



European IPR Helpdesk

IP Exploitation



Video-conference
Academy of Sciences of Moldova,
4 September 2013

Get your ticket to innovation.

Roadmap

- What is IP exploitation ?
- Business scenarios for IP exploitation
- Focus on : Licensing agreements
- IPR regime for IP exploitation in FP7





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What is IP exploitation?

IP exploitation

IP exploitation means:

- Technology transfer
- Innovation
- Profits
- Business opportunities





STOP

*Business scenarios for IP
exploitation*

Business scenarios

Creation of a business/a spin-off

Joint ventures

Sale of IPR or IPR pools

Licensing of IPR or IPR pools

Example Question

The coordinator of a Research for SMEs project asked the European IPR Helpdesk the following question.

The foreground created during our project will be held by all the SME partners involved. In order to avoid complex licensing schemes, we would like to create a company which would hold and exploit the IPR. Is it possible and compatible with the spirit of the R4SME programme?



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*Focus on :
Licensing agreements*



What is a licence, and what types of licences exist?

Definition

A legal agreement whereby the owner of IP/IPR grants specific rights to the use of the IP/IPR to another party.

Licences are drafted after negotiations between two parties – these parties are generally called the **Licensor** (IP owner) and the **Licensee** (interested party who wishes to utilize the IP).

The rights and conditions defined in a licence will vary according to the needs of the two parties – therefore a “one size fits all” licence does not exist.

Licence types

Non-exclusive licence

The same licence can be granted to as many licensees as the licensor wants.

Exclusive licence

The licence excludes any other potential licensee in the scope of exclusivity.

A sole licence

Exclusive licence, except that only the licensor remains free to compete with the licensee.

Non-exclusive vs. exclusive licensing

Non-exclusive licence

Licensors can **spread** the **risk** of commercialization by entrusting several licensees

Exclusive licence

Licensors take a **high risk**

- the commercialization depends on the success of only one licensee
- In practice exclusivity is often a precondition imposed by the licensee to gain a competitive lead



*How can I manage the risks
connected with licensing?*

Description of licence subject

What exactly is being licensed:

One patent? Future patentable IP related to the patent?
What about soft IP (technical know-how)?
Related IP assets (software, databases)?



*The IP being licensed **must be described as accurately as possible with no possibility for confusion**. The licensee will naturally want a broad definition that will give the widest possible advantage based on their interests.*

Definition of licence scope

Licence scope defines the range of granted rights (freedoms/constraints):

- Exclusive or non-exclusive rights
- Sole licence

Restrictions by:

- Field of use (industry specific, technology specific, product specific), and/or
- Duration, and/or
- Geographic territories

What rights does the licensor retain – grant-back licence?

