

The legal obligations – from the GA to the CA

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Legal Agreements What's useful? What's needed?

Proposal stage and before the project starts

- Non-Disclosure Agreement (NDA)
- Letter of Intent
- Letter of Commitment
- Memorandum of Understanding (MoU)
- Grant Agreement 🔊
- Consortium Agreement 🕤

During project implementation

- Subcontracting Agreement
- Joint Ownership Agreement
- Licensing Agreement
- Option and Evaluation Agreement



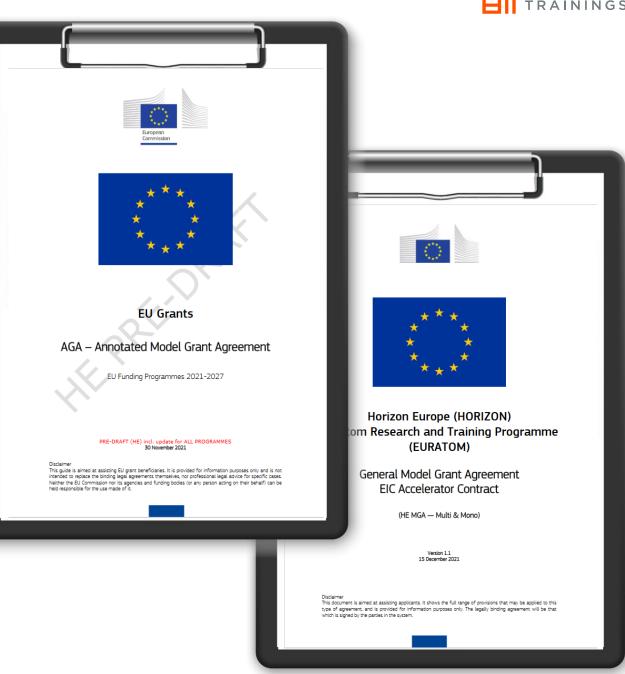


Grant Agreement

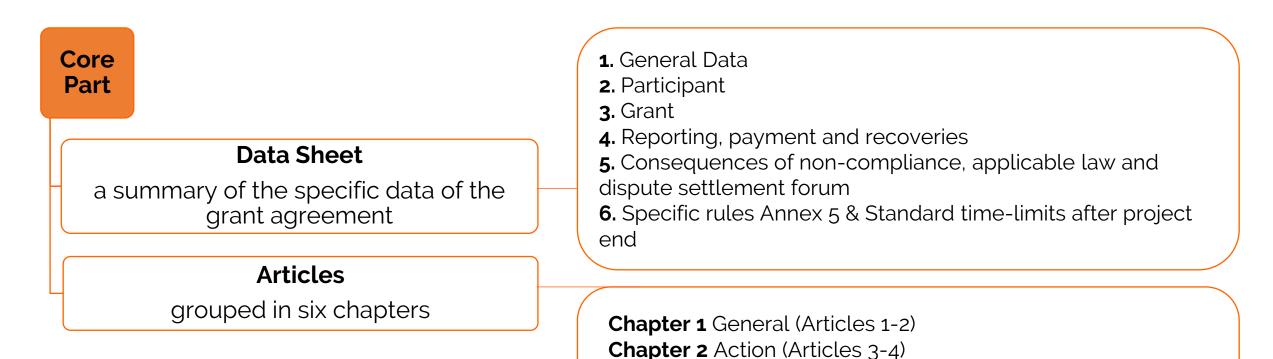
What is a Grant Agreement?

= a legally binding framework for project implementation

- Signed between the beneficiaries and the European Commission or an Executive Agency of the EC
- Establishes the main rights & obligations of participants towards the **European Commission**
- **General Model Grant Agreement** (update Dec 15, 2021)
- **Annotated Model Grant Agreement** (pre-draft, update Nov 30, 2021)
- Clear structure, applicable to several EU funding programmes
- E-signatures



Grant Agreement in HE Contents



Chapter 3 Grant (Articles 5-6)

Chapter 4 Grant Implementation (Articles 7-26)

Chapter 6 Final provisions (Articles 36-44)

Chapter 5 Consequences of non-compliance (Articles 27-35)



