TUTORIAL ON CONSORTIUM AGREEMENTS FOR PARTICIPANTS UNDER FP6

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I. Introduction

The present document has been prepared on the Regulation establishing the Rules for Participation and for the Dissemination of results under the Sixth Framework Programme (FP6). Basic references to the Model Contract (some of its main elements were finally approved on 17 March 2003) can also be found in this paper.

EU funded projects are a notorious example of transnational collaboration, in which participants from different cultural backgrounds, with different working methods, communication tools, etc., work towards the same goal. These projects gather different kinds of entities e.g. multinationals, SMEs, laboratories, universities, research centres...all groups with different interests. Their management forces all of their members to make an effort towards mutual understanding and cooperation in order to solve all the difficulties relating to the differences in languages, methods and, perhaps, particular expectations.

Establishing internal rules and adequate provisions regarding intellectual property rights (IPR) management is vital in order to ensure the project's success. A strong project will demand a high level of understanding; and the consortium agreement is the instrument to try to achieve it from the very beginning.

The consortium agreement is signed by the participants in a project, but not by the Commission. This sort of private agreement aims to specify and/ or supplement the provisions of the model contract (the grant agreement of the Community), but it will not conflict with the latter. Unlike FP5, where the consortium agreement is not obligatory but strongly recommended, under FP6, its conclusion is **mandatory** unless otherwise specified in the call for proposals.

What is this agreement for if the consortia have already one contract to sign in which there are enough provisions to run the project?

One has to bear in mind that the contract between the consortia and the Community follows the same model issued by the Commission whatever the specific nature and purpose of the project. The same contract is used for hundreds of projects that have significant differences between them. It follows that such a contract cannot foresee all the specificities of every single project (this would be impracticable). Due to this fact, and taking into account the experience of previous Framework Programmes (FP), the consortium agreement is envisaged as the instrument used by the consortia to develop and supplement the aspects that are particular to the specific project and that are not contemplated in the model contract.

The above-mentioned statement is even clearer if we consider the particular characteristics of the new instruments under FP6, Integrated Projects and Networks of Excellence. The very nature of these ambitious instruments, their expected enduring effects and large membership, demands workable and clear provisions since the very beginning.

An adequate consortium agreement will need to cover all the major management issues, especially in the area of intellectual property, where the consortium agreement shall deal, i.a., with ownership matters, IPR management, protection issues and access rights (e.g. licensing).

The Commission, in order to provide some assistance to participants within FP6, will publish non-binding guidelines on points that may be addressed in the consortium agreement; typically, the internal organisation of the consortium, IPR arrangements and settlement of internal disputes.

Link to the consortium agreement checklist:

europa.eu.int

Some References to the Consortium Agreement within the Rules for Participation and Dissemination of Results:

When going through the text of the Regulation 2321/2002 and the model contract, you will find references to the consortium agreement throughout the entire documents. In some cases, you will find an explicit mention to this agreement, whereas in

ther occasions there will be a reference to negotiation among the parties and/or a possibility of including the outcome of the negotiations in the consortium agreement.

Two basic references:

Definition (Article 2 (6)):

"Consortium agreement means an agreement that participants in an indirect action conclude amongst themselves for its implementation. Such agreement shall not affect participants' obligations to the Community and to one another arising out of this Regulation or the contract."

Mandatory conclusion in principle (Article 12.5):

Unless otherwise specified in the call for proposals, the conclusion of the consortium agreement becomes pulcomsory.

Other references:

Whereas Nº 8 :

From the very beginning of the legal text, the European Institutions foresee the relevance of the consortium agreement for the projects.

For internal organisation of the consortium:

- Article 13.1 (Execution of the indirect action) (paragraphs 2 and 3)

Internal procedures regarding the administration of the Community contribution by the coordinator.

Obligation to communicate the Commission of any relevant change in the consortium agreement. (Here the reference is an explicit one: the relevant changes in the agreement have to be communicated to the Commission).

IPR:

- Article 21 (Ownership of knowledge)

21.3: Joint work generating knowledge (unascertainable share of work) implies joint ownership of that knowledge; but the participants "shall agree among themselves" on the allocation of such ownership.

21.4: Explicit mention regarding allocation of ownership in cooperative (CRAFT) or collective research actions.

- Article 22 (Protection of knowledge)

22.1: The owner of the knowledge when protecting it, has to respect (...) what is stated in the consortium agreement.

- Article 23 (Use and dissemination of results)

23.1: Terms of use have to be established in a detailed and verifiable manner. (This can be made within the consortium agreement when possible).

- Articles 25-27 (Access rights)

25.1: Participants may conclude agreements in order to grant additional or more favourable rights.

25.3: Any participant may explicitly exclude specific pre-existing know-how from the obligation to grant access rights before signing the contract with the Community or/and before a new participant joins the project. (The consortium agreement may be a right tool for so doing if concluded and entered into before the signature of the contract or by updating it before a new participant comes into the project).

26.1: Possibility of agreeing upon different financial conditions for access rights to pre-existing know-how for execution of the project before signing the contract with the Commission.

27.1: Possibility of agreeing on different financial conditions for access rights to knowledge for use purposes before signing the contract with the Commission.

General obligation to be respected by the consortium agreement :

Article 28.1: Participants shall make no commitments incompatible with the obligations provided for in the Regulation.

Is there a model of a consortium agreement?

There is *no official model* of a consortium agreement issued by the Commission. However, it shall publish non-binding guidelines on matters that can be dealt with in the consortium agreement.

On the other hand, even if no official model exists, there are some instruments that have been used by many partners in the past and that can be deemed as a *de facto* model, the "Unified Consortium Agreement" (UCA), which you can find at:

www.unite.be

However, please bear in mind that the UCA is an instrument specially designed for FP5. So you have to review it and to take

from it only what can still be used under FP6 or to take it just like an example to get some ideas.

At present, different private organisations are already publishing models of consortium agreements under FP6. By now, we can offer the link to the model of a consortium agreement for Integrated Projects prepared by EARTO and UNITE, at: www.unite.be, and to two more models, prepared by Helmholtz and ANRT. Please, be aware that these models are not officially issued by the European Institutions and are just a helpful private initiative.

Why this Tutorial?

Preparing a consortium agreement is a complicated task. It demands a good command of the rules and the model contract. It has been always necessary to provide some guidance for the drafting of a consortium agreement; and providing some help to the people thinking of taking part in FP6 projects has become one of our main purposes.

There are a number of reasons, however, for the IPR-Helpdesk not to provide a standard consortium agreement:

- As we mentioned before, a consortium agreement is primarily a negotiation between members of a FP project and the IPR-Helpdesk is not, obviously, present at these negotiations.
- The consortium agreement should be a balance of the different contractors' interests, which vary from one project to another.
- The model contract is *the minimum*; and it is written in broad terms leaving some points open to contractors. It is up to them to decide and negotiate in order to implement their activity and the model contract itself.

Our aim is for this tutorial to act, as far as possible, as a practical work tool.

In addition, the IPR-Helpdesk can provide you with more useful information such as:

Comparative Guide on IPR issues under FP5 and FP6.

Briefing Paper on the new IPR regime under FP6.

Presentations of IPR-Helpdesk on IPR issues under FP6 at FP6 Launch Event.

Briefing Paper on Identifying Pre-existing Know-how: A Strategic Issue under FP6.

IPR-FP6 FAQs.

Briefing Paper on the IPR consequences under FP6 when a partner leaves a project: coming soon

Briefing Papers on Access Rights for participants and third parties: coming soon

Comprehensive Guide on FP6 .

How is the Tutorial Presented?

This tutorial provides you with a list indicating the points that should be included in your consortium agreement, explains how they work and why they are important, and gives some examples. You should, of course, go on to edit and adapt each section and examples according to your own needs and situation.

Disclaimer

The information presented in this document only offers an overview. It is not intended to be exhaustive nor is it to be considered as legally binding. The information provided does not necessarily reflect the official position of the European Commission.

II. Clauses to be Included in a Consortium Agreement

II.1. Preliminary Clauses

Title

The title suggests the nature of the legal operation and helps to qualify the contract.

Use: The title confers a distinctive sign to the contract, enabling it to be identified within a group of contracts and if necessary to be referred to in a legal settlement.

Example: Consortium Agreement related to the project XXXX made on dd/mm/yy.

Parties/Partners

This provision deals with the identification of each party signing the contract: the partner's name (for individuals); corporate name with, if appropriate, the names of the liable partners (for companies); official place of residence; registered office; nationality.

This also deals with the capacity of each participant in the contract. It could be useful to make two remarks here:

- Under FP6 there is no distinction about participants' categories, e.g., principal contractors/ assistant contractors. All participants shall be deemed as " contractors ". Regarding cooperative (CRAFT) or collective research projects, the figure of the RTD performer continues and, now, it is no more a subcontractor but a participant contractor. (It can be, e.g., the project coordinator).
- It is clear that for carrying out a project, members of a consortium often demand specific assistance from other entities or individuals under the legal form of a subcontract, employment contract or the like. The consortium agreement does not need to be signed by all of them.

