INTELLECTUAL PROPERTY RIGHTS IN PUBLIC INNOVATION PROCUREMENT

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Main issues of IPR in public innovation procurement
IPR are strategic for both buyer and provider

PUBLIC BUYERS

- Satisfy their needs in terms of use and re-use
- Receive relevant offers at the right price
- Avoid vendor lock-in
- Stimulate innovation

PROVIDERS

- Use innovation procurement’s outcome for their activities
- Get valuable intangible assets (patents, trademarks, etc.)
- Preserve their background
Deliverable of the public procurement

**Foreground**

*Newly created materials within the public procurement*  
(Ex: new software developments, studies, etc.)

**Background**

*Materials created outside the public procurement*  
(Ex: standard-license software, patented product etc.)

- New work made within the procurement (R&D...)
  - Made to fit the buyer’s specific needs
  - Without the procurement funds they would not have existed

- Pre-existing work belonging to the provider, the buyer or a third party
  => The legal status must take into account the business models
IPR rights management offer a wide range of possibilities
Buyers must identify what they need and what they are willing to pay for

- Primary use
  - Use a software on their own hardware
- Autonomy
  - Access the source code of a software
  - Add new functionalities to a software
  - Manufacture or have manufactured patent protected products
- Opening, distribution to third parties
  - Share a specific training tool with other public entities
  - Distribute software under an open-source license
- Ownership
  - Be the owner of industrial property titles (patents, trademarks ...)
- Exclusivity
  - Prohibit the provider from offering the work to other clients (ex. Security matters, logos)

Note:
Buyers must identify what they need and what they are willing to pay for.
Examples of IPR strategies in public innovation procurement
Innovative composting service

Existing product

Buyer’s needs:

- Experiment an innovative solution for large quantities of waste disposal

Insights from the sourcing:

- Existing innovative composters may fulfill the buyer's needs

Expected deliverable:

- A physical composter (sold or rent)
No need for the buyer to have any rights on the patent to fulfill its needs

*The situation would be different if the public procurement purpose was a significant improvement of the product to meet specific needs
Buyer’s needs:

- Fulfill a very specific and strategic IT need
- Have immediate access to the source code and be free to reopen competition on the maintenance (including add functionalities to the solution)
- The software deals with security matters that are confidential

Insights from the sourcing:

- No available solution is able to meet the needs
- A new solution must be developed

Expected deliverable:

- New specific developments (source code and documentation)
- Some existing tools, though replaceable
IT solution specifically developed for a strategic buyer's need

**IPR Strategy**

Transfer of rights from provider to buyer with autonomy of use

Provider cannot offer the solution to its other clients (exclusivity of IPR to the buyer)

Buyer has a limited user license but can technically replace this software to be more autonomous

**Specific developments**

- Separable Standard software

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Open-source new solution for electronic archiving

**Buyer’s needs:**

- A specific software to be shared within the public sphere and more widely
- Create a community of users

**Insights from the sourcing:**

- Open-source developments are common in this field
- Already existing communities of users

**Expected deliverable:**

- Fully open-source solution including pre-existing open-source tools
Open-source new solution for electronic archiving

IPR Strategy

New solution to meet specific need for electronic archiving and meant to be open-source

Transfer of rights from provider to buyer with possibility of distribution under an open-source license

Provider can use the solution, as any third party

Use of “proprietary licensed” tools is prohibited when incompatible with the open-source final licensing regime
Improvement of a patented tool of the buyer

Buyer’s needs:

- Buyer owns a patent on an in-house made tool
- Solution needs to be improved (ergonomics, materials) to be operational
- Buyer needs to buy the improved and manufactured products

Insights from the sourcing:

- Providers are able to improve and manufacture the solution
- They are interested in selling the improved solution to other customers

Expected deliverable:

- Plans, prototypes, final products
Mission APIE (Appui au Patrimoine Immatériel de l’État)

Improvement of a patented tool of the buyer

**IPR Strategy**

**Buyer**
- Owner of the initial patent

**Provider**
- Makes Improvements
- Manufactures the patented products and their improvements
- Supplies the buyer
- Sells to other customers

Rights transferred exclusively to buyer

License for provider + royalties for buyer in return
Drone prototype for a specific environment

Buyer’s needs:

- Validate the hypothesis that drone used in a particular environment would solve a technical problem
- Test a prototype in a real situation
- Use the feedback to write the specifications for procurement of drones needed

Insights from the sourcing:

- Various elements may be brought together to make a useful prototype

Expected deliverable:

- Physical prototype
- Functional specifications (e.g. the weight of the drone expected to meet the needs)
Drone prototype for a specific environment

**IPR strategy**

Buyer may use the functional information needed for his specifications (non-protection of ideas)

It is expressly stated that the functional specifications may be published as part of the equipment purchase

If a technical innovation outcome is made during a R&D phase, rights on a patent are shared between buyer and provider

No transfer of IP rights

Future applicants may use products of their choice provided they fulfill the functional performance requirements
Innovative public service and trademarks

Paris bike-sharing service

Public service’s trademark

Operator’s product or service trademark

VELIB’

Owner

Organization name
VILLE DE PARIS

Applicant incorporation country code
FR
Lessons learnt
Design IPR provisions

Identify purpose of the procurement and deliverables expected

Check sector practices during the sourcing

Identify what is needed
- In France, public buyers may use model contracts set out in a government regulation (the « CCAG »). A new set of these CCAG has been launched in 2021.

- Public buyers may derogate to these CCAG within the special specifications of their consultation.

- CCAG include a IPR clause that notably provides by-default :
  
  ➢ For standard background/off-the-Shelf : providers’ license applies, obligation to declare them

  ➢ For foreground and incorporated background :

    - Right for buyers to use the works for the needs specified in technical provisions or arising from the purpose of the procurement
    - Autonomy (and for software foreground large rights including open source distribution)
    - Non-exclusivity (except for specific cases like logos and confidentiality)
    - Recommendation to set ad hoc provisions in R&D procurements, by default ownership of patents to provider and license to buyers for their own needs, and possibility to require royalties
Merci pour votre attention :)

Mission APIE (Appui au Patrimoine Immatériel de l’État)