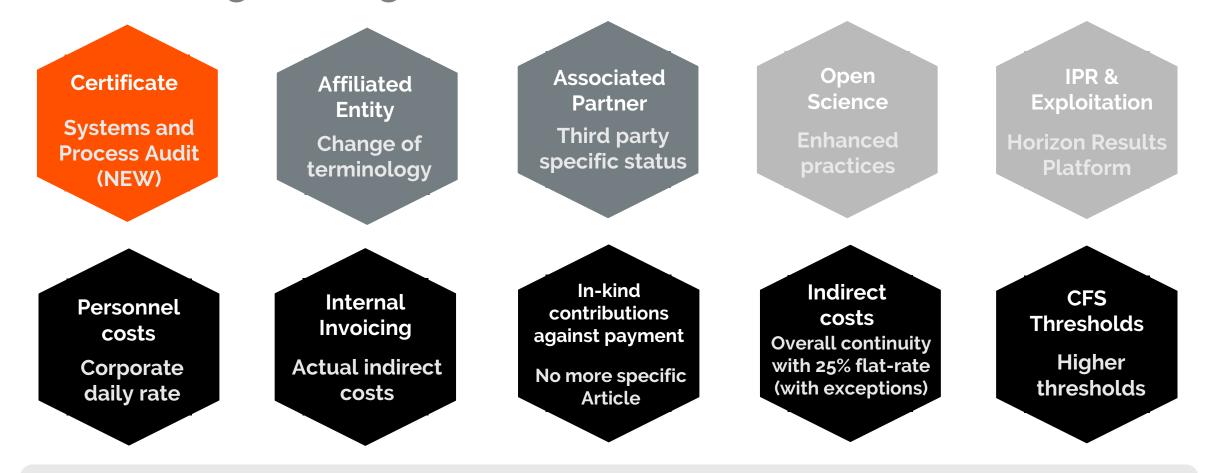
Grant Agreement in HE Annex 5 Special Rules

Annex 5

Special Rules

- Security (Article 13)
- Ethics (i.e. research integrity) (Article 14)
- Values (i.e. gender mainstreaming) (Article 14)
- IPR (Article 16)
- Communication, Dissemination, Open Science and Visibility (Article 17)
- Specific rules for carrying out the action (Article 18)
- recruitment and working conditions
- specific rules for access to research infrastructure actions
- specific rules for PCP and PPI procurements
- specific rules for co-funded partnerships
- specific rules for ERC actions
- specific rules for EIT-KIC actions
- specific rules for MSCA actions
- specifc rules for EIC actions

Grant Agreement in HE Main changes at a glance



Corporate MGA Terminology | Data Sheet | Annex 5

Consortium Agreement Basic issues

Why do I need a CA?

When should it be made?

Who should sign it?

Who should prepare it?

Do you need a lawyer?



Consortium Agreement What to include?

- Definitions
- **Provisions on the governance of the Consortium** governing bodies, meeting procedures, voting rules
- **Technical provisions** tasks of each party, project schedule
- Managerial provisions coordination & management, decision-making structure and processes, quality assurance
- **Financial provisions** distribution of financial contribution, financial plan, budget modifications
- **Provisions on IPR and related issues** dissemination, use & accessibility of results, confidentiality provisions, arrangements on settlement of disputes, liability





Issues in the GA How to include into CA?

Grant Agreement	Consortium Agreement (DESCA)	Issues
Budgetary issues Art 5	Section 7 – Financial issues	e.g. reallocation, overspending
Implement the action - Non- compliance Art 11	Section 4 – Responsibilities of Parties	e.g. non-performing partner
Submission of deliverables Art 21	Section 6 – Governance structure	e.g. internal reporting, quality assurance
Reporting Art 21	Section 6 – Governance structure	e.g. reporting procedure
Identify payment schedule Art 22	Section 7 – Financial issues	e.g. advance payment
IPR issues Art 16	Section 8 – Results Section 9 – Access Rights	e.g. background, foreground, ownership, what is "needed" for implementation or exploitation

Action implementation Non-compliance Art 11 (old 7)

SECTION 2 RULES FOR CARRYING OUT THE ACTION

ARTICLE 11 — PROPER IMPLEMENTATION OF THE ACTION

11.1 Obligation to properly implement the action

The beneficiaries must implement the action as described in Annex 1 and in compliance with the provisions of the Agreement, the call conditions and all legal obligations under applicable EU, international and national law.

