NOTE ON PART II OF THE ESA GENERAL CLAUSES AND CONDITIONS: LIMITATIONS TO THE FREEDOM TO EXPLOIT IP.

This note discusses the limitations on the freedom to exploit intellectual property developed under a contract funded by the European Space Agency.

The principles applicable to such exploitation are laid down in the General Clauses and Conditions for ESA Contracts (Last revision of Reg/002, 29 July 2015)

It should be underlined that the Part II – (Option B), dealing with co-funded projects (i.e. under the ARTES programme) was not included in this note.

The basic principle is contained in Clause 39.1 (and Clause 42.1 for software):

" The Contractor shall own all Intellectual Property Rights arising from work performer under the Contract".

These ownership rights are quite unique for fully (i.e. 100%) government-sponsored development contracts but the sponsoring authority, the European Space Agency (ESA or the Agency) has reserved some user rights for itself.

Similar but more limited rights are granted to the member states (usually limited to the states participating in the ESA programme under which the specific project was funded; or "Participating States") and their companies and research entities ("Members and Bodies").

ESA wants ensure that results of space developments funded by itself are available to itself, to its Member States and to the space companies working for them.

In order to achieve this, Clause 41 was introduced granting these parties limited rights on the results achieved by and owned by the Contractor.

These user rights are always limited to space applications, whether ESA projects or national programmes of the Member States.

This Clause reads as follows:

• 41.1 All Intellectual Property Rights arising from work performed under the Contract shall be available to:

• (a) the Agency, Participating States and Persons and Bodies to use on a free, worldwide licence with the right to grant sub-licenses for the Agency's Own Requirements (such license to be granted by the Contractor or the Agency as set out in the standard licence which the licensee shall enter into if required);

• (b) Participating States and Persons and Bodies to use on Favourable Conditions for a Participating State's Own Public Requirements (such licence to be granted by the Contractor as set out in the standard licence which the licensee shall enter into if required);

• (c) academic and research institutions to use on a free licence without the right to grant sublicenses for their own scientific research purposes (excluding commercial purposes) providing the Contractor

agrees such use is not contrary to its Legitimate Commercial Interests (such licence to be granted by the Contractor as set out in the standard licence which the licensee shall enter into if required);

• (d) any third party on Market Conditions to use for purposes other than the Agency's Own Requirements or a Participating State's Own Public Requirements providing the Contractor agrees such use is not contrary to its Legitimate Commercial Interests.

"The Agency's Own Requirements" and the "Participating States' Own Public Requirements" are defined in Annex IV of the Regulation, but both definitions are referring to the public space programme's of ESA or of the Member Staten respectively.

All these third parties will therefore receive free user rights for use within the ESA Programmes and against favourable conditions for use within the public space programmes of the participating state.

Use within the commercial space programmes (and of course for other applications) remains prohibited.

The items (c) and (d) are self-explanatory and do not need any extra comment.

Specific rules are applicable to software. Whereas the abovementioned Clause 41 is also applicable to software (as laid down in Clause 42.1) specific rules apply to operational software.

For this type of software the Agency can claim all intellectual property rights. This has to be done on a case-by-case basis in the specific contract for the execution of this development work. If the contractor assigns such IP rights to the agency, the agency shall grant (if requested) a non-exclusive, free license to the contractor (without the right to sublicense).

When discussing obligations to grant third parties user rights Clause 47 should also be discussed.

If the Agency wants products developed under an ESA contract to be re-used in its own programmes and if the contractor is not able or willing to re-supply them, the Agency may (under the conditions of this Clause 47) select a third party to do so. The contractor who owns the relevant results will have to grant the selected third party the licences required to re-supply the products needed.

A final, but obvious, limitation to the freedom to use results achieved under an ESA project is the procedure of Clause 49, dealing with a transfer of the intellectual property rights to third parties located outside the Member States of the Agency. If a contractor wants to transfer results achieved under an ESA R&D contract outside the member states of ESA or to any international organization, the transfer shall comply with all applicable laws and any relevant international agreement relating to the export of goods and services.

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