

How to manage IP in FP7 during the proposal stage

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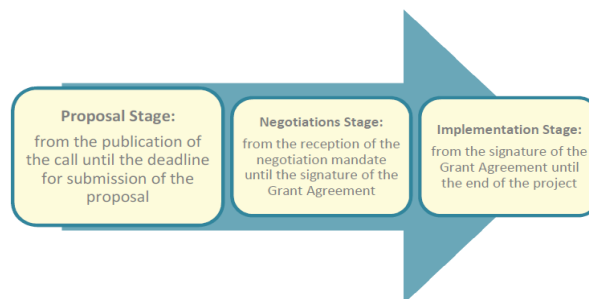
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Introduction

Considering Intellectual Property (IP) matters at the proposal stage is essential not only for a successful proposal, but also for making the most of the project’s results.

In fact, at this stage applicants are asked to outline their strategy for the management of IP, since generally one of the mandatory parts to be included in the proposal text (usually in “Part B”), is the description of the measures proposed for the dissemination and/or exploitation of the project’s results, as well as the plan for the management of IP acquired in the course of the project. Having clear ideas and plans meaningful for the concrete project will therefore assist applicants obtaining a successful outcome at the proposal, but will also have an impact in the way IP may be exploited during and after the end of the project.

Thus, this document aims to identify some of the IP related issues that applicants should consider at the proposal stage and could include in the text of their proposal in order to contribute to its success.





1. The call for proposal: check all documents and be aware of the IP rules

FP7 was adopted by the European Union (EU) with clear objectives, in particular to strengthen industrial competitiveness and to meet the research needs of other EU policies.¹ It is therefore natural that the EU shaped this funding programme with regulations, some concerning IP, aimed at better achieving those goals. For instance, and among other obligations, participants in FP7 must use and disseminate the foreground. Such an obligation is only understandable since the budget of this funding source comes from the taxpayers, and therefore should ensure that projects have an impact in the scientific and technological foundations of the EU and in this way contribute to strengthen competitiveness.

Hence, before start drafting the proposal, applicants should take the time to read all the documents concerning the call of proposal and be familiar with the specific IP rules related to the programme in question. It is of particular importance in terms of IP to consider the following documents:

- the Rules for Participation², for the general legal framework;
- the Model Grant Agreement³ concerning the concrete programme (by reading this document, in particular annex II, applicants may anticipate the specific IP rules they would have to comply with in case the proposal would be accepted);
- the call fiche (to verify whether there is any special clause to be included in the Model Grant Agreement related to IP);
- the Guides for Applicants applicable to the specific call which may help to identify the concrete evaluation criteria that may require the consideration of IP related matters;
- *Guide to Intellectual Property Rules for FP7 Projects*, which explains important aspects that participants may encounter when they are preparing and participating in a FP7 project.

2. Identifying the IP that each applicant is potentially bringing to the project

In the proposal applicants are expected to explain the concept and goals they intend to achieve within the project, in close relation with the topics addressed by the calls and objectives of the related work programme. Consequently, they describe their ideas for the research they intend to carry out and generally also present in detail the work plan they will follow during the project's implementation.

For this purpose, applicants need to know what they will bring to the project and what they need from the other applicants involved in the project. This means that they should be able to identify the tangible and intangible assets (i.e. information, knowledge, methods and/or Intellectual property rights (IPR)) likely to be needed for the implementation of the project (i.e. the background) and/or for the use of the expected foreground. IPR intended to be excluded from the project should also be identified.

¹ Decision No 1982/2006/EC of 18 December 18 concerning the Seventh Framework Programme of the European Community for research, technological development and demonstration activities

² <http://eur-lex.europa.eu/JOHtml.do?uri=OJ:L:2006:391:SOM:EN:HTML>

³ http://cordis.europa.eu/fp7/calls-grant-agreement_en.html#standard_ga



How can I identify my own IP?

- 1st: list the components you are likely to bring to the project (e.g. scientific study, method, material...) and the potential IPR attached to them (e.g. patent, copyright...);
- 2nd: verify who owns them (if there is something that may affect the other participants this should be dealt with and the other participants informed);
- 3rd: ask for authorization to use them in case there are third parties' rights;
- 4th: depending on the IPR, consider registering the right or lodging a file with its description with a registered lawyer, notary or national authority.

