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Guide to Intellectual Property Rights for FP6 projects

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1. INTRODUCTION

The purpose of this document is to provide an overview of the Intellectual Property Rights (IPR) provisions in the Sixth Framework Programme (FP6) of research and development. It is intended to act as a guide to the various issues and pitfalls that participants may encounter. It also highlights various provisions which may need to be considered extensively before embarking on a project or when entering into consortium agreements.

This information should be considered in conjunction with, in particular, the rules for participation and for dissemination (the "Rules for participation"[1]) and the EC Model Contract[2] for the implementation of the Sixth Framework Programme ("model contract"), as well as other sources of official information, which prevail over any statement or data contained in the present guidelines.

The glossary includes definitions of a number of common terms used throughout the model contract.

2. PARTICIPANTS AND CONTRACTORS

A "participant" is an individual or an independent legal entity taking part in an indirect action (i.e. an FP6 RTD project undertaken by one or more participants) and, accordingly, having the rights and obligations defined by the contract entered into with the European Commission, on behalf of the European Community, and the other participants. The term participant is used in the Rules for participation but once a contract is signed with the European Community a participant is referred to as a "contractor". Therefore, the terms "contractor" and "participant" may be used interchangeably.

In most cases, participants are companies or organisations such as universities, research centres etc. However, only a legal entity can become a contractor, therefore a department (or faculty, etc) which does not have legal personality cannot be a contractor. The contractor is the legal entity to which the department belongs.

Even after a contractor leaves the project it continues to be bound by certain obligations established by the contract. In this case, the remaining contractors cannot claim access rights to any NEW information obtained by a former contractor outside of the frame of the project. However, access rights continue after termination of the participation of a contractor for its results generated under the project and its pre-existing know-how that are necessary for the other contractors to carry the project or for use purposes (in accordance with the terms of the contract).
(See Article II.35.3 of Annex II to the EC Model Contract or Article 27 of the Rules for participation.)

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[1] Regulation 2321/2002 of 16 Dec. 2002 of the European Parliament and of the Council concerning the participation of undertakings, research centres and universities and for the dissemination of research results for the implementation of the European Community framework programme (2002-2006) or the Regulation 2322/2002 of 5 Nov. 2002 of the Council concerning the participation of undertakings for the implementation of the European Atomic Energy Community (Euratom) framework programme (2002-2006).

[2] The EC Model Contract and other Official sources of useful information may be found on the model contract web site at: http://europa.eu.int/comm/research/fp6/working-groups/model-contract/index_en.html or on the Cordis web-site at: http://www.cordis.lu/fp6/find-doc.htm.

The FP6 IPR provisions do not distinguish between different categories of contractors, unlike those established under the Fifth Framework Programme ("principal contractors" and "assistant contractors" – with differentiated access rights and obligations) which no longer exist. In addition, in the specific actions for SMEs - cooperative and collective research projects - RTD Performers are now contractors and not subcontractors.

3. KNOWLEDGE AND PRE-EXISTING KNOW-HOW

As was the case under FP5, "Knowledge"[3] means the results of an FP6 project (knowledge is sometimes informally referred to as "foreground"). For Networks of Excellence, the IPR provisions apply to any work carried out in the context of the "joint programme of activities". However "knowledge" does not extend to any information developed by the members of a Network of Excellence outside of the "joint programme of activities".

"Pre-existing know-how"[4] relates to information (and rights attached thereto) developed prior to the conclusion of the EC contract, be it covered by Intellectual Property Rights or secrecy or undertakings as to confidentiality. The fact that contractors are legal entities is important when considering the scope of pre-existing know-how. Indeed, if a specific department of a university or company participates in a project, the pre-existing know-how will be that of the whole university or company (whichever is the contractor), not just that of the specific department. However, there are a number of safeguards in the Rules for participation and the EC contract to ensure that only those access rights which other contractors really need in the context of the project can be requested by them. This is explained in more detail in the section on access rights.

"Pre-existing know-how" also includes information obtained during the project but outside its scope, i.e. in parallel to it. This kind of pre-existing know-how is informally referred to as "side-ground". In some cases the same pre-existing know-how may be considered by some contractors as "background" and by others as "side-ground", depending on the dates on which they joined the project and the date when the pre-existing know-how was generated. However, in both cases it is pre-existing know-how and falls under the provisions relating to such in the EC contract and Rules for participation.

4. OWNERSHIP (ART. II.32 OF ANNEX II TO THE EC MODEL CONTRACT)

Contractors have certain obligations under the EC model contract with regard to the protection, use and access rights that is required for knowledge. To this extent they must reach agreement with their staff over the ownership of results, and these must be compatible with obligations of the model contract.

Ownership of pre-existing know-how is not affected by participation in the EC-funded project, but some access rights may have to be granted to the other contractors in the same project on a need-to-know basis, unless the specific pre-existing know-how is explicitly excluded before the signature of the contract or when a new contractor joins the project.

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[3] The definition is in Article 2.21 of the Rules for participation and in Article II.1.14 of Annex II to the EC model contract.

[4] The definition is in Article 2.21 of the Rules for participation and in Article II.1.18 of Annex II to the EC model contract.

As with FP5, knowledge resulting from the project belongs to the contractor who generated it. If knowledge is generated jointly (i.e. the separate parts of the knowledge cannot be distinguished), it will be jointly owned, unless the contractors concerned agree on a different solution (see "co-ownership" below).

