



# European IP Helpdesk

Consortium Agreements

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## What should the (DES)CA include?

Content	Sect.
Designation of the parties (beneficiaries)	Pre.
Definitions (do not repeat nor deviate from those included in the GA!)	1
Subject / Purpose (description of the work to be done – this may refer to the description of the action)	2
Managerial provisions (management bodies and respective tasks, decision-making processes)	6
Financial provisions complementing those already included in the GA (payments, costs, changes to financial)	7
Provisions on IPR, exploitation and dissemination. These must be flexible and support both the cooperation between the parties and a sound implementation of the project, while encouraging protection, exploitation and dissemination.	8,9
General provisions (entry into force, duration and termination, amendment procedure, confidentiality, breach and liability, survival, law and jurisdiction, signatures)	3, 4, 5, 10,11
Background Included	Att. 1



## Preamble: Negotiation

Depending on the project the CA negotiation can be more or less complex

< Parties = less changes

> Parties = more changes

Process:

**Step 1:** Coordinator creates a Version 1 to be circulated among the partners

**Step 2:** Round one of changes: SET A DEADLINE (ideally 2-weeks) for the answers

**Step 3:** Acceptation, rejection of the changes, by the management team (Against GA provision etc.) or other partners

**Step 4:** Repeat until there are no changes disputed (it normally takes not less than 4 rounds)



## Section 1 Definitions

Definitions in the Consortium Agreement are usually words in capital letter

### **Needed:**

Defining what „needed“ means is of outmost importance in the CA.

Results or Background needed for Exploitation activities, for project implementation.

### **Fair and Reasonable Conditions**

To access project results and background



## Examples:

Partner 1 will need Background X (and results Z) in order to carry out project activities Z

With respect to Parties which are Research Organisations, given their specific positioning, “appropriate conditions” of their Results / Background necessarily means that any Party wishing to Exploit these Results / Background **shall financially compensate said Research Organisations in case of direct or indirect industrial or commercial exploitation.**



## Examples II:

Background means, any data, know-how or information whatever its form or nature, tangible or intangible, including any rights such as intellectual property rights, which is:

1. held by participants prior to their accession to the action;
2. needed for carrying out the action or for exploiting the results of the action; and
3. identified by the participants.

All results which are generated under the project – whether or not protectable. Such results may include copyrights, design or patent rights, trademarks or others, and belong to the partners who have generated them.



## Section 3: Entry into force

CA duration = GA duration



What happens if the CA is not ready at the time to Grant?

Should a consortium postdate the CA?



## Section 4: Responsibilities of the parties

Breach.

Following the DESCAs structure, in case the parties should disagree in the consortium a mediation procedure should be started.

This should not be the case for a CA breach

Addition:

**Art. 4.2 No mediation procedure is required for the General Assembly to identify a Substantial Breach and to decide on the remedies.**





