



European IPR Helpdesk

Fact Sheet

How to manage IP in Horizon 2020: grant preparation stage

July 2015¹

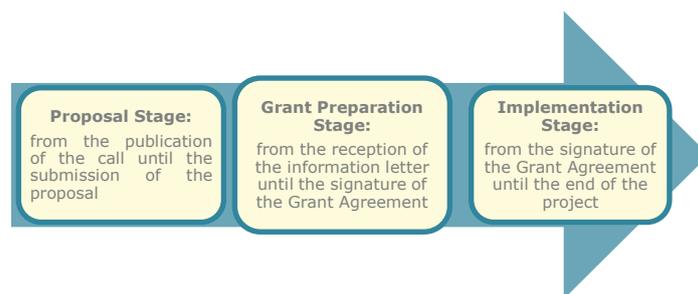
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Introduction

In terms of Intellectual Property Rights (IPR) issues, the grant preparation stage is extremely important since in this phase the main commitments concerning Intellectual Property (IP) are agreed upon between the consortium and the European Commission (EC), and among consortium partners. In fact, before the final signature of the Grant Agreement (GA), consortia have the opportunity to **fine-tune** the details outlined in the project proposal that will be included into Annex 1 to the Grant Agreement (Description of the Action). It is therefore important to bear in mind that IP is essential at the stage of the preparation of

¹ This fact sheet was first published in March 2014 and revised in July 2015.

the proposal and therefore we encourage you to consult our fact sheet on IP management at the proposal stage².



The aim of the present factsheet is therefore to give guidance on the central IP issues which consortia need to consider during the grant preparation stage, which are encompassed in two main agreements underpinning the contractual framework of EU-funded projects: the Grant Agreement (GA) and the Consortium Agreement (CA).

The following table summarises the “when, who and what” implications of the two agreements, as a general point of view.

| DOCUMENT | SIGNATURE <i>WHEN</i> | PARTIES <i>WHO</i> | CONTENT <i>WHAT</i> |
|-----------------------------|----------------------------------|---|--|
| 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 rights and obligations and responsibilities among beneficiaries <i>IP rules need to be agreed upon by partners</i> |

² See the factsheet on ‘How to manage IP in Horizon 2020: at the proposal stage’, available in the [library](#) of the European IPR Helpdesk.

1. Purpose of the grant preparation stage

After the proposal evaluation, the project coordinators receive:

- A non-binding e-message (“information letter”) to give them an early indication of how their proposals fared in the evaluation, and
- An **evaluation summary report (ESR)** (except for successful first stage applicants in a two-stage procedure).

Thereafter, the coordinators of successful proposals are invited to start preparations for the grant. The period existing between the submission of the proposal and the indicative date for the signature of GA is known as “time to grant”³. Generally this phase should last for up to eight months⁴:

1. Five months for informing all applicants on the evaluation; and
2. Three months for the signature of the GA (i.e. the grant preparation stage).

The overall purpose of the grant preparation stage is to refine the scientific and technical details of the project and to agree on them for the final signature of the **Grant Agreement** (GA). Hence, applicants are invited to read again the general model GA in its entirety. In fact this helps to understand the different IP-related issues that are going to be established in the GA⁵.

The general model GA is composed of a core part and 6 Annexes. Commonly, the main parts with relevance for IP are the following:

- *Chapter 4, Section 3 - **Rights and Obligations related to background and results**;*
- *Annex 1 - **Description of the Action** (made by the Project Coordinator) and **Plan for the Exploitation and Dissemination of the results**⁶;*
- *Annex 2 - Estimated budget for the action, including the management of IPR.*

However, 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 Horizon 2020 funding schemes, unless it is differently specified in the work programme or work plan or the call for proposal. The EC is not a party to this agreement and most importantly it does not check its content. Since the CA is an internal agreement setting out the management guidelines for the

³ *Time to grant* is regulated under article 20 of the Rules for Participation and Dissemination in Horizon 2020, available on the [Participant portal](#).

⁴ The granting process has been speeded up. There are no more negotiations as each proposal is evaluated “as it is” and no longer as “what could be”.

