

SME4SPACE

10
YEARS

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SME4SPACE

THE REPRESENTATIVE ORGANISATION OF SMEs IN EUROPE'S SPACE INDUSTRY

BRACQUENÉ

— LEGAL CONSULTING —

***CURRENT LEGAL ISSUES IN THE APPLICATION OF THE ESA GENERAL CLAUSES AND
CONDITIONS AND THE DRAFT CONTRACTS***

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MARCH, 10TH 2023

3 Major issues will be discussed

Background: discussions on the definition of Background with the Agency

Impact of the new rules on Intellectual Property of EU/EUSPA

New additions to the draft contracts as part of the ITTs

Q&A via the chat;

Feel free to put your questions and I'll try to answer. But a best-effort commitment from my side.

Slides will be made available

Definition in General Clauses and Conditions: Common wording is used

Background Intellectual Property Rights means all Intellectual Property Rights not developed under contract with the Agency either prior to or during execution of the Contract which are used by the Contractor and/or the Agency to complete the Contract or required for use of any product, application or result of the Contract.

Background Intellectual Property Rights means all Intellectual Property Rights

1. not developed under contract with the Agency either prior to or during execution of the Contract

AND

2. which are used by the Contractor and/or the Agency to complete the Contract

or

3. required for use of any product, application or result of the Contract

6.3.2 Use of Background Intellectual Property

In view of the above definition and of the objectives of the activity covered by this Contract, it is explicitly agreed that the Contractor will not use Background Intellectual Property to achieve such objectives.

Nevertheless, should the Contractor unilaterally decide to use existing Intellectual Property to achieve the objectives of this Contract, all results of this Contract (or any part thereof) shall be deemed and treated as Foreground Intellectual Property not containing any Background Intellectual Property. The Contractor shall grant to the Agency, and/or ensure that the Agency be granted, all the necessary rights in this respect.

In ITT:

“The Contractor shall include the Background Intellectual Property exclusively in the following deliverables [.....] and shall mark them conspicuously as ‘Background Intellectual Property – Proprietary Information’. ESA shall protect those deliverables under Clause 38 of the GCC. All other deliverables shall not contain any Proprietary Background Information, shall not be marked ‘Proprietary Information’, and shall not fall under the protection of Clause 38 GCC”.

During contract negotiations:

“therefore, given that the BIPR delivery is not required, the clauses 57.4 and 5 of the GCC do not apply,

- as in co-funded activities the Agency is interested only in the results of the Contractor’s work, we do not include Parties’ BIPR in the contract, unless directly delivered to the Agency.”

Implying that Background used and not delivered (i.e. incorporated in a Deliverable) is no longer protected

To be treated as Result and to be shared

57.4 will not apply

57.4 If the Agency requires Background Intellectual Property Rights owned by the Contractor for the Agency project specified in the Agency Contract, the Contractor shall grant the Agency an irrevocable, worldwide licence to enable the Agency to use and modify any product, application or result of the Agency Contract for that project on Favourable Conditions. If any party requires Background Intellectual Property Rights owned by the Contractor to use and modify any product, application or result of an Agency Contract for the Agency's Own Requirements other than for the project specified in the Contract the Contractor shall grant a licence to that party on Market Conditions unless contrary to the Contractor's Legitimate Commercial Interests.

BTW: defining the Agency Contract is an issue on itself: extension to programme or technology field

Conclusion: try to negotiate but contracts officers not always open to modifications

No new phenomenon in ESA-run EU-funded programmes (Copernicus, Galileo)

IP on results to be transferred to EU and its agencies

With the right to grant sub-licenses for the exploitation of the constellation and of the services

Possible grant-back of license but to be negotiated with EUSPA

Two current issues:

- Imposition of the conditions in ongoing contracts
- Use of COTS

Unilaterally at start of Phase C/D; no room for negotiation

Role of Prime?

