



# Guide to Vinnova's terms and conditions on right to use

# Innehåll

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# 1 Introduction

Participants in a project partly financed by Vinnova shall, under Vinnova's general terms and conditions for grants, enter into a project agreement (may also be called consortium agreement, cooperation agreement, research collaboration agreement, etc.)<sup>1</sup> The project agreement shall include, among other things, conditions on rights regarding project results and background information (as defined in 2.1.2 below). The terms of the agreement must be consistent with Vinnova's terms and conditions for the grant.

According to Vinnova's general terms and conditions for grants, project results produced by the parties shall be utilised in accordance with a plan for utilisation.<sup>2</sup> Utilisation means that the project results are put to use, for example, through commercialization, licensing or publication.<sup>3</sup> Utilisation is thus a broad concept and participants in the same project may utilise project results in different ways depending on their interest and activities.

In research collaborations, participants work together in a way which may lead to one party's results including another party's results, such that the latter is needed by the first party in order to use its own results. Also, parties may have software, algorithms, patent rights, design rights, know-how or other intangible assets even before the project begins (so-called background information) which is to be used or developed in such a way that one party's project results become dependent on or includes another party's assets.

Since all rights to assets normally belong to their owner (both results and background information), the participants need to regulate how each party may use other parties' results and background information. This is to ensure that the project results can be put to use. Vinnova's terms therefore require that each participant shall have the right to use other participants' results and background information (§ 7.2). This guide aims to describe Vinnova's terms and conditions for such right to use.

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<sup>1</sup>Vinnova's terms and conditions on project agreements do not apply when there is only one participant in the project (cf. the introduction to Vinnova's general terms and conditions on grants). Nor is Vinnova's general terms and conditions § 7.2 on the right to use other participants' results and background information applicable in such a situation.

<sup>2</sup> Se § 7.1

<sup>3</sup>*Utilisation* is a broader concept than *use/use* as set out in § 7.2 third paragraph of Vinnova's general terms and conditions for grants.

## 2 Vinnova's minimum terms for licenses

A license is the permission or consent from the owner (or rightholder) of an asset to use that asset. Asset in this case refers to project results and background information that may be inventions, computer programs, know-how, etc. *Usufruct or use* in a licensing context regarding project results does not normally mean the "pure" publishing or other public disclosure that does not involve any *use of the asset*.<sup>4</sup> In connection with publication and similar disclosure, questions at hand are more about avoiding disclosure of trade secrets or the causing of anticipation with regard to patent applications. However, it is important for the parties to regulate how publication or other disclosure of project results may take place, in particular where this may involve the disclosure of co-owned results or the results or background information of another party.

License terms set forth the conditions for using the asset. The terms may relate to the manner or for what purpose the asset may be used, whether sub-licensing is permitted, what compensation is payable to the licensor and so on.

In order to secure that fundamental conditions exist for project results to be used, Vinnova requires certain basic terms regarding usufruct. The terms govern the use by one participant of another participant's project results and background information, during implementation of the project and also when using its own project results.

Vinnova's terms on usufruct in § 7.2 are not exhaustive, but leaves several issues unregulated, and it is the responsibility of the participants to agree on such issues. The terms do not prevent participants from being more generous by, for example, granting each other more extensive licenses. The terms of § 7.2 are a form of "minimum terms" and cover only the right to use needed for project implementation and for the use of a participant's own project results.

### 2.1 Use for project implementation

#### 2.1.1 Project results of another participant

The right to use project results for the implementation of the project is stipulated in **§ 7.2 first paragraph** of Vinnova's terms.

*If, for the implementation of the project, a Participant needs access to or use of another Participant's project results, that Participant shall be entitled thereto to the extent necessary without paying compensation.*

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<sup>4</sup> An article on project results may sometimes be considered a project result in itself, but it is not such result that the minimum terms are primarily aimed at. Above all, it is unlikely that a party *needs to* use an article in order to use its own result. Normally, an article is protected by copyright which means that the author or rightholder has exclusive rights to it, and any copying or distribution requires as a general rule the author's or rightholder's permission.

The rule expressed in this term is already part of most research cooperation project in one form or another. Obviously, efficient project implementation normally requires that if one participant needs to access, or in some way use, another participant's results in order to carry out its part of the project, it must be able to do so. In projects financed wholly or in part by Vinnova, no compensation shall be payable for such limited use of someone else's project results.

What the project results are, or will be, varies depending on the project. In project agreements, however, project results are typically defined in broad terms and with some variation. A broad definition may include everything and all that comes out of the project. A more narrow definition of results could for example include only such information that comes out of the project and which is, or may become, subject to exclusive rights of a participant. Exclusive rights in this sense means that results are protected or protectable by for example patent, design protection, copyright or under the Act (2018:558) on Trade Secrets. Such protection means that the rightsholder, normally the owner, by virtue of law may prevent others from using its results.

### **2.1.2 Background information of another participant**

The right to use background information for the implementation of the project, and what constitutes background information, is set out in **§ 7.2 second, fourth and fifth paragraphs** of Vinnova's terms.

*If, for the implementation of the project, a Participant needs access to or use of another Participant's background information, that Participant shall be entitled thereto to the extent necessary.*

*A Participant that holds background information is, until the signing of the Project Agreement, or by special agreement with the Participants, entitled to exclude background information from a Participant's right pursuant to this section.*

*Background information means, for example, inventions (patented, patentable or not patentable), know-how, copyright, registered designs and access rights to third-party rights held by a Participant and which are of importance for the implementation of the project.*

Projects rarely start from "scratch", but instead the participants in a project regularly own for example software, algorithms, patents, designs, know-how and other intangible assets before the start of the project, so called background information. Such background information may for example be used, developed or otherwise be needed in the implementation of the project. In some cases, one participant's background information may be entirely necessary for the implementation of a project. A participant may even have been chosen by another participant specifically based on its background information. Participants have reasonable grounds to assume that they

may use someone else's background information for project implementation if necessary or if it facilitates the implementation of their part of the project, especially if such other participant is using the same information in the project.

