



Annex D - Benefit to Canada

Working Guidelines

A key NCE program objective is to advance Canadian economic and social development. Accordingly, every effort must be made to have the results of network-funded research exploited in Canada, for the benefit of Canadians. Benefit to Canada is defined as incremental Canadian economic activity and improved quality of life in Canada. Maximum benefits would be derived from the creation of high-quality jobs in Canada and this should be an important goal of any commercialization activity.

The owners of intellectual property resulting from network-funded research, or the agent acting on their behalf, will consult with relevant stakeholders (Network administrators, universities, and researchers) on issues of commercialization. When selecting a receptor company for the exclusive license of the commercial rights of intellectual property resulting from network-funded research, the agent/owners of intellectual property resulting from network-funded research will use reasonable and thorough efforts to maximize benefits to Canada in a national and international context. Due diligence in efforts to maximize benefits to Canada depends in part on the nature of the research results that are being exploited, and on the window of opportunity. The agent/owners of intellectual property resulting from network-funded research should take the following non-comprehensive list of possible benefits to Canada factors into consideration in exercising that due diligence:

- existing company in Canada with receptor capacity;
- expansion of an existing company in Canada;
- formation of a new company in Canada;
- joint ventures or strategic alliances with a company in Canada;
- co-manufacturing involving a company in Canada;
- cross-licensing or co-development with a company in Canada;
- establishment of a new subsidiary in Canada (R&D, manufacturing, sales, marketing, distribution);
- development and/or production in Canada by a foreign company (world product mandate).

Mechanism for Reporting Due Diligence

Within 30 days of a decision to pursue exploitation by a foreign company, and in advance of finalizing this decision, the agent/owner is required to report the decision to the Network Board of Directors, and through the Network Board of Directors, to provide the NCE Steering Committee the rationale and circumstances that led to the decision. The NCE Steering Committee reserves the right to impose sanctions as it deems appropriate, if there is failure to comply with these reporting requirements or negligence in performing the due diligence, on the part of the Network.