How to safeguard unprotected know-how in FP7 projects

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1. Introduction

This document deals with the management of unprotected know-how before and during collaborative projects funded under the Seventh Framework Programme (FP7). "Unprotected know-how" in this context means any kind of information that has scientific or economic value and is not protected by intellectual property (IP) rights (scientific results, methods, data, etc.).

A participant that plans to bring and share unprotected know-how into an FP7 project needs to deal with two basic issues: how to identify it to the other partners as originating from its organisation and how to avoid any unwanted disclosure or utilisation of such know-how that would harm its legitimate interests (either accidental or due to bad faith or unlawful practices).

2. Protection before the project starts

The issue of identification is crucial. Let us imagine that a laboratory that has some (preliminary) results is contacted by a company that invites the former to join an FP7 project to explore the possibility of applying the results in its commercial products. How does the laboratory identify the exact results it is about to bring into the project? How can the participants draw a line between what was brought into the project and any new results and improvements achieved?

The same would stand for an SME that commonly uses specific know-how in its work and that is about to enter an FP7 project. How will it make it clear that the know-how in question belongs to it and ensure that it is not unduly used or communicated to any third parties by the other participants?

The answer is the consortium agreement, where participants identify the background that they are going to make available to the project[1]. When dealing with unprotected know-how, this identification shall include all necessary detail. It shall specify the key elements of the know-how in question (purpose, type of application, specific domain of research, description of method, etc.), as well as any recent developments. If some of the information is included in specific internal documents, they can also be referred to.

Often, participants also exchange information about their know-how before the signature of the consortium agreement, when preparing their proposal. In such a case, it might be necessary to sign a preliminary agreement including a confidentiality clause for all information exchanged during negotiations at the proposal stage.

3. Protection during the project

Confidentiality clauses are always found in consortium agreements and are pretty standard. They complete the general confidentiality obligation established in the grant agreement[2]. Participants may establish more strict confidentiality obligations. Furthermore, they may also include a clause regulating cases where a participant wants to disseminate know-how originating from another participant (because, for instance, it is amalgamated with its own information). They shall provide that previous approval is necessary and that objections may be raised if the legitimate interests of a participant on its know-how are at risk[3].

In continuation of the above-mentioned contractual practices before the project, participants may decide to conclude specific agreements when granting access rights to their unprotected know-how. Such agreements may serve to more precisely identify the know-how to which access will be granted, define the purposes for which it may be employed, establish specific or more strict

confidentiality obligations (towards competitors in the market, for instance) and include penalties for misuse or unauthorised disclosure. They will normally take the form of a licence, a material transfer agreement, or a simple confidentiality agreement.

At times, these agreements may also deal with the issue of ownership of the final research results. For instance, let's assume that a laboratory makes available to a company some research results and explains how they were achieved; the company finds an application for the results in its work methods and develops a new industrial process with economic potential. Who owns the foreground related to the industrial process? Clearly, the company came up with the idea and did all the work to apply the knowledge in its work, but the idea would have never come up if the people at the laboratory had not explained to their colleagues at the company how the whole thing is supposed to work.

The issue would be resolved either by agreement between the parties or by a third party, either a mediator or a judge. In both cases, the evaluation of each participant's contribution to the final result may prove difficult. The participant that provided access to unprotected know-how will be able to protect its interests more effectively if the identification of its initial contribution was correct. A third party that examines the case should be able to understand the importance of the unprotected background for the development of the final results. Considering that importance, the participants will reach an agreement and possibly agree that the participant that provided the know-how is entitled to some compensation, user rights, or even ownership shares. As mentioned, it may be useful to reach this agreement before granting access rights to unprotected know-how.

In other cases, two or more participants may develop a common work to which one of them contributes unprotected know-how. Once again, it is very important to correctly identify one's contribution when granting the access rights and possibly agree on the shares of the joint ownership of the common results, if any, or compensation for their exploitation. Evaluations of individual contributions will again be important. The practice of laboratory notebooks may prove very useful when participants deal with unprotected know-how. It allows good records to be kept of the date of creation of results, the information exchanged, its utilisation in the common research, who executed specific work tasks, etc.

Finally, it should be noted that participants are required to provide scientific and technical information to the Commission, both in the proposal and the project deliverables. The Commission and the project evaluators treat these documents as confidential. Therefore, there is no concern for unprotected know-how; nevertheless, it is sometimes useful to stamp the documents "confidential" and draw attention to their particularly sensitive content.

4. Find out more

WIPO: International Trade in Technology – Licensing of Know-How and Trade Secrets

WIPO contracts database: example of Know-How Licensing Agreement

Ministry of Industry's Intellectual Property Handbook: Know-How (in French)

IPR-Helpdesk Booklet: IP Rights in the 7th Framework Programme

1. See, for instance, article 9.1, option 1, of the DESCA consortium agreement model.
2. See article II.9 of Annex II to the grant agreement.
3. See, for instance, section 8.3.2 of the DESCA model consortium agreement.

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