11.2 Consequences of non-compliance

If a beneficiary breaches any of its obligations under this Article, the grant may be reduced (see Article 28).

Such breaches may also lead to other measures described in Chapter 5.

Consortium Agreement

How to make sure that one non-performing partner does not fail the project and makes all other partners work a lot more and/or pay back the EU funding?



TRAININGS

DESCA

Model Consortium Agreement

- Most widespread model CA (now updated for Horizon Europe)
- The revised model for HE takes into account the new requirements and experiences from past projects
- DESCA is developed by ANRT, EARTO, KoWi, LERU, VTT, ZENIT, Fraunhofer, Helmholtz Association
- Simple and comprehensive structure, adapted to project management, with guidance notes and optional clauses for flexibility
- DESCA suits universities, research organizations, but can be used in business-oriented projects as well

 $\ensuremath{\bigcap}$ ~ 80% of organizations participating in H2020 have used DESCA.

The working group provides this model Consortium Agreement as draft without assuming any warranty or responsibility. The use of the text in total or in part takes place on the users own risk and does not release users from legal examination to cover their interests and protect their rights.



for Horizon Europe

Version 1, December 2021

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Short guide to DESCA What's new in the HE DESCA?

- Section 1 Definitions
- Section 2 Purpose
- Section 3 Entry into force, duration and termination
- Section 4 Responsibilities of Parties
- Section 5 Liability towards each other
- Section 6 Governance structure
- Section 7 Financial provisions
- Section 8 Results
- Section 9 Access Rights
- Section 10 Non-disclosure of information
- Section 11 Miscellaneous
- Section 12 Signatures
- Attachment 1 Background included
- Attachment 2 Accession document
- Attachment 3 List of Third Parties for simplified transfer according to Section 8.3.2
- (Option) Attachment 4 Identified Affiliated Entities according to Section 9.5
- (Option) Attachement 5 NDA for External Expert Advisory Board agreed under Section 6
- Module GOV SP/LP
- Module IPR SC Specific Software provisions

Updated terminology in HE DESCA

- Terminology aligned with new terminology of HE
- "Affiliated Entities" = the former
- "Linked Third Parties" (see MGA Article 2 Definitions)
- "Entities under the same control" defined in MGA Annex 5 (p. 101)
- "Participants" defined in MGA Article
 2 Definitions
- "Other Participants" defined in MGA Article 9

Responsibilities of Parties Section 4

4.1 General

Each Party undertakes:

- to take part in the efficient implementation of the Project, and to cooperate, perform and fulfil, promptly and on time
- act according to the obligations of the GA and CA in a manner of good faith as prescribed by Belgian law
- to notify promptly, any significant information, fact, problem or delay likely to affect the Project.
- provide all information reasonably required by a Consortium Body or by the Coordinator to carry out its tasks.

4.2 Breach

This section defines the situation and the procedures when the relevant Consortium Body declares a Party to be a Defaulting Party.



Responsibilities of Parties Section 4

4.3 Involvement of third parties

A Party that enters into a subcontract or otherwise involves third parties (including but not limited to Affiliated Entities or other Participants) in the Project remains responsible for carrying out its relevant part of the Project and for such third party's compliance with the provisions of this Consortium Agreement and of the Grant Agreement. (...)

UPDATES

4.4 Specific responsibilities regarding data protection

- New section added
- Represents a minimum statement regarding GDPR
- When necessary, a separate agreement concerning data processing, data sharing and/or joint controlling should be made

Liability towards each other Section 5

5.1 No warranties

This section sets the base for the limitation of liability with regard to outputs (covering also the Results and Background) delivered by one Party to another Party.

5.2 Limitations of contractual liability

This section explains the basic limitations of contractual liability including the indirect damages and direct damages.

The Parties may choose what amount to set as the limitation of liability. It is usually either once or twice their project share.

5.3 Damage caused to third parties

Each Party shall be solely liable for any loss, damage or injury to third parties resulting from the performance of the Party.

5.4 Force Majeure

No Party shall be considered to be in breach of the CA if it is prevented from fulfilling its obligations by Force Majeure. Relevant Consortium Bodies must be informed on time.