Contractors must ensure that, where necessary, they reach an agreement with their staff and collaborators[5] over the ownership of results generated by them in the context of the project in order for the contractor to meet its obligations as set out in the Rules for participation and the EC contract (for example the provision of access rights to other contractors to knowledge - see Article II.35.1.a of Annex II to the EC Model Contract).

In order to prove ownership (as well as the conception date of any invention), it is strongly recommended that all contractors maintain laboratory workbooks, in accordance with proper standards.

4.1 Joint ownership

Joint owners have to agree among themselves on the allocation and the terms of exercising the ownership of the knowledge.

Joint ownership arises in two specific cases:

- where two or more contractors have jointly carried out work generating the knowledge, and their respective share of the work cannot be ascertained (see Article 21.3 of the Rules for participation and Article II.32.2 of Annex II to the EC Model Contract); and,

- in the SME specific actions of co-operative or collective research actions (see Article 21.4 of the Rules for participation and Article III.5 of Annex III to the EC Model Contract for SME specific actions).

Joint owners have to agree among themselves on the allocation and the terms of exercising the ownership of the knowledge. As far as allocation is concerned, the joint owners may agree, for instance, that patent applications will be filed and maintained by only one of them (possibly subject to appropriate licensing rules or other provisions). With respect to the terms of exercising the ownership, it is highly advisable that the contractors concerned enter into specific co-ownership arrangements governing management issues, such as the sharing of the costs arising from legal protection procedures (patent filing and examination fees, renewal fees, prior state of the art searches…). Such co-ownership arrangements should take into account the different national co-ownership regimes to avoid their potential pitfalls[6]. Provisions can be included in a consortium agreement between all contractors in the project, or they may be the subject of more specific arrangements limited to the joint owners concerned.

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[5] The rights of doctoral students and other "non-employees" such as subcontractors should also be considered when agreeing terms of ownership.

[6] For example, care should be taken when considering employees' rights, moral rights, etc as these may differ significantly from country to country.

4.2 Transfer of ownership

Transfers of ownership are allowed, though at least 60 days notification must be given to the Commission and other contractors, during which time they have the right to object.

Transfers of ownership are allowed (see Articles II.32.4 and II.32.5 of Annex II to the EC Model Contract), but at least 60 days formal notification of the proposed assignment must be given to the other participants and to the Commission. The Commission or other contractors may then object to the transfer within 30 days of the notification.

Objections by the other contractors may only be raised if such a transfer would adversely affect their access rights. The Commission can object on the grounds that the transfer would be inconsistent with ethical principles or contrary to the Community's interest of developing the competitiveness of the knowledge-based European economy or inconsistent with the ethical principles[7].

When ownership is transferred, the assignor must take the appropriate steps and conclude the appropriate arrangements to ensure that its contractual obligations with respect to dissemination, use, and the granting of access rights under the EC contract (Article II.32.3 of Annex II to the EC Model Contract) are passed on to the new owner (the "assignee").

Transfer of ownership of knowledge can take place explicitly ("intended" transfer) but also in the context of a take-over, the merger of two companies or similar cases. IPR-related obligations under the contract will also have to be transferred in those cases, and the same provisions of the EC contract apply in such cases.

It is not possible to automatically transfer ownership of all knowledge relating to <u>different</u> RTD projects under the terms of the EC Model Contract. This holds true even if the other contractors have already agreed to such automatic transfers by means of a consortium agreement, and have waived their right to be informed of each specific transfer, because the Commission always has the right to review such transfers as well.

5. PROTECTION OF KNOWLEDGE (ARTICLE II.33 OF ANNEX II TO THE EC MODEL CONTRACT)

Where knowledge is capable of industrial or commercial application, it must be protected. Registered Intellectual Property protection is not mandatory in all cases, though the decision to not protect knowledge must be made in consultation with the other contractors.

Where knowledge is capable of industrial or commercial application, it must be protected in conformity with the relevant legal provisions, the contract and the consortium agreement and having due regard to the legitimate interests of the participants concerned. This means that Intellectual Property protection is not mandatory in all cases but strongly recommended where it is possible to do so. There are indeed situations where journal publication or other means of putting knowledge in the public domain may constitute appropriate alternatives, taking into account the specificity of the project, the nature of the results concerned (e.g. certain fundamental research results) and the interests of the contractors. In other cases, it might prove advisable to

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[7] Separate guidance on interpreting "not in accordance with the dynamic knowledge-based European economy" and "inconsistent with ethical principles" were issued on the 19 Jan 2004, for more information see: http://europa.eu.int/comm/research/fp6/working-groups/model-contract/pdf/fp6-guideaccessright19jan04_en.pdf

postpone the filing of a patent application, for instance, to allow further development of the invention while avoiding the negative consequences associated with premature filing (earlier priority and filing dates, possible rejection due to lack of support / industrial applicability, etc). Although a contractor does not have to formally consult the other contractors before deciding to protect a specific piece of knowledge it generated, they should be informed when no protection is envisaged. One of the other contractors may consider it worthwhile protecting this piece of knowledge, rather than leaving it unprotected and available for use by competitors. These issues should be covered in detail within the consortium agreement or within specific separate arrangements.