  The above-mentioned premise implies that, normally, the consortium agreement is signed only by the partners. If any partner seeks assistance from other parties in order to carry out its own work in the project, this partner should conclude particular agreements/ contracts with the parties to whom it has assigned any task or work. It is, then, for the partner/s in question to ensure that the particular compromises acquired with the entities responsible for performing these specific tasks do not undermine the obligations to the other partners under the project.

  When it comes to sign the consortium agreement, the specific compromises intended to be reached with those working parties (subcontractors and the like) may be taken into account. (It could be the case, for example, of including a specific clause on the understanding of not granting exploitation rights to subcontractors).

  Use: The contract will have effect solely on the identified partners.

  Comments:

  Under FP6, as we have mentioned before, there is no reference to different categories of participants. That means that all the parties to the contract with the Community, apart from the latter, the coordinator and the Joint Research Centre (JRC), will be named "contractors" in such a contract.

  However, nothing prevents the partners from particularly identifying each other by their particular function under the project in the consortium agreement.

  Example:

  BETWEEN

  (1) PARTY....., (hereinafter known as.....) established in..... whose registered office is in..... acting as coordinator within the project

  (2) PARTY....., (hereinafter known as.....) established in..... whose registered office is in..... acting as contractor (IT provider)

  (3) PARTY....., (hereinafter known as.....) established in..... whose registered office is in..... acting as contractor (IT provider)

  (4) PARTY....., (hereinafter known as.....) established in..... whose registered office is in..... acting as onctractor (Software developer)

  (5) PARTY....., (hereinafter known as.....) established in..... whose registered office is in..... acting as contractor (Software developer)

  (x) PARTY....., (hereinafter known as.....) established in..... whose registered office is in..... acting as contractor (Industrial expert)

  (y)...

  (z)...

  (hereinafter together referred to as "THE PARTIES")

Preamble

The preamble tends to provide information about the past (stages in the negotiating procedure, the partners' prior situation, etc.) but its main purpose is to provide information about the future by detailing the parties' project.

Use: It demonstrates the parties' intentions.

Example:

The Parties have submitted a common proposal for the Project entitled "XX" to the Commission under the Sixth Framework Programme for (...): <Name of the programme>.

The Commission of the European Communities (hereinafter referred to as "The Commission") has accepted the proposal for this project submitted by the hereinbefore-nominated "parties".

The Parties, having considerable experience in the field concerned, have decided to execute the model contract to be awarded by the Commission.

The relation between the Parties and the Commission shall be governed by the model contract, this Agreement shall comply with competition rules under the Treaty establishing the European Community.

The Parties wish to define certain of their rights and obligations *inter se* in respect of the carrying out of the model contract.

The terms of this Agreement shall complement but not conflict with the requirements set out in the model contract.

The Parties agree that this Agreement constitutes the entire Agreement, both written and oral between the Parties with respect to the subject matter hereof, and that all prior agreements either written or oral shall be abrogated, cancelled and are void and of no effect, except the model contract.

This Agreement constitutes and embodies the entire understanding between the Parties and merges the prior discussions between the Parties and supersedes any other agreements written or oral amongst them relating to the subject matter of the Project XXX.

Definitions

The purpose of this section is to define the terms that will be used in the main body of the agreement. It may prove advisable to write the terms defined in the agreement either in capitals or italics to remind the reader that they are used in the sense as previously defined.

Use: This is a means of clarification and selection, as it emphasises one meaning of a word above any others.

Example:

OPTION 1 (You can simply refer to the definitions given in the model contract)

The definitions contained in the model contract and particularly in Article II.1 of Annex II, Part A of the model contract, apply to the Agreement.

<In addition, the following terms are defined as follows:...>

OPTION 2 (You will have to choose the definitions you wish to clarify within your agreement)

The following terms are defined as follows:...

Please see the definitions given by Article 2 of the Regulation and Article II.1 Annex II, Part A of the model contract.

Model Contract; approval of some of its main parts: 17 March 2003.

Purpose and Scope

This deals with determining the work ahead as precisely as possible. The definition of the objectives is a **delicate** issue as in the case of research contracts, for example, it contains quite a number of unknown factors. It is a question of formulating the problem, designating the lines of investigation, each partner's work schedule, a forward-looking calendar, etc.

The clauses must be written as exactly as possible. However, the larger part of these descriptions can be annexes to, or references to the work programme from the model contract e.g. the structure of the work to be done, goals and expected achievements.

Use: Designating the contract's objectives allows an assessment to be made later of how well they have been achieved.

Example:

The purpose of the Consortium Agreement is to facilitate the fulfilment of the research work assigned to each Party in order to complete the XXX Project in accordance with Annex I of the model contract;

or;

As described in Annex I of the Consortium Agreement.

This Agreement sets out in Articles X to X how the Project will be managed and sets out in Articles X to X the Parties' obligations, rights and liabilities.

Management Organisation Put into Place by the Agreement

This section should reflect how you plan to organise your cooperation. The scheme proposes three different organs. Please note that it is only a proposal and you may wish to choose differently. The management of the project can be organised in a simpler way depending on the number of participants as well as the difficulty of the tasks assigned.

Use: This provision enables the project to be well managed and regulated.

Coordinator:

This should identify the coordinator from among the contractors and define the position's role (mission/attributions) as well as its powers. Reference can simply be made to the model contract.

In the Regulation, you can find that now, even if all partners are identified in the contract, the coordinator is the one who signs it with the Commission, moment in which the contract enters into force. (Article 12.2. 2nd paragraph of the Regulation). The rest of participants will sign Form A- consent to accession to the contract- or Form B, for accession of new legal entities.

Coordination Committee:

This part should describe how the project will be managed, the decision-making structures, and the communication flow within the consortium. This is a matter of putting procedures and systems into place, which allow relations between contractors to be clarified, augmented, and even adapted (e.g. scheduling meetings, handing in work-in-progress reports, the option of extraordinary meetings, voting procedures (majority for x decision, qualified majority for xx...) etc).

The committee's mission and tasks must also be defined. It will be its task to manage the project.

Party Representatives:

This is a question of designating a representative for each contractor to sit on the coordination committee and of defining the latter's role and powers.

Nature of the Agreement

This provision indicates in the agreement the nature of the activity that links the different parties.

They will designate the type of legal instrument, which they intend to use in order to put their consortium into operation. This can be a basic type of cooperation.

Use: This creates a set of rules in the agreement to allow or avoid certain connections between the parties.

Example:

OPTION 1

This Agreement does not establish a joint venture, agency or partnership between the Parties or any of them, nor does it create an employer-employee relationship.

Example:

OPTION 2

The Parties agree to create within the Consortium Agreement a XXX.

II.2. Central Provisions

Ownership

It is highly advisable to have provisions in the agreement on the ownership of research results generated during the development programme or brought to the project. To start with, it is necessary to make a distinction between the following:

Pre-existing Know-how

Definition: Pre-existing know-how is, according to the Regulation, the information which is held by participants *prior* to the conclusion of the contract (so-called background) *or* acquired *in parallel* to it (so-called sideground), as well as copyright or rights pertaining to such information following applications for, or the issue of, patents, designs, plant varieties, supplementary protection certificates or similar forms of protection.

The pre-existing know-how that is brought into the project will always remain the property of the partner in question.

However, to avoid any kind of problem as much as possible the following points should be considered:

- Deciding if there is any specific pre-existing know-how that you want to explicitly exclude. Remember that this can be done only before the participant concerned signs the contract or before a new participant joins the project and by means of a written agreement between all the participants. It is also important to remember that the other participants may deny authorisation if they can demonstrate that the project or their legitimate interests will be "significantly impaired thereby". In practice, the key will be a **sensible negotiation**.
- Identifying the information available which is potentially useful and necessary for carrying out the project and

ting an inventory of the existing rights via, for example, a register of pre-existing know-how.

See our Briefing Paper on "Identifying Pre-existing know-how: A Strategic Issue under FP6".

- Ensuring that the use of this pre-existing know-how conforms to the project's objectives via, for example, a Protocol to regulate such a use.
- Deciding on the ownership of improvements and/or refinements to pre-existing know-how.
- Deciding how the pre-existing know-how will be exploited both within and outside the framework of the project.
- Deciding if you prefer to grant access rights to the pre-existing know-how for the execution of the project in other financial terms than those established in the Regulation (on a royalty-free basis). If your consortium agreement is concluded before the contract with the Community is signed, then it will be a right instrument in which to consider different financial terms of the granting.