Flexible royalties & termination

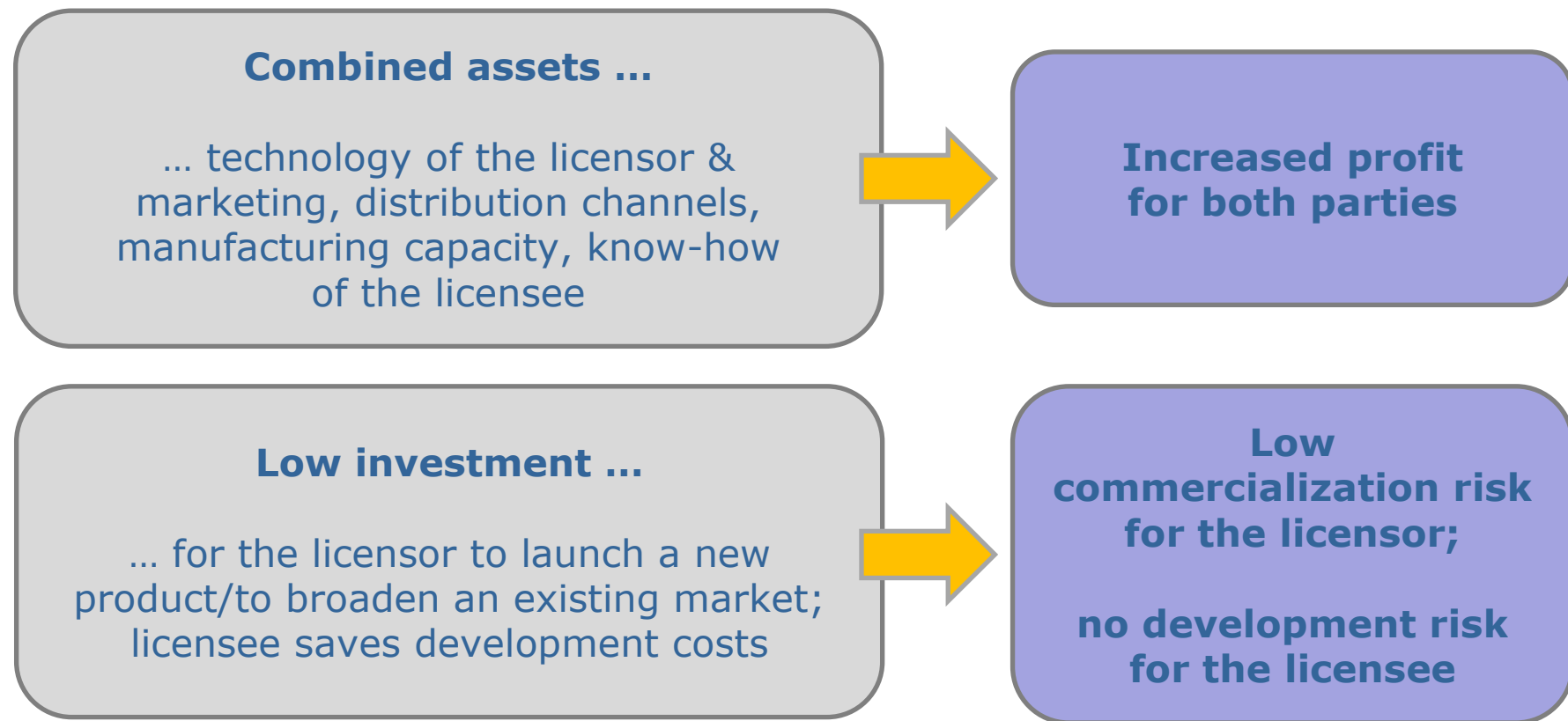
Flexible royalty structure, e.g.

- (dynamic) minimum royalties
- dynamic royalties along with increasing commercialization success