## Section 5: Liabilities towards each other

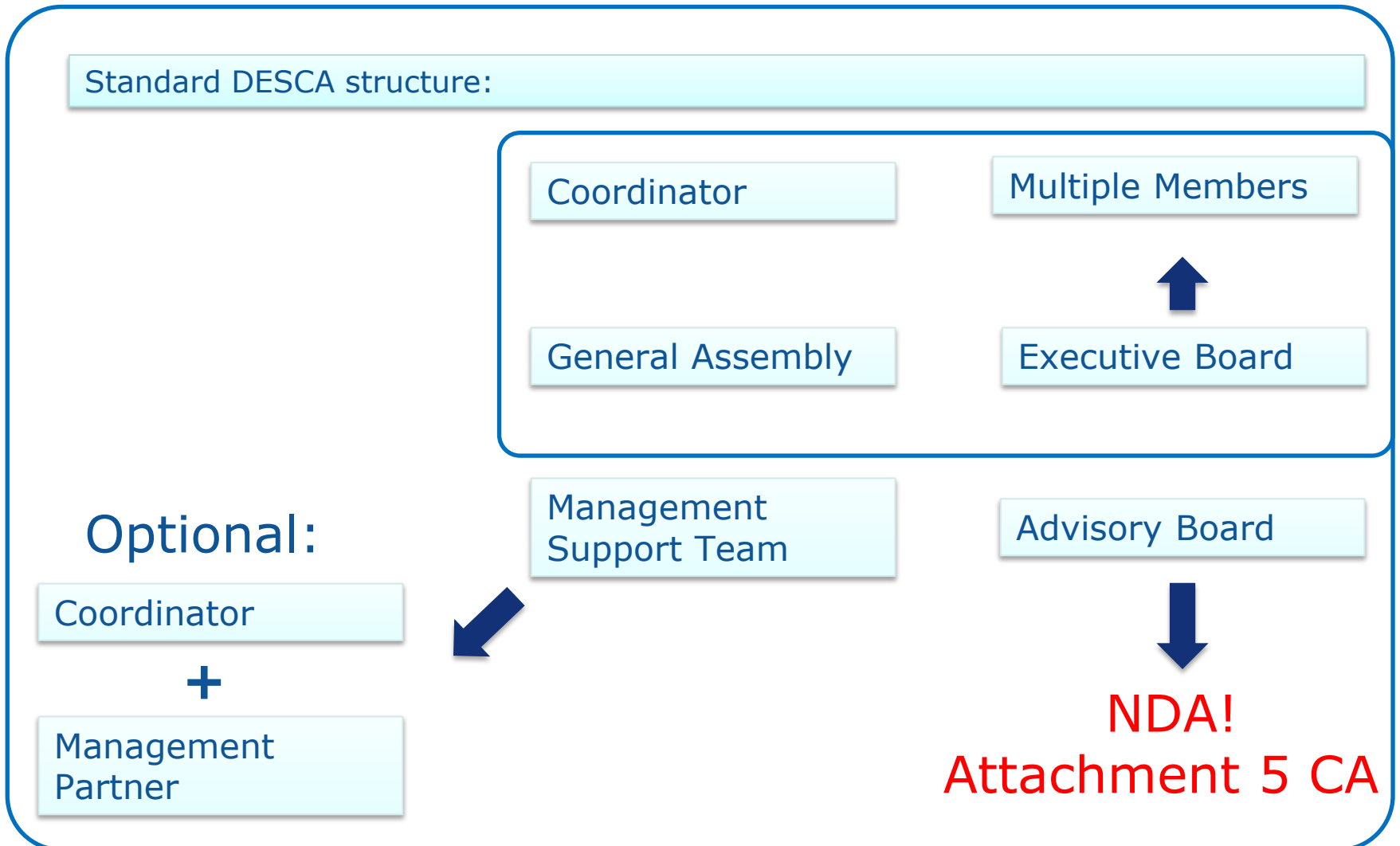
### 5.2 Limitations of contractual liability

No Party shall be responsible to any other Party for any indirect or consequential loss or similar damage such as, but not limited to, loss of profit, loss of revenue or loss of contracts, provided such damage was not caused by a wilful act **or by a breach of confidentiality.**

For any remaining contractual liability, a Party's aggregate liability towards the other Parties collectively shall be limited to once or twice the Party's share of the total costs of the Project as identified in Annex 2 of the Grant Agreement provided such damage was not caused by a wilful act **or gross negligence.**



## Section 6: Governance Structure





## Section 7: Financial Provisions

Excess Payments/Defaulting Party. Who will carry the burden?

In case the Excess Payment can neither be recovered from the Party concerned nor the guarantee fund the amount corresponding to the Excess Payment shall be covered by all the other Parties. The share will be determined by dividing the Excess Payment among all Parties - except the Party concerned - pro rata according to their budgeted share of the grant

Any additional costs which are not covered by the Defaulting Party shall in principle be apportioned to the remaining Parties pro rata to their share in the total costs of the Project as identified in the Consortium Budget.