⁵ In Horizon 2020 there are as many different model GAs as specific funding schemes foreseen.

⁶ The European IPR Helpdesk has published a fact sheet on the Plan for the Exploitation and Dissemination of results available in our online [library](#).

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.

Costs related to drafting the consortium agreement are not eligible because the consortium agreement should be signed before the project starts. However, costs related to updating the consortium agreement are eligible when incurred during the project.

1.1. Consortium Agreement

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

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

CA checklist

- ✓ *Internal organisation and management of the consortium:*
 - Technical contribution of, and resources made available by, each party
 - 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**
 - **Background list**
 - **Use of IP generated parallel to the project**
 - **Ownership / Joint ownership of results**
 - **Legal protection of results**
 - **Exploitation of results and Access Rights**
- ✓ *Settlement of internal disputes, pertaining to the CA:*
 - Penalties for non-compliance with obligations under the agreement
 - Applicable law and dispute resolution mechanisms
 - Survival and invalidities

2. IP arrangements within the Consortium Agreement

A comprehensive and clear consortium agreement on IPR developed before the R&D project and during the project is a cornerstone of a successful market-oriented exploitation. Accordingly, a proper CA will cover issues related to exploitation, dissemination and access rights about project results, additional to the commitments under Annex 1 of the GA.

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

2.1. Knowledge management bodies

As soon as the EC informs the coordinators about the successful evaluation of the proposal, consortia should be thinking on how to organise the **management of knowledge** arising throughout the project life, in order to successfully achieve the potential impact of the project.

Depending on the size of the project and the planned exploitation of project results, it is a good practice to appoint an **Exploitation Committee**. Such a committee could be chaired by a competent **exploitation manager**, who may

help the consortium identify and keep a watch for the IP arising from the work carried out. As a mediator or arbitrator, the Exploitation Committee could provide advice and recommendations to the project partners, for example on the most suitable IP strategies. However, the Exploitation Committee role could also be played by the **Project Steering Committee**, which is a managerial body that consortia often need to set up for dealing with all the major project issues. Beside its management duties⁷, this latter committee can take care of IP-related issues and then pursue the exploitation and dissemination of project results.

2.2. Confidentiality

Research and Development projects normally require exchange of information and ideas which may become an essential part of project results. Thereafter, consortia should firstly consider introducing clauses determining the confidentiality obligations and their limits within the CA. 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.

2.3. Background

The implementation of an innovation project requires the use of pre-existing knowledge and IP – **background** – held by one of the participants prior to the accession to the project. Participants are of course responsible for ensuring the ownership of their background together with the right to grant access to it.

The definition contained in the Horizon 2020 Rules for Participation (RfP) further specifies that background relates to '**any data, know-how or information needed** for carrying out the action or for exploiting the results of the action'. Accordingly, it is advisable to agree on the "**need to**" requirement, essential to assess the condition for other consortium partners to access the background for project implementation and for the exploitation of the results.

Thus, within the CA project partners have the obligation⁸ to create a **positive** and/or **negative list** when deciding on the background to be brought to the project, 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, background owners should however make certain that access to their data, know-how or information needed for the purpose of the project is always available to other partners.

⁷ Some of them are: approving the project charter, objectives, scope, and timeline, allocating resources to the project, providing external inputs, assessing progress against timing, deliverables, and budget, reviewing project budget and schedule, etc.

⁸ According to article 45 of the Rules for Participation, "*Participants shall identify the background for their action in any manner in a written agreement.*"

Other conditions or limitations on 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 applied⁹, are highly recommended to be included.

However, it should 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.

2.4. 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 tangible or intangible generated over the course of the project but not related to it. Although not foreseen within the RfP and not required by the general GA, it can be useful to define in the CA access rights to sideground and its proper management for the purpose of project implementation, in order to avoid any potential conflict.



2.5. Ownership, protection, exploitation and dissemination of project results

The general principle in Horizon 2020 is that results are owned by the participant that carries out the work from which they resulted.

2.5.1. 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

⁹ Where allowed by the GA, because it is normally royalty-free.

exercise of that joint ownership. It should be borne in mind that if no agreement is reached, the general GA provisions will apply¹⁰.