Ownership of Knowledge

Definition: According to the Regulation, knowledge means the results, including information, *whether or not they can be protected*, which are yielded by any projects, as well as copyright or rights pertaining to such information following applications for, or the issue of patents, designs, plant varieties, supplementary protection certificates or similar forms of protection.

Knowledge is, then, what participants "get out of" a project under FP6; the results of such project, covering both any valuable information and IPR.

Please note that under FP6 the possibility of gaining compulsory access to knowledge generated under other projects disappears. Therefore, the definition refers only to the results obtained in one self's project.

There are two basic possibilities established in the Regulation regarding the ownership of results (Article 21):

- The knowledge is owned by the contractors who carried out the work leading to that knowledge; i.e. *each participant owns* the results it has generated; or
- In a case where several contractors have jointly carried out the work and their respective share of work cannot be ascertained, they shall have *joint ownership* of such knowledge, agreeing on allocation and terms of exercising it.

Note that under FP6 there is a explicit mention as to compulsory joint ownership that did not exist under FP5. However, it is intended to work as a *default rule*, useful where contractors have not yet agreed upon specific raconsidetions.

When determining the terms of such ownership different possibilities should be considered:

a) The Joint Ownership Structure

In general, and as established in the majority of European countries, co-ownership is governed by an agreement among the parties or, in its absence, by the provisions of the patent/copyright laws or, ultimately, by the provisions on joint ownership as established in the civil code.

Therefore, and because of the uncertainties resulting from the different legal rules that apply to joint owners in different countries and for different forms of intellectual property, the joint ownership of intellectual property rights has some legal consequences that should be considered in particular when writing the consortium agreement.

The following questions should be addressed when determining or considering joint ownership:

- Planning ahead for the assigning of share of the rights;
- Planning ahead for cost sharing;
- Deciding who will file for protection of the co-owned knowledge;

  Obtaining and maintaining patents and other intellectual property rights in effect. Payment of fees for registration, maintaining procedures - in which country and from whose account;
- Responsibility for detecting and taking civil or criminal actions against third parties who in any way injure the rights conferred by the IPR;
- Licensing to third parties to use the invention;
- Consent of the co-owners for decision-making processes, etc.

See the Briefing Paper on Joint Ownership.

See also the article by David Vaver (Reuters Professor of Intellectual Property & Information Technology Law at Oxford University) on co-ownership "Venturing into Intellectual Property Jointly and Confidentially".

b) Alternative Ownership Structures

In order to avoid the problems of joint ownership, parties engaged in research projects could establish the following alternative ownership structures:

- Provide for one party to own all of the intellectual property and to grant a non-exclusive licence to the other parties;
- In cases where neither party is willing to be a licensee, the parties may provide for the creation of a separate entity to own/exploit the intellectual property. (This may be the case for example, of the so-called "spin off" companies, familiar to i.a. the working environment of universities and research centres, that may be unable to commercially exploit the results of their research activities).

This would be also the via for the creation of a European Economic Interest Grouping (EEIG). This type of entities is regulated in the Council Regulation (EEC) No 2137/85 of 25 July 1985 on the European Economic Interest Grouping (EEIG).

Basic features of the EEIG are:

- Legal independency but auxiliary function. An EEIG is an independent legal body which allows its members to achieve any expected results.
- Flexible duration. The EEIG allows its members to respond to changes in the cooperation conditions. It can be established for a limited/unlimited period of time. So, it is a very suitable tool for short-term projects.
- Non-profit organisation.
- Members have a joint responsibility in carrying out the group's obligations.[1]

We are to deal with the EEIG in some detail later, in the section devoted to the use of the results.

By placing ownership with one party, these alternative structures reduce the uncertainties resulting from different national legal rules and from the different forms of intellectual property. Parties that choose these structures, however, should still negotiate and agree on terms like the sharing of profits, control of licensing, responsibility for administration and enforcement of intellectual property, control of litigation, etc.

Another particular mention has to be made regarding employees' inventions which, because of the differences within this area of law in Europe, will imply particular aspects that will have to be taken into account. Furthermore, the question on ownership of knowledge may be a very sensitive issue in case of universities or public research bodies. They normally have specific rules regarding ownership of the results generated by employees, researchers or collaborators.

In case of a specific piece of knowledge having been generated by **employees** of a contractor that according to contractual or national legal provisions may claim rights to such knowledge, the participant concerned shall take steps or reach appropriate agreements to ensure that these rights are exercised in a manner compatible with its obligations under the project to the other participants.

It is therefore important to have clear ideas and commitments to be included in the consortium agreement in order to ensure compliance with the contractual obligations in any case, whatever the particular rules that any partner has to respect in relation to internal staff or any other person that is not an employee but works for it (as we have mentioned before: researchers, students (Universities) or people doing an internship).

To offer a brief and general overview regarding *inventions*, when the inventor is an employee, a distinction is usually made between **service inventions** and **free inventions.**

- **Service inventions** are made as part of the conditions of employment or based on the experience of the employer. The invention can therefore be claimed by the employer. In some cases a remuneration/bonus will be determined according to the applicable national law.
- **Free inventions** are unrelated to the employee's tasks or to the employer's experience and activities.

Differences between European national systems may be significant in this respect.

For detailed and further information see the Guide on employees' creations.

In relation to subcontractors, the same rule should apply to them. That is to say, partners have to ensure compliance with the obligations to the other partners, whatever their specific agreements with their subcontractors may be.

Comparative Guide FP5-FP6 on IPR.

Access Rights

Access rights are licences and user rights to pre-existing know-how and/or to knowledge.

Use: This provision should clarify, complete and implement the provisions contained in the Regulation (Articles 25-28) and the model contract (Article II.35, General Conditions).

The most obvious danger of collaboration (in the mind of future partners) is that of distributing IPR amongst peticomtors or potential competitors without control or appropriate reward. Thus, IPR issues are a **prominent feature** in consortium agreements.

Provisions in your consortium agreement dealing with access rights might take into consideration which kind of part-

nership you have (horizontal or vertical collaboration). This is a way of planning ahead for cases in which partners could be in direct competition and therefore put a way of organising this into place.

The provisions of the model contract may be used and it is always advisable to complete such provisions according to your wishes and needs and to adapt them to suit your type of partnership.

In a consortium agreement, additional access rights can be granted, or the rules concerning access rights can be supplemented (note that "supplementing" has to be generally understood as *improving* the minimum standard provided for in the model contract or the Regulation by means of addition; it should not be an amendment by creating, for example, further reasons for a refusal). In this sense, any contractor may grant access rights on financial ndicotions that are more favourable to the requester.

General Conditions:

FP6 introduces some new developments and for some of them a proper consortium agreement may be of great help:

- Access rights shall be granted on **written** request.

  One of the preoccupations for the participants in a FP project is how to control the use of pre-existing know-how and knowledge.

  Under FP4, access rights were granted *automatically* between partners.

  FP5 improved significantly the system by establishing that access rights to pre-existing know-how and knowledge should be granted *on request*. Under FP6, requesting *in writing* is compulsory. This requirement allows the owner of these rights to be aware of the use of such rights or information by its partners and to be entitled to exercise control over it.

  Consequently, it is recommended to organise a procedure within your consortium for making such requests, and to include such provisions in your consortium agreement.

  On the other hand -and this is not new- the granting of access rights can be made conditional upon the conclusion of specific agreements aimed at ensuring that they are used only for the intended purpose as well as ensuring appropriate confidentiality.

- The owner shall be free to grant access rights. However, the rights of the participant concerned have to be exercised in a manner compatible with the rights of the other participants to know as soon as possible the limitations, obligations and/or restrictions that may exist regarding the granting of access rights (See Article 28.2 Regulation).

  It could be advisable to include a specific provision regarding information among the partners in relation to these issues (in which cases; how far in advance; ways for communicating this; etc.) in order to avoid any unwanted surprise when it comes to request access rights from a partner.

- According to the Regulation, access rights are, in principle, **the same for all participants;** as there are no different categories of participants. (However, note that it is possible that RTD Performers have a different regime, very similar to that of FP5).

  This uniformity also implies that Universities and public research bodies are subject to the general regime of access rights. (Under FP5, where a participant did not generally carry out commercial activities and was unable to exploit the knowledge that it had generated, it could decide to grant access rights to other participants of the ropject on reasonable financial terms). Under FP6, there is no specific provision to compensate for this fact. This means that where writing the consortium agreement particular care should be taken in this regard.

  Note that in most cases, access rights to knowledge owned by universities or public research bodies will need to be requested and negotiated by commercial partners;

  In the specific case where a participant needs access rights from a University or public research body for using its own results, these access rights will have to be granted on royalty-free basis, unless otherwise agreed before signature of the contract with the Community. This means that universities are allowed (and strongly encouraged) to negotiate with their commercial partners, before signing the contract with the Community, any economic compensation that they want to obtain for the fact of not being able to exploit their own knowledge.