Example:

In the Article 5 - COMPLEMENTS AND AMENDMENTS TO THE GCC, the CLAUSE 41: USE OF INTELLECTUAL PROPERTY RIGHTS is replaced by the following text:

ARTICLE 5 - CLAUSE 41: USE OF INTELLECTUAL PROPERTY RIGHTS

Sub-Clause 41.1 point a) shall be implemented as follows

The Subcontractor hereby grants the Agency, the irrevocable, non-exclusive, transferable and royalty free worldwide licence which is not otherwise granted under a separate agreement in the present Contract, to use (and grant sub-licences) for all Intellectual Property Rights arising from work performed under the Contract for the Agency's Own Requirements, which shall include dissemination by the Agency of information and/or data protected by Intellectual Property Rights to:

- (i) the European Union,*
- (ii) Any other entity designated to operate/deploy/exploit the subsequent Copernicus elements, and their Contractors, under conditions not less favourable than the conditions granted to the Agency under the present Contract.*

The above licences are granted to ESA by means of this Contract, without need to formalise any separate licence agreement.

For Agency's own requirements, i.e. for free

Straightforward

7.8.1 COTS, where the IPR is owned by the Contractor/Subcontractor:

Where COTS, owned by the Contractor/Subcontractor are concerned and the standard licence terms of the Contractor apply, such licence shall be granted upon request on first demand and at no additional cost to ESA for the purpose and duration of this Contract, excluding any rights of sub-licence.

If the COTS product is needed to use the Foreground IPR as specified in Article 7.3 above, upon request by ESA the COTS license has to be granted without any additional cost and on first demand to EUSPA and/or the European Union excluding any rights of sub-licence, unless it is explicitly otherwise agreed between the parties.

*The COTS products used under this Contract are listed in **Annex 5a**. A full and complete copy of the COTS license, if needed to use the Foreground IPR shall be attached to the CCD (**Annex 11**).*

The source code of the COTS shall not be made available, unless it is explicitly agreed between the parties.

7.8.2 COTS, where the IPR is owned by a Third Party:

Where COTS owned by a third party are concerned and the standard licence terms of the third party vendor apply, the licence shall be granted upon request on first demand and at no additional cost to ESA for the purpose and duration of this Contract, excluding any rights of sub-licence.

If the COTS product is needed to use the Foreground IPR as specified in Article 7.3 above, upon request by ESA the COTS license has to be granted without any additional cost and on first demand to EUSPA and/or the European Union excluding any rights of sub-licence, unless it is explicitly otherwise agreed between the parties. In the latter case, the Contractor shall take such actions as are reasonably required to procure the right to sub-licence from the concerned Third Party.

*The COTS purchased under this Contract are listed in **Annex 5b**. A full and complete copy of the COTS license, if needed to use the Foreground IPR shall be attached to the CCD (**Annex 11**).*

The source code of the COTS shall not be made available, unless it is explicitly agreed between the parties.

The Contractor guarantees that the COTS licences granted under this Contract will not infringe any Third Party Rights. In case of any infringement Article 7.7 shall apply accordingly.

Major Elements:

- Specific license for ESA required
- Under certain conditions specific license for EUSPA/EU
- Guarantee of non-infringement of (other) third party rights

Totally impractical for

- COTS elements incorporated in deliverables (building blocks of ICs, software) and/or
- bought through POs and General T&Cs

GDPR: SME4SPACE has discussions with ESA on its impact for SMS i.e. with respect to the type of data that are considered “personal”

Broader legal issue

Corporate Social Responsibility criteria in procurement

Will be integrated in ITTs

Interaction with SME4SPACE – ESA on the implementation

Not on the principles but on the practicalities; principle of modularity is foreseen

Instructions regarding the Common Protection of Unclassified Programme/Project Information

Introduced summer 2022

Without consultation

10 pages with

The purpose of this document is to establish a uniform approach for the protection of Unclassified Information (including assets) in the scope of the Programme/Project by the Contractor or by any of its Subcontractors, if any

Applicable to all "contractual or pre-contractual unclassified activity"

Some of the obligations

- appoint interface
- mark documents
- security risk assessment
- *"To ensure a common approach to adequately share the Unclassified Information and therefore to ensure a commensurate protection, Protective an equivalence matrix shall be established to align the ESA Unclassified Protective Markings and the Contractor's or Subcontractor's company- internal Unclassified Markings applicable to the, Programme/Project, or to use directly the ESA Marking as defined in Table 1 - ESA Protection Levels for UNCLASSIFIED Marking"*

Solutions?

Propose to limit the application to the marking of your deliverables

No answer yet...

Interaction SME4SPACE with ESA procurement and commitment to review it.

THANK YOU!

FURTHER QUESTIONS?

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