3. Tackling confidentiality issues and potential contractual arrangements

The preparation and submission of a proposal usually requires meetings and exchange of information among the project's partners. At this point, among other issues, applicants should define the work packages and describe the research idea, which may result in the disclosure of valuable information.

To avoid any eventual misappropriation and use of such information which could undermine its value it is therefore advisable to conclude a non-disclosure agreement or NDA (also known as confidentiality agreement) before entering in negotiations for the submission of the proposal. This agreement establishes the conditions under which partners disclose information in confidence.

Checklist: NDA

- ✓ Identification of the parties
- ✓ Indicate the intentions of the parties in order to explain the context of the agreement
- ✓ Identify the call and the name/acronym of the project
- ✓ Clarify what should be considered as confidential information (e.g. all information or just information marked as "confidential")
- ✓ Define very precisely the permitted purpose of the disclosure in order to restrict the use of the information
- ✓ Consider the need to disclose the confidential information to employees
- ✓ List the obligations of the party receiving the information
- ✓ List any information considered as excluded
- ✓ Determine the entry into force of the NDA
- ✓ Determine the period of time of the confidentiality obligation (e.g. 3, 5 or 10 years)
- ✓ Determine applicable law and jurisdiction

As any other agreement, each NDA must be adapted to the circumstances of each project and reviewed by a legal professional.

Confidentiality obligations may also be included in a Memorandum of Understanding (MoU). This agreement defines the framework of the negotiations between applicants and is generally concluded in the very beginning of the negotiations for submitting a proposal.

The following checklist includes some of the issues that applicants may address in a MoU concluded for the purpose of submitting a proposal within FP7. Again, it will have to be customised based on the circumstance of each project and should be reviewed by a legal professional.

Checklist: Memorandum of Understanding

- ✓ Identification of the parties
- ✓ Indicate the intentions of the parties in order to explain the context of the agreement
- ✓ Identify the call and the name/acronym of the project
- ✓ Indicate the purpose of the agreement (e.g. the joint development of a proposal to be submitted until a given date)
- ✓ Define the obligations of the parties, in particular in terms of commitment to the consortium and exclusivity
- ✓ Identify the coordinator of the project and define its obligations
- ✓ Clarify that each party will cover its own costs for the preparation of the proposal
- ✓ Consider including a non-disclosure agreement
- ✓ Determine the entry into force of the MoU
- ✓ Determine the duration/termination of the MoU (e.g. twelve months or until the date of the deadline for submitting the proposal)
- ✓ Determine applicable law and jurisdiction
- ✓ Consider including as an annex a draft of the consortium agreement or at least relevant principles to be negotiated at a later stage

As any other agreement, each MoU must be adapted to the circumstances of each project and reviewed by a legal professional.

4. Considering third parties' rights

Applicants should also consider IPR held by third parties. On the one hand, it is important to analyse whether the exploitation of the potential foreground would infringe third parties' rights, in particular patents. The reason for this assessment is due to the fact that patents are rights that only provide its owner with the right to exclude others from using the patented invention, but not with the right to commercially exploit it. Thus, commercialisation may result in the infringement of a third party's patent. Not considering this issue may hamper the future exploitation of foreground and/or increase the costs of

the project, since it would be necessary to conclude licensing agreements with third parties for using their patented technology.

On the other hand, applicants should be aware of technologies and IPR belonging to third parties eventually necessary for the implementation of the project. If this is the case, applicants should be prepared to demonstrate in the proposal their strategy for obtaining the necessary licenses.

Thus, applicants should consider performing freedom to operate searches, which allow them to identify potential relevant patents for their project and assess whether their project would infringe patents held by others. Similar arrangements should also be considered for other IPR.

5. Assessing the state of the art

Based on the criteria set out in the Rules for Participation, the excellence of the project is one of the principles under which the rules for the submission, evaluation and selection of proposals in relation to FP7 rest.⁴ The proposals must therefore demonstrate a high scientific/technological quality of the project in most of the calls, that is, how innovative the project is.

A good way of showing the innovative character of the project is to specify in the proposal the current state of the art, with the purpose of further explaining how the expected outcomes of the project go beyond it. The results of a bibliographic search, including both scientific literature and patent databases, are generally the best tools to demonstrate the current state of the art.

