



European
Commission

European IPR Helpdesk

Exploitation of research results

Dr Sabine Albrecht

EU IPR Helpdesk / Eurice GmbH (Saarbrücken)

St. Kliment Ohridski University / Sofia

20 March 2013



Get your ticket to innovation.



European
Commission

Roadmap

- What is IP exploitation ?
- Business scenarios for IP exploitation
- IP exploitation in the context of contractual R&D
- IPR regime for IP exploitation in FP7
- In a Nutshell





European
Commission

STOP

What is IP exploitation?

IP exploitation

IP exploitation means:

- Technology transfer
- Innovation
- Profits
- Business opportunities

... and can be realized through:

- business activities and
- in the context of contractual R&D





European
Commission

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



European
Commission



*How do I create a business/
spin-off?*

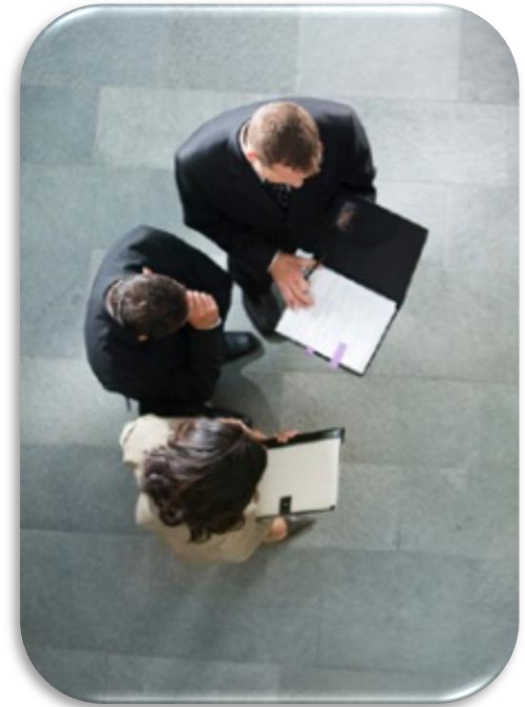
Motivation (I)

Create a vehicle for universities, non-profit research centres and SMEs to ...

- ... **extend** their **capacities** to meet exploitation requirements.
- ... **transfer R&D results** into the market and **move further** (own product line, production capacities and marketing channels).
- ... become a “**free agent in the market**” without legal boundaries of a University or a non-profit research centre.

Motivation (II)

- Create a **business opportunity** for university/institutes' **employees**.
- Establish a **platform for a market-oriented cooperation** between the parent entity and the spin-off.

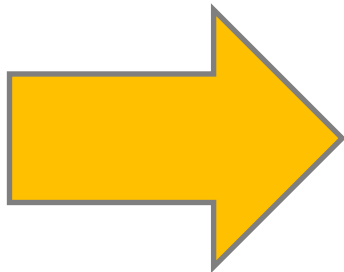


Precondition

Only **visible ownership of IP ...**

... enables a player to become competitive.

... attracts the interest of investors.



It is necessary to **protect own IP...**

... by **IPR**;

... or treat it as **secret know-how**;

... and/or to secure an **IP transfer from a third party owner.**



European
Commission



What are joint ventures?

Type of activity

Basic definition:

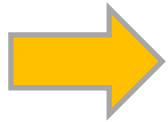
Combined economic activity of parties **with complementary resources** for mutual benefit.

Goals:

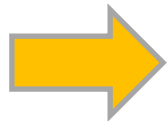
- Long-term business relationship
- Use synergies to open new markets
- Create a network presence in different countries

Features

Two characteristic features



1. *Cooperation* at JV-partner level



2. *Autonomy* at JV-partner level

Types of joint venture

Cooperative Joint Venture

- JV-unit is an independent management and organisation unit, not legally autonomous
- Flexible input of resources (capital, know-how etc) and flexible share of profit and loss
- Design of JV in Cooperation Agreement (JV Agreement)

Equity Joint Venture

- JV unit is an **autonomous legal person**
- JV-partners **share** profits, risks and loss as provided for in the JV-agreement and in compliance with their shares in the JV-capital



European
Commission



*What does commercialization of
IPR pools mean?*

IPR pools

What is meant by IPR pools?

Bundle IPR for a certain technology (sector) and present a portfolio with high commercialization potential.

What are the motives?

Search for

- Investor for your start-up/spin-off/joint venture partner
- Licensees
- R&D collaboration partners
- R&D clients
- Sale or auction-off of IPR which cannot be used or licensed by the IPR owner



European
Commission



*How does licensing of IPR or
IPR pools work?*

Licensing

Business licensing

Cross licensing

Assertive licensing

**Licensing in the context of contractual
R&D**



European
Commission



*What is meant by business
licensing?*

Business licensing

= Offers of IPR licences to potential licensees outside of R&D contracting



How to find licensees?

- **Individual business contacts** from own networks, incl. spin-offs
- General **internet search**
- **Database search**
 - » **ProTon Europe**, the European Knowledge Transfer Association (<http://www.protoneurope.org>)
 - » Der **Deutsche Technologiedienst** (www.dtdienst.de) - technology offers/out-licensing
 - » PatBase (www.patbase.com) – patent search
- **Support by the Enterprise Europe Network (EEN)**
Europe's largest database for technology transfer:
≈ 20,000 profiles & brokerage events – 19,000 in the last 3 years
(www.enterprise-europe-network.ec.europa.eu)



European
Commission



What is assertive licensing?