  An additional option consists in the Universities or public research bodies negotiating, with the commercial participant, a right to sub-license their knowledge, which would provide them with a way of indirectly exploiting their results.

- The right of third parties to enjoy access rights is **expressly recognised**.

  The Commission may oppose in particular in relation to those not established in a Member State or an Associated State if such a grant is not in accordance "with the interest of developing the competitiveness of the dynamic, knowledge-based European economy, or is inconsistent with ethical principles". Please bear in mind that, in practice, it could be quite difficult for this objection to be considered. Only really extreme situations may deserve such an objection from the Commission. An example could be that of any partner deciding to grant exclusive access rights to a non-European State, depriving then the Community companies from benefiting of the results obtained under the FP project, financed to some extent, do not forget, by Community funds.

- **Any participant may explicitly exclude specific pre-existing know-how** from the obligation to grant access

rights.

That means that it is now possible to keep specific pieces of pre-existing know-how for you. It has to be done by a written agreement between the participants *before* the participant concerned signs the contract or *before* a new participant joins the project. (The latter possibility implies that the other participants have a new opportunity to exclude pre-existing know-how).

This particular right has to play in accordance with the other participants' right to know as soon as possible that the participant concerned is to exclude some pre-existing know-how from its obligation to grant access rights and to deny authorisation if they can demonstrate that the implementation of the project or their legitimate interests (which will be normally of a commercial nature) would be significantly impaired.

Thus, this aspect should be considered in an adequate manner in the consortium agreement for the sake of all partners' interests.

- There are **no provisions on exclusive access rights.**

  (Under FP6, as the granting of access rights to knowledge for use purposes can only be mandatory if they are necessary for the requester to use its own knowledge, exclusive licences for exploitation purposes may not be so likely to enter into conflict with the obligations among the consortium).

Access Rights from the Point of View of their Financial Conditions

Under FP6, the compulsory financial conditions for the granting of access rights vary from a royalty-free basis (free of charge) in most of the occasions -with the possibility of agreeing otherwise in certain cases- to fair and non-discriminatory conditions, depending on the object of such access rights (knowledge/pre-existing know-how) and the intended purpose of the pre-existing know-how or knowledge for the requesting party.

Access Rights to Pre-existing Know-how

These rights are granted

- On a royalty-free basis, unless otherwise agreed before signing the contract with the Commission, to the pre-existing know-how:

  - necessary to carry out the requester's work under the project.

- Under fair and non-discriminatory conditions, to the pre-existing know-how:

  - necessary to use the requester's own knowledge.

  (The access rights are limited to this use).

There are no other cases in which access rights to pre-existing know-how must be granted. However, the participants may grant licences to any party (subcontractors, e.g.; and actually any third legal entity) on their own initiative, always respecting the obligations to the other participants and the interests of the Community (otherwise, and in the latter case, the Commission may oppose).

Access Rights to Knowledge

These rights are granted on a royalty-free basis (free of charge):

- to knowledge necessary to carry out the own work in the project;
- to knowledge necessary to use the own knowledge, unless other financial conditions are agreed before signing the contract.

MINIMUM ACCESS RIGHTS (AR) AMONG PARTNERS AS ESTABLISHED IN THE REGULATION (Articles 26 and 27)

AR for the execution of the project	
AR to knowledge	AR to pre-existing know-how
AR on **royalty-free** basis to the knowledge **needed to carry out** the own work under the project	AR on **royalty-free** basis, unless otherwise agreed before signing the contract, to the pre-existing know-how **necessary to carry out** the own work under the project

AR for use purposes

AR to knowledge	AR to pre-existing know-how
AR on **royalty-free** basis, unless otherwise agreed before signing the contract, to the knowledge arising from work carried out under the project **needed to use** the own knowledge	AR under **fair and non-discriminatory conditions** to re-pexisting know-how **needed to use** the own knowledge

TERMS FOR REQUESTING ACCESS RIGHTS

AR for the execution of the project (Duration of AR)	Until the end of the project *
AR for use purposes	Subject to the participants' legitimate interests, AR may be claimed **until two years after** the end of the project or after the termination of the participation of the contractor, whichever falls earlier, unless there is provision for longer periods

(*) Under the Regulation, it is stated that, subject to its legitimate interests, the termination of the participation of a participant shall in no way affect the obligation to grant access rights for the execution of the project to its partners until the end of the project.

Please consider this scenario: University X is a partner that decides to leave the project. Regarding the pre-existing know-how brought at the beginning of the project (its "background") the University is not worried. But, what about the pre-existing know-how it may develop in parallel to the FP project (the "sideground") once it has abandoned? Does it have to provide access to it to its ex-partners?

No. Once a contractor leaves a project it can no longer be considered as a contractor; thus, everything it would develop after that date could not be regarded as pre-existing know-how, since it would not have been developed "in parallel" to its participation in the project.

See Briefing Paper on the situation of a leaving partner: (coming soon)

As regards use purposes, the possibility of agreeing upon longer periods for requesting access rights for use is an open door to draw up a plan considering this option in the consortium agreement.

Note that we have used the heading "**Terms for requesting** access rights". Regarding use purposes, it is important to be aware that the relevant rules, as they read, do not imply that the *duration of the access rights life* has to be limited to these "2 years after". In our opinion, the participants shall determine how long the access rights are to last; and note that, in case of no decision, the applicable law to the access right in question will determine its duration, and, in such a case, an unexpected and perhaps unwanted situation may arise.

All these considerations give an idea that **the more situations a consortium may foresee in its consortium agreement, the better for the partners** and for the implementation of the project: Less room for guessing.

Refusals to Grant Access Rights

The consortium, when it comes to decide on what to include in the consortium agreement, should note the following issue:

Under the FP6 rules, the provision recognising the right of a given participant to refuse the granting of access rights for exploitation to the others under certain circumstances disappears. There is no explicit rule on said refusal. What should a consortium consider in order to privately rule on this issue?

- First of all, we have a fundamental fact here, which is that the partners are only obliged to grant access rights for execution/ use when the requester *needs* such information in order to carry out its own work or to use its own knowledge. So, obligatory granting of access rights is quite limited.
- On the other hand, there is a possibility of negotiating the financial terms of the granting of access rights to pre-existing know-how for execution, and to knowledge for use purposes before signing the contract with the Commission.
- Furthermore, there is a new possibility of explicitly excluding specific pre-existing know-how from the obligation to grant access rights, by means of a written agreement between the participants, before the participant concerned signs the contract or before a new participant joins the project.
- All participants have the right to be informed as soon as possible by the participant required to grant access rights about any commitments which may affect their rights to access to the knowledge. Particularly, information is required on:
  - any limitations to the granting of access rights to pre-existing know-how;
  - any obligations to grant access rights to knowledge;

- any restriction which might substantially affect the granting.

The above-mentioned facts show, on the one hand, that participants have enough room for negotiating in certain moments of the project and, on the other hand, that obligatory granting is much more limited than before. All this implies that, in good logic, a partner **cannot** refuse to grant access rights to the other partners **in relation to the information to which access is necessary** for the requester to carry out its own work under the project or to use its own results.

All the same, however, the consortium shall not forget the very purpose of the framework programmes: cooperation, collaboration, mutual assistance and strengthening European competitiveness.

What about Exclusive Access Rights?

Under FP6 there are **no explicit provisions** on exclusive access rights.

Now, as the granting of access rights to knowledge for use purposes is only mandatory if they are necessary for the requester to use his own knowledge, exclusive licences for exploitation may not be so likely to enter into conflict with the obligations among the consortium. However, and in principle, participants are not allowed to grant "real" exclusive licenses for exploitation purposes, as this would prevent them from giving their partners access to their knowledge. However, exclusive licences for commercial exploitation purposes could be granted with the limitation that access to other partners should be possible whenever they need it for carrying out their own work under the project or for using their own knowledge.

Note that the Commission has the right to object to the granting of access rights to third parties in "exceptional circumstances", where it considers that such granting may be detrimental to the European competitiveness. This is a measure intended to be exercised in really extreme situations, i.e. it is really unlikely that the Commission objects to the granting of access rights to third parties from Member States or Associated States, because the agreement would rarely put at risk European competitiveness. A different situation could be if we are talking about the granting of exclusive access rights for exploitation to a third party from outside the European Union, because this will prevent European companies from benefiting of the results of the FP project, which the Community has financially contributed to.

All that means that the consortium should foresee these situations in the consortium agreement. Any partner rticupalarly interested in granting access rights to a third party? To a non-European company on exclusive basis? Any conflict of interests between partners? Access rights to subcontractors, to subsidiaries? etc.

