

# AMULET IP management webinar

## Our main topics today

- IP management activities and collaboration, especially in Horizon projects
- How is knowledge shared within Horizon projects
- Key questions about IP protection

*The AMULET project guide also states that issues not covered by the project are governed by Belgian law and the rules of the Horizon programme and the European Union funding rules.*

## IP management activities and collaboration

- Concerns, Benefits and challenges for SMEs and misunderstandings
- Definitions
- Main IP challenges

## SME concerns in Horizon collaborations

### Openness:

- Increased focus on Open Science might compromise exploitation

### Joint Ownership:

- Ownership arrangements and JOA
- Loss of control of IP they bring to project
- They fear maintaining competitiveness, they find it more difficult to share their knowledge, information and in some cases technology and intellectual creations with partners.

### Access Rights to IP for commercial use:

- Background: what and to what extent should access rights be granted? Is it only for the duration of the project or also afterwards? Free of charge or for a fee?
- Results/Foreground: similar questions, and here the legal issues are obviously further complicated by the results of collaborative activities. There is also the question of exploitation and protection, etc.
- Concerns about competitiveness also tend to arise in this area.
- Who will or can have exclusive rights to these rights, to whom can they be transferred, etc.

### Size Issues:

- Lack of skills to negotiate intellectual property rights with other (larger) partners.
- Concerns about their ability to use the consortium agreement to ensure that their long-term needs are met.
- Limited capacity to maximise the expected impact or the impact that would benefit them.

## Benefits and challenges of collaboration

Collaborative R&I helps SMEs to accomplish business goals outside of a single SMEs capacity by getting acces to complementary skills, knowledge and resources.

IP experts help SMEs to identify, understand and assets the Ip-related benefits and challenges/risks of the concrete collaboration.

How to create mutually beneficial partnerships that add value to the SME? How to leverage IP from such partnerships to grow the SMEs business?

Be aware: Different business mindsets, interests and strategic objectives in multi-disciplinary and multisectoral collaborations.

+ Why collaborate?

- No one has a monopoly on invention!
- SMEs usually have limited resources or capacity
- Working with others can "unlock" opportunities

## Misunderstandings, issues and challenges

### SME misunderstandings

- IP vs IPR
  - Open Science vs Open Innovation vs Open Source
- a. **Open Science:** An approach to the scientific process that focuses on spreading knowledge as soon as it is available using digital and collaborative technology. Open science is a policy priority for the European Commission and the standard method of working under its research and innovation funding programmes as it improves the quality, efficiency and responsiveness of research. When researchers share knowledge and data as early as possible in the research process with all relevant actors it helps diffuse the latest knowledge. And when partners from across academia, industry, public authorities and citizen groups are invited to participate in the research and innovation process, creativity and trust in science increases. That is why the Commission requires beneficiaries of research and innovation funding to make their publications available in open access and make their data as open as possible and as closed as necessary. It recognises and rewards the participation of citizens and end users.<sup>1</sup>
  - b. **Open Innovation:** The term open innovation means a situation where an organisation doesn't just rely on their own internal knowledge, sources and resources for innovation but also uses multiple external sources (such as customer feedback, published patents, competitors, external agencies, the public etc.) to drive innovation.

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<sup>1</sup> [https://research-and-innovation.ec.europa.eu/strategy/strategy-2020-2024/our-digital-future/open-science\\_en](https://research-and-innovation.ec.europa.eu/strategy/strategy-2020-2024/our-digital-future/open-science_en)

There are considered to be two types of open innovation:

Inbound innovation is about sourcing and acquiring expertise from outside the organisation, and scanning the external environment for new information to identify, select, utilise and internalise ideas.

Outbound innovation is the purposive commercialisation and capture of internally developed ideas in the organisation's external environment. This might be through selective revealing of a product to journalists and reviewers or selectively selling the technology or service to customers with a view to getting feedback.<sup>2</sup>

- c. Open Source: Open source software is code that is designed to be publicly accessible—anyone can see, modify, and distribute the code as they see fit. Open source software is developed in a decentralized and collaborative way, relying on peer review and community production.
  - Ownership of IP
  - IPR vs Open Science

#### *IP management issues*

- Jointly owned IP
- Bundles of IP
- Background and 3rd party's IP
- Knowledge flows and capturing IP generated
- Post project management

#### *IP assessment and protection challenges*

- Assessment of different commercial opportunities
- Balancing commercial and research needs
- Avoiding compromising commercial opportunities
- Choosing appropriate IP protection for strategic needs of all partners
- Cost sharing

#### *Dissemination and exploitation challenges*

- Developing shared strategies
- Clear and coordinated dissemination
- Access to results and other IP for commercial purposes
- Avoiding commercial conflicts between SMEs
- Distinct exploitation pathways for all partners
- Revenue sharing

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<sup>2</sup> <https://oxford-review.com/oxford-review-encyclopaedia-terms/encyclopaedia-open-innovation-definition-explanation/>

## **Gaps and opportunities**

Identify gaps and opportunities - Where are the SMEs' current gap?