UPDATES

5.2 Limitation of contractual liability

- Wording and structure adjusted

– Options for different interests are provided as before; to be modified by each Consortium for each project

New Option 5.5: Export control

An option for a new Section 5.5 has been added for consideration to be used for projects in which import or export control is relevant

Governance structure Section 6

6.1 General structure

The organisational structure of the consortium shall comprise the following Consortium Bodies: **The General Assembly** is the decision-making body of the consortium. The Coordinator is the legal entity acting as the intermediary between the Parties and the Granting Authority. The Coordinator shall, in addition to its responsibilities as a Party, perform the tasks assigned to it as described in the Grant Agreement and this Consortium Agreement.

6.2 Members

- The General Assembly shall consist of one representative of each Party (hereinafter referred to as "Member").
- The Coordinator shall chair all meetings of the General Assembly, unless decided otherwise by the General Assembly (...)

UPDATES

Use of the terms "Member" vs. "Party":

– Approach: simplify wording, ensure consistency

– Member: the person representing a Party in the General Assembly/Executive Board

– Party: the legal entity participating in the project

– As regards exercise of rights, focus on level of "Party", not "Member"

Governance structure Section 6

6.3 Operational procedures for the General Assembly

- Representation in meetings
- Preparation and organisation of meetings
- Decisions without a meeting
- Voting rules and quorum
- Veto rights
- Minutes of meetings
- Decisions of the General Assembly

6.4 Coordinator

Introducing the responsibilities of the Coordinator

© DESCA provides you with a model governance structure for Medium and Large Projects, and for Small Projects.

UPDATES

Optional 6.5 External Expert Advisory Board:

New option, following Consultation Group suggestions: Explicit mandate for Coordinator to sign nondisclosure-agreement with the members of the External Expert Advisory Board on behalf of the consortium, NDA to be inserted as Annex.

TRAININGS

6.27. Additionaly the Steering Committee Members are responsible for the quality of all Deliverables and Reports. All Deliverables are subject to the approval of the Steering Committee as follows:

- Draft version of the Deliverable shall be presented by the responsible Party three (3) weeks before the deadline identified in the EC-GA
- Coordinator evaluates quality, comments and makes suggestions for improvement if needed
- Second Draft version shall presented by WP leaders two (2) weeks before the deadline identified in the EC-GA
- Coordinator and the Steering Committee members evaluates quality (accept/reject/improve) within one (1) week.
- Responsible Party has one (1) week to improve quality if necessary and get the approval of the Steering Committee members
- Approved Deliverable must be submitted by The Coordinator before the deadline identified in the EC-GA.
- -
- In case the deadline identified in the EC-GA can not be met The Coordinator will contact the Project Officer and requests extention.

Example of Quality Assurance article in your H2020 CA



7.1 General principles

7.1.1 Distribution of Financial Contribution

The financial contribution of the Granting Authority to the Project shall be distributed by the Coordinator according to: the Consortium Plan; the approval of reports by the Granting Authority, and the provisions of payment in Section 7.2. A Party shall be funded only for its tasks carried out in accordance with the Consortium Plan.

7.1.2 Justifying Costs

In accordance with its own usual accounting and management principles and practices, each Party shall be solely responsible for justifying its costs (and those of its Affiliated Entities, if any) (...)

7.1.3 Funding Principles

A Party that spends less than its allocated share of the budget as set out in the Consortium Plan or – in case of reimbursement via unit costs - implements less units than foreseen in the Consortium Plan will be funded in accordance with its units/actual duly justified eligible costs only. A Party that spends more than its allocated share of the budget as set out in the Consortium Plan will be funded only in respect of duly justified eligible costs up to an amount not exceeding that share.

7.1.4 Excess payments

A Party has received excess payment

a) if the payment received from the Coordinator exceeds the amount declared or

b) if a Party has received payments but, within the last year of the Project, its real Project costs fall significantly behind the costs it would be entitled to according to the Consortium Plan.

In case a Party has received excess payment, the Party has to inform the Coordinator and return the relevant amount to the Coordinator without undue delay. In case no refund takes place within 30 days upon request for return of excess payment from the Coordinator, the Party is in substantial breach of the Consortium Agreement. (...)

UPDATES

New excess payment clause 7.1.4

• For cases of overpayment in which the Mutual Insurance Mechanism does not intervene because the money is not due to the Granting Authority

• From the Commission's point of view, the distribution of funding among partners is an internal matter to be solved within the Consortium

7.1.5 Revenue

In case a Party earns any revenue that is deductible from the total funding as set out in the Consortium Plan, the deduction is only directed toward the Party earning such revenue. (...)