If valuable knowledge has not been protected by its owner and its protection is required by the contract, the Commission may protect it on its own behalf, with the agreement of the concerned contractor(s) (Article II.33.2 of Annex II to the EC Model Contract). This provision also applies when some knowledge was protected by the contractor but the owner considers abandoning the protection (e.g. by not paying the official fees for a patent application), and when protection was applied for in a first country ("priority application"), but the owner does not consider extending the protection to foreign countries before the end of the priority period. In such cases, the Commission must be informed in advance, so as to be able to take appropriate measures if it considers it useful. Therefore, specific prior notice periods (at least 45 days prior to the corresponding deadline) are foreseen in Article II.33.2 of Annex II to the EC Model Contract.

5.1 Publication and dissemination

Publication of knowledge (including web-pages) should be delayed until agreement about its possible protection has been reached.

Publications relating to a specific piece of knowledge should be avoided or delayed as long as no clear decision has been made about its possible legal protection, in order to avoid making the knowledge part of the state of the art (and thus un-patentable). Indeed if a project results in the discovery of something that could be protected by IPRs, it is important to keep it confidential, and the contractor should keep accurate records of the discovery (i.e. who discovered what and when). Any disclosure, even to a single person which is not bound by secrecy or confidentiality obligations (typically someone from a different company or organisation outside the consortium), prior to filing for protection, can be considered as constituting a disclosure detrimental to patentability, be it by written, oral or electronic means (including e-mail). It is recommended that confidentiality obligations be covered in the consortium agreement.

However, it can be a valid decision not to protect a specific piece of knowledge, if this is a conscious choice and the conditions of the contract are met (see Article II.33.3 of Annex II to the EC Model Contract). A typical example would be when the knowledge is not capable of industrial or commercial applicability.

The Commission and other contractors must be given prior notice in writing of any planned publications (which includes new web-pages divulging any results attained). Should the Commission or any other contractor request details within 30 days of receipt of the notification, a copy of the intended publications must be sent to them within 30 days after receipt of their request. The requesting party will then have a further 30 days from receipt of the data to object if they consider the publication could adversely affect the protection of their knowledge (Article 33.3 of Annex II to the EC Model Contract). As far as dissemination activities other than publication are concerned (e.g. conferences, seminars, workshops), the relevant provisions of the EC Model Contract (Article 34 of Annex II to the EC Model Contract) require that a balance be reached between the benefits of ensuring swift dissemination (for instance to avoid duplication of

research efforts and to create synergy between projects) and the need to safeguard intellectual property rights, confidentiality and the legitimate commercial interests of the contractors concerned. Where dissemination does not adversely affect such protection and use, there is an obligation to disseminate the knowledge within 2 years after the end of the project. Should the contractors fail to do so, the Commission may disseminate the knowledge.

5.2 SMEs specific actions

A contractor may publish or allow the publication of data, on whatever medium, not only concerning knowledge that it owns but also knowledge it generated under work carried out within the project, provided that this does not affect the protection of that knowledge (see Article III.6 of Annex III to the EC Model Contract for SME specific actions[8]). This permits RTD Performers (and in certain cases the SMEs contractors in a collective research project or the other enterprise or end user in a cooperative research project) who do not own the knowledge but have generated it to publish it or allow its publication.

6. ACCESS RIGHTS – GENERAL PRINCIPLES (ARTICLE II.35 OF ANNEX II TO THE EC MODEL CONTRACT)

The EC contract's provisions relating to access rights constitute "minimal" provisions that cannot be set aside or restricted further but can be made more favourable and detailed (e.g. in a consortium agreement).

For instance, the contractors could agree that access rights to pre-existing know-how for use purposes would be granted on non-discriminatory conditions as far as the pre-existing know-how generated after the signature of the contract is concerned ("side-ground"), but on a royalty-free basis as far as the pre-existing know-how generated before the starting date is concerned ("background").

6.1 Exclusion of specific pre-existing know-how

Contractors can exclude specific pre-existing know-how from the obligation to grant access rights to other contractors but this must be done with the other contractors' consent, and in writing, and before the contractor concerned accedes to the EC contract. Consent may be withheld only if contractors demonstrate that the implementation of the project or their legitimate interests will be significantly impaired by such an exclusion.

If a new contractor joins the project, the original contractors will have a new opportunity to exclude pre-existing know-how.

One of the major changes in the IPR provisions for FP6 is the possibility for a contractor to explicitly exclude specific pre-existing know-how from its obligation to grant access rights to the other contractors (Article II.35.1.d of Annex II to the EC Model Contract). Any pre-existing know-how that is to be excluded should be defined in such a way that it is sufficiently clear to avoid uncertainty, yet broad enough to avoid detrimental disclosure (example: "proprietary know-how relating to the manufacture of X according to the process Z").

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[8] This article replaces the first sentence of Article II.33.3 of Annex II to the EC Model Contract and is in conformity with Article 22.3 of the Rules for Participation

To ensure legal certainty and transparency, thereby allowing better assessment of the benefits and burdens of launching the envisaged collaboration under the project, such exclusions must be agreed in writing, between all participants, before the participant concerned signs the EC contract or, where applicable, before a new contractor joins the project.

Usually, this will take place before the start of the project; for instance, this exclusion may be mentioned in the consortium agreement, if it is prepared and entered into before the official contract is signed[9]. It is also possible to resort to a separate agreement, which may be safer if it is not sure whether a consortium agreement will actually be finalised and signed before the EC contract is signed.

If a contractor joins the project after it has started, the original contractors will have a new opportunity to exclude pre-existing know-how before the new contractor signs the EC contract. This possibility is especially important for the new Framework Programme instruments (Integrated Projects and Networks of Excellence), where it is more likely that additional contractors may join the project at a later stage.