Assertive licensing

Assertive licensing is **licensing with IPR infringers – enforcement of IPR.**

The aim is to **achieve a fair and equitable negotiated licence** – possibly higher royalties.

How to identify infringers?

- Product watch, e.g. fairs, product portfolios displayed on websites
- Databases for patent search – what other firms are referred to?
→ Subsequent check of their products
- Network information
- Individual business contacts
- Analysis of products



European
Commission



What is cross licensing?

Cross licensing

- Mutual licence grants between 2 parties
- “Quid pro quo” – principle
- Against commercial conditions or free of charge
- Purpose of free cross licensing is often to avoid infringement proceedings, (automotive branch!)



European
Commission



*How to make a choice –
investment, risk and control?*

Investment, risk & control

Transfer of IPR

Transfer of the ownership = transfer of risk and loss of control, e.g. sale of a patent

Joint Venture

- Increased investment and risk
- Share in profits and losses
- Shared control in a complex partnership
- Risk of strengthening JV unit as a competitor

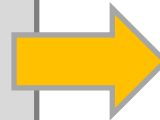
Licensing

- Less investment
- Less control, esp. in exclusive licensing
- Risks with exclusive licensing

Advantages of licensing

Combined assets ...

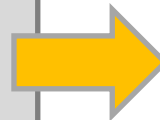
... technology of the licensor & marketing, distribution channels, manufacturing capacity, know-how of the licensee



**Increased profit
for both parties**

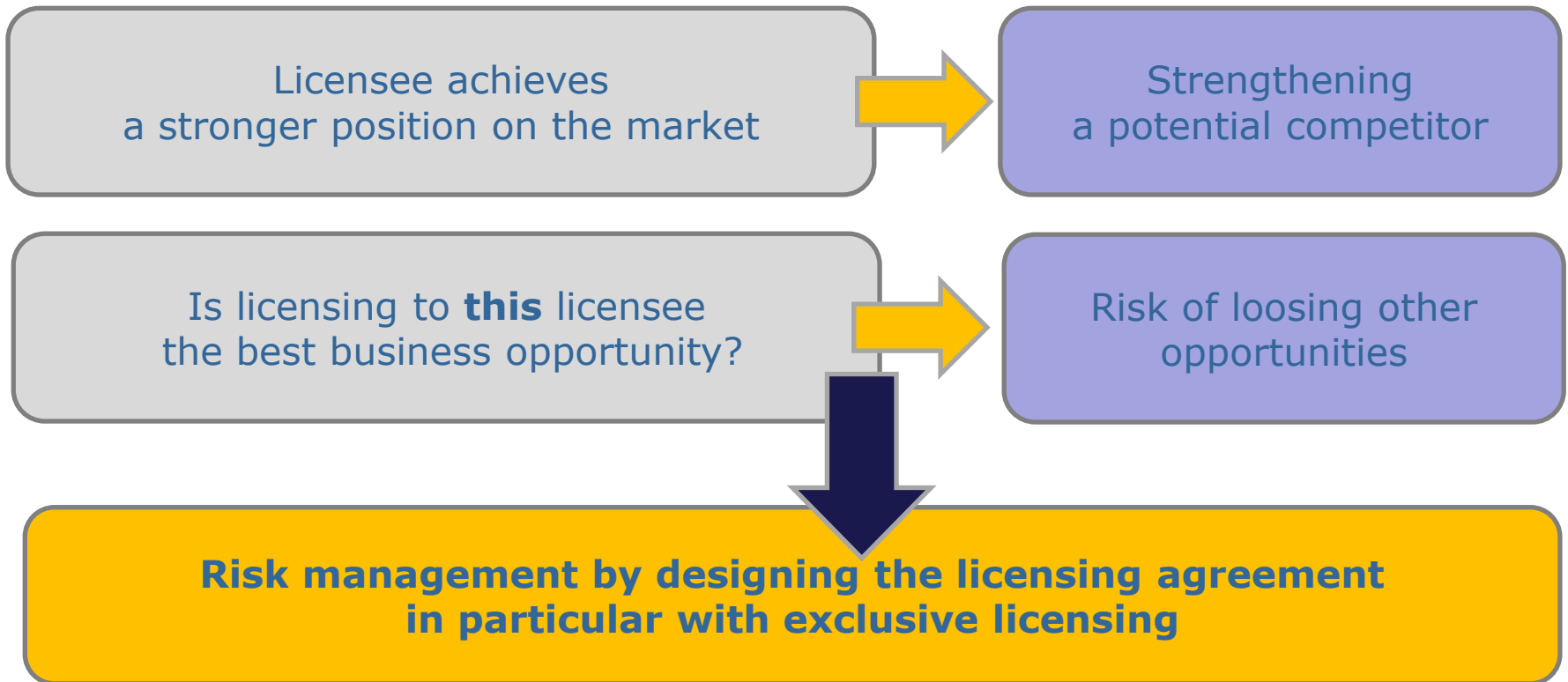
Low investment ...