The CA is a one-size-fits-all instrument that partners might choose to use to deal with joint ownership, although separate **joint ownership agreements** are considered more appropriate to respond to each specific joint ownership situation¹¹.

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

- *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 exploitation (e.g. limits and profit sharing)*

2.5.2. Protection of results

The CA should also contain provisions regarding the protection of results 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 concerned owner of the result waives its option to file registration within a certain period, stipulated in the contract. Provisions on how to deal with future patent applications and non-disclosure of confidential information could also be integrated here.

2.5.3. Exploitation of results

Participants in Horizon 2020 have an obligation to exploit the results they own – directly or to have them exploited by third parties – indirect exploitation, in particular through the transfer and licensing of results¹².

The CA should therefore set out provisions in respect to this obligation, and explicitly state when owners intend to industrially or commercially exploit the results in personal activities, or when a transfer of results is decided upon and other project partners or third parties will exploit them.

More precisely, in the four years following the end of the project, beneficiaries should take measures aiming to ensure **“exploitation”** of their results by:

¹⁰ The default regime provided by the general model GA is regulated under Section 4, Subsection 3, [Article 26.2](#).

¹¹ To have a thorough understanding of joint ownership settlements it is suggested that you read the European IPR Helpdesk fact sheet on “IP joint ownership” available in the [library](#).

¹² For a more comprehensive overview on converting the knowledge resulting from publicly funded research activities into socio-economic benefits, see the European IPR Helpdesk fact sheet on “Exploitation channels for public research results”, available in the [library](#).

- Using them in further research activities (outside the action);
- Developing, creating or marketing a products or processes;
- Creating and providing a services, or
- Using them in standardisation activities¹³.

2.5.4. Dissemination of results

Within the CA, consortia should also foresee the conditions for dissemination of results. As a first point, the dissemination should be ensured through appropriate means – including in scientific publications within the time limits normally set out in the GA.

A major new aspect of Horizon 2020 regarding dissemination activities is the obligation for beneficiaries to ensure **open access** (free of charge, online access for any user) **to all peer-reviewed scientific publications** relating to their project results¹⁴.

Consortia must ensure that dissemination is carried out **as soon as possible** having due regard the other partners' interests. It should be born in mind in fact that dissemination activities do not change the **obligation to protect results**, the **confidentiality obligations**, the security obligations or the obligations to protect personal data.

It is advisable therefore to include in the CA 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**.

As an example, according to the general model GA 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 convene within the CA other rules and procedure to follow where it comes to disseminating project results: i.e. how to recognise a detrimental publication, how

¹³ In addition, beneficiaries must comply with the additional exploitation obligations set out in Annex 1 of their GA, within the same time limits.

¹⁴ This requirement is optional insofar as **open access to research data** is concerned. On the importance and ratio of the open access model in EU funded projects read Spichtinger, D., "Open access in the European Research Area: FP7 and Horizon 2020", European IPR Helpdesk Bulletin, N°11, October - December 2013, available in the [library](#).

The European Commission has published a **fact sheet** and **guidelines** on Open Access to Scientific Publications and Research Data in Horizon 2020, that can be downloaded at https://ec.europa.eu/programmes/horizon2020/sites/horizon2020/files/FactSheet_Open_Access.pdf and http://ec.europa.eu/research/participants/data/ref/h2020/grants_manual/hi/oa_pilot/h2020-hi-oa-pilot-guide_en.pdf.

disagreements are dealt with, votes, the management of the notification/objection process, etc.

2.5.5. Transfers of ownership of results

Within the CA, consortia might also want to regulate the **assignment of the ownership of project results**. This is generally allowed, as long as the obligations regarding that result are passed on to the transferee. This means that the assignor must conclude appropriate arrangements to ensure that its contractual obligations with respect to confidentiality, dissemination, exploitation, 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 results must be given to the other project partners together with sufficient information concerning the future owner, to permit them to evaluate the need to exercise their access rights. As a result, **objections** may be raised if such transfer would adversely affect project partners' 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 result concerned would be transferred to a competitor is not in itself a valid reason for an objection).

