⁶ For a better understanding of the MoU see the factsheet on 'How to manage IP in FP7 during the proposal stage', available in the [library](#) of the European IPR Helpdesk.

Although not exhaustive, the checklist below shows the essential points to be discussed when drafting a CA.

CA checklist

- ✓ *Internal organisation and management of the consortium:*
 - Technical contribution of each party
 - Technical resources made available
 - Production schedule for inter-related tasks and for planning purposes
 - Expected contribution, maximum effort expected
 - Committees – establishment, composition, role and nature, coordination
- ✓ **IP arrangements:**
 - **Confidentiality**
 - **Pre-existing IP**
 - **Use of IP generated parallel to the project**
 - **Ownership/joint ownership of results**
 - **Legal protection of results**
 - **Commercial exploitation of results and any necessary access rights**
- ✓ *Settlement of internal disputes pertaining to the CA:*
 - Penalties for non-compliance with obligations under the agreement
 - Applicable law and the settlement of disputes
 - What to do if not all the contractors sign the EC contract

3. IP arrangements within the Consortium Agreement

Indeed, a comprehensive and well drafted CA will cover the management of all the main IP issues, taking into consideration the specificities of the project and participants in question.

As far as IPR are concerned, a proper CA is expected to cover issues related to dissemination, use and access rights, in addition to the commitments under Annex II (and in some projects Annex III) of the GA.

The basic principle to follow when drafting these IP provisions is to provide a flexible and efficient mechanism to support the co-operation between partners, to guarantee protection and maximum use of foreground as well as to ensure immediate dissemination thereof. A good practice would also entail the shaping of post-project provisions in respect of foreground exploitation after the project end, specifically aimed at defining the management of those IPR which remain in force after the conclusion of the project.

3.1. Confidentiality

Giving effect to an R&D project normally requires exchange of information and ideas which may result in an essential part of foreground elements. Thereafter, you should firstly consider introducing in your CA clauses determining the confidentiality obligations and limits thereof. Such clauses would regulate what information is deemed to be confidential, the procedures agreed upon for the transfer of confidentiality, to whom the confidential information may be divulged and under which conditions, and the time-lapse during which the confidentiality obligations will be in force, including those surviving the duration of the CA.

3.2. Background

The implementation of a research or innovation project may require the use of pre-existing IP, also called **background**⁷, held by one of the participants and resulting from work carried out prior to the agreement. Participants are of course responsible for ensuring the ownership of their background along with the right to grant access to it.

The definition contained in the FP7 Rules for Participation further specifies that background relates to '**information relevant to the project** which is *needed* to implement the project or *needed* to use generated foreground'. Accordingly, it is advisable to agree on the "**need to**" requirement, which is essential to assess the *need* of other consortium partners to access the background for the project implementation and for the use of foreground.

Within the CA therefore, you should firstly create a **positive** and/or **negative list** where envisaging the background to be brought to the project by participants, as well as their wish to exclude access to some specific elements of their background. In order to ensure that the proper implementation of the project would not be hampered by any exclusion, you should however make certain that access to background needed for the purpose of the project is always available to other partners.

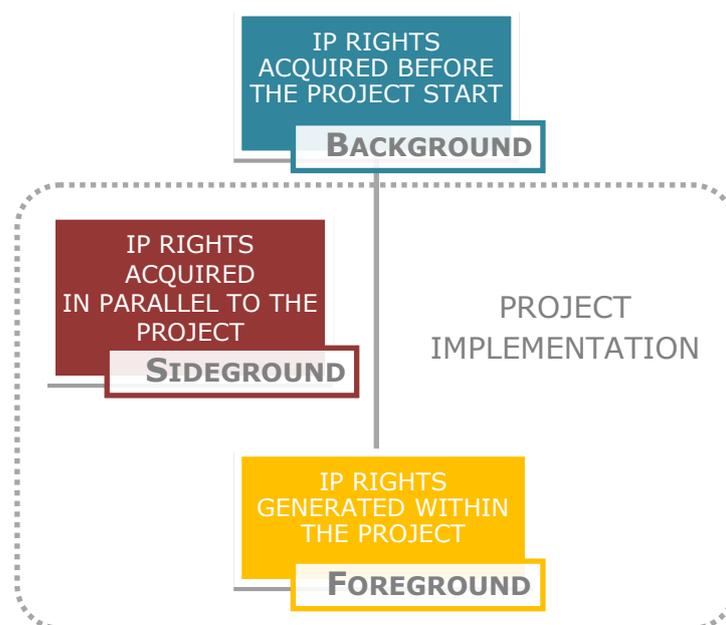
Other conditions or limitations on such access rights might also be included in the CA. A **register of background**, as well as provisions on the ownership of the **improvements** of the latter and possible royalties to be applied (where allowed by the GA, because it is normally royalty-free), are highly recommended to be included.