... for the licensor to launch a new product/to broaden an existing market; licensee saves development costs



**Low
commercialization risk
for the licensor;
no development risk
for the licensee**

Risks of licensing





European
Commission



*What are crucial licence
conditions?*

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 (e.g. research access) – grant-back licence?

Payment or consideration

Payment can come in many forms – not all of them involve money – however typical conditions may include:

- Lump sum payments (upfront or milestone based)
- Royalties - share in the turnover – by percentage or by fix price a sold piece
- Share in net revenues from sublicensing
- Minimum royalties

Don't forget the control: what / when / by whom ?!

Other payment issues: timing of payments, currency, taxes?

Limitations of risks with exclusive licensing

Restriction of exclusivity, e.g.

- field of use
- territory
- period of time

Flexible royalty structure, e.g.

- dynamic royalties along with increasing commercialization success
- (dynamic) minimum royalties
- minimum royalties can be credited against actual royalties

Flexible termination or conversion into non-exclusive licence in case of insufficient commercialization.



European
Commission

STOP

*IP exploitation in the context of
contractual R&D*



European
Commission



*How is IP exploitation linked to
the IP strategy?*

IP strategy (I)

Three areas of core interests:

1. Creation of IP

- Be and stay innovative
- Promote R&D

2. Protection and maintenance of IP

- Become visible by IPR
- Achieve a competitive lead
- Achieve a commercialization tool