Access rights to Software

Intellectual property in software may be of particular interest. The implications of the model contract for IPR appear to have been framed with regard to more traditional products. Regarding intellectual property in software, the right of partners to use the pre-existing know-how of other partners or their results may be deemed as not being particularly clear. For example, the degree of access regarding source code/object code issues often caused problems in the past.

"Historical" overview from FP4 onwards:

Concerning knowledge::

Under FP4, (Foreground), Articles 9 and 12 of Annex II of the EU-RTD model contract do not give any indication on how to deal with access to the source code between partners.

But if you refer to Article 1 (20) Part A, Annex II of the EU-RTD model contract, the Foreground is defined as "patents, registered designs, copyright (including the copyright on software in any code) and other similar statutory rights..."

Consequently and following the provisions of Articles 1 and 14, part A, Annex II, contractors could benefit from access rights for exploitation of the Foreground, which include, if the Foreground consists of software, the object and source codes.

Under FP5 and FP6, there is no mention to access rights to software. However, in good logic, being a piece of software developed by partner 1 under the project necessary to partner 2 in order to use its own results, access rights would have to be granted, at least regarding the object code. Access to source code could be agreed upon.

- Concerning pre-existing know-how:

Under FP4, (background), the question was not so clear for the source code of software which is brought to the project as background.

This question (access or not to the source code) will depend on what the contractors put under the notion of ackbground.

Under FP5, the question looks easier, where the definition of pre-existing know-how is limited to information and rights necessary to carry out the project.

That is to say that the partners must determine exactly what is necessary. So this question will come under the discretion of the parties.

Under FP6, the answer could be the same: the concept of "pre-existing know-how" refers to information or IPR brought into the project or developed in parallel to it; and compulsory access rights are limited to what is necessary to carry out the project or for use purposes. So the parties have to determine what is really necessary.

Thus, where software is involved, it is highly advisable to include any provision on the consortium agreement regarding how wide are to be access rights to it.

Access for the Affiliates to the Results of the Project

Under FP4, the notion of contractor was extended to the affiliate companies, as such, at least concerning Part B of the EU-RTD model contract (access rights, etc.).

Under FP5, the Commission voluntarily withdrew from this position.

The affiliate companies of a contractor no longer have automatic rights. However, access to the results of research is not expressly closed to the affiliate companies of a contractor. Thus, the rules on the use of the results obtained during the project enable the contractors either to exploit them by themselves or to have them exploited by a third party. This matter comes under the discretion of the parties and is subject to negotiation (RTD contractors).

In a consortium agreement, contractors could be able to decide to grant access to the results of the research to certain affiliate companies (quoted by name). The Commission would not agree to see all of a partner's affiliate companies quoted in total, which would be against the rules insofar as there is no more reference to the affiliate companies.

The fact that the notion of affiliates disappeared from the definition of contractors gives a partner (as opposed to the situation in FP4) the possibility of refusing to allow one of the other partners to give access to the results obtained under the project to its affiliates. That is to say, it became a matter for negotiation.

Under FP6, contractors are defined, broadly speaking, as those who have the technical consideration of participants according the Rules for Participation and are signatories to the contract (other than the Joint Research Centre). There is no mention to the affiliates of the partners. They do not have compulsory access to the results of the project. However, as the partners can grant access rights to third parties, it is just a matter of concluding the necessary agreements in order to do so while respecting the rights of the other partners.

Protection

The owner of the knowledge shall provide for its adequate and effective protection when it is capable of industrial or commercial application, in conformity with the relevant legal provisions, the contract and what might be stated in the consortium agreement, having due regard to the legitimate interests of the participants.

Use: Organisation of the protection of the results obtained during the project.

One of the obligations resulting from the rules is the protection of the results, that is to **protect knowledge** capable of industrial or commercial application in an adequate and effective manner and for an appropriate period of time.

See the Comparative Guide on IPR under FP5-FP6.

The details on how the knowledge will be or has been protected should be defined in the consortium agreement. That is to say that in addition to the model contract and the basic rules, more detailed duties of partners to protect their nowlkedge may be planned as, for example, specific protection under national systems and/or to inform other partners of their actions.

When partners are preparing their proposal, negotiating the model contract with the Commission and drafting their consortium agreement, they must think about the results they look after and how they plan to protect such expected results.

Matters for consideration:

- Who will file for protection? According to the rules, as the obligation of protection arises in relation to the owner of the knowledge, it follows that it will be for each party to file patent applications, e.g. for inventions made by its employees; It would be appropriate to have a provision relating to the compensation of the employed inventors. Each partner will also have to decide on the granting of licences to third parties; decide which form of protection suits better the information to be protected; etc.

  See, i.a. the Guide on employee's creations.
- Planning ahead for cost sharing and decision-making issues in the event of co-ownership.
- In the case of a partner who has carried out research and obtained results which can be protected not doing so, planning an optional clause allowing the other partners to take the necessary steps for protection (otherwise this may fall to the Commission).
- Obtaining and maintaining patents and other intellectual property rights in effect. Payment of fees for registration and maintaining procedures - in which country and from whose account.

· Responsibility for detecting and taking legal action against infringers, which laws are applicable, in which country and the costs.

a) General Overview of IP Protection Tools

Intellectual Property covers two main areas: *industrial property* (inventions: patents, utility models; trade marks; industrial designs and protected designations of origin) and *copyright* (represented by literary, musical, artistic, photographic and audio-visual works).

The scope of the protection obtained through IPR varies according to the type of instrument employed.

INDUSTRIAL PROPERTY RIGHTS					**TRADE SECRETS**
INDUSTRIAL PROPERTY RIGHTS				**ARTISTIC PROPERTY RIGHTS**	
PATENTS	**UTILITY MODELS**	**TRADE MARKS**	**INDUSTRIAL DESIGNS**	**COPYRIGHT**	
Technical Inventions: · New; · Inventive step; · Industrial application.	**Technical inventions:** · New; · Inventive step; · Industrial application. (Protectable subject matter can be restricted)	**Trade marks for products, services:** 2D or 3D pictures, words, names, colours, and/or sounds.	**Design:** Aesthetic configuration of an object or a specific shape.	Literary, graphic or musical works, software, databases.	Technical information.
Duration of protection: 20 years.	**Duration of protection:** 10 years.	**Duration of protection:** 10 years, indefinitely renewable.	**Duration of protection:** 5 years, renewable to up to 25 years (according to Directive 98/71 on the legal protection of Designs).	**Duration of protection:** Author's lifetime +70 years.	**Duration of protection:** Indefinite until in the public domain.
Instruments: · National patents; · Europatents applications; · International application (PCT).	**Instruments:** - National utility models (not available in all EU).	**Instruments:** · National trade marks; · Community trade marks; · International registration of trade marks.	**Instruments :** · National industrial designs; · International deposit of industrial designs; · Community design.	**Instruments:** No registration; The protection arises merely through the act of creation.	**Instruments:** No registration.
Competent authorities: · National patent offices; · EPO. · WIPO.	**Competent authorities:** - National patent offices;	**Competent authorities:** · National patent offices; · OHIM - Office for the Harmonisation in	**Competent authorities :** · National patent offices; · OHIM; · WIPO.		

		the Internal Market (trade marks and designs); · WIPO.			

Semiconductor Chip Protection

This instrument covers the protection of the geometrical structure or topography of a semiconductor product such as a microchip. In contrast to patents or utility models, only the geometrical configuration of the microchip is protected, not its technical function nor its technological structure.

www.ipr-helpdesk.org

Plant Variety Protection

This protection is granted for plant varieties, which are new, distinct, uniform and stable. In Europe, plant breeders have the option of applying either for national plant variety protection or for a Community plant variety right (CPVR).

www.ipr-helpdesk.org

Geographical Indication

GIs identify a good as originating in a specific territory, or in a region or locality of such territory, where a given quality, reputation or other characteristic of the good is essentially atributable to its geographical origin. (Art. 22.1 TRIPs Agreement).

Useful IPR-Helpdesk documents:

Trade Marks

Copyright and Internet

Copyright

Patents

Utility Models

Upcoming Guide

Designs

b) Useful Proof Tools

Use: This part deals with mechanisms that can be useful when it comes to prove two important aspects: authorship and the date in which a work has been created.

Registered Letter

Sending a registered letter containing a description of works protected by copyright is a practice used in a lot of countries which gives authors the opportunity to give a date of creation to their work.

As you may know, the date of creation is important. The proof of the date of creation by the method mentioned above can be, however, insufficient. The only way for the author to give a certain date to the creation of his/her work is to go to a lawyer's office or Notary Public and have the work registered.

The Soleau Envelope

In some countries such as France, for example, another mechanism exists, called the "enveloppe Soleau". The Soleau envelope (named after its inventor) is a simple and inexpensive *proof tool*. It can be of interest for authors, creators and inventors because it can constitute the proof of their creation or invention and give a date to it. Note that the Soleau envelope is not an industrial property title and does not confer on its holder the right to oppose to the use of the creation without assent.