- Fill gaps internally or externally?
- Fill by collaborating?

Where are the new (or growth) opportunities?

- New technology
- New market
- New territories
- New fields of use

When exploring opportunities don't confuse? - Exploitation plan --- business opportunity analysis --- business plan

### *Gap Analysis*

- Technologies
- Solutions vs competitors
- Business functions and processes
- Competencies, assets and capabilities
- Research capacity
- Market presence
- Finance
- Production
- Supply chain
- etc

### *Activities:*

- Compare gaps to opportunities
- Identify potential collaborations
- Agree (shared) value propositions

## **Partners have different motives**

- SMEs: to strengthen competitiveness and growth
- Researchers: to fund research leading to publications, improved ratings
- Stakeholders/Users: to steer, validate and have early access
- Policy makers: to inform their decisions
- Funders (EC): to contribute to strategic objectives.

## **Main IP challenges in R&I projects**

### *Start of the project:*

- Strategic approach to define and analyse existing background IP brought into R&I cooperation
- Initial analysis of patent landscape and/or other relevant IP rights.
- Defining opportunities and risks of sharing knowledge with consortium partners
- Check whether default Horizon or your concrete application IP rules or other relevant default rules are suitable.

*Additional information: The AMULET project also allows for various analyses to be carried out (such as technology mapping, state of the art analysis), and these can be financed from the project budget.*

### *During project implementation:*

- Analysis of existing and potential knowledge creation and management tools.
- Discussion of possible IP protection methods (e.g. patents, copyright, trade secrets, defensive publications, semiconductor topographies etc.) and their pros and cons.
- Identification of potential complementary IP protection methods.

### *After project end:*

- Strategic definition of (joint) exploitation strategies and pathways.
- Identification of possible IP ownership arrangements and related responsibilities including the definition of relative contributions of joint-owners.
- Discussion of potential (licensing) agreements options on the use of IP resulting from the project and options for remuneration.

## **IP management – Managing the KEY Assets!**

### **The 6 pillars of IP management**

„Give and take!“ ... this is typical of all cooperation.

Partners bring something to the table...and expect to take something away.

Any „investment“ expects a return on investment.

..but collaborations bring some perceived concerns for SMEs.

... and real challenges when managing the IP

### *Operational:*

1. IP Used: access and usage rights for pre-existing and 3rd party IP; during and after the project (if needed for exploitation)
2. IP Generated: how to capture; Ownership, Who manages?

### *Strategic:*

3. Assess: what and where are the opportunities
4. Protect: Would protection help? If so, why, how, where and WHO?

*Operational:*

5. Disseminate and exploit: Who to tell? What to tell? How to tell? How to transfer? Exploitation pathways
6. Post project: IP and IPR management; Dissemination and exploitation; Post deal management

### **Where you can find the IP rules about Horizon?**

Of course, for all applications it is worth checking the relevant rules, preferably before you submit your application. To make sure that they suit your business and legal interests and plans.

*The IP rules in Horizon can be found in:*

- the Rules for Participation
- the Model Grant Agreement
- the applicable work programme
- Horizon Online Manual (IP section is work in progress)

How to find them: Funding & Tenders Portal: [https://ec.europa.eu/research/participants/docs/h2020-funding-guide/cross-cutting-issues/intellectual-property\\_en.htm](https://ec.europa.eu/research/participants/docs/h2020-funding-guide/cross-cutting-issues/intellectual-property_en.htm)

### **Definitons**

#### Background

Positive/Negative Background list In attachment 1 of the CA project partners have the obligation to create a list of the background to be brought into the project

- Define how the background will be listed positive list (MCARD), negative list (or both)
  - Definitions and/or exclusions should be clear enough to avoid disputes!
- Draft the background list and include it in attachment
- Mention possible restrictions linked to the grant of access rights over specific background
- Identify a procedure for the amendment of the background list: can partners freely add and withdraw background from the list.