**Risk distribution**



## General Obligation to Exploit

*Each beneficiary must — up to four years after the project completion take measures aiming to ensure 'exploitation' of its results (either directly or indirectly, in particular through transfer or licensing by:*

- (a) using them in further research activities (outside the action);*
- (b) developing, creating or marketing a product or process;*
- (c) creating and providing a service, or*
- (d) using them in standardisation activities.*

CA section 8

CA Section 9



## Section 8 Ownership of Results

In Horizon 2020, generally the grant agreement establishes that the results of the project belong to the participant generating them.

It is advisable to take appropriate measures to properly manage ownership issues, such as keeping laboratory books or other kinds of documentary evidence (e.g. a properly completed Invention Disclosure Form)

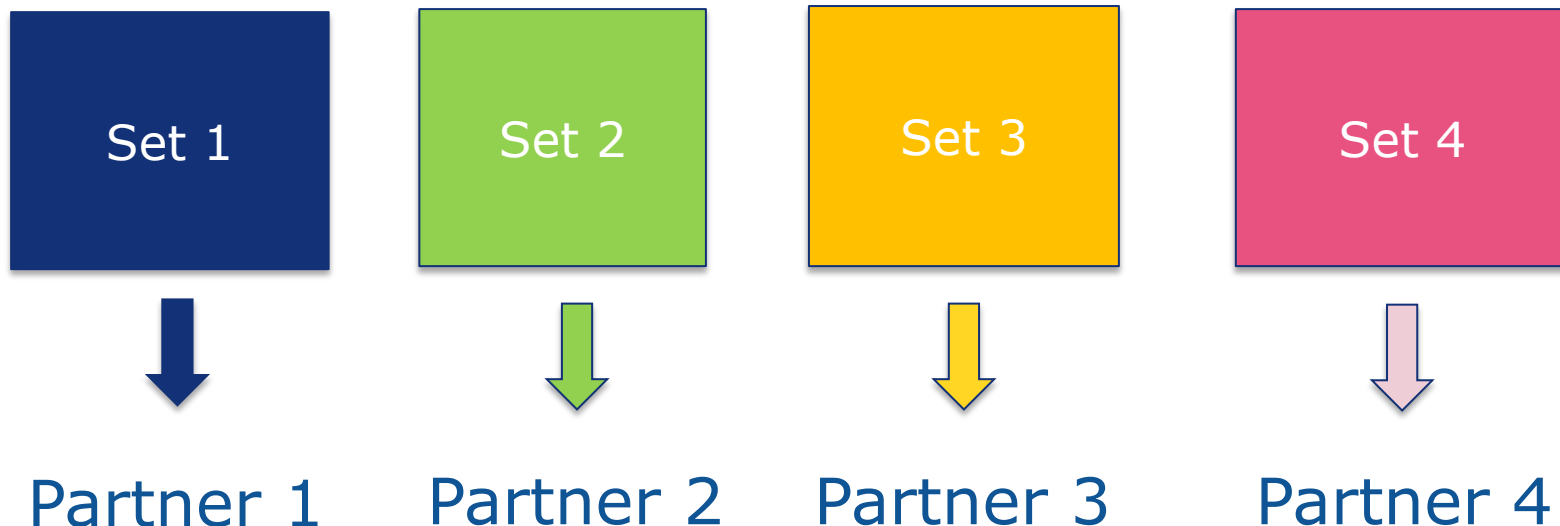
Given the collaborative nature of most projects, some results can be jointly developed by several participants. Hence, situations of joint ownership might arise.



## Section 8 Ownership of Results

- Example:

Project X had its results already foreseeable from the beginning of the project. Partners decided to insert the Set of results in the definitions of the CA section 8 address the ownership of every "set" to a different partner. (also possible to divide them per WP)





## Section 8 Joint Ownership:

Example: time limit

The joint owners shall endeavour in good faith to, **within six (6) months** as of the generation of such Result, establish a written separate joint ownership agreement regarding the allocation of ownership and the terms of exercising, exploiting, protecting and cost sharing for that protection, of the jointly owned Result.