In view of the above, the main rule under Vinnova's terms is that where participants need to access or use another participant's background information in order to implement their part of the project, they shall have the right to do so to the extent necessary. Predictability for participants may benefit from contractual regulation of the manner in which participants may use each other's background information for the implementation of the project. This frequently causes participants to pay more attention to the question what shall be considered background information in a project and what shall not. This question may also be relevant to determine the need for licenses with regard to background information in order to utilise project results.<sup>5</sup>

The starting point is that the participant who possesses background information decides if the information should be used in the project or not. If a participant wishes to exclude such background information from the other participants' right to use it under Vinnova's terms, such exclusion must however be made no later than at the signing of the project agreement, or by way of a separate agreement with relevant participants. One practical way to achieve this is to append a list to the agreement which sets out the background information to be excluded from the other participants' right to use.

Although Vinnova's terms require that the project agreement is concluded no later than at the first status report (as the main rule), participants should ensure that the agreement has been signed before the project starts. In order to optimize planning of project implementation, the participants should decide which background information to include or exclude, respectively, already when the project description is being drafted. If it can be decided beforehand what background information that will be relevant, it is usually practical to include this matter in the contract negotiations before the project starts. The possibility under Vinnova's terms to exclude background information at a later stage than at the signing of the agreement exists primarily for situations where it is unclear to the participants which background information that will become relevant. Such later exclusion requires, however, that other relevant participants agree to it.

The definition of background information in Vinnova's terms is intentionally broad, but still limited to what participants have on hand before the project starts. Vinnova's definition and "minimum terms" do not prevent participants from regulating rights related to so called "sideground", i.e. information produced by a participant after the project has started but outside the scope of the project.

The term *hold* in the definition of background information (cf. § 7.2 fourth and fifth paragraphs) does not require that a participant is the owner of the background information in question. A participant may have the right to use the property or asset through a license from the owner. In other words, the participant holding the

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<sup>5</sup> If a participant has included background information, the likelihood increases that other participants may become dependent on the information in order to use their own results.

background information may be doing so by virtue of a license rather than ownership. The terms of such license would determine if and to what extent the licensee (the *holder* of the license) may allow other participants to use it. This is one of the reasons that the possibility exists for a participant to exclude certain background information from the right to use that otherwise follows from Vinnova's terms.

There are no terms on whether compensation is payable or not, which means that Vinnova has left this for participants to decide. It is customary that all use taking place for the purposes of project implementation is without compensation, but such compensation may in some instances be justified or required by the holder of the background information. This could be the case, for example, where the holder does not own the information but holds a license from a third party owner and cannot allow anyone else to use the background information without compensation. License fees or other costs for intellectual property (IPR-costs) paid by one participant to another are, however, not eligible costs (cf. Guide to terms on eligible costs).

## 2.2 License needed to use own project results

Frequently, research cooperation leads to one participant's project results being dependent on or including another participant's results or background information. In such cases, it is reasonable that the former participant has, or may obtain, a right to use the latter's result or background information under certain circumstances. The absence of such right may make project results completely unavailable for use by a participant who is dependent in this way. Therefore, Vinnova's terms include the following in **§ 7.2 third paragraph** in order to ensure that results are available for use.

*If a Participant, in order to use its own project results (also including jointly owned project results), needs access to or use of another Participant's project results or background information, that Participant shall be granted such rights to the extent necessary*

What is included in Vinnova's terms is the *right* as such to use someone else's project results or background information to the extent necessary in order to use own results. It is left for the participants to decide on other terms for such license. Participants may therefore decide on the amount of compensation if any, whether sub-licensing may occur, if the license is granted automatically or only upon request, and whether such request shall be made in writing or within a certain time etc.. It may be appropriate to impose a time limit for license requests from one participant to use another participant's results. If not, project results may become encumbered by potential licenses year after year, thereby preventing the owner from, for example, granting an exclusive license to the results. However, a right to use another participant's results must exist during the project time. Preferably, such right should remain also for some time after project completion, since it may be difficult for participants to determine their need for a license during the project period and a short time thereafter.

The right to use someone else's results granted by Vinnova's minimum terms apply to project participants only (the parties to the project agreement). If sub-licensing is part of a participant's activities, i.e. if the participant who is granted a license by virtue of § 7.2 third paragraph in turn intends to grant sub-licenses and considers itself in need of such right to sub-license in order to use its own project results, this matter will be subject to negotiations between participants. The same is true if a participant wishes an affiliated company to be granted a license.

Participants may grant each other more generous rights to use, such as a license to use project results or background information even if not *needed* for use of their own project results, or for use unrelated to the use of their own project results.

Vinnova's terms do not regulate the right to compensation, if any. Compensation at a reasonable amount is normally payable for commercial use.<sup>6</sup>

The minimum terms do not prevent participants from agreeing on options or rights of first refusal with respect to project results. It is the responsibility of the parties, however, to ensure that a transfer (or license) does not entail illegal indirect state aid.

For the definition of background information, and the possibility to exclude such background information from other participants' right to use, see 2.1.2 above.

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<sup>6</sup> There is a risk of indirect state aid in cases where project results are transferred or licensed without compensation, but this issue depends on a number of factors. It is the parties' responsibility to observe applicable state aid rules.