The rights to prior notice and to object may also be waived by participants within the CA.

2.6. Access Rights

Given that Horizon 2020 projects are based on collaboration between participants, matters related to access rights should be duly addressed in the CA. Access rights are **licences** and **user rights** to results, background or sideground given by the owners to other parties (project participants or third parties). The CA is a useful tool to clarify, complete and implement the provisions contained in the RfP and the GA with 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-license);
- Provide for **more favourable access rights** than those foreseen in the GA, whether concerning scope (e.g. including sideground) or concerning entities entitled to request access rights (e.g. affiliates).

2.7. Arrangements for settling internal disputes

Considering the very international nature of Horizon 2020 projects, the issue related to the choice of jurisdictions competent to decide the breach of contractual obligations is of fundamental importance. While the GA establishes the rules for the handling of any dispute between the EU and beneficiaries¹⁵, the CA is an appropriate instrument to define the **applicable law and jurisdiction** in case of **consortium disputes**. It is worth noting that the law applicable to the contract with the EC is usually the Belgian one. Since the provisions contained in the CA are complementary to those in the GA, and must comply with them, in order to ensure a conformant interpretation of both it is advisable to choose Belgian law, with jurisdiction in Brussels. Another suitable choice would be to select the law of the country where the majority of work is carried out. However when negotiating the selection of the forum, consortia should indicate the jurisdictions that can ensure the highest degree of impartiality as well as the highest standards of protection and efficiency.

Consortia should also consider including clauses providing mechanisms which are an alternative to the court proceedings, namely the **alternative dispute resolution (ADR) procedures**¹⁶. Such mechanisms have the advantage of avoiding the heavy costs of litigation as well as settling the dispute faster and in confidence.

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

The Helpline of the European IPR Helpdesk has a long experience in reviewing consortium agreements. This service is free of charge. Contact the Helpline for further information at service@iprhelphdesk.eu!

¹⁵ Article 57 GA.

¹⁶ For an overview on ADR mechanisms, see Schallnau, J., 'Efficient Resolution of Disputes in Research & Development Collaborations and Related Commercial Agreements', European IPR Helpdesk Bulletin N°4, January - March 2012, available in the [library](#).

Useful Resources

Desca 2020 Model Consortium Agreement:

<http://www.desca-2020.eu/>

Other model consortium agreements can be found at:

<https://www.gov.uk/government/publications/lambert-toolkit-model-consortium-agreements>

For further information please see also:

- Horizon 2020 General Model Grant Agreement:
http://ec.europa.eu/research/participants/data/ref/h2020/mga/gga/h2020-mga-gga-multi_en.pdf
- Rules for Participation and Dissemination in Horizon 2020:
<http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:391:0001:0018:EN:PDF>
- Fact sheet on IP management in Horizon 2020 – project proposal:
<http://www.iprhelppdesk.eu/Fact-Sheet-IP-Management-H2020-Proposal-Stage>
- Fact sheet on “IP joint ownership”: <http://www.iprhelppdesk.eu/Fact-Sheet-IP-Joint-Ownership>
- Fact sheet on “Exploitation channels for public research results”:
<http://www.iprhelppdesk.eu/Fact-Sheet-Exploitation-Channels-for-Public-Research-Results>
- The European Commission fact sheet on Open Access in Horizon 2020:
http://ec.europa.eu/programmes/horizon2020/sites/horizon2020/files/FactSheet_Open_Access.pdf
- EC guidelines on Open Access to Scientific Publications and Research Data in Horizon 2020:
http://ec.europa.eu/research/participants/data/ref/h2020/grants_manual/hi/oa_pilot/h2020-hi-oa-pilot-guide_en.pdf
- Spichtinger, D., “Open access in the European Research Area: FP7 and Horizon 2020”, European IPR Helpdesk Bulletin, N°11, October - December 2013: http://www.iprhelppdesk.eu/bulletin_issue_11
- Schallnau, J., ‘Efficient Resolution of Disputes in Research & Development Collaborations and Related Commercial Agreements’, European IPR Helpdesk Bulletin N°4, January - March 2012:
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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.

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