Article II.35.1.d of Annex II to the EC contract provides that "the other contractors may only withhold their agreement if they demonstrate that implementation of the project or their legitimate interests will be significantly impaired thereby".

It is the responsibility of all contractors to ensure that such exclusions will not hamper the proper execution of the project. If a contractor requests that pre-existing know-how is excluded to such an extent that this would significantly affect the execution of the project, then a solution between the contractors must be found. If no such solution is forthcoming, the other contractors can withhold their agreement to the exclusion, if they are able to demonstrate that implementation of the project or their “legitimate interests” would be significantly impaired thereby.

“Legitimate interests” can vary from contractor to contractor and from project to project and, therefore, need to be assessed on a case-by-case basis. Most notably, they include the commercial interests of a contractor. This provision puts the burden of justification on the contractors who want to object to the proposed exclusion.

For example, contractor X could possibly invoke “legitimate interests” for refusing to grant specific access rights to contractor Z, which is a competitor of X, and which is going to join the project after X leaves it. However, both the interests of the project itself, of the contractor holding the “pre-existing know-how” and of the other contractors have to be taken into account in a balanced way.

It should be noted that access to another contractor’s knowledge must be requested and is only granted if the requesting contractor needs access in order to carry out the project or to use its own knowledge. Unlike under FP5, in FP6 there is no right of all contractors to use all the knowledge generated by the project.

Access rights across projects

In FP5, it was possible (in specific circumstances) for a contractor to request access rights from a contractor in a different project within the same Specific Programme (*there was a right to refuse access but with very limited application*). In FP6, the possibility no longer exists.

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[9] A consortium agreement is obligatory in all projects under FP6 unless specifically exempted by the call for proposals. For NoE, IP and SME specific actions it is always mandatory.

6.2 Access rights – Possible objection by the Commission

The Commission has a right to object to the granting of access rights to third parties if this could be detrimental to European competitiveness or inconsistent with ethical principles.

The Commission has a right to object to the granting of access rights to third parties if this could be detrimental to European competitiveness or inconsistent with ethical principles.

Contractors are obliged to notify the Commission where "…any potential grant of access rights is not in accordance with these interests…" (See Article II.35.1.b of Annex II in the EC Model Contract). The Commission might also become aware of such cases via the regular reporting procedures or via information by other participants.

Furthermore, it is not possible to automatically grant access rights to all knowledge generated by different RTD projects under the terms of the EC Model Contract. This holds true even if the other contractors have already agreed to such automatic access rights by means of a consortium agreement, because the Commission reserves the right to object to such a grant in certain cases.

It should be noted that other participants do not have a formal right to object to the granting of access rights.

6.3 Access rights for carrying out the project

Access rights may be requested by any contractor if it needs them for carrying out its own work under the project, until the end of the project (Article II.35.2.a of Annex II to the Model Contract).

Access rights may be requested by any contractor if it needs them for carrying out its own work under the project, until the end of the project (Article II.35.2.a of Annex II to the Model Contract).

A contractor can request access to another contractor's pre-existing know-how or knowledge if it needs them for carrying out its own work under the project, as defined in the description of work in Annex I (the "technical annex") to the EC Contract. Such access rights do not extend to all pre-existing know-how of that contractor, but only to that part which is relevant to the project.

These access rights may be requested until the end of the project, even from a contractor who left the project before its end (see Article II.35.2.b of Annex II to the EC Model Contract). Additional access rights (on more "favourable" terms) may be agreed between the concerned contractors (see Article II.35.1.a of Annex II to the EC Model Contract).

Access rights to "Pre-existing know-how" will be granted on a royalty-free basis "unless otherwise agreed before signature of the contract". The particular terms and conditions attached to the granting of such access rights may be negotiated when and as appropriate. However, it is advisable to avoid leaving all terms and conditions totally open so as to avoid unforeseen circumstances arising later. It is highly recommended to cover these aspects in the consortium agreement. They may also be the subject of more specific arrangements between the contractors concerned.

6.4 Access rights for use purposes

Access rights for use purposes may be requested by a contractor only if it needs them for using its own knowledge resulting from the project (Article II.35.3 of Annex II to the Model Contract).

Access rights for use purposes may be requested by a contractor only if it needs them for using its own knowledge resulting from the project (Article II.35.3 of Annex II to the Model Contract).

"Use" means both for exploitation purposes and for further research purposes (see Article II.1.30 of Annex II to the EC Model Contract). Exploitation may be either "direct" (e.g. in

manufacturing activities) or “indirect” (e.g. by granting licenses to third parties). A significant change from FP5 is that under FP6 access rights for use purposes may be requested by a contractor only if it needs them for using its own knowledge resulting from the project (or for carrying out the project). In all other situations, appropriate access rights must be freely negotiated, but do not have to be granted.

Additional access rights (on more "generous" grounds) may be agreed between the concerned contractors (Article II.35.1.a of Annex II to the Model Contract).

Contractors which remain in the project to its end can request such access rights, and may be requested to grant such access rights, until 2 years after the end of the project, unless the contractors agree on a longer period.

Any contractor leaving a project before its end may request – and may be requested to provide – such access rights until 2 years after the date that their participation in the project ended, unless the contractors agree on a longer period.