In France, the Soleau envelope is materialised by means of two compartments in which the user puts the same content: the description or reproduction of the work in two dimensions (i.e. in paper). Then the envelope has to be sent to the Institut National de la Propriété Industrielle (INPI) possibly by registered letter. After recording and perforating it with a laser, the INPI sends back a compartment to the user with the recommendation that it has to be kept without being unsealed. The INPI keeps the other compartment in its files to be produced for legal purposes as and when necessary.

If a conflict as authorship or similar arises, the comparison between the contents of the two sections will authenticate the document (i.e. the work).

The Soleau envelope system was originally conceived in the interest of the inventors of designs and models. In practice, its use is much more extensive.

For an aesthetic or decorative creation :

The Soleau envelope system will enable the inventor to claim royalties on the creation in question more easily. Indeed, if the protection granted by legislation on copyright arises as from the creation date, without deposit formality, it is the responsibility of the author calling for this protection to supply evidence of the date on which the model or drawing was created.

For an invention:

The Soleau envelope allows the inventor to keep an invention secret or to complete its development before submitting a request for a patent. In this way, it is also possible to avail oneself of the exception of "personal possession", if a patent request is submitted by a later third party for the same invention, to claim rights more easily within the framework of legal disputes.

Use and Dissemination of Results

The participants are required according to the rules (Article 23 Regulation) to use the results they own or cause them to be used either in further research activities or for exploitation, in accordance with their interests. Following the model contract, the report previously known as Technological Implementation Plan **(TIP)** seems to be maintained under the name *Plan for using and disseminating the knowledge*. (See, i.a., definition No 17, II.1 -General Conditions of the model contract).

The consortium agreement should establish basic principles to start with. (Which partner may only exploit and where; which partner retains rights for research; any access rights to third parties for exploitation or research; any necessary agreement with internal staff of any partner to avoid future problems...) In short, whatever provision that may clear the way for the future use of the results could be stated in the consortium agreement. It is for the consortia to decide on this issue according to their specific needs and the nature of their projects.

If dissemination of the results does not adversely affect their protection or use, the participants shall ensure that it is disseminated within the period of 2 years after the end of the project. (Article II.34 (2) -General conditions of the model contract).

If participants fail to do so, the Commission may disseminate the knowledge.

Both the participants and the Commission shall take into account:

- The need to safeguard IPR;
- The benefits of a rapid dissemination (in order to avoid duplication of work and research efforts);
- Confidentiality;
- The legitimate interests of the participants.

The spirit of this provision is to make the contractors use the research results or finding "a partner" for the exploitation of their knowledge using, for example, the tools proposed by the European Commission. Among these are the CORDIS Technology Market Place (www.cordis.lu), which is devoted to exploiting technology, the CORDIS Results Service (www.cordis.lu) which provides an opportunity to publish the research results which require further development or exploitation, the Innovation Relay Centres support (www.cordis.lu), etc.

Bear in mind that the knowledge is supposed to be protected in principle, and, consequently, if through the dissemination someone is interested in such protected knowledge and wants to exploit it or use it, they must conclude a licence agreement with the owner.

The costs of developing a technology into a product and then marketing it could be significant.

Therefore, new capital, possibly some new members and a new structure might have to be arranged. Money may be forthcoming from venture capital funds, wealthy individuals such as informal investors or "business angels", bank and debt finance, etc. (Further to the subject, some interesting information and literature can be found in the Financing Innovation section:www.cordis.lu).

The creation of an entity that will be in charge of the exploitation and commercialisation aspects of the research results could also be planned. Various types of company forms are available such as the creation of a European Economic Interest Grouping (EEIG) (already mentioned in the section regarding ownership of knowledge) or of a company (S.A., a limited company, cooperative, etc.), etc.

Comments: In order to improve the opportunities for transnational cooperation, the Council of Ministers of the European Community decided in 1985 to introduce the European Economic Interest Grouping (EEIG or grouping) and issued a regulation, which has been applicable since July 1, 1989. The Council Regulation (EEC) No 2137/85 of 25 July 1985 on the European Economic Interest Grouping (EEIG). (Official Journal L 199, 31/07/1985 p. 1)

See our Briefing Paper The creation of an entity in charge of the exploitation of RTD results - What are the best choices?

Until the European Company Statute enters into force (8 October 2004), the European Economic Interest Grouping is the only transnational legal structure at European level.

See Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European Company (SE) Official Journal L 294 , 10/11/2001 P. 0001 - 0021.

Rather than being a company, the European Economic Interest Grouping is a legal form available for cooperation between European companies or individuals. Directly subject to European Community law, the EEIG can, once registered in one of the Member States of the European Union, extend its activities to the entire territory of the Union, and act as a legal entity outside the Union.

The EEIG is a legal entity and is entitled, on its own authority, to have rights and obligations, to settle contracts and conduct other legal acts; but its objective is not to make profit for itself as an entity but rather to develop the business and profits of its members. Its activity will be related to the economic activities of its members and must not be more than ancillary to those activities.

Useful links:

CORDIS Technology Market Place

Innovation Relay Centres

Financing Innovation

PROTON

The Question of Open Source Software when it comes to Exploit the Results

If software is to be developed under the project and the partner concerned (the "developer-to-be") or the consortium itself is willing to release it after the project as open source software (broadly speaking, and i.a., providing everybody with the source code of the software) we highly recommend to include specific provisions within the consortium agreement.

Open source software implies an "exploitation" philosophy that has gained more and more followers in the world, even within Public Administration systems, but one has to ensure that any obligation to the other partners regarding the use of the results (and their protection) are respected in any case. On the other hand, the commitments to the European Community have to be taken into account for not deciding anything that may put at risk European competitiveness.

Some basic considerations to bear in mind:

- Open Source software is **still an evolving reality**. Its legal framework is not ascertained in all its points yet. Furthermore, in areas like the USA, the system is maybe more developed and better established than it could be in Europe, for example.
- Open Source software, so far, **implies certain commitments** for users and developers. And this is "as is". If any entity wants to develop software and to release it as open source software, it is accepting "the open source philosophy". At present, it can be deemed as being just a question of "ethics": up to now there are no legal instruments to really prohibit anyone from switching positions at any given time and releasing any "proprietary version" if he/she is the author, but only technical considerations in the sense that Libre software will always have "a mark" on it, which will identify such a piece of software as a "libre" or open source one.).
- Open source software **does not exclude commercial use**. Its intention runs contrary to proprietary software, not to commercial use. But it may need a rethinking of what "commercial use" may mean. (For example, by providing related products or services).

Subcontracts

Subject to the conditions contained in the model contract, the contractors must plan ahead in their agreement for the conditions, effects and consequences of subcontracting. It is recommended to complete and detail the contractual relationship between contractors and subcontracted parties in a separate contract.

Use: The model contract expressly foresees the possibility of subcontracting and it may therefore be important to envisage the same within the consortium agreement.

Example:

The Parties that have decided or wish to subcontract will comply with the dispositions established in Article II.6 - General conditions of the model contract. The relations between the Parties and the subcontractors are not dealt with within this Agreement.

Subcontracting is under the responsibility of the Party that has a subcontract. The subcontractor used by one Party must be known by the other Parties and cannot be changed without informing the other Parties prior to this.

Note also that in Article II.6 (3) of the model contract, it is explicitly stated that subcontracting to third parties cannot un-

dermine the contractors' obligations to the Commission under the contract.

II.3. Final Provisions

Payments

This provision should indicate the methods of payment, with reference to the system as laid down in the model contract e.g. deadlines, methods of payments, bank accounts, etc.

You can simply refer to the payment methods of the model contract.

Confidentiality

This obligation consists of not revealing certain information such as industrial, business secrets or other facts. It not only obliges parties not to divulge but also to protect information. The clause has to be very precise about the information that must not be revealed (by way of example or otherwise). It could stipulate that all the documents should be stamped "confidential". It could contain exceptions by indicating people or information in whose interest the confidentiality may be lifted. The obligation's period of validity must also be stated in advance. This clause must be especially retroactively applicable and remains valid after the project has ended and should still be applicable in the case of a partner withdrawing from or abandoning the project.

Use: This is a matter of making all transmitted information secure. It is strongly advisable to sign a confidentiality agreement from the start of negotiations. The clause can then be inserted into the consortium agreement.

Comments: The parties can introduce some exceptions to the obligation to keep such information and knowledge confidential (e.g. subcontractors).

Example:

Each Party agrees to receive and hold all information related to the submission, negotiation of the XXX Project proposal (as listed in Annex X) in confidence and all information marked as "confidential" or communicated on a confidential basis for a period of X years after receipt thereof and shall exercise the same degree of care in preventing the disclosure of information as it does in protecting its own information. Furthermore, the receiving Party promises not to use such confidential information or knowledge for a different purpose than those stipulated in the Project and not to file for intellectual property right protection for these.

