[redacted] (GROW)

From: [redacted]@twobirds.com>
Sent: 02 November 2015 21:43
To: [redacted] (GROW); [redacted] (GROW); [redacted] (GROW); [redacted] (JRC)
Cc: [redacted]
Subject: OS SIS ICD IPRs - new version in the form of a covenant [B&B-M.FID8136383]
Attachments: 151102-draft covenant.docx

Categories: Red Category

Dear [redacted] and team,

Here is our mark-up.

The changes are meant to:

- Ensure that the Authorisation qualifies as a NAC and stays reasonably away from a license agreement (although the borderline is fine)
- Be complete and consistent in the use of the defined terms
- Define carefully the authorized activities
- Exclude carefully any EU obligation, reps and warranties
- Complete the dispute resolution clause

We are available to discuss this mark-up with you.

With kind regards,

[redacted]

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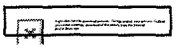

By practicing, using or, copying ~~or distributing~~ the OS SIS ICD IPRs or any portion thereof, YOU ACCEPT ALL TERMS AND CONDITIONS OF THIS AUTHORISATION, including in particular the limitations on use, warranty and liability. The following terms and conditions are enforceable against you and any Affiliates that obtained access to, and practice, use or copy the OS SIS ICD IPRs or any portion thereof. If you are acting on behalf of a company or other legal entity, you represent and warrant that you have the legal authority to bind that company or legal entity to these terms and conditions. IF YOU DO NOT HAVE SUCH AUTHORITY OR IF YOU AND/OR THAT COMPANY OR LEGAL ENTITY DO NOT WISH TO BE BOUND TO THESE TERMS DO NOT PRACTICE, USE OR COPY THE OS SIS ICD IPRs OR ANY PORTION THEREOF.

Comment [A1]: We have therefore included a definition of that term.

Authorisation ~~of Use and Exploitation of~~ concerning the OS SIS ICD IPRs

The European Union (hereinafter "the EU") is the owner of, holds the right over, and/or controls the intellectual and industrial property rights~~,~~ to, the OS SIS ICD IPRs listed in ~~the~~ Annex 1~~, for which is in the position to authorise the use by the third parties~~.

In the interest of facilitating and encouraging the adoption of technologies using the EU GNSS, the ~~European Union (the "EU")~~ hereby issues the ~~a~~Authorisation~~s~~ (as defined in Section 1 below) concerning the OS SIS ICD IPRs ~~use and exploitation on a non-exclusive royalty-free basis of the OS SIS ICD IPRs listed in Annex 1 by~~ towards any individual, corporation or other natural or legal person~~entity~~ worldwide, subject ~~only~~ to the terms, conditions and limitations described ~~below~~herein. The Authorisation is non-exclusive and royalty-free~~, and covenants that it will not seek to assert or enforce its rights and claims it has in relation to the OS SIS ICD IPRs~~.

The ~~present a~~Authorisation is issued~~granted~~ in view of the similar policies of other GNSS providers and is subject to ~~on the basis of~~ reciprocity. Without prejudice to Section 5 below, the Authorisation ~~and~~ may therefore be revoked by a public announcement if other GNSS provider(s) limit(s) in any material way the EU's access to the ICDs of their systems and to the intellectual or industrial property rights related thereto ~~to the EU entities~~.

1. Definitions

The under mentioned terms printed with an initial capital letter shall have herein the following meanings unless the context otherwise requires:

"Affiliates" – shall mean any natural or legal person that is under the direct or indirect control of the Authorised Person, or under the same direct or indirect control as the Authorised Person. Such control may take any of the following forms:

a) the direct or indirect holding of 50% or more of the nominal value of the issued share capital in the legal entity concerned, or of a majority of the voting rights of the shareholders or associates of that entity;

b) the direct or indirect holding, in fact or in law, of decision-making powers in the legal entity concerned.

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"Authorisation" – shall mean the EU's covenant that it shall not assert, seek to assert and/or enforce any of the rights and claims it has in relation to the OS SIS ICD IPRs against the practicing, suing or copying thereof, subject to the terms, conditions and limitations described herein.