However, it must be noted that, particularly in connection with access rights to background for the implementation of the project, decisions must be made before the GA, otherwise common rules provided therein will apply.

⁷ See the factsheet on 'Introduction to IP rules in FP7 Projects', available in the [library](#) of the European IPR Helpdesk.

3.3. Sideground

It is very important to also consider that one of the partners may develop or acquire IP *in parallel* to the project work. This is called **sideground** which, contrary to the background, is an intangible generated over the course of the project but not related to it. It can be useful to clearly define in the CA the access rights to sideground and its proper management for the purpose of project implementation, in order to avoid any potential conflict.



3.4 Ownership, Legal Protection, Use and Dissemination of Foreground

As far as **foreground**⁸ is concerned, this is owned by the participant that carries out the work from which it resulted.

3.4.1. Joint ownership

However, such work might have been executed jointly with other partners in a way that the respective shares cannot be ascertained. This is the case of **joint ownership**. Should this occur, the joint owners need to establish a joint ownership agreement within a short time-limit agreed upon from the accomplishment of the result, whereby regulating the allocation and terms of exercise of that joint ownership. It should be borne in mind that if no agreement is reached, the general GA provisions will apply.

The CA is a one-size-fits-all instrument that partners might choose to deal with joint ownership, although separate **joint ownership agreements** could be more appropriate to respond to each specific joint ownership situation.

⁸ See the factsheet on 'Introduction to IP rules in FP7 Projects', available in the [library](#) of the European IPR Helpdesk.

Issues that can be determined within the CA, and on which joint owners are called to agree upon are:

- *some form of territorial division for registering the invention,*
- *some form of division of market for the commercial exploitation,*
- *the setting up of a regime for the protection,*
- *the setting up of a regime for use (e.g. limits and profit sharing)*

3.4.2. Legal protection

The CA should also contain provisions regarding the protection of foreground that is capable of industrial or commercial exploitation. For example, it may be useful to stipulate an **option clause**, which takes into account the legitimate interests of other partners in the event that the owner of the result waives its option to start registration proceeding within the period stipulated in the contract. Provisions on how to deal with future patent applications and non-disclosure of information could also be included in the legal protection part.

3.4.3. Use

If you are participating in a collaborative R&D project funded by the EC, you are required to use the results that you own or ensure that they are **commercially** exploited or used for **further research activity**. The CA then should set out provisions in respect of this obligation. 'Use' might take the form of **direct utilisation**, when foreground owners intend to industrially or commercially exploit the results in personal activities, or **indirect utilisation**, when a transfer of foreground is decided upon and other project partners or third parties exploit the project results, for example, through licences. In the latter case the obligation to use foreground is passed on to the assignees.

Furthermore, 'Use' also includes the utilisation of foreground in further research activities, which are not part of the project. This utilisation outside of any commercial exploitation is crucial for academic beneficiaries.

3.4.4. Dissemination

Within the CA your consortium should also set out the conditions for dissemination of foreground. You must ensure that it is disseminated as **swiftly** as possible while having due regard the other partners' interests, such as **IP rights** and **confidentiality**. It is advisable therefore to include in the CA a provision for conditions for dissemination, whereby other partners will be aware of the procedures to follow before disclosing any information about the project. In the case of publications, for instance, the CA can be a good instrument for including and specifying pragmatic rules regarding the announcement of planned **publications/presentations**. For example: any planned publication shall be

notified to the other partners at least 45 days in advance and the right to object normally expires after 30 days from the notification.

Beneficiaries may modify such provisions contained in the GA and agree within the CA other rules and procedures to follow regarding dissemination of project results: e.g. how to recognise a detrimental publication, how disagreements are dealt with, votes, the management of the notification/objection process, etc.

3.4.5. Transfers of ownership

Within your CA you might also want to regulate the eventuality of any **permanent assignment of the ownership of project results**. This is generally allowed, as long as the obligations regarding that foreground are passed on to the assignee. This means that the assignor must conclude appropriate arrangements to ensure that its contractual obligations with respect to confidentiality, dissemination, use, and the granting of access rights are passed onto the new owner (as well as by the latter to any subsequent assignee).

Furthermore, **prior notice** about the intention to transfer foreground must be given to the other project partners together with sufficient information concerning the future owner so as to permit them to exercise their access rights. Objections may only be raised if such a transfer would adversely affect a project partner's access rights. If such an effect is demonstrated, the intended transfer will not take place until an arrangement has been reached (the mere fact that the foreground concerned would be transferred to a competitor is not in itself a valid reason for an objection).