No template of Joint Ownership agreement is available as every agreement is Ad-Hoc for the results generated





## Section 8 Transfer of Results

### Example:

The parties agree, that Joint Ownership Agreements will define and specify appropriate rights and terms for execution to ensure that Partner 2, is solely entitled to file applications for marketing approval to the competent regulatory agencies and respectively for related further commercial exploitation activities.







## Obligation to disseminate:

**Project partners are obliged to disseminate the results swiftly** (i.e. to scientific community/broader public) by any appropriate means and including the publication of results in any medium.

**But:**

- *no dissemination of results may take place before decision is made regarding their possible protection, and*
- *all patent applications, publications or any other dissemination (also in electronic form) shall include a statement that the action received financial support from the Union – The same applies to results incorporated in standardisation activities.*





## General obligation to protect

Each beneficiary must examine the possibility of protecting its results and must adequately protect them — for an appropriate period and with appropriate territorial coverage — if:

- (a) the results can reasonably be expected to be commercially or industrially exploited and
- (b) protecting them is possible, reasonable and justified (given the circumstances).

When deciding on protection, the beneficiary must consider its own interests and the interests (especially commercial) of the other beneficiaries.



## Obligation to disseminate Vs. Obligation to protect

Make sure you comply with the  
obligation to protect...

Sometimes early disclosures  
(dissemination or  
communication of results)  
may undermine potential  
future exploitation  
activities.

**THEN!**

...comply with the  
obligation to disseminate



## Common problems

- **Early disclosures; novelty**



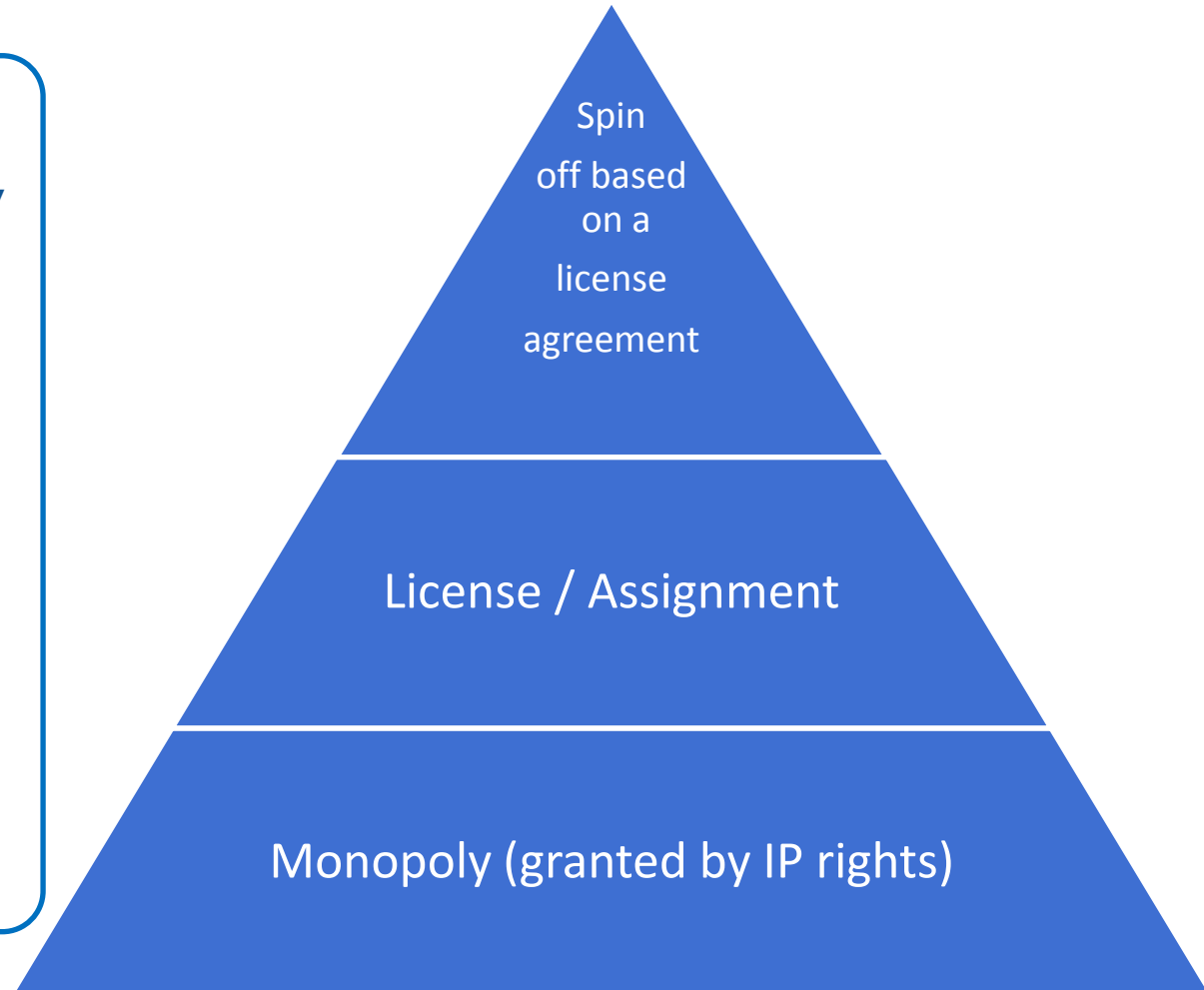
- Patent application or NDA, before entering into discussion.
- Is it possible to change a patent application once it has been filed?