"Authorised Person" – shall mean the natural or legal person that benefits from the Authorisation under the terms, conditions and limitations described hereinauthorised to exploit the OS SIS ICD IPRs listed in Annex 1, under the present Authorisation.

"Export Controls" – shall mean any international or national export control law or regulation applicable to activities carried out under the OS SIS ICD IPRs that regulates, embargoes or sanctions the export of products, information and/or technology in any way.

"Field of Use" – shall mean research and development on, manufacturing, commercialisation, distribution, sale, supply and maintenance of, the Products, which are making use of the OS Signal.

"GNSS" – shall mean Global Navigation Satellite System.

"Products" – shall mean software, electronic devices (e.g. chipsets and receivers) and Value Added Services developed – directly or indirectly – by the Authorised Person which are making use of the OS Signal.

"OS Signal" – shall mean the open signal broadcasted by the infrastructure developed under the European GNSS Programme.

"OS SIS ICD" – shall mean the Open Service Signal in Space Interface Control Document in the version as of the date of issuanceexecution of this Authorisation and/or, as the case may be, as modified after that date (available at http://ec.europa.eu/growth/sectors/space/galileo/os-sis-icd/index_en.htm).

"OS SIS ICD Copyright" – shall mean the copyright on and to of the OS SIS ICD document and/or its content.

"OS SIS ICD IPRs" – shall mean the intellectual or industrial property rights listed in Annex 1, including Patents and OS SIS ICD Copyright. For the purpose of this Authorisation, OS SIS ICD IPRs also include any and all intellectual or industrial property rights and other proprietary rights on and to the Technical Data of the OS SIS ICD.

"Patents" – shall mean any and all patents and/or patent applications mentioned in Annex 1, including the inventions described and claimed therein as well as any divisions, continuations, continuations-in-part, re-examinations and reissues thereof, and any patents issued from said patent applications.

"Products" – shall mean software, electronic devices (e.g., chipsets and receivers) and Value Added Services that are developed – directly or indirectly – by the Authorised Person and that ~~which~~ are making use of the OS Signal.

"Technical Data of the OS SIS ICD" – shall mean the data related to: Galileo Signal characteristics, the Galileo Spreading Codes characteristics, Galileo Message Structure, Message Data Contents and E1 and E5 Memory Codes, as such terms are used in the OS SIS ICD.

"~~The~~ Territory" – shall mean, ~~the territories covered by~~ with respect to each OS SIS ICD IPRs individually~~intellectual property right specified in Annex 1~~, and subject to ~~relevant~~ Export Control~~s regulations~~, the territories covered by said individual OS SIS ICD IPR.

"Value Added Services" – shall mean any service developed based on, or by using, the OS SIS ICD IPRs and delivering different or additional capabilities with respect to the OS Signal.

2. Ownership of rights

Ownership in the OS SIS ICD IPRs ~~as described in Annex 1~~ shall remain with the respective owners and therefore, no title of any intellectual property right on the OS SIS ICD IPRs under the ~~present~~ Authorisation shall be acquired by the Authorised Person, whether by implication, estoppel or otherwise.

The ~~Present~~ Authorisation shall be withdrawn and ~~the covenant not to assert or enforce the rights~~ shall not apply against any individual, corporation or other natural or legal person~~entity~~ that challenges the validity of any of the OS SIS ICD IPRs or participates in such a challenge, or encourages or supports any third parties in such a challenge.

3. Scope of the Authorisation

The scope of the~~is~~ Authorisation is limited to the Territory and Field of Use.

~~The commercial exploitation of the Products in the Field of Use in countries outside the Territory shall be under the sole responsibility of that person or entity carrying out such exploitation.~~

The Authorised Person shall practice, use and/or copy~~exploitation of~~ the OS SIS ICD IPRs in the Field of Use under the Authorisation ~~shall be conducted~~ in a manner so as not to harm the security interests of the EU or its Member States as set forth in article 13 and article 17 of the Regulation (EU) No 1285/2013 of the European Parliament and of the Council of 11 December 2013 on the implementation and exploitation of European satellite navigation systems and repealing Council Regulation (EC) No 876/2002 and Regulation (EC) No 683/2008 of the European Parliament and of the Council.