6.5 Exclusivity

The owner of knowledge can be considered to enjoy quasi-exclusive rights to it, except for the obligations to provide access.

Exclusivity provisions are not necessary in FP6 since the access rights for use purposes have been restricted compared to FP5.

Under FP5, all contractors in a project enjoyed access rights for use purposes to all knowledge generated within the project. Exclusive access rights could be granted, although under very specific circumstances (cf. Rules for participation, Article 14 of the General Conditions of the FP5 Model Contract).

Under FP6, however, a contractor enjoys access rights for use purposes only if it needs such rights for using his own knowledge. Therefore, taking account of this exception, the owner of a piece of knowledge can be considered to enjoy quasi-exclusive rights to it.

The IPR provisions for FP6 allow a contractor to grant a license to a single third party, i.e. to grant a "quasi-exclusive" license. The only restriction is that said contractor must also grant access rights to any other contractor which fulfils the contractual conditions for access.

In addition, if contractor X owns knowledge that can be applied in different fields, it might be argued that contractor Y is entitled to claim (obligatory) access rights only in the field of application targeted in the execution of the project and contractor Y’s expected use of knowledge in that field. According to this interpretation, the granting of access rights in a different field of application might be refused by X, and X would then entitled to grant exclusive licences to that knowledge for use in a different field of application to a third party. However, this should be considered on a case-by-case basis.

6.6 Sublicensing

The right to sublicense is not covered by access rights (including to parent/affiliate companies which are third parties to the EC contract), and terms and conditions must be agreed separately with the primary owner of the knowledge or pre-existing know-how at issue.

In principle, the grant of access rights does not include the right to sublicense except otherwise agreed. The terms and conditions of sublicensing that is included with the access rights must be agreed separately with the primary owner of the knowledge or pre-existing know-how (Article II.35.1.e of Annex II to the EC Model Contract). This is to reduce legal uncertainty as much as possible for the contractors. Indeed, if sublicensing was freely allowed, this would imply that access rights to the pre-existing know-how and knowledge of contractor X could be extended, without its consent, to virtually any company in the world, including X's competitors.

Access rights do not extend to affiliates or parent companies of FP6 contractors who are third parties to the EC contract. Such rights have to be explicitly granted by the concerned contactor (owner of the knowledge and/or pre-existing know-how at issue).

Nevertheless, as mentioned in Article 25.4 of the Rules for participation, participants are free to grant permission to sublicense. For example, this can be achieved by specifying the right in a consortium agreement. Indeed, specific conditions can be established, such as sublicensing rights for knowledge but not for pre-existing know-how.

In addition, a special clause allowing sublicensing for software-related inventions is available for inclusion in the EC contract if this is requested by the participants and agreed by the Commission (special clause nr.20).

Furthermore, sublicensing is only an issue if access rights granted by other contractors (to their knowledge or pre-existing know-how) are concerned. There are no rules preventing a contractor to grant access rights to its own knowledge or pre-existing know-how to any affiliate companies, except for those identified in Article II.35.1.b of Annex II to the EC contract, as mentioned in section 6.2 above. As obligatory access rights are much narrower in FP6 than in FP5, this means that the sublicensing prohibition only applies in very narrowly defined situations.

6.7 SME specific actions

In collective and co-operative research actions, knowledge is jointly owned by the SMEs or industrial groupings (Article 21.4 of the Rules for participation and Article III.5 of Annex III to the EC Model Contract for SME specific actions). Here also, co-owners should agree among themselves on the allocation and the terms of exercising the ownership of the knowledge within the consortium agreement or through specific separate arrangements, and may decide that one single SME will be the official owner of some knowledge, with the others sharing in its costs and benefits. (See Section 4.1 which relates to joint ownership)

In addition, specific arrangements may be agreed upon before signature of the contract, e.g. with a view to provide RTD performers (the main researchers/technological developers) with some rights, for example access rights to conduct further research (since RTD performers do not enjoy access rights for use purposes since they do not own any knowledge). Access rights may also be granted to RTD performers on a case-by-case basis during the project. In collective research projects the owners are the enterprise groupings (not the RTD Performers or the SMEs) and in cooperative research projects the owners are the SMEs (not the RTD Performers or the end or other users).

In the specific case of Collective and Cooperative research projects, Article II.35.2 of Annex II to the EC Model Contract is replaced by "*RTD performers shall grant access rights to the other contractors to pre-existing know-how necessary for the execution of the project, on a royalty-free basis*" (Articles III.7 of Annex III to the EC Model Contract for SME specific actions).Therefore, any agreement between the contractors (even if signed before signature of the EC contract)

whereby access to pre-existing know-how is NOT royalty-free is contrary to the terms of the Model Contract.

6.8 Use of third party resources

Where contractors use resources made available from third parties, particular provisions apply. In these cases an agreement must exist between the contractor and third party prior to its contribution to the project, and any resources made available to a contractor by a third party for use in the project must be identified in the Annex I.

These third parties are not the owners of the results generated under the project. The owners of the results are the contractor(s) to whom the resources have been made available. Nevertheless specific arrangements amongst themselves on IPR issues, in particular access rights, could already exist and shall be respected insofar as they are in conformity with the provisions of the contract and do not hamper the performance of the project.

Furthermore, before the start of the project the contractor should inform the other contractors about these arrangements which could affect them. This would be the case, for example, when a prior agreement to grant exclusive access rights to these third parties already exists and thus the contractor who receives the resources is not free to grant access rights to another than this third party.