7.1.6 Financial Consequences of the termination of the participation of a Party

A Party leaving the consortium shall refund to the Coordinator any payments it has received except the amount of contribution accepted by the Granting Authority or another contributor. (...)

UPDATES

New clause:

• Explicit contractual obligation to pay back money to the coordinator in case of overpayment

• Procedure to deal with cases of overpayment in which the Party is reluctant to pay back –The General Assembly decides on "Defaulting Party" status

7.1.6 Termination of participation

– A Defaulting Party should bear costs occurring to the other Parties who perform the leaving Party's tasks. The General Assembly should decide on a procedure regarding any additional costs not covered by the Defaulting Party or the Mutual Insurance Mechanism

7.2 Budgeting

7.2.1 Payments to Parties are the exclusive task of the Coordinator.

7.2.2 The transfer of the initial pre-financing, the additional pre-financings (if any) and interim payments to Parties will be handled in accordance with Article 22.1. and Article 7 of the Grant Agreement following this payment schedule:

You can select from different options.

P To consider for Lump Sum grants

- The Commission will introduce further lump sum calls in 2022 and considers much wider use of lump sums for the Horizon Europe work programme 2023-2024
- The DESCA Core Group will build on the experience made with the first lump sum grants and plans to introduce lump sum options once there is sufficient experience with the implementation of lump sums

UPDATES

7.2.2 Payments (new element in this section)

- The Coordinator is entitled to recover any payments paid to a Defaulting party except the costs already claimed by the Defaulting Party and accepted by the Granting Authority.

Financial provisions 7.2.2 Payment schedule - example

The amount of the pre-financing will be defined in Art. 21.2 of the GA by the Funding Authority. It will be 50% of the maximum EC contribution. According to Art. 21.4 GA, 5% of the maximum grant amount, will be transferred directly by the Funding Authority to the Guarantee Fund. So, the actual transfer will be 45%. After receiving the Prefinancing from the Funding Authority, the Coordinator will transfer the Funding to the Parties in separate instalments as agreed below:

- 60 % On receipt of the pre-financing
- **40** % Later, after the Coordinator has received and assessed the technical and financial input for the first internal report (for the period M1-M9) from Parties and if the reported data proves the demand for payment.

If the demand for payment occurs earlier than after 9 months, starting from the first month of the project, respective Party can provide the internal report to the Coordinator and receive the payment earlier than after 9 months.



Results Section 8

8.1 Ownership of results

Results are owned by the Party that generates them.

8.2 Joint ownership

Option 1

- each of the joint owners shall be entitled to use their jointly owned Results for non-commercial research and teaching activities on a royalty-free basis, and without requiring the prior consent of the other joint owner(s).
- each of the joint owners shall be entitled to otherwise Exploit the jointly owned Results and to grant nonexclusive licenses to third parties (without any right to sub-license), if the other joint owners are given: (a) at least 45 calendar days advance notice; and (b) fair and reasonable compensation.

The joint owners shall agree on all protection measures and the division of related cost in advance.



Results Section 8

8.2 Joint ownership

Option 2

- In case of joint ownership, each of the joint owners shall be entitled to Exploit the joint Results as it sees fit, and to grant non-exclusive licenses, without obtaining any consent from, paying compensation to, or otherwise accounting to any other joint owner, unless otherwise agreed between the joint owners.
- The joint owners shall agree on all protection measures and the division of related cost in advance.

UPDATES

8.2 Joint ownership

– Addition of teaching activities for the use of jointly owned Results

– Elucidations address noncommercial research and aspects to be taken into account if the consortium wishes to define it.

Note on ownership regime Section 8.1 Ownership of results

Results are owned by the Party that generates them. In particular:

- For **Results in the form of software**, ownership is granted to the Party (or Parties) who designs (design) the software and writes (write) the codes.
- For **Results in the form of database**, ownership is granted to the Party (or Parties) who provides the data.

Improvements exclusively made by one Party to its Background in the framework of the Project shall remain the property of this Party.