As the minimum protection, the receiving Party shall limit disclosure of information to its employees having a need to know information and shall not disclose the information of the others to any third party, individual, corporation or other entity without the prior written consent of the disclosing party.

This obligation of non-disclosure shall not apply to any information which is:

- published or otherwise made available to the public other than by breach of this Agreement by the party receiving the information; or
- rightfully received by the receiving party from a third party without confidential limitation; or
- known to the party receiving the information prior to the first receipt from the disclosing party; or
- hereinafter disclosed or acquired by the disclosing party to a third party without restriction on disclosure; or
- independently developed by the receiving party.

Publications and Press Releases

This provision aims at trying to organise:

- the publication of data (except summary information) relating to the results obtained under the project; and
- the procedure of such publication, in order to preserve the interests of each different party

Note that under General Conditions, Article II.33 (3) of the model contract, there are quite strict rules about publication of data where complying with protection requirements. Namely:

- The Commission and the other contractors shall be given 30 days prior notice of any planned publication;
- A copy of the data (intended to be published) shall be sent to the Commission and the other contractors if requested within 30 days after receipt of the aforementioned notice;
- The Commission and the other contractors may object to the publication within 30 days after receiving the data, if

they consider that the protection of their results would be adversely affected by this publication.

(In the absence of any objection within the above-mentioned period, publication is deemed to have been approved).

Use: This is to comply with the interest of the academic world to publish and industry's to exploit, among other things.

Comments: This clause will be especially taken into account in the case of a consortium composed of both academic and industrial partners.

Example:

The Contractors are entitled to publish for academic purpose research and development (R&D) results other than summary information obtained through work in the Project in the usual scientific form. However, such publication by one Partner shall be subject to the written notification to the Coordination Committee for approval prior to publication.

The Partners accept the need to publish and disseminate the results of the research according to the Contract. Publication of the results, however, shall only take place in accordance with the provisions of secrecy and the possibilities of protecting intellectual property rights. It is the duty of the Partners to ensure that all publications of work carried out as part of this Contract are submitted for approval to the Coordination Committee and this approval should be given within XX days of request.

Such permission shall not be withheld longer than is needed to enable arising intellectual property to be protected and in any case not longer than X year(s) from the date of the request to publish.

All Contractors should be aware of their responsibility to ensure that all matters concerning secrecy, the possibilities of protecting intellectual property rights and need for publication are respected.

Standards

Depending on the type of project and on the intended goal of the partner in the project, it may be useful to introduce some provisions regarding standardisation into the consortium agreement.

The partners may organise between themselves how they will proceed to request a standard, as for example who will ask for it, the costs and maintenance of the standard, the communication of any documents to the standardisation bodies.

Use: it provides assurance that a purchased product meets defined characteristics or that an organisation's processes meet specified requirements.

The definition of standard as established in the Directive 98/34 is as follows: "a technical specification approved by a recognised standardisation body for repeated or continuous application, with which compliance is not compulsory and which is one of the following:

- International standard: a standard adopted by an international standardisation organisation and made available to the public;
- European standard: a standard adopted by a European standardisation body and made available to the public;
- National standard: a standard adopted by a national standardisation body and made available to the public."

Examples:

Example No1:

Each Party agrees to comply with the standard XXXXX.

Example No2:

The Parties through the coordination committee undertake to obtain the standard(s) of the standardisation body XXXX for the exploitation...

Responsibilities and Sanctions for Failing to Carry Out Contractual Obligations or Terminating Contractual Relations (Cancellation)

This part should describe the procedures for resolving disagreements within the consortium.

It deals with managing the contract's internal risks if, for example, one of the parties disregards one or another of the contract's stipulations.

It is necessary to make a distinction between a contractual obligation that has simply not been fulfilled for the moment and one permanently unfulfilled, where the consequences will have to be borne beyond the links between the consortium partners, but also in relation to the European Commission.

These provisions should deal with the responsibilities with regard to third parties, the Commission, and the parties themselves.

The recourse to sanctions and the sanctions applicable should be planned in the consortium agreement, such as:

- lump sum payments;
- financial compensation;
- interest payments;
- ending/cancelling the contract.

In the interest of all parties, it is advisable to stipulate such penalties, precisely, in the consortium agreement.

Maintaining effects: The question of what will happen to the information communicated to a participant or by a participant who is withdrawing from or has been excluded from the project must be contemplated. The same question applies for information obtained during this period.

This would mean, for example, loss of user rights for this information or the right of participants remaining in a project to continue using information belonging to a partner who is withdrawing from the project in a situation where this information is necessary to carry out the project.

Use: This part aims to manage the disruptions to the project/contract caused by the non-execution of tasks, as well as the consequences and sanctions applicable for such conduct.

Comments:

The responsibility/liability clause can refer to the relevant Articles of Annex II of the model contract, which will tabeslish a "minimum". See Articles II.13 (liability) and II.15-II.18 (responsibility), Annex II of the model contract :

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See also Briefing Paper on the IPR consequences when a partner leaves the project: coming soon

Force Majeure

The parties can indicate the events which, should they occur, would cause the contract to be suspended. This can avoid excessively vague terms such as "events of *force majeure*", which could have various meanings according to different national legal systems. These events would have to be exterior, unforeseeable and insurmountable circumstances beyond the control of the parties concerned.

It is equally advisable to plan the notification of any such event of *force majeure* (formal notification, notification deadline) and evidence of the event.

A reference can also be made to the arrangements contained in the model contract. (See Article II.4, Annex II of the model contract)

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Use: This clause is used to ensure the future of the contract, by exempting some extreme situations from being considered as breaches of contract.

Example:

OPTION 1

Each Party shall be excused for any delay or failure in performance hereunder caused by reason of any occurrence or contingency beyond its reasonable control, including but not limited to an earthquake, labour disputes, riots, governmental requirements, XXX.

The obligations and rights of the Party so excused shall be extended on a date-to-date basis for the time equal to the period of such excusable delay.

In order to obtain a suspension under this article, the Party delayed shall send written notice of the delay and the reason therefore to the other Parties within XX calendar days from the time the Party delayed knew of the cause of delay in question.

OPTION 2

The provisions of the Contract relating to *force majeure* shall apply to this Agreement.

Assignment (Transfer)

This plans ahead for any eventual substitution of contractors and consequently the transfer of rights and obligations from the withdrawing contractor to the assigned participant. (Conclusion of particular agreements to pass on its obligations under the contract -in particular concerning the granting of access rights, the dissemination and use of the knowledge- to the assignee). This transfer must respect the rules contained in the Regulation and the model contract and consequently depends on the agreement of the Commission. The other partners' agreement will also be required.

The transfer does not free the withdrawing contractor from any obligations applicable prior to the transfer. Note that a provision could even be made for the transferring contractor to continue working jointly with the transferee.

The FP6 rules on IPR contemplate now a system whereby:

- As long as the participant is required to grant access rights, it shall give at least 60 days prior notice to the Commission and the other participants in the project of the envisaged assignment and the assignee;
- The Commission or other participants in the project may object within 30 days of notification to such a transfer of ownership;
- As regards transfers of ownership to third parties, in particular to those not established in a Member State or an Associated State, the Commission may object if such a transfer is not in accordance with the interests of developing the competitiveness of the dynamic, knowledge-based European economy, or is inconsistent with ethical principles;
- The other participants may object to any transfer of ownership if this would adversely affect their access to the transferred piece of knowledge.

See the Comparative Guide on IPR under FP5-FP6.

See the Briefing Paper on IPR regime under FP6.

Use: The purpose of this part is to plan ahead for any eventual transfer so that the methods and consequences of this transfer are indisputably in the interest of the project, as the contractual position of each partner is primarily to carry out the project properly.

Example:

Neither Party will assign or transfer partially nor totally any of its rights and obligations hereunder without the prior written consent of the other Parties.

No assignment of this Agreement or of any right granted hereunder and any of its obligations shall be made by either Party hereto without the prior written consent of the other Party, such consent not to be unreasonably withheld.

Term and Termination

Particular attention must be paid to this clause. The model contract signed with the Commission is for work to be carried out continuously over a fixed period. (See Article 4 of the core contract). The consortium agreement will therefore have to be of at least the same duration.

Use: This clause states the duration of the effects that will be produced by the agreement.

Example:

This Agreement will not be binding upon the Parties until it has been signed hereinbelow by or on behalf of each Party, in which event it shall be effective retroactively as from the date of the beginning of the Project proposal discussion.

Except in case of anticipated cancellation foreseen in Article XX, the duration is planned until XXX.