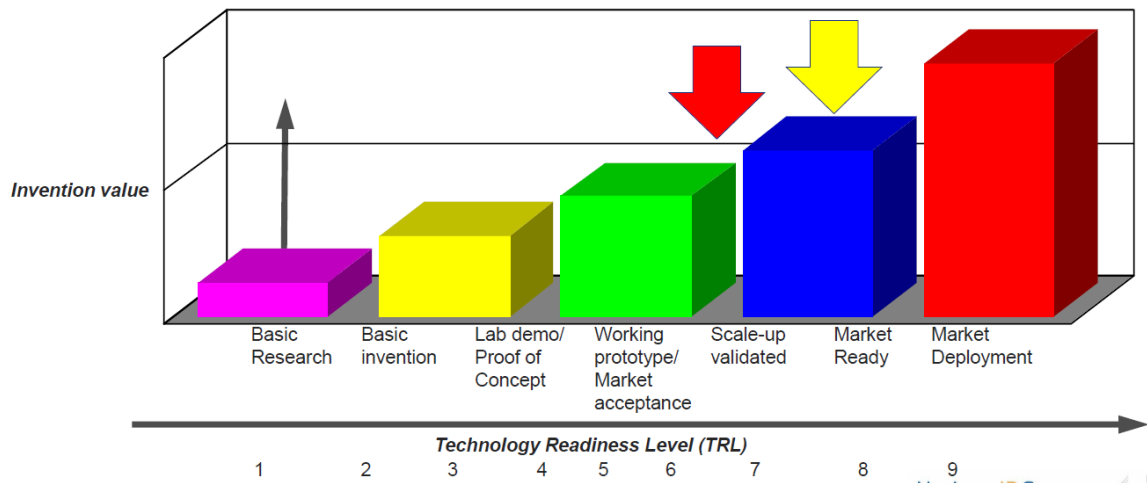
! Taking part in Horizon does not have any influence upon the ownership of background background remains property of the SME.

Result: Whether it can be protected or not, that is generated in the project, as well as any rights attached to it, including intellectual property rights.

### **Technology Readiness Levels**

*Definition:* TRLs are indicators of the maturity level of particular technologies. Provides a common understanding of technology status and addresses the entire innovation chain.

Where are you starting from and where do you want to go?



### Tracking of Research Results (TRR)

The Tracking of Research Results project (TRR) aims to enable the policy makers in research and innovation to access, analyze and disseminate the outcomes and impacts of the funded research results in a more comprehensive manner.

The R&I policy context puts ever higher importance on better demonstrating and increasing the impact of EU funded projects.

The long term nature of R&I and the time lag between the intervention and the occurrence of any (intended, unintended, positive or negative) impact means that any research that ultimately has a significant impact will typically be undervalued in its immediate aftermath.

The European Commission collection of project data is fit for monitoring only.

### How is knowledge shared in Horizon Projects

Additional information: You retain ownership of your intellectual property rights, your obligation is limited to providing non-confidential information/summaries.

*Sharing automatically allowed in Horizon collaborations:*

- Background IP for use by the project

The Horizon expects the parties to share existing knowledge that is essential to achieving the objectives and results of the project. Of course, this is only for the purposes of the project, essentially for the duration of the project - but if this knowledge is also to be used to exploit the results of the joint development activity, this will have to be agreed in a separate agreement.

- All foreground for use by the project

By this we mean the IP generated as a result of the development activities in the project. The partners grant each other access rights to these IPs for the purposes and duration of the project. Further issues

and responsibilities should also be addressed in a contract. In addition, IP generated by individual partners and IP generated by several partners should be treated separately.

*Not automatically allowed:*

- Explicitly excluded background?
- Background or 3rd party IP for commercial purposes

*Can be shared subject to rules and agreement:*

- Foreground for commercial use by other partners: of course, this is a right for a fixed fee, with a limited period of use and geographical area, which must also be set out in a contract.

+ Before sharing, check any potential restrictions on future commercial use (if needed) – e.g. existing licences to background, NDAs, MTAs, etc.

### Stack figure

- Beware of sharing important (non-proprietary) know-how - if there is knowledge that has commercial value, you are not obliged to disclose it, despite your basic duty to supply, if you can demonstrate a commercial interest.