6.9 A special case: "Joint research units" (JRUs)

A JRU is a structure having no legal personality, set up by two or more distinct research organisations, e.g. in order to run a joint laboratory. A typical example is the French "Unité Mixte de Recherche" structure. Since JRUs have no legal personality they cannot participate as such in FP6 projects. Either one of their individual "members" can participate in an EC contract as a contractor or all the members can participate as contractors

If one of the members is a contractor in a FP6 project, it is the owner of the results it generates. This may lead to problems if the internal arrangements governing the JRU state that any result generated within the JRU will be co-owned by all "members" of the JRU. In that case, care must be taken by the JRU member which is a contractor as it will have to fulfil the contractual obligations, especially regarding the granting of access rights to other contractors (see Article 21.6 of the Rules for participation).

In addition, the other contractors should be informed as soon as possible of the fact that one participant is a member of a JRU (fin accordance with Article 28.2 of the Rules for participation and Article II.36 of Annex II to the EC Model Contract). However, in most cases where only one of the members of a JRU participates in the EC contract as a contractor, a special clause is introduced to the contract indicating the other members of the JRU and the work that they will contribute to the project is identified in the technical annex to the EC contract (Annex I) (see special clause n° 23, Option A).

6.10 Special situation – The common legal structure

Where the contract is signed by a legal entity set up for the purpose of carrying out the project – a "common legal structure" (CLS) – as defined in Article 5.4 of the Rules for participation, the IPR provisions apply to this CLS and not to the individual participants which are its members. The CLS will therefore be the owner of the results, and the provisions relating to access rights do not

apply to the members of the CLS but to the CLS itself. A special clause in the EC contract, similar to that used for the JRU, is available for such entities (see special clause n° 23, Option B).

However, transfer of ownership from the CLS to one its "members" is not prohibited, subject to Art. 21.6 of the Rules for participation and Article II.32.4 of the Annex II to the EC Model Contract, that clearly state that access rights should remain available for the CLS itself.

As a consequence, it is strongly recommended that the members of a CLS that is a contractor in an EC-funded project agree on specific arrangements, relating in particular to ownership and access rights issues.

7 CONSORTIUM AGREEMENTS

It is mandatory for participants to enter into a specific consortium agreement setting out its internal management guidelines, unless this has been specifically exempted by the call for proposals (NoE, IP and SMEs specific actions will always require consortium agreement). The agreement should have been signed by the entry into force of the contract.

In view of the larger flexibility FP6 participants have in carrying out their projects, and the fact that the EC contract sets out the basic legal requirements but not all details, it is mandatory for them to enter into a specific consortium agreement, unless this has been specifically exempted by the call for proposals. Even where the consortium agreement is not obligatory, it is strongly recommended.

A consortium agreement sets out the internal management guidelines for the consortium and can, for example, provide arrangements regarding the granting of specific access rights in addition to those provided for in the standard IPR provisions (Article II.35.1.a of Annex II to the EC Model Contract)[10]. Although the FP6 IPR provisions were intended to make it possible to execute a project without defining additional IPR provisions, additional provisions may be helpful, and certain aspects must be decided prior to the conclusion of the EC contract if the contractors wish to avail themselves of those possibilities.

Consortium agreements can not conflict with the provisions of the EC contract.

Consortium agreements should preferably be prepared as soon as possible and, where they are obligatory, be signed before signature of the contract with the Commission. However, it should be noted that some decisions must be made before the signature of the contract by the Commission if contractors wish to use them – in particular with respect to IPR issues, such as the exclusion of specific pre-existing know-how or the conditions for providing access in some cases.

There is a special clause that may be used in the EC contract, which requires that the consortium agreement be concluded prior to the start of the project. This special clause can be used to reinforce the need for an agreement and/or where the Commission or the contractors do not want the project to start without having a consortium agreement in place, as it is considered essential for the implementation of the project.

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[10] The "Guide to Financial Issues relating to Indirect Actions of the Sixth Framework programmes" has in-depth financial advice which may provide useful advice to those intending to set up a consortium – see http://europa.eu.int/comm/research/fp6/working-groups/model-contract/pdf/fp6-guide-financialissuesjanuary_en.pdf

Nothing prevents the contractors from preparing several consortium agreements each governing a different aspect of the project (some before the signature of the contract and some possibly after), or from amending their initial consortium agreement according to their needs and during the life of the project. They may also consider preparing bilateral or other arrangements involving smaller groups of contractors.

The Commission's proposed Checklist for a Consortium Agreement is available on its Model Contract website[11]. Additional information relating to consortium agreements is available, notably from the IPR-Helpdesk[12]. Since the consortium agreement involves only the members of the consortium, the contractors in the EC contract, the Commission is not a party to it and does not check its contents. There is a special exception to this rule for the SME specific actions, which require that the consortium agreements relating to those projects be submitted to the Commission for review. The EC contract will always prevail in case of conflicts with the consortium agreement, where this has an impact on the execution of the project or on any of the rights or obligations between contractors and Community.

8 INNOVATION-RELATED ACTIVITIES

The IPR provisions are just one part of a broader set of measures aimed at promoting the actual exploitation of projects' results. Other examples of such measures include the so-called "innovation-related activities".

