

Standard contract clauses regarding IPR

PCP Framework Agreement template

1. IPR ownership

- 1.1. **Contractor ownership** – The Contractor retains the ownership of all rights on the results that he generates during the PCP.
- 1.2. **Ownership of joint results** – Where the results are jointly created by the Public Procurer and the Contractor during the performance of this Framework Agreement or of the Specific Contracts (“joint results”), the IPRs in such joint results shall be jointly owned by the Parties, unless otherwise expressly agreed in writing.

Each Party shall own an undivided share in the joint results, corresponding to its respective contribution, where such contribution can be objectively determined; where such contribution cannot be objectively determined, ownership shall be deemed equal.

- 1.3. **Ownership of IPRs in pre-existing materials** – Each Party shall retain ownership of all IPRs in pre-existing materials (“background IPRs”). No transfer of ownership of background IPRs is implied under this Framework Agreement. Each Party grants the other access rights to its background IPRs, as far as strictly necessary for the performance of this Framework Agreement and the Specific Contracts.

2. Transfer of ownership in case of breach of contract to preserve public interest or to protect or commercialise the results

- 2.1. **Right to require transfer of ownership** – The Public Procurer may exceptionally require the transfer of the ownership of results generated during the PCP by the Contractor, if the Contractor:
 - Decides not to protect the results or does not seek timely or sufficient protection;
 - Fails to commercially exploit the results within [certain time frame] and the circumstances show that he has not used his best efforts to do so;
 - Uses the results to the detriment of the public interest, including EU strategic autonomy or security interests;
 - Is subject to a merger or acquisition and the impact analysis concludes that the merger or acquisition negatively impacts the access to or the commercial exploitation of the results.
- 2.2. **Procedure** – The Public Procurer will notify the Contractor of their intention to require transfer of the ownership of results.

Before exercising their rights, the Public Procurer will first contact the Contractor to verify any measures that the Contractor has taken to achieve successful commercial exploitation of the results, to safeguard the public interest and to comply with its contractual obligations.

Following the transfer of the ownership of the results, the Public Procurer may grant licenses to third parties to ensure further protection, usage and exploitation of the results.

3. Protection of the results

3.1. **Protection** - The Contractor shall be responsible for the protection of its IPRs and bears the associated costs. Where the Contractor does not seek or maintain protection, the Public Procurer may protect the results himself.

3.2. **Notification** – The Contractor shall inform the Public Procurer of exploitable results within [certain time frame] from their generation and indicate whether protection will be sought.

Where protection is abandoned or not maintained, the Contractor shall notify the Public Procurer in due time.

3.3. **Monitoring** – The Public Procurer has the right to monitor the management of all IPRs on results held by the Contractor, solely for the purpose of verifying compliance with the obligations set out in this Framework Agreement

Such monitoring shall be proportionate, transparent and limited to what is reasonably necessary, taking into account the nature of the results and the stage of their development and exploitation.

The monitoring shall not interfere with the Contractor's day-to-day commercial decisions, internal business processes or legitimate freedom to define its commercialisation strategy, provided that the Contractor complies with its obligations regarding protection, exploitation, licensing and public-interest safeguards under this Framework Agreement.

4. Use of the results and IPR licenses

4.1. **Rights of the Public Procurer related to the results** - The Contractor grants the Public Procurer a royalty-free, non-exclusive, worldwide, irrevocable license to use its results for their own purposes, during and after the duration of the Framework Agreement and the Specific Contracts.

This includes use by contractors and subcontractors acting on behalf of the Public Procurer.

- 4.2. **Commercial exploitation of the results by the Contractor** – The Contractor retains the right to commercially exploit the results and shall use his best efforts to do so within [certain time frame] after completion of the PCP.

Failure to exploit without best efforts may trigger the transfer mechanism under Clause 2.

- 4.3. **Licenses to third parties** - The Contractor may on its own initiative without prior authorisation from the Public Procurer, give non-exclusive licenses to third parties to exploit the results that he owns, to the extent that:
- The Public Procurer's rights under this Framework Agreement related to the results are not affected;
 - Such licenses are not granted to entities subject to EU restrictive measures under Article 29 of the Treaty on the European Union (TEU) and Article 215 of the Treaty on the Functioning of the EU (TFEU)139 (sanctions).