3.5. Access Rights

Given that FP7 projects are based on collaboration between participants, matters related to access rights are of utmost importance and should be duly addressed in the CA. Access rights are **licences** and **user rights** to foreground, background or sideground given by the owners to other parties (project participants or third parties). The CA is a useful tool in which to clarify, complement and implement the provisions contained in the Rules for Participation and the GA in this regard. Generally the CA may:

- Determine the procedure regarding the **written request for access rights** and attach thereto the acceptance of conditions regarding confidentiality and use for the intended purposes;
- Set out a procedure regarding the possible **waiving of access rights** by written confirmation;
- Set out whether access rights confer the entitlement to **grant sub-licences** (in principle access rights are granted without the right to sub-licence);

- Provide for **more favourable access rights** than those provided for in the GA, whether concerning scope (e.g. including sideground) or concerning entities entitled to request access rights (e.g. affiliates).

As outlined above, in terms of IPR provisions alone, the CA is an important agreement. It is therefore good practice to take the time to go through this document thoroughly, to make sure that it meet the needs of your company and is suitable for an efficient implementation of the project.

A CA may take different legal forms. The choice of the **most suitable form** should be carefully made in accordance with **the needs of your consortium**. To this end, it is highly advisable to **read in advance different Model Consortium Agreements** and **in particular to seek professional advice from an IP legal counsel** to draft your own CA.

Useful Resources

For the preparation of this factsheet, the European IPR Helpdesk had in consideration the "*Guide to Intellectual Property Rules for FP7 Projects*" prepared by the European Commission, as well as the "*Strategic Guide to Successful Use and Dissemination of the Results of Research and Development Projects*".

Sources of Model Consortium Agreement:

- **DESCA** (The Simplified FP7 Model Consortium Agreement), available at: <http://www.desca-2020.eu/archives-and-useful-documents/desca-archives/>
- **EUCAR** (European Council for Automotive R&D)⁹
- **IMG4** (Aerospace and Defence Industries Association of Europe)⁹

Additional model consortium agreements can be found at:

http://webarchive.nationalarchives.gov.uk/20100222165247/http://www.dius.gov.uk/innovation/business_support/lambert_agreements

For further information on the topic please also see:

- Negotiation guidance notes: http://ec.europa.eu/research/participants/data/ref/fp7/89630/negotiation_en.pdf

⁹ EUCAR and IMG4 models originally provided by Eucar and AeroSME are not anymore available at time of the document update.

- Checklist for a Consortium Agreement for FP7 projects: ftp://ftp.cordis.europa.eu/pub/fp7/docs/checklist_en.pdf
- Standard Model Grant Agreement: http://ec.europa.eu/research/participants/portal/desktop/en/funding/reference_docs.html#fp7
- Rules for the Participation in FP7 projects: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:391:0001:0018:EN:PDF>
- Guide to IP Rules for FP7: http://ec.europa.eu/research/participants/data/ref/fp7/89593/ipr_en.pdf
- Strategic Guide to Successful Use and Dissemination of the Results of Research and Development Projects: http://ec.europa.eu/research/sme-techweb/pdf/use_diffuse.pdf#view=fit&pagemode=none

GET IN TOUCH

For comments, suggestions or further information, please contact

European IPR Helpdesk
c/o infeuropa 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



©istockphoto.com/Dave White

ABOUT THE EUROPEAN IPR HELPDESK

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.

Helpline: The Helpline service answers your IP queries within three working days. Please contact us via registration on our website – www.iprhelpdesk.eu – phone or fax.

Website: On our website you can find extensive information and helpful documents on different aspects of IPR and IP management, especially with regard to specific IP questions in the context of EU funded programmes.

Newsletter and Bulletin: Keep track of the latest news on IP and read expert articles and case studies by subscribing to our email newsletter and Bulletin.

Training: We have designed a training catalogue consisting of nine different modules. If you are interested in planning a session with us, simply send us an email at training@iprhelpdesk.eu.

DISCLAIMER

This Fact Sheet has been initially developed under a previous edition of the European IPR Helpdesk (2011-2014). At that time the European IPR Helpdesk operated under a service contract with the European Commission.

From 2015 the European IPR Helpdesk operates as a project receiving funding from the European Union's Horizon 2020 research and innovation programme under Grant Agreement No 641474. It is managed by the European Commission's Executive Agency for Small and Medium-sized Enterprises (EASME), with policy guidance provided by the European Commission's Internal Market, Industry, Entrepreneurship and SMEs Directorate-General.

Even though this Fact Sheet has been developed with the financial support of the EU, the positions expressed are those of the authors and do not necessarily reflect the official opinion of EASME or the European Commission. Neither EASME nor the European Commission nor any person acting on behalf of the EASME or the European Commission is responsible for the use which might be made of this information.

Although the European IPR Helpdesk endeavours to deliver a high level service, no guarantee can be given on the correctness or completeness of the content of this Fact Sheet and neither the European Commission nor the European IPR Helpdesk consortium members are responsible or may be held accountable for any loss suffered as a result of reliance upon the content of this Fact Sheet.

Our complete disclaimer is available at www.iprhelphdesk.eu.

© European Union (2015)