- If it is sensitive, protect it before you share it - where possible, put the necessary safeguards in place. Know-how is a form of soft IP that cannot be protected by hard IP, but you can, for example, use the copyright index. The Copyright Index operates in European Union under international copyright agreements, and is recognised in countries all around the world as a copyright authority providing official copyright registration. When you register a copyright, you'll receive an official certificate to validate the copyright and prove you are the owner of the copyright.

- If a collaboration or tender requires the sharing of know-how, sign a non-disclosure agreement with the other party with sufficiently severe penalties for breach.

## **Ownership of results**

The Grant Agreement states that results are owned by the beneficiary that generates them. In any collaborative project, two or more partners may jointly contribute to an individual result of IP (for example, a technical invention, a piece of software, a design, a database, etc ).

In these cases, the IP is jointly owned. The joint owners should therefore agree on the terms of the joint ownership (i.e. a “Joint Ownership Agreement”), which includes agreement on relative contributions to the IP, who will be responsible for the management, protection and exploitation of the IP, and how costs and revenues will be shared.

## **Refine Ownership provisions**

A. *General Model Grant Agreement*: “results are owned by the beneficiary that generates them”

In the *Consortium Agreement*:

- Possibility to make this provision more precise i.e. identify the owners of certain foreseen results in writing (for clarity/certainty purposes).



- Set up mechanisms to clarify the ownership of results upon their creation:

Identify a person/body in charge of monitoring the creation of new results.

Set up a procedure to inform all partners upon the creation of new results and allow them to claim/confirm ownership.

- B. *General Model Grant Agreement*: ““unless otherwise agreed in the joint ownership agreement, each joint owner may grant non exclusive licences to third parties to exploit jointly owned results [...]”

In the *Consortium Agreement*:

- Possibility to create a default joint ownership regime which differs from the default one set forth in the MGA.

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

- Define whether or not an authorisation from the co owner is requested before exploiting the joint results.
- Deal with profit sharing
- Distinguish commercial and non commercial exploitation
- Set up procedures to handle joint ownership in practice (MCARD).
- some form of territorial division for registering the invention,
- some form of division of market for the commercial exploitation,
- the setting up of a regime for the protection,
- the setting up of a regime for exploitation (i.e., limits and profit sharing).

### **Joint Protection Strategy and Joint Ownership Agreement**

Possibility to create specific joint ownership regimes for some of the joint results already foreseen.

- This will be useful for results to be jointly owned by all partners.
- For results to be jointly owned by only some of the partners, it is advisable to resort to a separate joint ownership agreement.

*Additional information: The preparation of an IPR strategy and its cost is also funded by the AMULET project and can be charged to the budget.*

*Strategy:*

- Who will manage (host) the IP?
- Who will manage, decide, pay and arrange for protection?
- For different territories and field of use?
- How will any costs and revenues be shared?
- Who will manage and deliver the IP transfers?
- How will exploitation be „shared“?
- What are the reversion options?

- How will improvements be handled?
- Enforcement?

+ These may be divided between different partners, but there should be only be ONE point of contact in each area to avoid market confusion.

*Agreement:*

- Identification of joint owners
- Allocation of shares (i.e. equally split, split in proportion to individual contributions)
- Conditions of non commercial use of jointly owned IP
- Conditions of commercial exploitation of jointly used IP
- Rules on licensing/sub licensing, transfer of shares
- IP protection and maintenance
- IP monitoring and enforcement
- Governing law and jurisdiction

#### **Other legal issues/aspects**

*Exclusive ownership* of project results may also be an option in case, for example, parties identify a main exploitation partner. In this case beneficiaries may agree to transfer their share of ownership at fair and reasonable conditions.

**NEW: Results Ownership List (ROL):** A new form will be introduced Results Ownership List (ROL) in the final reporting period This form will detail the final owners of IP after the project is over, and can consist of singular or multiple owners to enable EC follow up of exploitation.

*Sideground:* All Partners may develop or acquire IP in parallel to the project work. It can be useful to define in the CA the processes to agree on how to provide access rights to sideground and its management for the purpose of project implementation, in order to avoid any potential conflict.

#### **Other legal issues/aspects 2.**

Anticipate the transfer of exclusive licensing of results

The *General Model Grant Agreement* states that:

- Transfers of results to third parties are subject to prior notice to all interested partners and right to object, “unless agreed otherwise (in writing) for specifically identified third parties”.
- Exclusive licences over project results can be granted “only if all the other beneficiaries concerned have waived their access rights”.

