

important to ensure that your Japanese partner is bound under the terms of the contract to disclose these applications. A written agreement should deal with the question of ownership or co-ownership of such patents, and spell out what the concept of co-ownership will mean under the terms of the contract.

II Confidentiality Agreements

Mr. MacDonald and Mr. Sato discuss the possibility of research in the field of monoclonal antibodies. Mr. MacDonald describes to Mr. Sato the three areas he has pursued unsuccessfully, and they discuss possible collaboration in a fourth area.

Mr. Sato is being funded by a private company. He discusses his work and possible future projects, including the nature of his proposed collaboration with Mr. MacDonald, with his own company's researchers. From this information his company is able to modify its own research efforts in the direction suggested by MacDonald, thereby saving on research costs and possibly achieving its research objectives (and MacDonald's!) much sooner.

Since Mr. MacDonald had no written agreement with Mr. Sato about the confidentiality of his research, the private company can probably not be prevented from using Mr. MacDonald's information. Even more significantly, Mr. Sato did not feel constrained to treat his discussions with Mr. MacDonald as confidential because Mr. MacDonald asked for no commitment — no written document or confidentiality agreement — that Mr. Sato treat the information as confidential and proprietary.

Conclusion:

To avoid misunderstandings about the way confidential information should be handled, it is essential to have a written

confidentiality agreement before any confidential or proprietary information is disclosed.

III Joint Ownership of Patents: Conflicting Laws

Mr. MacDonald, who is a researcher at a Canadian university, enters into a research agreement with Sato Company. Under the terms of the agreement, all patents filed during the term of the agreement will be co-owned by Sato Company and Mr. MacDonald. The last page of the agreement includes a clause stating that the agreement will be governed by Japanese law. Because the clause seems routine, it does not occur to Mr. MacDonald to review the whole agreement in the light of this clause.

Under Japanese law, the co-owners of a patent cannot grant licences or sell their share in the patent without the consent of the other owner. In other words, if two parties co-own a patent, each party can treat it as their own in terms of being able to exploit it. But they cannot give it away to someone else and they cannot license it to somebody else without the consent of the other owner.

Although Sato Company can commercially exploit the subject matter of the patent, as a researcher affiliated with a university, Mr. MacDonald cannot easily exploit it. And because the contract terms prevent him from assigning or licensing his rights to a third party or company, it will be difficult for him to benefit from any commercial exploitation of the invention.

Conclusion:

Joint ownership of patents means different things in different countries; the rights of a joint owner in Canada are not the same as those of a joint owner in Japan. It is better for the parties to an agreement like this to enumerate the rights they will have to jointly owned