The Contractor must ensure in the licensing agreement that all its obligations under this Contract are passed on to the third party and that the third party has the obligation to pass on these obligations in any potential subsequent licensing.

- 4.4. **Rights related to joint results** – Each Party shall be entitled to use the joint results on a royalty-free, non-exclusive, worldwide and perpetual basis, for its own purposes, without the consent of the other Party.

- 4.5. **Commercial exploitation of the joint results** - The Contractor may commercially exploit the joint results, including through licensing or assigning its share to third parties, provided that:
- The Public Procurer's rights under this Framework Agreement related to the joint results are not affected and any third-party licensee or assignee accepts in writing these rights;
 - The third party is not subject to EU restrictive measures under Article 29 of the Treaty on the European Union (TEU) and Article 215 of the Treaty on the Functioning of the EU (TFEU)139 (sanctions).

No royalties shall be payable by either Party to the other for the use or exploitation of the joint results within the scope of the rights granted under this Framework Agreement.

5. Transfer, exclusive licensing and assignment of the results

- 5.1. **Consent** - The Contractor shall not assign, transfer or otherwise dispose ownership of the rights on results that it generated during the PCP procedure, in whole or in part, to any third party without the prior written consent of the Public Procurer.
- 5.2. **Conditions** - Notwithstanding 5.1., the Contractor may transfer, assign or exclusively license rights on results that it generated during the PCP procedure as part of a merger, acquisition, change of control or sale of substantially all of its assets, provided that:
- The Public Procurer is notified in writing at least [certain time period] in advance;
 - The [assignee] agrees in writing to be bound by all obligations under this Contract relating the R&D results.

Any transfer, exclusive license, assignment of IPR under this Contract shall be made subject to the condition that the third party:

- Assumes and continues to perform all rights and obligations of the Contractor relating to the R&D results, including access rights, licences, confidentiality, indemnification and liability provisions;
- Does not restrict or impair the Public Procurer's rights granted under this Contract;
- Is not subject to EU restrictive measures under Article 29 of the Treaty on the European Union (TEU) and Article 215 of the Treaty on the Functioning of the EU (TFEU)139 (sanctions).

- 5.3. **Transfer, assignment and exclusive licensing of joint results** - Any transfer, assignment and exclusive licensing of a Party's share in the joint results shall be subject to the provisions of this Clause and shall not relieve the assigning Party or the assignee from compliance with the rights and obligations of the Parties under this Contract.

- 5.4. **Sanction** - Any transfer, exclusive licensing or assignment of IPRs made in breach of this clause shall be null and void.

6. Indemnification and liability for IPR

- 6.1. **Obligation to indemnify** - The Contractor shall indemnify, defend and hold harmless the Public Procurer, its employees, agents and contractors from all claims, actions, damages, losses, costs and expenses (including reasonable legal fees) arising out of or in connection with any allegation that the use of the R&D results infringes or misappropriates any IPRs of a third party, to the extent such infringement results from the Contractor's performance of the Contract.

- 6.2. **Conditions** - The indemnification obligation under 6.1. shall be subject to the following conditions:
- The Public Procurer promptly notifies the Contractor in writing of any such claim;
 - The Contractor is given sole control of the defence and settlement of the claim, provided that no settlement imposing any obligation on the Public Procurer may be entered into without its prior written consent;
 - The Public Procurer provides reasonable assistance to the Contractor, at the Contractor's expense, in the defence of the claim.
- 6.3. **Liability** - The Contractor shall have no liability under this Clause to the extent that the alleged infringement arises from:
- Compliance with specifications, designs or instructions provided by the Public Procurer;
 - Modification of the R&D results by the Public Procurer or a third party not authorised by the Contractor;
 - Use of the R&D results outside the scope of the license granted under this contract.
- 6.4. **Liability cap** - Unless otherwise explicitly agreed, the Contractor's total liability under this indemnification clause shall be limited to [cap (use an SME-friendly cap, e.g. 100-200% of the Contract value)], except in cases of wilful misconduct or gross negligence.
- 6.5. **Joint results** - Each Party shall indemnify the other only to the extent that infringement is attributable to its own contribution.

Where attribution is not possible, liability shall be shared proportionally.

The same liability cap applies.