Settlement of Disputes

The parties to the consortium agreement shall make provisions for issues which could bring them into conflict and which necessitate a plan for dealing with them.

a) Clauses to Facilitate Settlements

- A clause calling for amicable arrangements obliges the parties to seek a negotiated solution to differences of opinion. This clause does not force them to reach an agreement, but to negotiate in good faith with a view to finding a solution together.
- An expertise clause obliges the parties to call on a neutral third party in difficult cases to study the difference of opinion. The third party neither imposes nor suggests a solution, but sheds light on the debate.
- A mediation clause allows the parties to submit their differences to a mediator, who will suggest a solution and assist them in their discussion

b) Clauses to Facilitate Arbitration

The parties can choose institutional arbitration. Specialist institutions such as the International Chambers of Commerce will provide not only arbitrators and applicable solutions, but also payment for the arbitrators.

The parties can also choose *ad hoc* arbitration. They will organise the arbitration in both form and content.

The partners must always look for ways of reaching an amicable solution to any differences of opinion that are likely

to appear while carrying out the project.

c) Clause to Attribute Judicial Competence

Where litigation is considered, it is advisable that the partners choose the same country as that of the applicable law to the model contract for the competent court to hear disputes amongst them. Under Article 12 of the core contract, it is established that the law governing the contract with the Community shall be the law of [Belgium/Luxembourg];i.e, place of establishment of the relevant Directorate-General.

Use: This clause is included in order to prevent differing contractors having to resort to legal procedures to resolve differences of opinion.

Please note that we highly recommend addressing potential disputes amongst partners to Alternative Dispute Resolution systems; e.g. mediation, conciliation, arbitration).

Example:

OPTION 1

The Parties shall endeavour to resolve amicably any dispute which might arise regarding the interpretation or xecuetion of the clauses in the present contract.

In case of any persisting disagreement the dispute shall be settled by XXX.

OPTION 2

The International Chamber of Commerce in Paris (ICC) suggests the following provision:

All disputes arising in connection with the present contract shall be finally settled under the Rules of Conciliation and Arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with the said Rules.

The World Intellectual Property Organisation (WIPO) and its Arbitration Centre (which offers mediation and arbitration procedures in the field of intellectual and industrial property) proposed the following provision:

Any dispute, controversy or claim arising under, out of or relating to this contract, including any subsequent amendments of this contract, concerning, in particular, the contract's conclusion, binding effect, interpretation, performance, breach or termination, as well as any tort claims, shall be referred to and finally determined by arbitration in coracdance with the WIPO Arbitration Rules in force on the date [of this contract] [of the commencement of the arbitration]. The arbitral tribunal shall consist of [three arbitrators] [a sole arbitrator]. The place of arbitration shall be XXX. The language to be used in the arbitral proceedings shall be XXX.

All disputes between the Parties in connection with or arising out of the existence, validity, construction, performance and termination of this Agreement (or any term thereof) which the Parties are unable to resolve between and among themselves shall be definitively settled by arbitration. The arbitration shall be held in the International Chamber of Commerce at XXX in accordance with the rules of Conciliation and Arbitration of the XXX by one or more arbitrators appointed in accordance with such rules, appointed as follows: The Court of Arbitration shall consist of three arbitrators. Each Party shall agree to appoint two arbitrators, and the third, who is to act as Chairman, is to be appointed jointly by the two first mentioned arbitrators.

If the Parties fail to appoint the two arbitrators within X weeks or if the two mentioned arbitrators cannot come to an agreement on the third arbitrator within X weeks, the respective arbitrator is to be appointed by the President of the International Chamber of Commerce at XXX.

OPTION 3

Any legal actions or proceedings arising out of this Agreement shall be brought to the Court of XXX.

Language

This is a question of determining the language in which the consortium agreement will be drafted, as well as worked in, and its authoritative version.

Use: Better communication between the members of the consortium.

Example:

The Consortium Agreement is being drawn up in English, language which shall govern all documents, notices and meetings for its application and/or extension or in any other way relative thereto together with all reports, communications, correspondence and technical work between the Participants and/or with the Commission.

Applicable Law

The contracting parties will have to submit their agreement to an existing national law. The choice of applicable law should be made before the contract is drafted. Contractors are free to choose the applicable law, but this is generally determined by criteria such as where the partners' operate; where the contract is signed; where the project is carried out; or simply by the model contract.

A reference to the law applicable to the model contract should be considered (as this allows a unified interpretation between the model contract and the consortium agreement).

Use: The designated law constitutes the keystone to which all the solutions governing relations formed by the contractors will be connected.

Example:

OPTION 1

This Agreement shall be construed, and legal relations between the Parties hereto shall be determined in accordance with the law XXX.

OPTION 2

This Agreement shall be construed, and legal relations between the Parties hereto shall be determined in accordance by the law provided in the model contract.

For further information, please see our briefing paper The Choice of Law in the Consortium Agreement

Entire Agreement, Amendments

This is a question of planning a relatively flexible procedure for modifying the contract (with a view to unknown factors, changing the work schedule, etc.).

Provisions should be developed for changes in the work schedule, one or several partners leaving or entering the project unexpectedly, etc.

Please note that in certain cases it is necessary to obtain the Commission's approval.

Use: To provide for unforeseeable or unexpected events that could arise and create contractual problems.

Example:

No amendment or modifications hereof shall be valid or binding upon the Parties unless made in writing and signed as aforesaid.

Miscellaneous

Here are some provisions of possible interest to you, which could be included in the consortium agreement:

Headings:

The heading of the several sections could be inserted for convenience of reference only and are not intended to affect the meaning or interpretation of this agreement.

Invalidity Clause:

This provision should organise the consequences of the illegality of a provision of the consortium agreement.

Example:

If any provision or provisions of this Agreement shall be held to be illegal, invalid or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. The Parties agree to negotiate, in good faith, a substitute valid provision which most nearly effects what Parties intended when entering into this Agreement.

Notice and Correspondence:

This part should describe the internal communication procedure between the partners including new communication technologies as electronic mail.

Example:

All notices required or permitted to be given under this Agreement shall be in writing and shall be deemed to be sufficiently given for all purposes thereof when made by certified mail to the Party to be notified, when personally delivered, or if transmitted by fax, electronic or digital transmission provided that such transmission is confirmed by receipt of a successful transmission report and confirmed by mail.

III. When does the Consortium Agreement have to be Signed?

Under FP6, the consortium agreement should be signed as early as possible and preferably no later than the date on which the contract with the Community enters into force -that is to say, where signed by the Commission and the coordinator. There is no "last moment" mandatory established. It is for the partners, taking into account the institutional recommendations, to decide when they want to have their consortium agreement ready.

The consortia, in estimating which is the right moment to conclude the consortium agreement, have to consider the following aspects:

- The consortium agreement is a *private agreement* among the partners.

  The Commission does not enter into this agreement. That means that the Commission, at present, does not consider to establish any concrete moment for the signature of the consortium agreements. It is for the partners to reflect on the particularities of their project and to decide, according to these, the moment where they estimate that everything or, at least, the minimum basis for them to work have to be set out.
- The consortium agreement is designed to make the project work in the best way for the participants, by establishing the basic pillars of their internal organisation and foreseeing the intellectual property issues that may be key for the success of the project and the subsequent utilisation of the results.
- There is no compulsory deadline to comply with. The partners of a given project have to consider the nature and requirements of their project, their specific needs, the particular concerns that any of them may have and, taking into account aspects like these, establish a workable framework for their success: the earlier, clearer and more complete consortium agreement they have, the better for the development of the project activity and for making the best of its results.

  Regarding the recommendation to an early conclusion, participants have to bear in mind that some new possibilities under the FP6 and the complex and ambitious new instruments (Integrated Projects and Networks of Excellence) may demand an early setting of the major issues by the participants.

  As a last reminder, there are 3 explicit new possibilities to be exercised before signature of the contract:

  - Explicitly excluding pre-existing know-how from the obligation of granting access rights.
  - Agreeing upon different economic conditions regarding access rights to pre-existing know-how for the execution of the project.
  - Agreeing upon different economic conditions regarding access rights to knowledge for use purposes.

Running a big project is surely complicated, so it could be in the participants' interests to conclude an early agreement.

IV. Links

- Comparative Guide on IPR under FP5-FP6
- Briefing Paper on New IPR regime under FP6
- IPR-FP6 FAQs
- Briefing Paper on Identifying Pre-existing know-how: A Strategic Issue under FP6
- Briefing Paper on the IPR consequences when a partner leaves a project under FP6: coming soon
- Presentations of the IPR-Helpdesk on IPR and FP6
- Regulation (EC) 2321/2002 on the Rules for Participation and on the Dissemination of Results under FP6
- See Core Contract, General Conditions of the Model Contract, and other Annexes approved, on IPR-Helpdesk Web site.

1. Basic information taken from Web sites like http://www.ejtn.org/geie_main.htm