Results Section 8

8.3 Transfer of results

- Each Party may transfer ownership of its own Results.
- This section defined the conditions for transferring the results to specific third parties (identified in Attachment 3).
- Rights of the other Parties should not be affected by such transfer.

UPDATES

8.3.1 Transfer of own Results

– Now including jointly owned Results for clarification

Results Section 8

8.4 Dissemination (own results and other Party's unpublishes results)

- The consortium agreement should set out rules how results will be identified, reported, protected, disseminated and exploited.
- You should put in place a process to identify valuable results.
- Parties may have different interests as regards the dissemination of results (publish vs confidential).
- The rules should ensure that decisions on disseminating the results takes account of the interests of all Parties (not resulting delay in dissemination – prior notice, rejection of request).
- Disseminating other Party's unpublishes results requires prior approval.

UPDATES

8.4.2 Dissemination of own (including jointly owned) Results

Addition of a new objection ground about Confidential Information in 8.4.2.2

– Elucidations address the possibility of making a distinction between different forms of dissemination with different timeframes.

9.1 Background included

9.1.1 In Attachment 1, the Parties have identified and agreed on the Background for the Project and have also, where relevant, informed each other that Access to specific Background is subject to legal restrictions or limits. Anything not identified in Attachment 1 shall not be the object of Access Right obligations regarding Background.

9.1.2 Any Party may add additional Background to Attachment 1 during the Project provided they give written notice to the other Parties. However, approval of the General Assembly is needed should a Party wish to modify or withdraw its Background in Attachment 1.



9.2 General Principles

9.2.1 Each Party shall implement its tasks in accordance with the Consortium Plan and shall bear sole responsibility for ensuring that its acts within the Project do not knowingly infringe third party property rights.

9.2.2 Any Access Rights granted exclude any rights to sublicense unless expressly stated otherwise.

9.2.3 Access Rights shall be free of any administrative transfer costs.

9.2.4 Access Rights are granted on a non-exclusive basis.

9.2.5 Results and Background shall be used only for the purposes for which Access Rights to it have been granted.

9.2.6 All requests for Access Rights shall be made in writing. The granting of Access Rights may be made conditional on the acceptance of specific conditions aimed at ensuring that these rights will be used only for the intended purpose and that appropriate confidentiality obligations are in place.

9.2.7 The requesting Party must show that the Access Rights are Needed.



9.3 Access Rights for implementation

Access Rights to Results and Background Needed for the performance of the own work of a Party under the Project shall be granted on a royalty-free basis, unless otherwise agreed for Background in Attachment 1.

9.4 Access Rights for Exploitation

9.4.1 Access Rights to Results

- Option 1) Access Rights to Results if Needed for Exploitation of a Party's own Results shall be granted on Fair and Reasonable conditions. Access rights to Results for internal research and for teaching activities shall be granted on a royalty-free basis.
- Option 2) Access Rights to Results if Needed for Exploitation of a Party's own Results shall be granted on a royalty-free basis.

9.4.2 Access Rights to Background if Needed for Exploitation of a Party's own Results, shall be granted on Fair and Reasonable conditions.

9.4.3 A request for Access Rights may be made up to 12 months after the end of the Project or, in the case of Section 9.7.2.1.2, after the termination of the requesting Party's participation in the Project.

UPDATES

9.4.1 Access Rights for Exploitation

Teaching purpose added in Access
 Rights to Results for internal research in
 9.4.1

- Clarification on Access Rights to Background in the elucidations (9.4.2), to the effect that exploitation can be any activity outside of Implementation of the Action, including research on behalf of a third party, linked to the EC Model Grant Agreement

9.5 Access Rights for entities under the same control

9.6 Additional Access Rights

9.7 Access Rights for Parties entering or leaving the consortium

9.8 Specific Provisions for Access Rights to Software

For the avoidance of doubt, the general provisions for Access Rights provided for in this Section 9 are applicable also to Software.