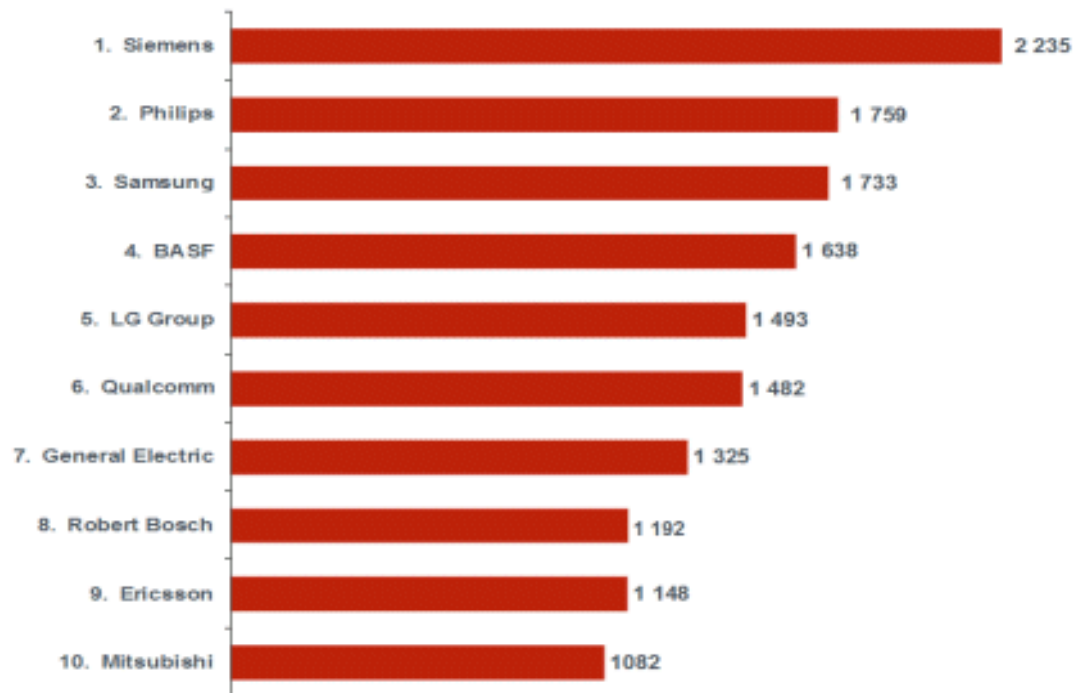
3. Exploitation of IP

- Enter the market and generate income

**IP strategy builds on
the core interests of
a player in IP!**

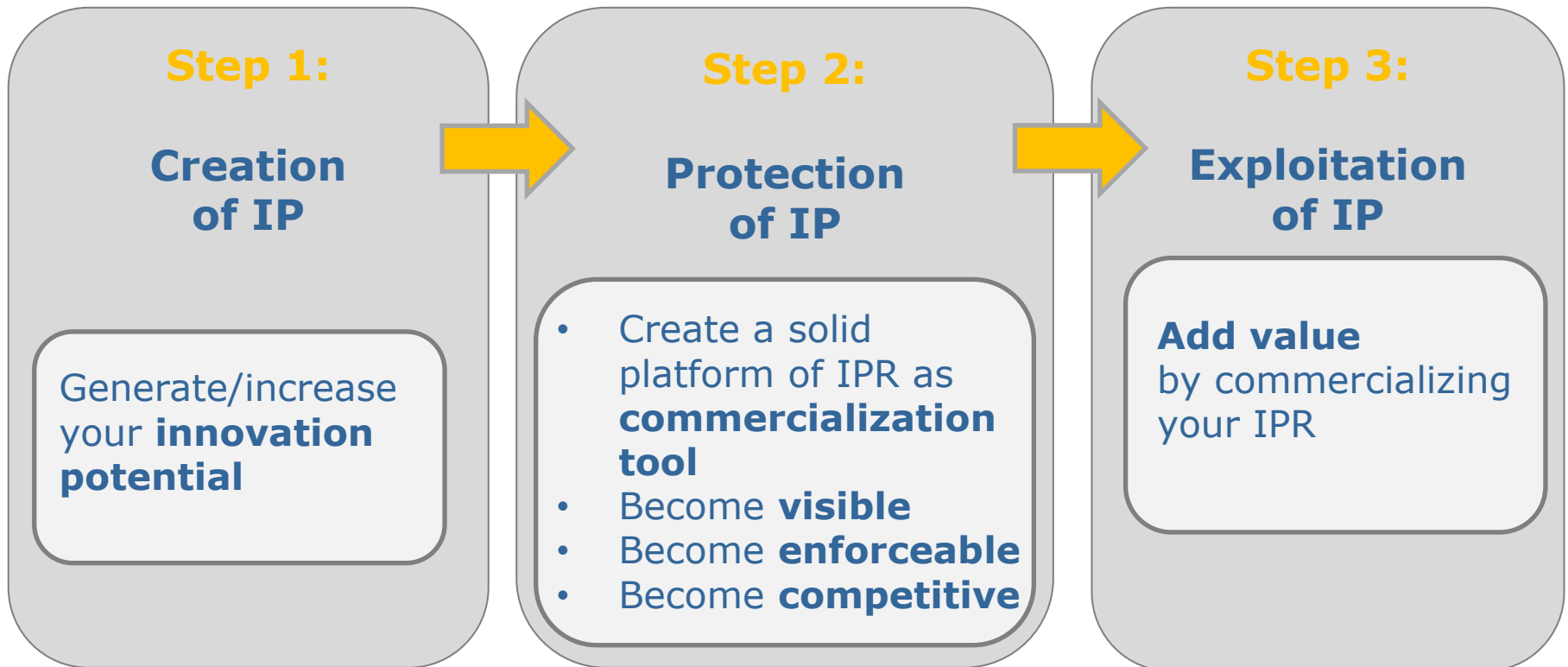
IP strategy - Example Siemens

Top applicants seeking protection with the EPO in 2011¹



¹ Based on European patent applications filed with the EPO

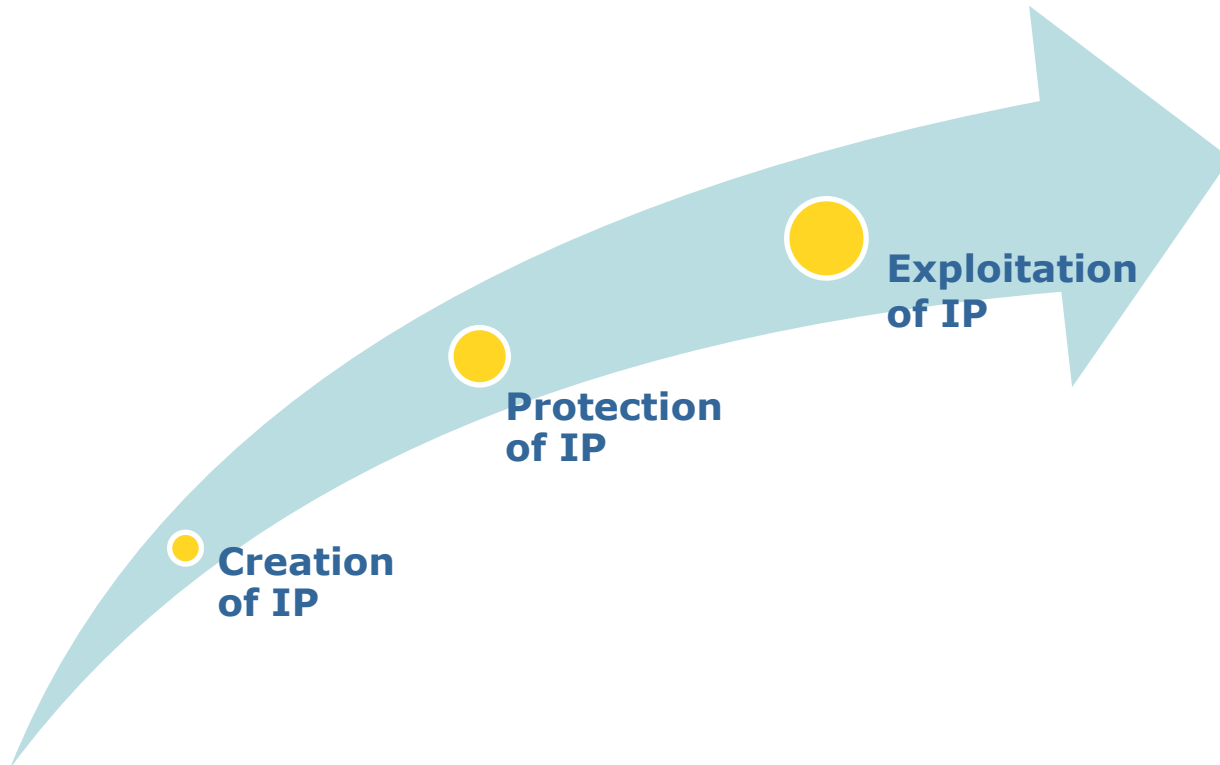
IP strategy (II)





