

AGREEMENT ON THE ALLOCATION OF INTELLECTUAL PROPERTY RIGHTS, INTERESTS AND ROYALTIES FOR INTELLECTUAL PROPERTY CREATED OR FURNISHED UNDER CERTAIN SCIENTIFIC AND TECHNOLOGICAL COOPERATIVE RESEARCH ACTIVITIES

The Parties and the Cooperating Entities of the Parties shall ensure adequate and effective protection of intellectual property created or furnished in the course of Cooperative Research activities undertaken between the Government of the United States of America and the Government of Canada (hereinafter referred to as the Parties) or their designated governmental entities (hereinafter referred to as Cooperating Entities of the Parties) in the fields of science and technology whenever specifically agreed to by the Parties, or Cooperating Entities of the Parties, in Written Arrangements. Rights to such Intellectual Property shall be allocated as set out in this Agreement.

I. DEFINITIONS

- A. For purposes of this Agreement, "Intellectual Property" shall have the meaning found in Article 2 of the Convention Establishing the World Intellectual Property Organization, done at Stockholm, July 14, 1967.
- B. "Cooperating Entities of the Parties" means federal Departments and Agencies of the Government of the United States of America or the Government of Canada.
- C. "Cooperating Research" means any activity carried on under Written Arrangements between Cooperating Entities of the Parties.
- D. "Written Arrangement" means an arrangement between the Parties or the Cooperating Entities of the Parties regarding scientific and technological cooperative research activities which may incorporate the terms of this Agreement.

II. SCOPE

- A. Any Intellectual Property created as a result of scientific and technological Cooperative Research activities undertaken between the Parties or their Cooperating Entities shall be allocated according to the terms of this Agreement, unless otherwise specifically agreed by the Parties or their Cooperating Entities in writing.
- B. This Agreement addresses the allocation of rights, interests, and royalties between the Parties and between Cooperating Entities of the Parties with respect to Cooperative Research described in the preamble hereto. Each Party and each Cooperating Entity of the Party that is involved in a Cooperative Research activity, shall ensure that the other Party and its Cooperating Entities can obtain the rights to Intellectual Property allocated in accordance with this Agreement. The Cooperating Entities of the Parties shall notify one another in a timely fashion of any Intellectual Property arising in the course of Cooperative Research and

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protect such Intellectual Property in a timely fashion. This Agreement does not otherwise alter or prejudice the allocation of Intellectual Property between a Party or the Cooperating Entities of the Parties, and its nationals, which shall be determined by the laws of that Party and the practices of the involved Cooperating Entities of the Parties.

C. Disputes concerning intellectual property arising under this Agreement shall be resolved in accordance with any applicable Written Arrangements between the Cooperating Entities of the Parties, except that such Written Arrangements shall not include provisions which call for binding arbitration. In the event that an applicable Written Arrangement does not include a dispute resolution mechanism, disputes arising under such an arrangement shall be resolved through discussions between the Parties or the Cooperating Entities of the Parties. Upon mutual agreement of the Parties, a dispute shall be submitted to an arbitral tribunal for binding arbitration. Unless the Parties of the concerned Cooperating Entities agree otherwise in writing, the arbitration will be governed by the rules of UNCITRAL. From the date of receipt of an official request by a Party for arbitration and pending resolution of the matter the Intellectual Property shall be jointly managed (i.e., intellectual property shall be maintained) by the Cooperating Entities of the Parties, but shall not be commercially exploited except by mutual agreement, in writing.

D. Termination or expiration of an arrangement or this Agreement shall not affect the validity or duration of intellectual property rights or obligations that arise while an individual Written Arrangement is in force.

III. ALLOCATION OF RIGHTS.

A. Each Party or the concerned Cooperating Entities of the Parties shall be entitled to a non-exclusive, irrevocable, royalty-free license in all countries to translate, reproduce and publicly distribute scientific and technical journal articles, public reports, and books directly arising from the Cooperative Research. Notwithstanding the preceding sentence, the Parties and the Cooperating Entities of the Parties shall abide by requirements for publication of scientific journals and books, including publishers rights where appropriate, when doing so would promote dissemination of information. All publicly distributed copies of a copyrighted work prepared under this provision shall indicate the names of the authors of the work unless an author explicitly declines to be named.