*In the Consortium Agreement:*

- Draw up a list of third parties (e.g. affiliates) to which transfers of results will not be subject to notification/objection. See an example in EUCAR model.
- Set up procedures surrounding the amendment of that list.
- If a partner already intends to grant exclusive licences over a particular result: if relevant and acceptable, the other partners can waive their access rights to that result in the CA.

### **Access rights**

Each project partner has the right to request access rights to the other project partners background and results as long as it needs them in order to carry out its work under the project or to exploit its own results these are minimum access rights additional ones can always be negotiated

The consortium should assess and agree on the “need to” requirement among all partners, and make sure that any information needed for the smooth running of the project is accessible to the project partners.

A request for access to “needed” knowledge/IP of other consortium partners can be made up to one year after the end of the project unless otherwise agreed between the participants.

### **Shape Access rights provisions**

The *General Model Grant Agreement* only sets up “minimum” access rights.

This means that more favourable access rights can always be granted.

In the *Consortium Agreement* determine procedures for the request and grant of access rights

- Access rights can be deemed requested and/or granted in the CA ( MCARD)
- Set up time limits for the request of access rights for exploitation (MGA 1 year after the end of the project MCARD 5 years EUCAR no time limit).

Possibility to broaden the scope of access rights: give access to sideground , grant right to

- Determine a procedure for the waiving of access rights.

Access rights for implementation usually royalty free

Possibility to refine the conditions for the grant of access rights for exploitation

- Example royalty free for further research, on fair and reasonable conditions if needed for commercial exploitation
- Example distinction depending on the sub project involved (EUCAR).

Possibility to adjust or exclude the right for affiliates to request access rights.

- Clarify access rights for parties entering / leaving the project (DESCA, MCARD).
- Include specific access rights provisions for software (DESCA, MCARD).

## IP protection

Obligations and options

Disseminate

Open Science and Open Access

### Obligation to protect + set up procedures

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 legitimate interests and the legitimate interests (especially commercial) of the other beneficiaries.

*General Model Grant Agreement:* “each beneficiary must examine the possibility of protecting its results and must adequately protect them [...]”

*In the Consortium Agreement:*

- Designate person/body to monitor the creation of results.
- Designate person/body to ensure that all “valuable” results are being protected by their owner(s).
- This will usually have to be done while setting up management provisions in your CA.
- Implement a procedure to make sure no inventors are left out of a patent application (if applicable).
- Implement a procedure to make sure the choice of a protection route does not affect other partners’ commercial interests.

## Protection by IPR

IPR	What for? (IP)	Registration?
Patent	New <u>inventions</u>	<u>Registration is required.</u>
<u>Utility model</u>	New <u>inventions</u>	<u>Registration is required, but conditions are less stringent than for patentability.</u>
Trade Mark	<u>Distinctive signs</u>	<u>Registration is required.</u>
<u>Industrial Design</u>	<u>Appearance of products</u>	<u>Registration is usually required, but it is possible to acquire an unregistered design right.</u>
Copyright	<u>Literary, artistic and scientific works</u>	<u>Not required, but it can be registered in some countries.</u>
<u>Confidentiality</u>	<u>Confidential business information/trade secrets</u>	<u>Not required, but internal protection measures needed (i.e.NDAs).</u>

It is important to know that each of these IP rights is

- they are territorial in nature, i.e. they provide protection only for the given geographical area, thus granting a monopoly right to use and exploit the IP that is the subject of the application.
- Temporal: with the exception of trade marks (which can be renewed indefinitely), protection is granted for a fixed period of time, after which the IP enters the public domain.

### IP Protection - Value Creation - Exploitation

(Shared) value propositions need to be developed in parallel with the consideration of protection options.

- +
  - Where are the opportunities (shared/individual)?
  - Which SME would IP protection benefit?
  - What IP protection and where? + and why?

Different value propositions (individual or shared) may lead to multiple shared and/or individual protection options, impacting costs and revenue sharing.

- By territory
- By type of IPR (design rights, patent, know-how, copyright etc.)
- etc.

*IP protection is a strategic tool*

- Protection must support the commercial objectives of the SMEs – individually and jointly
- But different SMEs have different commercial objectives
- Shared and agreed strategies for protection are essential
- For jointly owned IP, „opt-out” and/or „reversion” options should be considered and reflected in the cost and revenue sharing.

*Assessment, protection and exploitation* must be considered together

- Identify the commercial opportunities + May be different SMEs individually or jointly
- Would IP protection support exploitation? How and where? + e.g. to raise investment, to maintain competitive edge, to enable licensing – out + May be different for different opportunities
- Are the benefits greater than costs? + May be different for the different target sectors
- If so, invest! + Different partners may invest differently according to their expected benefits.