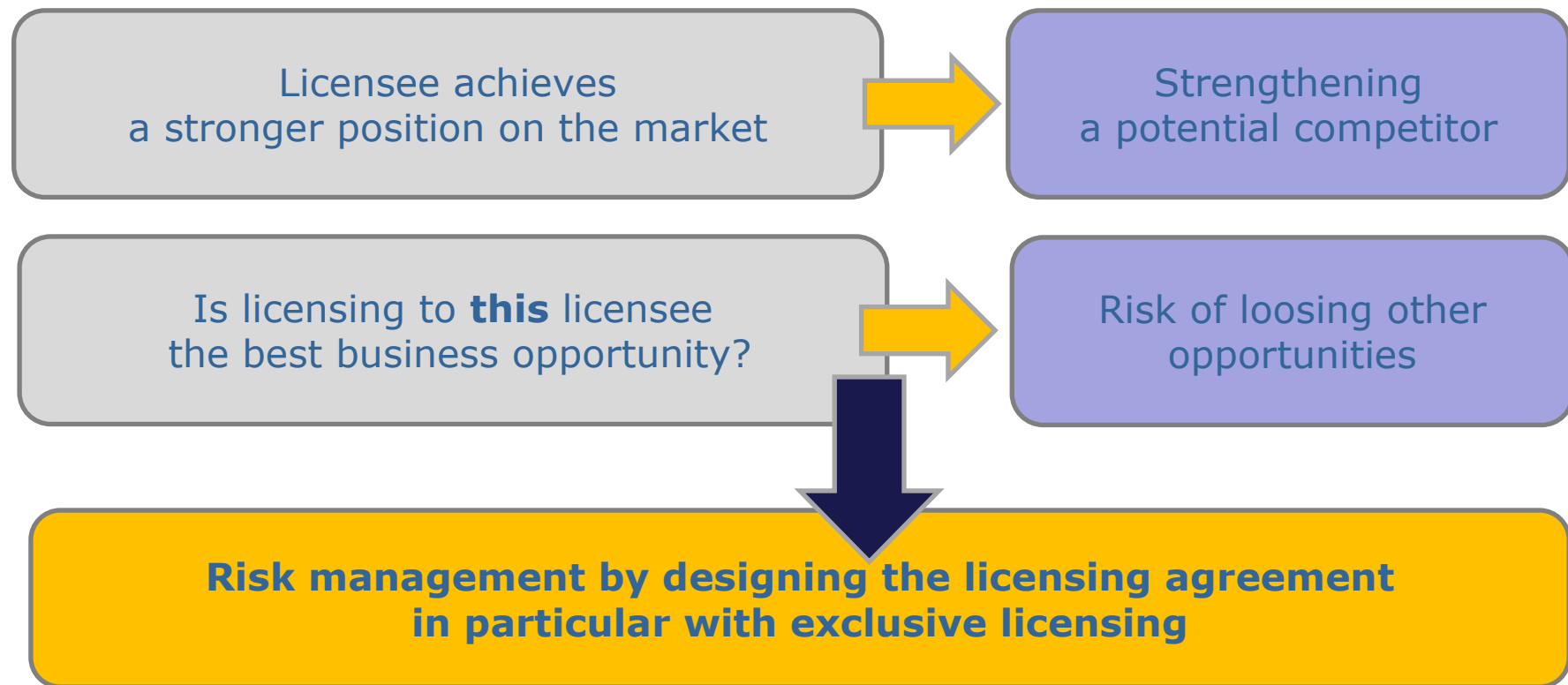
In case of insufficient commercialization:

