

(vi) Letter of Intent

While the client is visiting Japan, and if the client is firmly convinced that the technology in question would bolster his competitive edge in North America with enhanced profitability, the client is encouraged to prepare a Letter of Intent with the assistance of the TDO, summarizing what has been discussed and agreed upon. The Letter of Intent should cover only the basic outline of what has been discussed and agreed by both parties including, if possible, terms and conditions of a license agreement. The Letter of Intent is not a formal contractual agreement, but is a paper describing the intentions of both licensor and licensee.

(vii) Negotiations with the Licensor

Negotiations on terms and conditions of a license agreement, joint venture or collaborative R and D usually follow within two or three months after the client's visit to Japan. It is always advisable to have a TDO assist in negotiations. A common mistake committed by a Canadian client is to bring a lawyer from Canada (there are more lawyers in Toronto than all of Japan). Negotiations should be conducted between the licensor and licensee in strict accordance with the Letter of Intent which was concluded earlier between the both parties, normally without the presence of a lawyer unless legally required. It is wise, however, to have a lawyer review the draft agreement (license, joint venture, or collaborative R and D) and to have him finalize it as a legal document. The Japanese party will not usually involve a lawyer in the course of negotiations with his Canadian counterpart.

(viii) Commitment

This last step, more of a philosophy, is most critical. Successful conclusion of any agreement in Japan calls for a serious commitment on the part of the Canadian company. Patience, persistence and homework will often lead to success, whereas "shoot and run" negotiations will inevitably lead to failure.

The most important key words in dealing with the