While other documents describe them in more detail, here are some examples of innovation-related activities (excerpt from the "Contract preparation forms (CPF) and explanatory notes for Integrated Projects" [13]):

- intellectual property protection: protection of the knowledge resulting from the project (including patent searches, filing of patent (or other IPR) applications, etc);
- dissemination activities beyond the consortium: publications, conferences, workshops and Web-based activities aiming at disseminating the knowledge and technology produced;
- studies on socio-economic aspects: assessment of the expected socio-economic impact of the knowledge and technology generated, as well as analysis of the factors that would influence their exploitation (e.g. standardisation, ethical and regulatory aspects, etc.);
- activities promoting the exploitation of the results: development of the plan for the use and dissemination of the knowledge produced, feasibility studies for the creation of spin-offs, etc, take-up activities to promote the early or broad application of state-of-the-art technologies. "Take-up" activities include the assessment, trial and validation of promising, but not fully established technologies and solutions, and easier access to and the transfer of best practices

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[11] See Document Reference MS/AS 2002/09 revised 31/03/2003 for more information (http://europa.eu.int/comm/research/fp6/working-groups/model-contract/pdf/checklist_en.pdf).

[12] http://www.ipr-helpdesk.org

[13] See ftp://ftp.cordis.lu/pub/documents_r5/natdir0000050/s_2060005_20031023_142127_2060en.pdf for further details.

for the early use and exploitation of technologies. In particular, they will be expected to target SMEs.

These issues should be considered when preparing the proposal, since the rules for participation state that one of the evaluation criteria relates to the "quality of the plan for using and disseminating the knowledge, potential for promoting innovation, and clear plans for the management of intellectual property".

9 PATENT SEARCHES

Participants may wish to perform a patent search in order to ascertain the "current state of the art" before submitting a proposal as the state of the art is a key criterion during the evaluation process.

Under the Fifth Framework Programme, there was a requirement to demonstrate the innovative nature of the proposals submitted. The same is true under FP6 where "progress beyond the current state of the art" will be taken into account when evaluating a proposal. One way of identifying the state of the art is to conduct a literature search to identify the work already done in the field. This is clearly in the interest of the participants and of the Commission to avoid duplication of research efforts and potential waste of both public (Community) and private (participants') funds.

In this context, contractors in any EC-funded research project aimed at producing actual research results might consider performing a patent database search to assess the state of the art. A variety of such databases are available, including the free Esp@cenet database maintained by the European Patent Office[14]. It is also possible to have such searches performed by experienced searchers at National Patent Offices, by other institutions such as libraries, or by private operators.

Patent searches (as opposed to literature searches) also make it possible to identify third parties' patents which are in force (as well as patent applications which are pending) and which may possibly prevent or limit the exploitation of the intended results of the project.

The costs of such a patent search are not usually very high (e.g. less than €1000). In addition, such costs might be shared amongst the different participants of a given project, leading to a modest amount for each. However, costs incurred before the start date of the project are not eligible and are not refunded. Nevertheless, if additional searches of this kind are carried out (and are necessary) during the project, they may be considered eligible, depending on their necessity for carrying out the project.

9.1 Taking third parties' rights into account

When a contractor is considering exploiting its knowledge, an infringement clearance search should be considered as a means of reducing the risks of being sued by a third party.

[14] http://ep.espacenet.com

Where a contractor considers exploiting a given technique for commercial or industrial purposes, care should be taken not to infringe existing third parties' rights.

In particular, in such cases, it is recommended to conduct or have conducted an "infringement clearance search" (also known as a “freedom of use” search or assessment) so as to identify all potentially relevant patents and patent applications. This assessment should be carried out for all countries in which the manufacturing, commercialisation, exportation or use of the concerned technique is considered. Such assessments require specific skills and resources, including access to suitable databases and may be relatively expensive (> € 2000) but are key in reducing potential problems and risks that could arise later (such as counterfeit). Similar consideration should be given to existing copyright or any other possible exclusive rights.

10 SURVIVING THE (END OF THE) EC CONTRACT

Various provisions of the EC Contract have a finite duration (e.g. access rights) and agreements between contractors may need to be reached post-Contract.

Even after the end of the contract, a number of IPR issues need to be considered (see the last paragraph of Article 4 of the EC Model Contract). For example, some provisions of the EC contract continue to apply after the end of the project (e.g. Article II.35.3.b of Annex II to the EC Model Contract), as might some provisions of the consortium agreement.

However, even these provisions have a finite duration, expiration of which may lead to potential problems. For instance, if access rights for use purposes have been granted, a problem might occur when they lapse, since failure to renew or to extend them could bring some exploitation activities to a halt. Therefore, contractors are encouraged to consider in due time if they need to agree on specific provisions for ensuring a smooth transition to the "post-contract" phase, especially as far as the management of knowledge and intellectual property is concerned.

This is particularly relevant for Networks of Excellence (NoE), since some of the joint activities are expected to result in lasting integration of the participants’ activities i.e. well beyond the expiry of the EC contract. Therefore, participants in NoEs are strongly encouraged to agree, in due time, on provisions which would enable them to properly manage their intellectual property "post-contract". They should consider not only those provisions of the EC contract which remain in force after the end of the project but they should also define particular rules in their consortium agreement (or provide for a longer period as foreseen in Article II.35.1.a of Annex II to the EC Model Contract) so as to clarify the ownership and access rights of subsequent new inventions or improvements, etc.