UPDATES

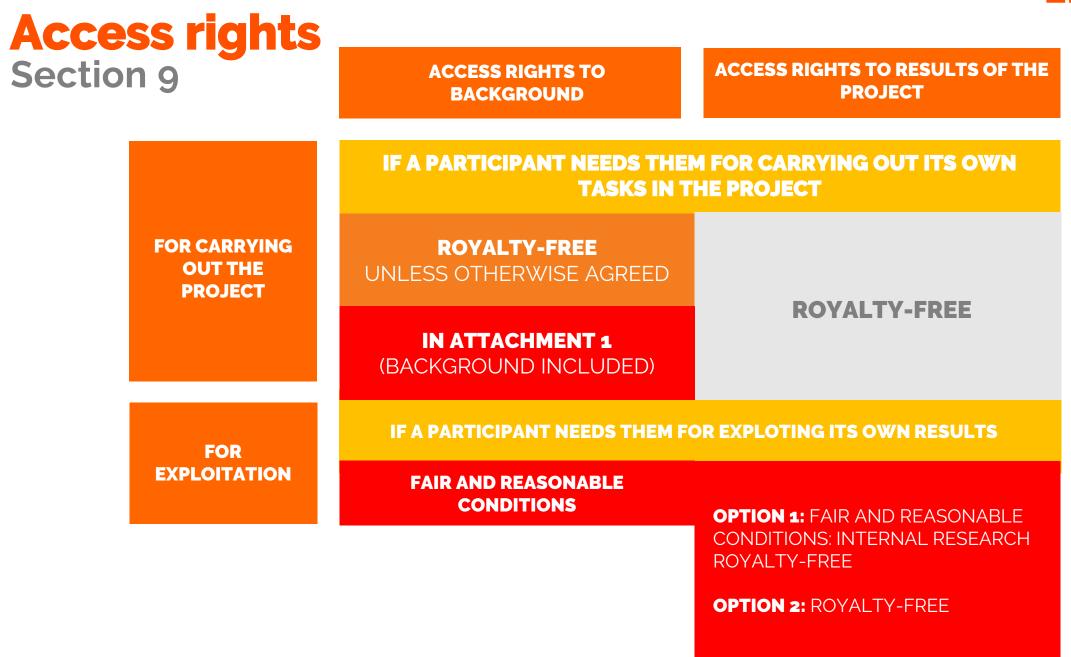
9.5 Access Rights for Entities under the same control and related Attachment 4

– Terminology clarification in the elucidations regarding entities under the same control

Module IPR SC on Software

– Insertion of an option for cases in which software is introduced under controlled license terms





Access rights Time conditions

'Fair and reasonable conditions' means appropriate conditions, including possible financial terms or royalty-free conditions, taking into account the specific circumstances of the request for access, for example the actual or potential value of the results or background to which access is requested and/or the scope, duration or other characteristics of the exploitation envisaged.

FOR CARRYING	ANY TIME
OUT THE	DURING PROJECT
PROJECT	IMPLEMENTATION
FOR EXPLOITATION	Unless agreed otherwise, up to one year after the period set out in Art. 3 GA)



Access rights IP due diligence

- list the IP assets: preparation of an IP inventory.
- identify the ownership of potential background assets: clarifying the owner of IP assets. There are several options when it comes to the ownership regime of background:
 - (i) the owner of the asset can be the beneficiary
 - (ii) the beneficiary can be one of the co-owners or
 - (iii) the asset may be owned by a third party, but the beneficiary has the right to use the asset (e.g. as a licensee).
- **find out restrictions on use (if any):** checking if there are any contractual or legal limitations on use of the IP assets.
- **define the relevance of the assets**: deciding which background assets are "needed" for other beneficiaries to carry out their project tasks, and when exploiting their own project results.
- check if any IP protection measure should be taken: taking possible IP protection measures for the listed IP assets.





Access rights Attachment 1: Background included

Describe BackgroundSpecific restrictions and/or conditions for implementation (Article 16.4 Grant Agreement and its Annex 5, Section "Access rights to results and background", sub-section "Access rights to background and results for implementing the Action")Specific restrictions and/or conditions for Exploitati (Article 16.4 Gra Agreement and its Annex Section "Access rights to background sub-section"
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To list:

- Background you bring into the project
- Access rights for implementation
- Access rights for exploitation

 \mathbb{Q} This list is always a **positive list**. Do not list background you will not give access to.

Key takeaways

- Nothing can be agreed on until everyone agrees and you will not conflict with the GA (or the applicable law).
- Consider the conditions of the project and make sure you try to avoid certain risks with the help of the CA articles tailor the DESCA.
- Make sure that joint ownership and other potential IPR conflicts if relevant are properly tackled at the proposal development stage already.







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