- termination right, or
- conversion into a non-exclusive licence

Advantages of licensing



Risks of licensing



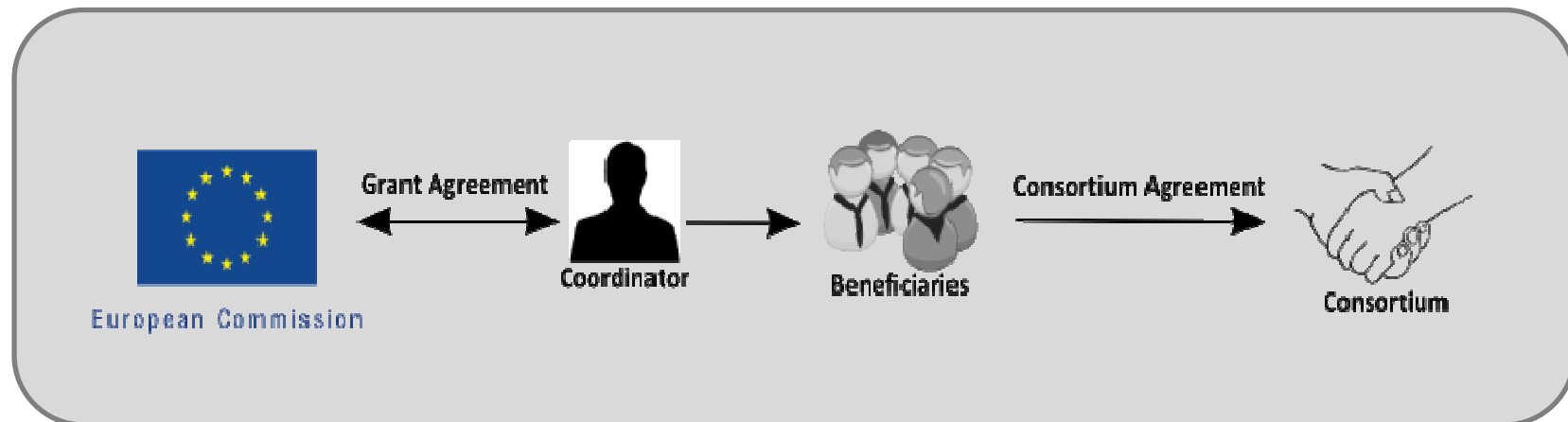


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*IPR regime for IP exploitation
in FP7*

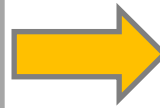
Overview: FP7 IPR regime



FP7 IPR regime

Grant Agreement

- Signed by European Commission, project coordinator and all project members
- Little room to negotiate
- **Mandatory IPR regime** included in Annex II (General Conditions-Part C) & Annex III (Specific Provisions for SME Actions)



Consortium Agreement

- Comprises individual agreements between the partners of the consortium
- Recommended for all projects, obligatory for some areas
- Needs to **reflect the IPR regime** of the Grant Agreement, where the latter provides flexibility, i.e.:
 - . specify the IPR regime
 - . choose individual provisions

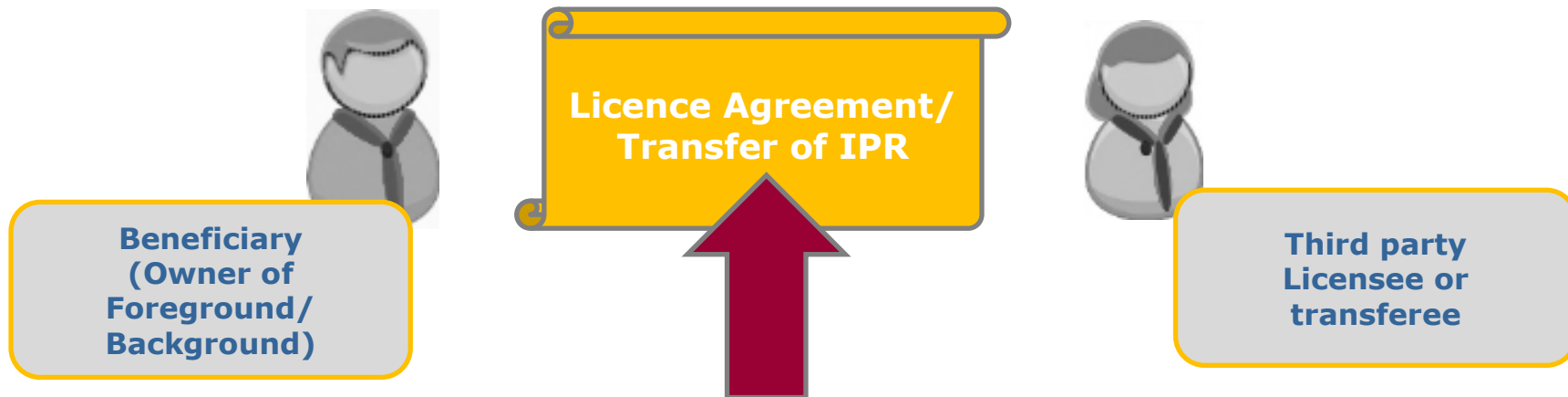


FP7 access rights

Access rights are licences and user rights to Foreground and Background which Beneficiaries (and their Affiliates in Member States or Associated countries) can mutually request in writing until 1 year after the project.