11 ADVANCED IPR STRATEGIES

Where appropriate, the contractors (or some of them) may consider specific strategies for managing and exploiting their knowledge and intellectual property, for instance by setting up:

– one or more "patent pools" (groups of patents or other IPRs relating to a given technology) which could be freely used or cross-licensed among themselves or jointly licensed to third parties; or

– a new company which would own the intellectual property concerned and exploit it jointly, in order to manage it in a more flexible and effective way (subject to the granting of access rights and other fulfilment of other commitments under the EC contract).

Details on these aspects must be provided in the plan for using and disseminating of knowledge which is a required deliverable of the EC contract. This plan is part of the periodic activity report submitted at the end of each reporting period.

Such strategies may also prove helpful in ensuring continuity after the end of the EC contract.

12 USEFUL RESOURCES

Additional information and assistance with respect to IPR-related issues may be obtained from different sources, including:

– the IPR Helpdesk (http://www.ipr-helpdesk.org),

– the European Patent Office (http://www.european-patent-office.org),

– WIPO (http://www.wipo.org); and,

– National Patent Offices.

Innovation-related information can be provided by the Innovation Relay Centres (http://irc.cordis.lu) and by the Gate2Growth project (http://www.gate2growth.com).

A checklist for a consortium agreement is also available on the Commission web site at (http://europa.eu.int/comm/research/fp6/working-groups/model-contract/index_en.html).

GLOSSARY

(See also the definitions in Article II.1 of Annex II to the Model Contract and in, Article 2 of the Rules for participation)

"Participant"	A participant is a "natural person" or a "legal person" that participates in an FP6 project (and the JRC). They are referred to as "contractors" in the EC contract and in that context. Contributions from third parties such as subcontractors and other third parties do not constitute participation.
"Natural person"	This is a technical term for referring to individuals. Natural person derives from the French legal term "*personne physique*"
"Legal person"	This is an entity that has legal personality and can include universities, companies etc but not departments (or faculties etc) thereof (unless they have separate legal personality themselves). Such organisations must be created or registered under National, European or International law. Legal person derives from the French legal term "*personne morale*".
"Rules for participation"	The rules for participation and for dissemination in the Framework Programme - Regulation 2321/2002 of the European Parliament and of the Council.
"Contractor"	Also known as a participant – see above.
"Direct action"	A Research & Technological Development (RTD) project funded under FP6 undertaken by the Joint Research Centre.
"Indirect action"	An RTD project funded under FP6 and undertaken by one or more participants.
"Consortium"	The consortium is composed of the contractors identified in the EC contract (not the Commission) taking part in the same indirect FP6 action.
"Consortium agreement"	An agreement that the contractors conclude amongst themselves for the implementation of the contract. Such an agreement shall not affect the contractors' obligations to the Community and/or to one another arising from the contract. The agreement delineates the internal mechanisms of the consortium for the implementation of the project, which takes into account the requirements of the Rules for participation and EC contract and any other provisions which are agreed between participants.
"Knowledge"	Any results generated by the work carried out under the FP6 project (and by extension the corresponding IPR).
"Pre-existing know-how"	Information held by the contractors independently of the FP6 project – this includes both background and side-ground.
"Background"	Information and IPR owned by the participants before the EC contract is signed.
"Side-ground"	Information and IPR acquired by participants during the life of the EC contract but independently thereof i.e. knowledge acquired in parallel to the project.

“Access Rights”	Licenses and other user rights to knowledge or pre-existing know-how
“Use”	Utilisation of knowledge acquired as a result of the work carried out under the FP6 project for the purposes of further research, product/service development or marketing.
“Associated States”	A country which is party to an international agreement (Association Agreement) with the Community regarding participation in FP6

ANNEX I – USE OF THE EUROPEAN UNION EMBLEM

According to the current practice, the European emblem may be used only if there is no likelihood of the user of the emblem being confused with the European Community or the Council of Europe; and if the emblem is not used in connection with objectives or activities which are incompatible with the aims and principles of the European Community or of the Council of Europe.

Permission to use the European emblem does not confer on those to whom it is granted any right of exclusive use, nor does it allow them to appropriate the emblem or any similar trademark or logo, either by registration or any other means.

Each case will be examined individually to ascertain whether it satisfies the criteria set out above. This will be unlikely in a commercial context if the European emblem is used in conjunction with a company's own logo, name or trade mark.

To check whether a specific project is in line with the above criteria, please contact:

The Services of the Commission (Secretariat-General)
Directorate "Coordination I"
Rue de la Loi 200
1049 Bruxelles
Tel.: (+32 2) 29 531 69 - 29 626 26;
Fax: (+32 2) 29 588 69)

Furthermore, no sign resembling the European emblem may be registered as a trademark. This is also a consequence of the protection granted by Art. 6ter[15] of the "Paris Convention for the Protection of Industrial Property" to the emblems and flags of international organisations:

(1) (a) The countries … agree to refuse or to invalidate the registration, and to prohibit by appropriate measures the use, without authorisation by the competent authorities, either as trademarks or as elements of trademarks, of armorial bearings, flags, and other State emblems, of the countries …, and any imitation from a heraldic point of view.

(1) (b) The provisions of subparagraph (a), above, shall apply equally to armorial bearings, flags, other emblems, abbreviations, and names, of international intergovernmental organisations …

For more information: http://europa.eu.int/abc/symbols/emblem/graphics/graphics_en.htm.

[15] See http://www.wipo.int/clea/docs/en/wo/wo020en.htm#P153_22053 for the full text of the Paris Convention.