European
Commission

IP strategy (III)





European
Commission



*What are the IP strategies of
different players?*

R&D performers

University

- Maintenance of **high quality research and education**
- Visibility of high standard by publications and IPR
- IP exploitation in contractual R&D and through TT offices/spin-offs

R&D institute for applied research

- Maintenance of **high innovation capacity** in the intensified competition with other R&D performers
- IPR are essential for **further contractual R&D** and IP exploitation by licensing, joint ventures, spin-offs

SMEs & industry

SME

- Visible ownership of IP/purchase of IPR to supplement own technology/enforcement of IPR
- **Competitive lead** by excluding potential competitors
- IPR increase the value of an enterprise – intangible assets

(big) Industry

- Visible ownership of IP/purchase of IPR to supplement own technology /enforcement of IPR (**IPR battlefield**)
- **Competitive lead** by excluding potential competitors
- IPR increase the value of an enterprise – intangible assets

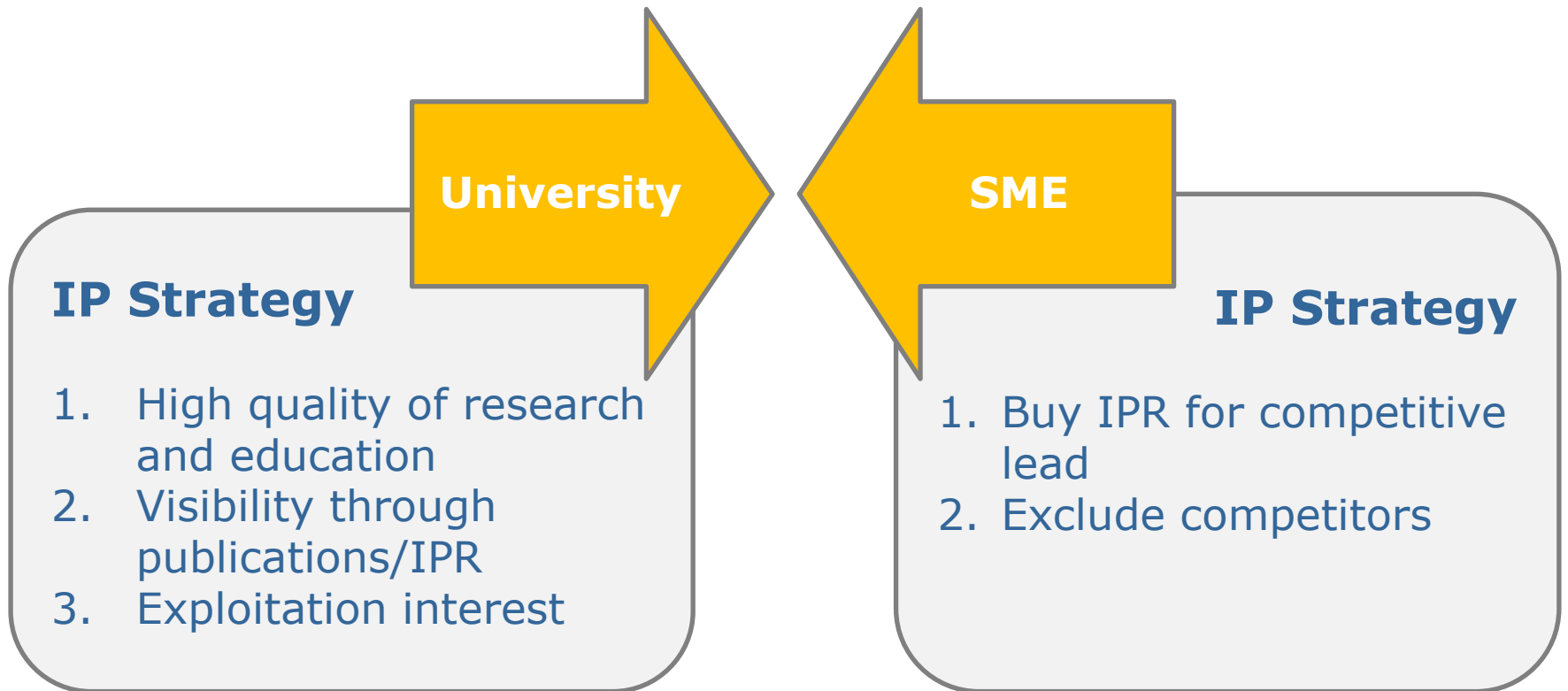


European
Commission



*How is the contractual
management of IP exploitation
aligned with the IP strategy?*