The commercial exploitation of the Products in the Field of Use under the Authorisation shall be under the sole responsibility of the Authorised Person.

Pursuant to the~~is~~ Authorisation, the EU's covenant not to assert covers the following activities of the Authorised Person ~~grants the following rights~~:

a. ~~a.~~ ~~the right to make any~~ use of the Technical Data of the OS SIS ICD, including their ~~right to~~ integration~~e~~ and incorporation~~e~~ into any Products, ~~the Technical Data of the OS SIS ICD~~ by the Authorised Person or by ~~including utilizing~~ third parties contractors used by the Authorised Person for manufacturing said Products;

b. ~~, and~~ the ~~right to~~ storage of the the Technical Data of the OS SIS ICD, provided the source is acknowledged;

c. ~~b.~~ ~~the right to~~ reproduction~~e~~ of the OS SIS ICD, in whole or in part, its distribution~~e~~ ~~it~~ and its publication~~sh it~~ for ~~on a~~ non-commercial not-for-profit purposes and scale without amending the document or adding any element;

d. ~~the right to~~ providing~~e~~ links to the EU website where the document is published, provided the source is acknowledged, in accordance with the copyright notice in the OS SIS ICD.

This list is exhaustive. No other activity shall benefit from the Authorisation. The ~~exercise~~practice of any ~~intellectual property covered under~~ of the OS SIS ICD IPRs outside of the scope of the~~is~~ Authorisation shall be deemed in breach of the intellectual property rights of the EU.

Subject to the foregoing, the Authorised Person shall have the discretion to select distributors and otherwise determine the commercial strategy, including all channels of distribution, regarding the distribution and sale of the Products in the Territory.

The Authorised Person shall be solely responsible for (but failure to strictly abide by a. and b. below shall not be in contradiction with the~~is~~ Authorisation):

a. exercising its ~~rights~~ activities hereunder strictly in compliance with all laws and regulations of each of the countries in which such ~~exercise~~ activity takes place;

b. compliance with all Export Controls ~~regulations~~.

~~The exercise of any intellectual property covered under the OS SIS IPRs outside of the scope of this Authorisation shall be deemed in breach of the intellectual property rights of the EU.~~

4. Additional intellectual property rights and maintenance of patent rights

The EU reserves the right, in the course of the Authorisation term, to acquire ownership or control of additional intellectual or industrial property rights related to the OS Signal. In that

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case, the EU may update Annex 1 accordingly. The EU however takes no obligation to communicate the acquisition of additional intellectual property rights related to the OS Signal.

The Authorisation shall automatically cover ~~ed Person is deemed to be authorised to exploit~~ any such additional intellectual or industrial property rights included in the updated Annex 1 ~~under the present Authorisation~~, without the need to amend the Authorisation.

The EU shall have ~~takes~~ no obligation, duty or commitment whatsoever to :

a. maintain the OS SIS ICD IPRs ~~related Patents~~ in force, whether in full or partly, nor shall it be obliged to communicate any decision thereto to the Authorised Person;

b. to furnish any assistance, technical information or know-how to the Authorised Person.

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5. Duration and termination

With respect to each of the OS SIS ICD IPRs, ~~This~~ the Authorisation shall be valid for the whole duration of ~~the~~ said OS SIS ICD IPRs ~~whose exploitation is authorised hereunder~~ insofar as the terms ~~and~~, conditions and limitations of the~~is~~ Authorisation are respected.

The~~is~~ Authorisation ~~and the rights granted hereunder wi~~shall terminate automatically upon any act that violates ~~contradicts~~ any of the terms, conditions or limitation of the Authorisation.

In the event of a termination of the Authorisation ~~howsoever~~ for whatever reason, ~~occurred~~ the Authorised Person shall:

a. immediately discontinue the development or use of the Products or any other activity covered under the scope of the~~is~~ Authorisation as defined in ~~point~~ Section 4 above; and

b. as a temporary exception to point a. above, have the right, during ~~within~~ 6 (six) months after the termination of the~~is~~ Authorisation, to sell all remaining Products in stock or in process of being manufactured at that date, or within that term of 6 (six) months, ~~to~~ have terminated, finished and/or fulfilled all agreements which have been entered into prior to the ~~declaration of the~~ termination.

