

## Creative Collaboration – Agreements that Work

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### Fostering Innovation Through Partnerships

McCartney & Lennon, Jobs & Wozniak, Watson & Crick. We are all looking for synergistic collaborations. In life sciences, some of those collaborations may be with your employees, independent contractors or



corporate research partners. This article will look at a few key IP issues to tie up in your research with others on patentable inventions. Being prepared for any outcome is important – not all the collaborations mentioned above had happy endings!

### Identifying Inventors

Going into a research project, there is an end goal and you may have a sense of who the likely inventors will be. However, there are usually a few unexpected problems to resolve, plans change, and perhaps there will be a touch of serendipity. Inventors may be owners by default so you need to control everyone's potential IP. It is also important to properly identify all inventors on a patent filing.

As an example, in a case that went to the Supreme Court of Canada, two NIH scientists tested samples of GSK's AZT drug in a human HIV assay on a blinded basis. GSK controlled the scientists' input for scientific integrity and to try to maintain sole inventorship. The NIH scientists were ultimately not considered inventors. So those doing outsourced work to verify efficacy, even with a complex assay, may not be inventors (the NIH invention was its assay, not use of AZT for treating HIV). Consider whether inventorship may have differed if the NIH scientists had been involved earlier in the project, and in more detail, knowing the drug they were assessing going in, interpreting results, and advising GSK on efficacy for treating HIV. Involve your research partners as much as you wish, but know the potential IP consequences on inventorship.

## **Tying Up Ownership with Assignments**

Your employees and independent contractors should sign an agreement transferring IP to your company. If you are outsourcing research or clinical work on a fee-for-service basis, those partners should also agree that your company owns the IP. If your company is in need of a partner for complex analysis, solving problems, making an invention and commercializing it, then both organizations may expect to share in the ownership.

Nonetheless, companies can make whatever ownership arrangements they wish, for example, having ownership follow inventorship or basing it on the subject matter of the particular invention made. As well, depending on the country, there may be restrictions on how each co-owner can commercialize or transfer their own rights to an outsider owner, so an agreement helps manage this activity.

In a recent case in Alberta, a disgruntled former employee tried to deny transferring his IP ownership to his company, for a sonic tool to improve oil well production. However, he had signed a broad agreement transferring IP, and the inventions he made fell within the clause, so the company owned his IP. The IP assignment stood up even though the inventor had never been fully paid.

## **Agreements**

The terms of a commercial collaboration should be in writing to ensure that expectations are managed, and everyone feels they are treated fairly going in. Agreements between companies collaborating on research projects are a rulebook, setting out the research milestones, commercial plan and sharing of proceeds. **It is good to have agreements in place early on** before revenue starts to flow, so that parties' entitlements and obligations are clear before there is money on the table. These agreements will deal with IP in inventions, but may also deal with other types of IP ownership, for example, in written manuals, graphic design, software code and other work product. This ensures that the IP is transferred to the appropriate owner, regardless of who is the author or inventor. It is important to have clear financial terms, and to make sure everyone is on the same page with respect to when payment is due.

In a case in Ontario, an inventor sold his invention (a cold air draft-blocker for a window) to a company that manufactured and distributed the product. The agreement was a bit ambiguous on when the royalty obligation ended, so the two companies ended up in litigation. The court fairly picked an earlier date to end royalties, and the inventor was cut off earlier than he liked. A clear agreement would have avoided litigation.

Use IP agreements early on and wisely in all your collaborations. Get good legal advice to make sure you dot all the *i*'s and cross the *t*'s. This expression sounds overly cautious, but there was a case just a few years ago where Rogers and Aliant litigated over the positioning of a comma in a contract clause, which affected liability for millions of dollars in royalties!

## **About the Author**

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