# Exploitation Models

- Some exploitation ways are viable only if Project results have been duly protected before
- A license is useless with out the monopoly granted by IP rights

**Be aware!**





## Section 8 Dissemination:

During the Project and for a period of X years (standard 1) after the end of the Project

Prior notice of any planned publication shall be given to the other Parties at least **45** calendar days before the publication.

Any objection to the planned publication shall be made in accordance with the Grant Agreement in writing to the Coordinator and to the Party or Parties proposing the dissemination within **30** calendar days after receipt of the notice. If no objection is made within the time limit stated above, the publication is permitted.



## Section 8 Dissemination:

The objecting Party can request a publication delay of not more than **90** calendar days from the time it raises such an objection. After **90** calendar days the publication is permitted.





## Section 9 Access Rights

Request for access rights shall be done **in writing** within **12 months** from the end of the project

	Access to background	Access to results
Project implementation	Royalty-free	Royalty-free
Use of results	on fair and reasonable conditions (Art. 9.4)	(Royalty-free), or on fair and reasonable conditions (Art. 9.4)





## Section 9 Access Rights

What about access rights after the expiration of the CA and after the access time frame ?

Partner A (SME) develops a technology within the project framework together with other partners, among them Partner B (Big Corporation).

Problem: Part of Partner B Background will be needed indefinitely for Exploitation activities

Negotiation:

Partner A aim: Free access to background and results (ensure FTO outside the project framework)

Partner B aim: Access subordinated to license agreement outside the project framework



## Solution:

Set fair and reasonable conditions for license prices at the beginning of the project.

This way the SME has a little more contractual strength (has not produced his part of the work yet) and Partner B has a valuable license agreement.

If possible, do not wait to resolve these issues, do it in the CA.





## Section 9: Access Rights

Exclusive access rights – Ensure one party will operate without obstacles in the market.