The~~is~~ Authorisation and its validity shall not be influenced by the fact that one or more of the OS SIS ICD IPRs whose practice, use or copy~~exploitation~~ is authorised hereunder should finally be declared not granted or invalid.

6. Warranties and liability

The Authorisation is issued under the OS SIS ICD IPRs as they are. The EU makes no representation and no express or implied warranty, and assumes no liabilities as to any matter whatsoever concerning the OS SIS ICD IPRs, including as to:

a. ~~as to~~ the condition, the patentability and/or validity and enforceability~~breadth~~ of the OS SIS ICD IPRs; ~~whose exploitation is authorised hereunder, except for the material existence of the Patent(s). The EU assumes no liabilities concerning:~~

b. ~~a.~~the freedom to practice, use or copy the OS SIS ICD IPRs, to perform the activities that benefit from the Authorisation, or to develop, commercialise or exploit the Products;

c. any third party's prior rights to use the OS SIS ICD IPRs and/or to enjoin the activities that benefit from the Authorisation;

d. ~~b.~~ the dependency of the OS SIS ICD IPRs on third parties' intellectual or industrial property rights;

e. the merchantability or fitness for a particular purpose of the OS SIS ICD IPRs and/or the Products.

To the full extent allowed by law, all warranties, whether expressed or implied, for any use of OS SIS ICD IPRs or related to the Products, including on product liability, are excluded, and the EU shall not be held liable for any claim or damage related thereto, being asserted by the Authorised Person, an Affiliate or any third party with respect to the activities of the Authorised Person under the Authorisation.

The Authorised Person shall fully indemnify the EU keep the EU harmless in respect to and against any such claim or damage, including in respect to any infringement of any patent or other right of third parties due to the Authorised Person's activities either under the Authorisation or infringing the terms, ~~and~~ conditions or limitations of the~~is~~ Authorisation.

~~The EU makes no express or implied warranties as to the merchantability or fitness for a particular purpose of the OS SIS ICD IPRs. To the full extent allowed by law, all warranties, whether expressed or implied, for any use of OS SIS ICD IPRs or related to the Products, including on product liability, are excluded.~~

7. Infringements by third parties

~~The EU and the Authorised Person shall inform each other promptly of any act of infringement, passing off, unfair competition or the like, or suspected or threatened such act, any challenge or any allegation or complaint by a third party in relation to use or intended use of the OS SIS ICD IPRs in the Territory which are subject to this Authorisation.~~

The EU shall have the discretionary right and faculty to decide whether or not to bring an action for any infringements of the OS SIS ICD IPRs in the case where a third party does not benefit the Authorisation, even where the EU has been duly informed about such alleged

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Comment [A2]: B&B to check in particular this part in view of change from bilateral agreement to a unilateral covenant

Comment [A3]: As the EU shall issue a general non assert covenant, this clause, which is typical of a license agreement, is in our view not appropriate here.

infringement by the Authorised Person. The EU shall have no obligation whatsoever to bring such an action nor to notify any decision thereto to the Authorised Person.

8. Action ~~for infringement~~ brought by third parties and indemnification

The Authorised Person shall defend itself and at its own expenses, and bear all the consequences, including the payment of damages and attorney fees, against any claim, suit or proceeding made or brought against the Authorised Person and arising from its activities under the Authorisation, including ~~If~~ any claim, suit or proceeding~~actions~~ for infringement of third parties' rights ~~are brought against the Authorised Person~~ as a result of the Authorised Person's practice, use or copy ~~the exploitation~~ of the OS SIS ICD IPRs or commercialisation of Products~~, the costs incurred for its defence and payment of damages shall be borne by the Authorised Person~~. The Authorised Person shall notify the EU without undue delay about any such claim, suit or proceeding~~action brought against the Authorised Person as a consequence of the exercise of the rights granted herein~~. The EU may, at its sole discretion, agree to provide the Authorised Person with any assistance which the EU considers to be appropriate, but the EU shall not in any way be obliged to do so. If the EU decides to defend either the Authorised Person or the OS SIS ICD IPRs, the Authorised Person shall collaborate with the EU and provide the EU with all the assistance necessary to such defence.