	Background - identified as relevant - - available for access -	Foreground - project results -
Needed to carry out the project ("Implementation")	Royalty-free, unless otherwise agreed before the Grant Agreement is signed	Royalty-free
Needed to exploit own project results ("Use" = further R&D and commercialisation)	Royalty-free or on fair and reasonable conditions	Royalty-free or on fair and reasonable conditions

FP7 IP exploitation (I)

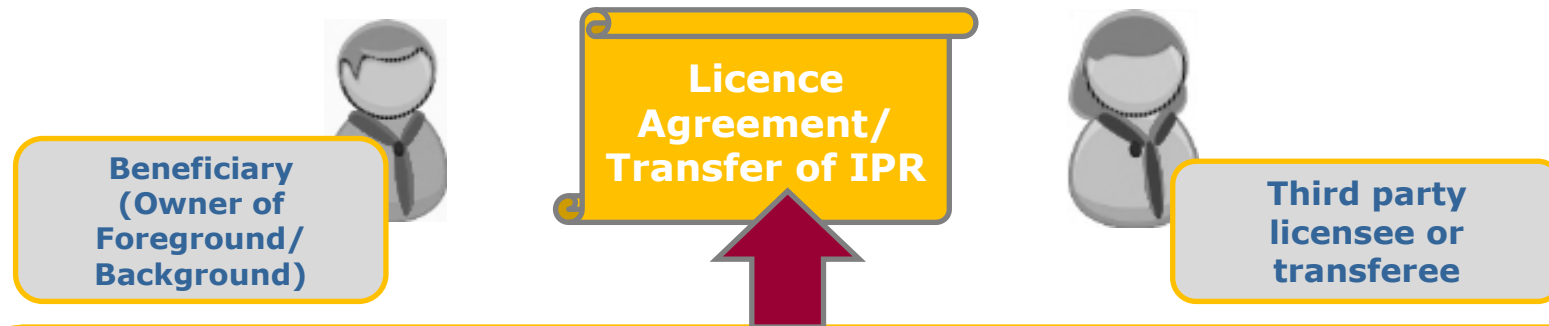


The other beneficiaries' **access rights need to be maintained**

- as long as they can be requested,
- or to the extent, as they have already been granted

The other beneficiaries need to be notified if IPR is transferred to a third party and may object if their access rights are not maintained.

FP7 IP exploitation (II)



Consequences:

- Non-exclusive licenses can be granted to third parties anytime
- In an exclusive license or in a transfer of IPR the obligation to grant access rights has to be passed on to the third party – not really “exclusive”

Exceptions:

- **“Real” exclusive licensing** is possible **if** the other beneficiaries **waive their access rights in writing**
- **Notification** is not necessary in case of a transfer to **specifically identified third parties**

FP7 exploitation of joint IP

Joint IP Ownership of Foreground arises if:

- project results are generated jointly by 2 or more beneficiaries, and
- the individual parts of the contributing beneficiaries cannot be determined.

The beneficiaries must conclude a **Joint Ownership Agreement** to settle:

- the allocation of shares, and
- the exercise of rights related to the joint IP



Joint Ownership Agreement

The allocation of shares and protection by IPR

- Determination of shares in the invention
- Responsibility for IPR protection and related management
- Shares in the IPR costs

Exercise of rights

- Individual use in further R&D activities
- Individual or joint commercialization
- with or without mutual financial compensation (profit share)
- Possible: Set up a joint venture or a start-up company

Applicable law, jurisdiction or alternative dispute resolution (ADR)

Without Joint Ownership Agreement

FP7 prescribes a **default regime** if no/until a Joint Ownership Agreement is concluded:

Beneficiaries may grant non-exclusive licences to third parties

- upon prior notice to the other beneficiaries.
- against fair and reasonable compensation.

In any case of joint ownership

In any case – with or without Joint Ownership Agreement:

The **access rights** of the other beneficiaries who have not contributed to the joint Foreground **must be maintained** in any IP exploitation activity.

Exception for exclusive licensing:

- Written waiver of their access rights



Thank you.

We look forward to getting in touch with you!

For further questions and general IP advice, please contact our Helpline team:

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