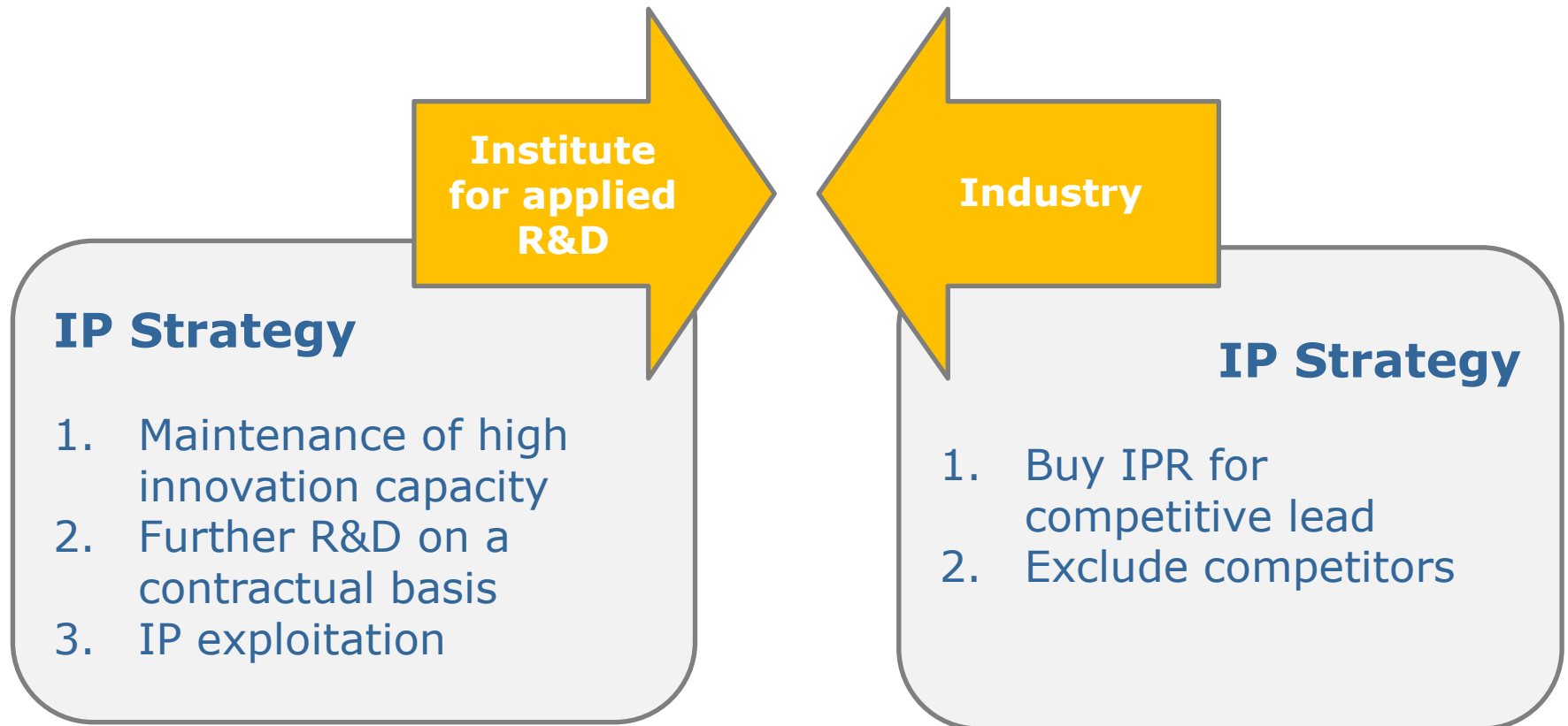
University vs. SME contracts



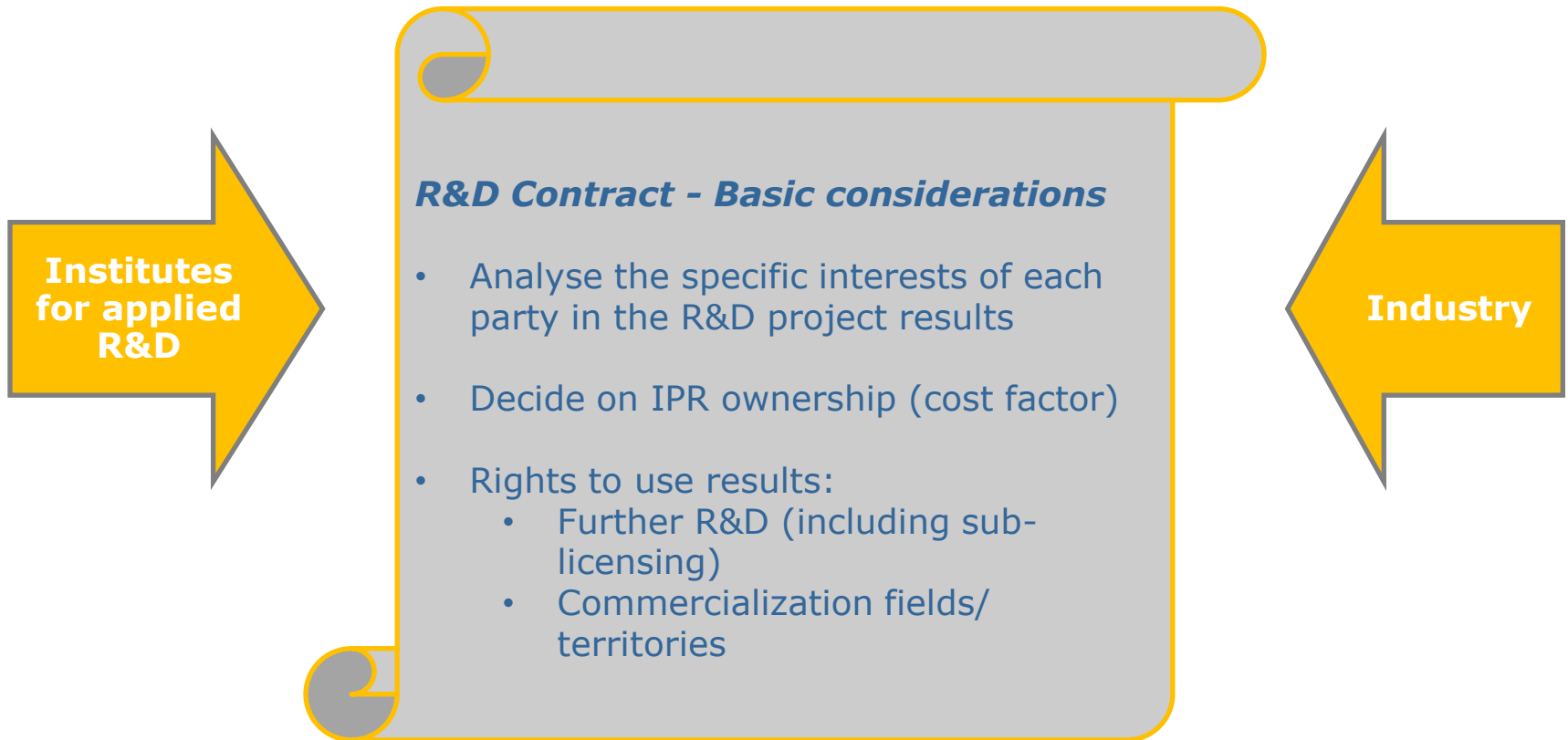
Strategic alignment



R&D Institute vs. Industry



Strategic alignment



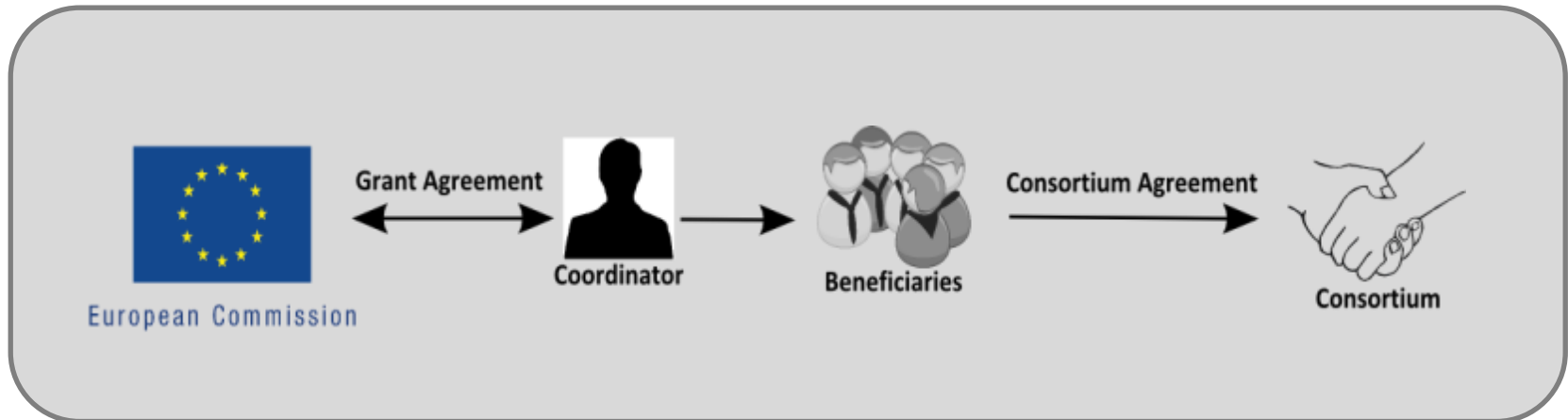


European
Commission

STOP

*IPR regime for IP exploitation
in FP7*

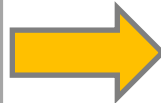
Overview: FP7 IPR regime



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

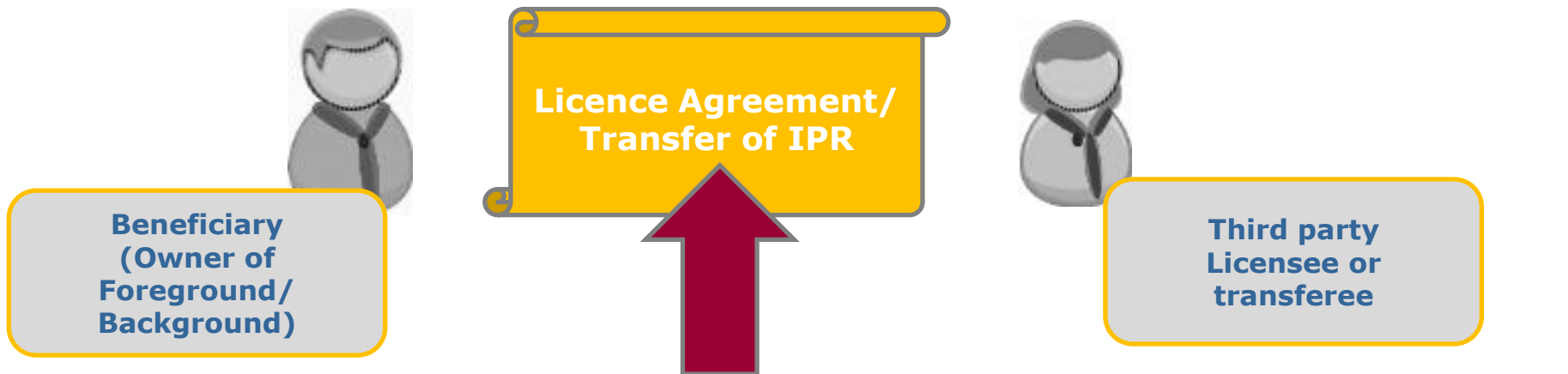


FP7 access rights

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

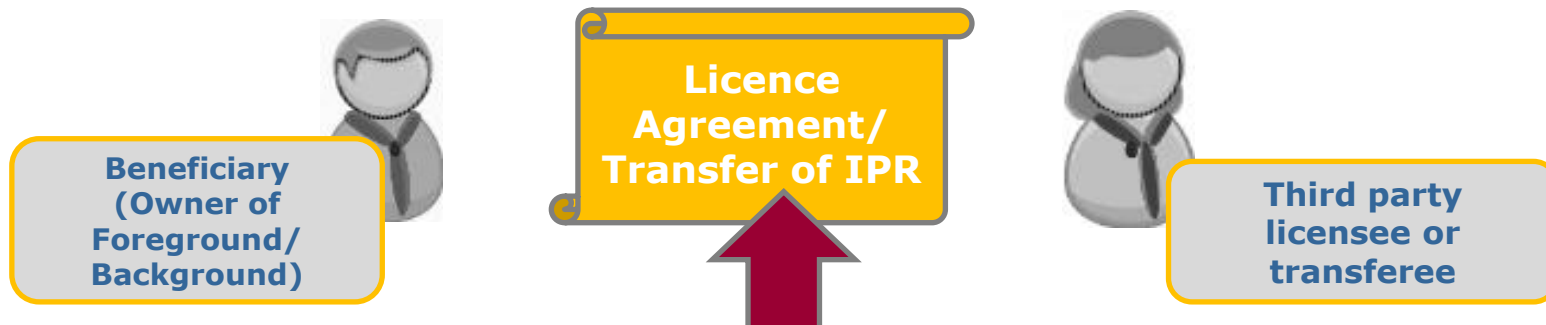


The other beneficiaries' **access rights need to be maintained**

- 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



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





European
Commission

STOP

In a Nutshell

In a nutshell

Essentials for IP Exploitation:

- Diverse business scenarios for IP exploitation
- IP exploitation in the context of contractual R&D
- IPR regime for IP exploitation in FP7





European
Commission



Thank you.