~~**9. Indemnification**~~

~~Subject to the following paragraph, the Authorised Person shall defend at its own expense any claim, suit or proceeding brought against the Authorised Person, insofar as it arises from its use of the OS SIS ICD IPRs.~~

~~In the event any claim, suit or proceeding is brought against the Authorised Person based on a claim that any portion of the OS SIS ICD IPRs constitutes an infringement of patent or copyright, or other IPRs of any third party arising under the applicable law, the EU shall, in relation to the OS SIS ICD IPRs it owns, have the right at its option to assume the defence of such action. In such event, the EU shall pay all damages, costs and expenses finally awarded to the third parties against the Authorised Person but shall not be responsible for any compromise made without its consent.~~

~~10.~~9. **Permits**

The necessary steps for obtaining all permits and licences required for the ~~implementation of this Authorisation~~activities ~~use and exploitation of the OS SIS ICD, authorised hereunder~~ the Authorisation, under the laws and regulations in force at the place where said ~~the commercial~~

activities of the Authorised Person are provided or to be provided, shall be the exclusive responsibility of the Authorised Person.

~~11.~~10. Applicable law and ~~arbitration~~dispute resolution

The~~is~~ Authorisation shall be governed by European Union law, complemented where necessary by the law of Belgium.

Except for the right of the EU and/or the Authorised Person to apply to a court of competent jurisdiction for a temporary restraining order or a preliminary injunction to prevent irreparable harm, ~~A~~any dispute, controversy or claim arising under, out of or relating to the~~is~~ Authorisation and any subsequent amendments thereof, including, without limitation, its ~~formation,~~ validity, binding effect, interpretation, performance, breach or termination shall be submitted to mediation in accordance with the WIPO Mediation Rules. The place of mediation shall be Brussels. The language to be used in the mediation shall be English.

If, and to the extent that, any such dispute, controversy or claim has not been settled pursuant to the mediation within sixty (60) days of the commencement of the mediation, it shall, upon filing of a Request for Arbitration by either the EU or the Authorised Person, be referred to and finally determined by arbitration in accordance with the WIPO Expedited Arbitration Rules. Alternatively, if, before the expiration of said period of sixty (60) days, either the EU or the Authorised Person fails to participate or to continue to participate in the mediation, the dispute, controversy or claim shall, upon the filing of a Request for Arbitration by the participating EU or Authorised Person, be referred to and finally determined by arbitration in accordance with the WIPO Expedited Arbitration Rules. The arbitral tribunal shall consist of three arbitrators. The place of arbitration shall be Brussels. The language used in the arbitration proceedings shall be English.

In any action to enforce the Authorisation, the prevailing entity shall be entitled to recover its reasonable attorney's fees, court costs and related expenses from the other entity.

~~12.~~11. Miscellaneous

The provisions of the Authorisation are severable in the sense that the invalidity or unenforceability of any provision of the~~is~~ Authorisation that is not fundamental to its performance shall not affect~~,~~ the validity and/or enforceability of the remaining provisions hereof ~~shall not in any way be affected thereby.~~. Such invalidity or unenforceability of such non-fundamental provision it shall not relieve the Authorised Person of its obligations under the remaining provisions of the~~is~~ Authorisation.

This Authorisation fully and exclusively states the scope of the authorisation ~~of exploitation~~ concerning the ~~of~~ OS SIS ICD IPRs ~~listed in Annex 1~~ that the EU wishes to issue~~grant~~.

~~This Authorisation supersedes, and its terms govern, all prior or contemporaneous understandings, term sheets, memoranda of understanding, agreements, representations, summaries, proposals, or other communications eventually undertaken between the EU and the Authorised Person, oral or written, regarding such subject matter.~~

The EU reserves the exclusive right to amend the~~is~~ Authorisation upon due notice.

The fact that the Authorisation is self-executing and that the EU requires no signature of the~~is~~ Authorisation shall not be considered a waiver and shall have no effect on the binding character of the terms, conditions and limitations of the Authorisation upon the practice, use or copy of the OS SIS ICD IPRs by the Authorised Person.

~~13.~~12. **Annexes~~**~~

Annex 1 is appended to and is an integral part of the~~is~~ Authorisation.