*Capturing the IP*

Encourage good record keeping

- to record contributions to the IP
- to avoid potential future conflict

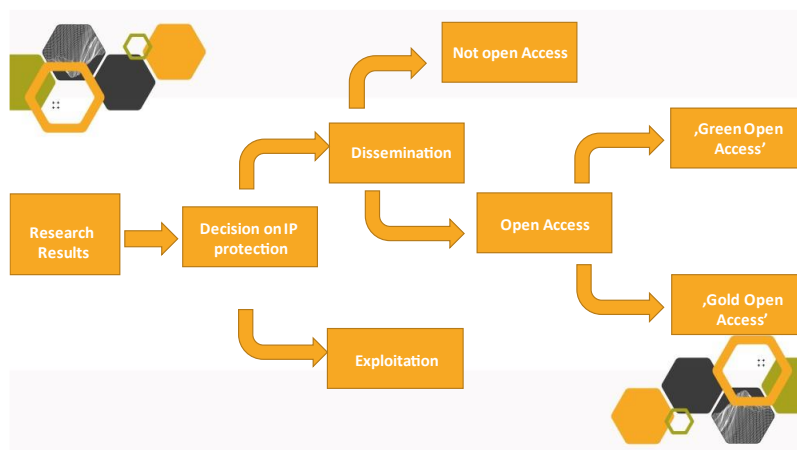
*Beware of contributions from „non-staff“!*

People not covered by employment contracts might also contribute to an invention, so set the terms of their collaboration BEFORE their involvement to avoid issues later.

- Other collaborations
- Customers and clients
- Students
- Visiting academics
- Advisors
- Sub-contractors
- etc.

**The diagram try to illustrate the process and decision tree to be followed/thought through in the case of results from joint or own developments.**

- IP protection-be + patenting or other forms of protection
- Dissemination: research results publication
- Exploitation: research results commercialisation



## **Dissemination, Open Access and Open Science**

General obligation to Disseminate: Participants in Horizon projects are requested to make their scientific publications available as Open Access publications, and make their data as open as possible and as closed as necessary.

Open Science approach: Open approaches for sharing knowledge, and obtaining knowledge from others, can stimulate the development of innovations; it is the basis of collaboration and should be embraced. Whilst consortium partners are a good source of knowledge and ideas, with the increased focus on Open Innovation and Open Science practices in EC funded collaborative projects, involving multiple actors with different objectives and perspectives, it is a major challenge to address the appropriate and systematic management of the knowledge flows between partners.

Open Access: Open access means providing on line, free of charge access to scientific information that to the reader/user. H2020/HEU: obligation to ensure open access to all peer reviewed scientific publications related to the results of a project (Article 29 GA) and participation in Open Research Data (ORD)

### **Obligation to Disseminate Vs obligation to Protect**

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

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

### **Set up procedures surrounding the dissemination of results**

*General Model Grant Agreement:* "each beneficiary must [...] its results"

*In the Consortium Agreement* refine dissemination provisions on the basis of article 29 1 MGA. In particular, possibility to agree upon:

- Different notice period before any dissemination occurs.
- Different timeframe during which partners can object to dissemination (upon being notified)
- Who the objection should be addressed to (DESCA: to coordinator and partner wishing to disseminate / MCARD: to all partners How objections should be handled and can be overcome.
- Procedures to ensure coherent dissemination e.g. co authorship

+ Cost Reimbursement

- Costs of intellectual property rights ( including protecting results (e.g. fees paid to the patent office for patent registration) and royalties on access rights are eligible costs
- Cost for open access publications are also considered eligible by the GA, e.g. Author Processing Charges (APCs).

### **General obligation to Exploit and routes**

Each participant receiving EU funding 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

- using them in further research activities (outside the action)
- developing, creating or marketing a product or process
- creating and providing a service, or
- using them in standardisation activities
- The purpose of the results
- How they might be exploited, when and by whom IPR exploitable measures taken or intended
- Further research required, if any
- Potential/expected impact (quantifiable)

#### *Routes for exploitation*

- Use for further research
- Developing and selling own products/services
- Spin Off activities
- Cooperation agreement/Joint Ventures
- Selling IP rights/Selling the (IP based) business
- Licensing IP rights (out licensing)
- Standardisation activities (new standards/on going procedures)