

SCHEDULE IV
(section 6)

ANNUAL RETURN OF CORPORATIONS TRANSFER OF TECHNOLOGY

Requirement in Law - Corporations Returns Act

Principal Purpose: Data are Required to Prepare a report to Parliament on Foreign Ownership and Control of the Canadian Economy

Company Name: _____
Address: _____
City: _____ Province: _____ Postal Code: _____

INSTRUCTIONS

1. PLEASE DISREGARD THIS FORM, IF YOUR CORPORATION DOES NOT HAVE TRANSFERS OF TECHNOLOGY FROM NON-RESIDENTS.
2. If your corporation is part of an enterprise, this return may be filed on a consolidated basis.
3. All amounts should be expressed in thousands of Canadian dollars.
4. Do not include software licences.
5. Corporation's fiscal year end. _____
year month day

AMOUNTS PAID TO NON-RESIDENTS WITH RESPECT TO TRANSFERS OF TECHNOLOGY

(in thousands of dollars)

1. Scientific Research and Development.....\$

Research and Development(R&D) is a systematic investigation carried out in the natural and engineering services by means of experiment or analysis to achieve a scientific or commercial advance. That is, industrial R&D is intended to result in acquisition of new knowledge and creations of new or significantly new products and processes such as an invention which may subsequently become a technological innovation. An essential requirement is that the outcome of the work is uncertain, i.e., the possibility of obtaining a given technical objective cannot be known in advance on the basis of current knowledge or experience. Thus, the design, construction and testing of only the first prototype, model or pilot plant are part of R&D. That is, when necessary modifications have been made and testing has been satisfactorily completed, the boundary of R&D has been research (e.g. routing, testing or trouble shooting is excluded from R&D). Hence the costs of tooling, construction drawings and manufacturing blueprints, production start-up are not included in R&D. Other exclusions are:

- (a) Market research and sales promotion;
- (b) Quality control or routine analysis and testing of materials, devices or products;
- (c) Research in the social sciences of the humanities;
- (d) Prospecting, exploring or drilling for or producing minerals, petroleum or natural gas;
- (e) The commercial production of a new or improved material, device or product or the commercial use of a new or improved process;
- (f) Style changes or routine data collection.

2. Royalties and Fees for:

(a) Patents\$

A patent, which is governed by national industrial property legislation, is a title of ownership to an invention. Payments in the form of royalties and fees are made for the use of patents. Such payments include a pre-determined lump sum payment for the initial disclosure of the technology as well as royalty payments for the use of the patent.

(b) Licences and Technical Know How.....\$

This is in reference to payments for unpatented inventions and technical know-how. Some inventions are not patented either by choice of the inventor (because of industrial secrecy) or because they are not patentable for legal reasons depending on country of origin or the products. These inventions, which are not accessible to the general public, can be bought and sold in return for payment. "Know-how" is technical knowledge which may be communicated is not accessible to the general public and is not patented. It includes the description of processes, formulae, tooling plans, workshop set-up plans, lists of components, implementation instructions, methods of manufacturing, complex unwritten combinations of manual techniques, etc.

(c) Industrial Designs.....\$

Payments for the rights to use drawings and industrial models and designs.

3. Other Payments for Transfers of Technology.....\$

Payment for services of a technical nature or content-all directed towards the undertaking of preliminary technical and engineering studies concerning the various phases of design and development. Examples are:

- (a) studies, research and engineering work required for the design and preparation of industrial projects;
- (b) general technical assistance including staff training, secondment of technicians, consultancy services for operation, maintenance and quality control.

Exclusions are:

- (a) Transactions relating to commercial, legal, financial, administrative, organizational or managerial assistance, advertising, copyrights, software, insurance and transportation of materials.
- (b) Major civil engineering contracts, mineral and petroleum prospecting and drilling, contract work and