We look forward to getting in touch with you!

For questions on this webinar, please contact:

Sabine.albrecht@iprhelphdesk.eu

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

service@iprhelphdesk.eu

Phone +352 25 22 33-333 (Helpline)

Fax + 352 25 22 33-334 (Helpline)

www.iprhelphdesk.eu

For questions related to our training activities, please send us an email at:

training@iprhelphdesk.eu



© European IPR Helpdesk 2013

Photo Credits

istockphoto

- © istockphoto.com/maridav (slide 1)
- © istockphoto.com/Rtimages (slide 2)
- © istockphoto.com/laflor (slide 2)
- © istockphoto.com/Bliznetsov (slide 3)
- © istockphoto.com/Andrew Johnson (slide 5)
- © istockphoto.com/Zeffss1 (slides 8,12, 16, 18, 20, 23,25, 27, 31, 37, 42, 45)
- © istockphoto.com/Sean Locke (slide 10)
- © istockphoto.com/t_kimura (slide 21)
- © istockphoto.com/Agata Malchrowicz (slide 52)
- © istockphoto.com/Yuri_Arcurs (slide 56)
- © istockphoto.com/hudiemm (slide 62)
- © istockphoto.com/Dave White (slide 63)

Others

- © Boggie, ScoutMedia (slide 51, 54, 55)

Disclaimer/Legal Notice

The information and advice contained in this presentation is not intended to be comprehensive and attendants are advised to seek independent professional advice before acting upon them. The European IPR Helpdesk is not responsible for the consequences of errors or omissions herein enclosed. Re-use of information contained in this presentation for non-commercial purposes is authorised and free of charge, provided the source is acknowledged. The use of images – other than in the mere reproduction of this presentation – is prohibited. The European IPR Helpdesk is not responsible for any impact or adverse effects on third parties connected with the use or re-use made of the information contained in this presentation.

The European IPR Helpdesk is managed by the European Commission's Executive Agency for Competitiveness and Innovation (EACI), with policy guidance provided by the European Commission's Enterprise & Industry Directorate-General.

The positions expressed are those of the authors and do not necessarily reflect the views of the European Commission.