### Example:

Partners agree to grant exclusive access rights for non-limited commercial exploitation - on a royalty-free basis - to Partner 2, with regard to all Results, including data, protocols, images, reports, of the clinical study performed on the basis of materials and background Intellectual Property (IP) provided by Partner 2 as listed in attachment 1. Such Access Rights include the right to sublicense. It is understood that there is no further requirement to formalize the transfer of these rights as such



## Affiliated Entities:

Affiliated Entities may have normal Partners' access rights.

Art 9.5:

"Affiliated Entities have Access Rights under the conditions of the Grant Agreement Articles 25.4 and 31.4.

[Optional:, if they are identified in [Attachment 4 (Identified Affiliated Entities) to this Consortium Agreement]."

Therefore it is important to list them in attachment 4

Affiliated entities are not subcontractors



## Section 10: Confidentiality

What to do before signing the CA

Confidentiality dispositions safeguard consortium partners during the contract duration...

... but not before!

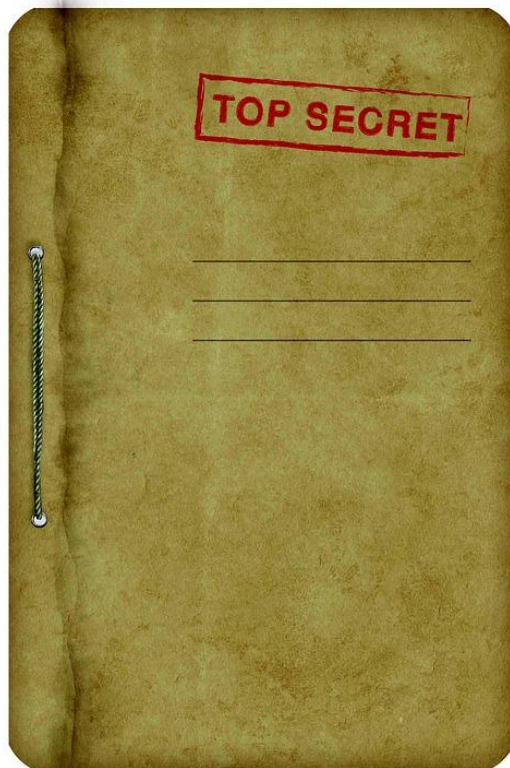
**NDA!**





# Section 10 Confidentiality

Partner 1: All information is confidential.



Partner 1: Confidential information need to marked to be considered such



## Section 11: Miscellaneus

Applicable law, Arbitration?

Option 1.1

Wipo Mediation

Wipo Arbitration

or

Court litigation

Option 1.2

Wipo Mediation

Court litigation

Option 2

ICC arbitration



# Attachment 1: Background included

As to [NAME OF THE PARTY], it is agreed between the Parties that, to the best of their knowledge (please choose),

Describe Background	Specific limitations and/or conditions for implementation (Article 25.2 Grant Agreement)	Specific limitations and/or conditions for Exploitation (Article 25.3 Grant Agreement)

Option 2: No data, know-how or information of [NAME OF THE PARTY] shall be Needed by another Party for implementation of the Project (Article 25.2 Grant Agreement) or Exploitation of that other Party's Results (Article 25.3 Grant Agreement).





## Attachment 5: Confidentiality Agreement

### 11.2 No representation, partnership or agency

Except as otherwise provided in Section 6.4.4, no Party shall be entitled to act or to make legally binding declarations on behalf of any other Party or of the consortium. Nothing in this Consortium Agreement shall be deemed to constitute a joint venture, agency, partnership, interest grouping or any other kind of formal business grouping or entity between the Parties.

**MANDATE**, the coordinator may conclude NDA on behalf of the parties even though there are changes from the ones foreseen in the attachment.

**6.4.4 The Coordinator shall not be entitled to act or to make legally binding declarations on behalf of any other Party or of the consortium, unless explicitly stated otherwise in the Grant Agreement or this Consortium Agreement**



# Thank you !

- For further questions: [michele.dubbini@iprhelphdesk.eu](mailto:michele.dubbini@iprhelphdesk.eu)

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