

## IP-related issues for SMEs in FP7 projects

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### 1. Introduction

By participating in a project funded under the Seventh Framework Programme (FP7), small and medium-sized enterprises (SMEs) have the opportunity to benefit from networking with international partners in their product value chain, collaborating with research centres of excellence and gaining stimuli to develop technological and innovation capacities.

According to their propensity either to perform research and technological development activities (RTD) or to acquire the results of the activities carried out by somebody else, SMEs may be involved in different types of FP7 initiatives that present specific intellectual property (IP) issues to be considered<sup>1</sup>.

### 2. IP issues for research-performing SMEs

SMEs capable of performing RTD activities may join projects (mainly, under the [“Cooperation” programme](#) and under the “People” programme through the [Industry-Academia Partnerships and Pathways action](#)), where participants (i.e. research organisations and enterprises) carry out common research on an equal footing basis, by reciprocally accessing the background and the results each one holds and generates.

Among the issues to take into account, **confidentiality**<sup>2</sup> issues play an important role and are likely to emerge throughout the project, from the proposal stage through the execution and termination of the project. They should be adequately addressed for a smooth and safe exchange of information, facilitating the project development and ensuring the non-disclosure of sensitive technology/business/commercial data. The signing of confidentiality agreements at the proposal stage, the presence of confidentiality clauses in the consortium agreement and good monitoring of compliance with confidentiality obligations is the best way to achieve this.

As far as the project execution is concerned, an SME should be aware of the contribution it is expected to provide in terms of **background** relevant to the project implementation and for the use of the generated results. Therefore, it should negotiate the information and IP rights to be accessible to the other participants and the related access conditions<sup>3</sup>. Similarly, conditions for accessing the project results (**foreground**) should be negotiated at the consortium level.

Negotiation of **access rights for participants’ affiliates** may be another important point since the interests of the different participants involved may diverge. In particular, SMEs and public research organisations may not feel at ease “generously” licensing research results to other parties’ affiliates, while, for big companies, this is generally a “must”.

As regards the **foreground exploitation**, research-oriented SMEs provide valuable scientific/technology input to the development of the project, but may lack in-house resources to properly use the generated results, while market-oriented, technology-based SMEs may be in a better position to profit from the transfer of the project findings to the marketplace. In coping with such tasks, a proper definition of each SME’s role in the exploitation stage should be discussed by the participants and adequately expressed in the consortium agreement in order to better pursue the identified exploitation routes while benefiting all partners.

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### 3. IP issues for research-acquiring SMEs

Specific initiatives under the “Capacities” programme (i.e. “[Research for the benefits of SMEs](#)”) are addressed to innovative SMEs with limited or no research facilities of their own. Such initiatives aim to solve the technological needs of SMEs (or SME associations) and enhance their know-how, by outsourcing the necessary RTD activities to actors (e.g. public research organisations, research performing enterprises etc.) endowed with the necessary facilities and experience (the so-called “RTD performers”).

There are a number of important issues that affect the interests of SMEs to consider, such as joint ownership and the relationship with RTD performers, “other beneficiaries” and end-users.

By default, SME participants jointly own the results generated within the project, while the RTD performers are remunerated accordingly for the RTD activities they perform. The exploitation of **jointly owned results**<sup>4</sup> needs to be based on a joint ownership agreement that defines the IP share of each party, settles management and operational issues concerning the joint results, as well as their utilisation and commercialisation after the project termination. Agreeing upon the content of such an agreement may not be easy due to possible conflict of interests among the joint owners. If a specific agreement is not reached, a default regime will apply, allowing each joint owner to grant non-exclusive licences on the results to third parties, subject to prior notification of the other joint owners and the payment of fair and reasonable compensation<sup>5</sup>.

Alternatively, the SMEs concerned may agree on a different ownership regime. In such a case, attention should be paid to the negotiation/regulation of the **SMEs-RTD Performers relationship** as regards IP rights on the project results. The SMEs, in fact, may decide to assign the ownership (in whole or in part) to the RTD performers, provided that SMEs are granted the necessary rights to properly use and disseminate the results in question. In such a case, the remuneration of the RTD performers for their research activities shall be reduced accordingly, i.e. taking into account the benefits they acquire by obtaining ownership of the results<sup>6</sup>. A proper negotiation of these issues is crucial, especially considering the need to protect and exploit the foreground to the best advantage of the SME participants.

Attention should also be paid to the **relationships with the other enterprises and end-users** involved in the project to contribute to solving technical problems and facilitating the exploitation of results by the SME participants. What other enterprises and end-users invest in the project and what they expect to receive in return (e.g. licences to use the project results) should be clearly established.

### 4. Conclusions

SMEs must be aware in advance of the rights and obligations that arise from signing the grant agreement with the Commission. A thorough understanding of these provisions is fundamental in order to properly negotiate the content of the consortium agreement. During the negotiation, the main issues outlined above, and possibly some additional ones, shall be resolved in order to allow the project to develop smoothly.

Various sources of information and assistance are available to SMEs to support them in tackling IP-related and technology transfer issues during the different stages of a project. In addition to the IPR-Helpdesk, the [IRC Network](#), [NCPs Network](#), [Gate2Growth](#), [BICs](#) and [national IP offices](#) are examples of organisations providing support to SMEs (and other relevant actors) in the RTD field.

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1. IP issues should find adequate expression in the consortium agreement.
  2. See the IPR-Helpdesk [document on confidentiality agreements](#) and the [related model](#).

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3. These issues are normally discussed as part of the consortium agreement where participants define the background to which access may be granted as well as the economic conditions for the granting of access rights.
4. For further information on joint ownership in FP7 projects' foreground, please consult our document on the matter.
5. See article II.26.2 of the [Annex II](#) to the grant agreement.
6. The decisions agreed upon must be expressed in the so-called "transaction document", which will be an integral part of the grant agreement signed with the Commission. See article III.2 of the [Annex III](#) (Specific provisions related to "Research for SMEs" or "Research for SME associations") to the grant agreement.

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