Patent searches may be performed for free using Espacenet⁵, but it is advisable to have some assistance for example of national patent offices, PATLIB centres or private specialists.

6. Project's name and acronym

Applicants should select a project name and acronym already at the proposal stage. To avoid any trade mark infringement it is generally advisable to be careful not to choose a word which is similar to a registered trade mark owned by a third party for goods and services in the same area of business.

Trade mark searches could be performed for free using OHIM databases (TM View⁶ or CTM Online⁷), WIPO databases (ROMARIN⁸) or any national database and assistance may be requested to national trade mark offices or private specialists.

7. Strategy for the dissemination and exploitation of project results

In several programmes, proposals are evaluated in terms of the potential project's impact through the development, dissemination and use of the results. It is therefore essential to show the appropriateness of the measures envisaged for the dissemination and/or exploitation of project's foreground and

⁴ Commission decision of 28 February 2011 amending Decision C(2008) 4617 related to the rules for proposals submission, evaluation, selection and award procedures for indirect actions under FP7

⁵ <http://www.epo.org/searching/free/espacenet.html>

⁶ <http://oami.europa.eu/ows/rw/pages/QPLUS/databases/searchEU.en.do>

⁷ <http://oami.europa.eu/ows/rw/pages/QPLUS/databases/searchCTM.en.do>

⁸ <http://www.wipo.int/madrid/en/romarin/>

management of IP. This is generally regarded as a preliminary Plan for the Use and Dissemination of the Foreground (PUDF) and included in “Part B” of the proposal.

Given the relevance of this part of the proposal in the evaluation, it is highly advisable to start drafting it in advance and carefully.

In this context, applicants could include to the proposal the following:

- a) **How will foreground be protected?** Applicants should describe how they will organise the protection of foreground. In this context, they may outline how results will be identified (perhaps by allocating some staff member to be an IPR manager, through the use of laboratory notebooks...), reported, protected from early disclosure, the possible IPR that may arise within the project and how to better protect them (perhaps by making use of internal and or external IPR specialists, for instance);
- b) **How will background and foreground be organized and managed?** It is relevant to include a clear and adequate description of how applicants will organise ownership and access rights of IPR between them (in terms of background and foreground), including the economic conditions;
- c) **How will joint ownership be treated?** Joint ownership could be considered, particularly in SMEs actions. Applicants may mention that in a case of jointly owned results, they have the intention to reach an agreement for the effective management of such results with details, for example, on shares, exploitation and licensing to third parties;
- d) **How will the use and dissemination of results be implemented?** Depending on the project, applicants may address who is the intended target for dissemination, the routes for communications (websites, scientific articles...) and how these routes will help them obtaining the maximum impact possible. The plans for use of foreground should also be described;
- e) **Which confidentiality measures have been and will be taken?** Clear and adequate description of confidentiality issues and third parties’ rights (considering the measures already taken at the proposal stage and the ones intended for the next stages of the project) as outlined above, could be included in this part of the proposal.

Useful Resources

For the preparation of this factsheet, the European IPR Helpdesk had in consideration the “*Guide to Intellectual Property Rules for FP7 Projects*” prepared by the European Commission, as well as the “*Strategic Guide to Successful Use and Dissemination of the Results of Research and Development Projects*”.

For further information on the topic please also see:

- “*Introduction to IP Rules in FP7 Projects*”: <http://www.iprhelpdesk.eu/sites/default/files/relateddocuments/Factsheet%20IP%20rules%20FP7%20June%202011.pdf>
- “*Guide to Intellectual Property Rules for FP7 Projects*”: ftp://ftp.cordis.europa.eu/pub/fp7/docs/ipr_en.pdf
- “*Strategic Guide to Successful Use and Dissemination of the Results of Research and Development Projects*”: http://ec.europa.eu/research/sme-techweb/pdf/use_diffuse.pdf#view=fit&pagemode=none
- “*Non-Disclosure Agreements*”: <http://www.ipo.gov.uk/nda.pdf>.
- “*IPCA Template – Non Disclosure Agreement*”: http://www.digitaleurope.org/index.php?id=32&id_article=163