B. Rights to all forms of Intellectual Property, other than those rights described in Article III(A) above, shall be allocated as follows:

1. Visiting researchers shall receive rights to Intellectual Property according to the policies of the host institution. In addition, each visiting researcher named as an inventor/creator of Intellectual Property shall be entitled to the same treatment as accorded a national of the host country who is a visiting researcher with regard to awards, bonuses, benefits, royalties or any other awards, in accordance with the policies and laws of the host institution.

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2. (a) For Intellectual Property created during joint research, when the Parties or their Cooperating Entities have agreed in advance on the scope of work, the Parties or their Cooperating Entities shall agree upon a Written Arrangement concerning the protection and allocation of rights regarding Intellectual Property that may be created during such research, either prior to the start of their cooperative activity or within a reasonable time from the time a Party or its Cooperating Entity becomes aware of the creation of Intellectual Property.

(b) In reaching agreement, the Parties or their Cooperating Entities shall consider the following factors: relative contributions of the Parties or their Cooperating Entities; the benefits of exclusive or non-exclusive licensing by territory or for field of use; requirements imposed by the Parties' domestic laws; and other factors deemed appropriate. The Written Arrangement will normally address inter alia: ownership and protection of background and foreground information; user rights for research and development purposes; exploitation and dissemination, including arrangements for joint publication; the rights and obligations of visiting researchers; the rules governing disclosure of undisclosed information; licensing; and dispute settlement procedures.

(c) Notwithstanding the foregoing, in light of the free trade agreement between the two Parties, if the Parties or their Cooperating Entities cannot reach agreement on a Written Arrangement within a reasonable time, not to exceed nine months from the time each Party or its Cooperating Entity is made aware of the creation of the Intellectual Property, the Parties or their Cooperating Entities shall jointly seek protection for the Intellectual Property in both countries. Each Party shall control Intellectual Property in its territory and in all cases shall allow full market access to Cooperating Entities of the other Party to exploit their Intellectual Property rights in accordance with the factors listed in paragraph 2.(b) above. Rights and interests in third countries shall be jointly determined.

3. In the event that either Party or its Cooperating Entity believes that a particular joint research project under this Agreement will lead to, or has led to, the creation of Intellectual Property of a type not protected by the applicable laws of one of the Parties, except in the case of copyright being unavailable for the works of the United States of America, the Parties or their Cooperating Entities shall immediately hold discussions to determine the allocation of the rights to the said Intellectual property; the joint activities in question will be suspended during the discussions unless otherwise agreed in writing by the Parties or their Cooperating Entities thereto. If no agreement can be reached within a three-month period from the date of the request for discussions, the Parties or their Cooperating Entities shall cease the cooperation in the project in question. Notwithstanding paragraph III.B.2, rights to any Intellectual Property which has been created will be resolved in accordance with the provisions of Article II.C.

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IV. BUSINESS-CONFIDENTIAL INFORMATION

In the event that information identified in a timely fashion as business-confidential is furnished or created under a Written Arrangement, each Party and its Cooperating Entities shall protect such information in accordance with applicable laws, regulations, and administrative practice. Information may be identified as business-confidential if a person having the information may derive an economic benefit from it or may obtain a competitive advantage over those who do not have it, the information is not generally known or publicly available from other sources, and the owner has not previously made the information available without imposing in a timely manner an obligation to keep it confidential. Without prior written consent, neither of the Parties or their Cooperating Entities shall disclose any business-confidential information provided by the other Party or its Cooperating Entity except to employees and government personnel authorized for the specific project. All such disclosures shall be for use only within the scope of their contracts or employment with the Parties or their Cooperating Entities relating to cooperation under the relevant Written Arrangement. The Parties or their Cooperating Entities shall impose, or shall have imposed, an obligation on those receiving such information to keep it confidential. If one of the Parties or its Cooperating Entity becomes aware that, under its laws or regulations, it will be, or may reasonably be expected to become, unable to meet the non-disclosure provisions, it shall immediately inform the other Party or its Cooperating Entity. The Parties or their Cooperating Entities shall thereafter consult to define an appropriate course of action.

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