

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.