

Basic Policy on Intellectual Property Management in NEDO Moonshot Research and Development Program

To accomplish the purpose of the Japanese Bayh-Dole System (designed to vitalize research activities through the vesting of Intellectual property rights (Definition is as shown below) in the entrustees and effectively utilize the technical results in the project activities) and the objectives of this project, NEDO and project participants must implement the following intellectual property management through the project.

Additionally, this project shall comply with the Guidelines for Operation and Evaluation of the Moonshot R&D Program. However, matters that are not described in this policy shall be determined as needed, based on the purpose of this project and agreements between the project participants.

According to this policy, the project participants shall agree with each other on the handling of intellectual properties before launching the project (the conclusion of the entrustment contract). In preparing such an agreement, project participants must keep in mind the utilization of the research and development results toward future commercialization, and project participants should also refer to the Ministry of Economy, Trade and Industry's Guidelines for Intellectual Property Management in Government - commissioned Research and Development (May 2015).

1. Definitions of the terms used in this policy

(1) Inventions

“Inventions” refer to the following items: The creation of inventions, ideas, and designs, the creation of circuit layouts stipulated in Article 2, Paragraph 2 of the Act on the Circuit Layout of a Semiconductor Integrated Circuits (Act No. 43 of 1985), the development of plant varieties stipulated in Article 2, Paragraph 2 of the Plant Variety Protection and Seed Act, the creation of writings and the invention of technical information that can be kept secret and concealable and has proprietary nature (hereinafter referred to as Know-How).

(2) Inventors

“Inventors” refer to those who developed Inventions.

(3) Intellectual property rights

“Intellectual property rights” refer to the following rights: Patent rights, the right to the grant of a patent, utility model rights, the right to obtain a utility model registration, design rights, the right to obtain a design registration, layout-design exploitation rights, the right to obtain a layout-design exploitation registration, breeder's rights, the position to obtain a variety registration stipulated in Article 3 of the Plant Variety Protection and Seed Act (Act No. 83 of 1998), and copyrights (including all rights stipulated in Articles 21 through 28 of the Copyright Act (Act No. 48 of 1970)), as well as those rights equivalent to the rights and positions mentioned above and the right to use the position and Know-How in foreign countries.

(4) Foreground intellectual property (foreground IP)

“Foreground IP” refers to the Intellectual property rights that the project participants acquired as a result of project implementation.

(5) Background intellectual property (background IP)

“Background IP” refers to the Intellectual property rights that the project participants had held before the start of the project, and the Intellectual property rights that the project participants acquired after the start of the project independently from the project.

2. Matters stipulated in the entrustment contract

(1) The Japanese Bayh-Dole Act (Article 17 of the Industrial Technology Enhancement Act)

NEDO shall not receive Foreground IP from a research and development trustee subject to its compliance with the following matters, which are stipulated in each item of Paragraph 1 of Article 17 of the Industrial Technology Enhancement Act, and the Guidelines for Operation and Evaluation of the Moonshot R&D Program. However, if the research and development trustee is an overseas company or the like (a company, university, or research institution in a country other than Japan; the same applies hereinafter), the trustee and NEDO shall be able to share the Foreground IP subject to the trustee's compliance with the following matters. In this case, 50percent or more of the total equity interest held by the trustee and NEDO shall belong to the latter.

- When having produced research results, the trustee must report them to NEDO without delay.
- If the Japanese government requests it citing public interests, the trustee must license the Foreground IP to NEDO free of charge.
- If the Foreground IP has not been utilized for an extended period, the trustee must license the Foreground IP to third parties based on a request from the Japanese

government.

- When transferring the Foreground IP, the trustee must receive prior approval from NEDO.

(2) Implementation of surveys on how Intellectual property rights are being utilized (Bayh-Dole surveys)

To promote the effective use of technical results, NEDO shall implement Bayh-Dole surveys against the trustees to understand how Intellectual property rights are being utilized.

(3) Other matters

- (i) When being merged or acquired, the trustee shall report it to NEDO without delay.

NEDO shall review the Foreground IP the trustee holds even after the transfer, from the standpoint of effective utilization in the project activities. NEDO shall have a third party other than the holder of the Foreground IP take necessary post-transfer measures, for example, by requesting a non-exclusive license with a right to sublicense.

- (ii) If the project participant is an overseas company, the matters listed below shall be stipulated.

a) NEDO shall be able to license to third parties the Foreground IP shared only by NEDO and an overseas company or the like, and the overseas company or the like shall agree to such an arrangement.

b) Concerning applications for the Foreground IP that NEDO shares with an overseas company or the like, the overseas company or the like shall bear the costs.

3. Matters stipulated in agreements between the project participants

(1) Development of intellectual property management implementation system

The Intellectual Property Management Committee Meetings will be established to implement intellectual property management appropriately under this policy.

The Intellectual Property Management Committee Meetings is tasked with the policy-making on the acquisition of rights, concealment, disclosure, and licensing coordination associated with research and development results.

The Intellectual Property Management Committee Meetings consists of project managers or their substitutes, the leaders of individual themes, the representatives of the project participants, intellectual property experts, and so forth.

The operation rules for the Intellectual Property Management Committee Meetings will

be developed to stipulate the matters relating to the operation of the committee meetings, including deliberations, decision-making procedures, and constituent members.

(2) Protection of confidential information

To protect confidential information when disclosing the technical information each participant holds to other participants, the project participants shall agree with each other in advance on the necessary procedures and the scope of subject technical information.

(3) Prior approval for the disclosure of the project's technical results to third parties

The project's technical results must not be disclosed or leaked to third parties other than the project participants without obtaining approval from the Intellectual Property Management Committee Meetings.

(4) Decision-making procedures for notification and the acquisition of rights such as for Inventions and other technical results.

When having developed an invention as a result of project implementation, the entrustee shall immediately notify the Intellectual Property Management Committee Meetings of the invention and detailed technical results.

The Intellectual Property Management Committee Meetings shall deliberate the notified invention and technical results concerning the need for the acquisition of a right through an IP application or concealment, determining IP application target countries in the former case and the duration of concealment in the latter case.

Even when having determined the concealment of the research and development results, the Intellectual Property Management Committee Meetings need to discuss the pros and cons of concealment with NEDO so that NEDO can assess the details of the research and development results.

(5) Policy on the acquisition of rights based on research and development results

In the case where the acquisition of rights through IP applications is pursued based on research and development results, the trustees must promote such acquisition in markets outside Japan, where the market development makes sense, and the acquisition of rights seems necessary from the standpoints of the market size and competitive situations.

Instead of emphasizing the number of acquisitions of rights through IP applications,

the choice of not doing so should also be considered. At the same time, the necessity of concealment and disclosure in technical papers should be studied depending on the contents of the technical results.

(6) Ownership of Foreground IP

Foreground IP shall be taken over by the project participants to which the Inventers belong, based on the project participant's rules for office regulations and other regulations on Inventions.

In anticipation of future commercialization, the project participants shall agree with each other in advance on the stipulation of transferring all of part of the Foreground IP to parties other than the institution to which the Inventers belong, within the scope necessary for the right person to retain the Foreground IP in the following three cases: i) even if the institution to which the Inventers belong retains the Foreground IP, there is no hope of effectively utilizing the research and development results, ii) when the institution to which the Inventers belong is a re-entrusted contractor, the IP may spread out if the contractor retains the Foreground IP, which interferes with the commercialization, and iii) if the project participants establish a research and development partnership, which is expected to become a business company through organizational changes.

(7) Implementation of shared Foreground IP

Unless otherwise specified, the project participants shall be able to implement the Foreground IP they share with other project participants without restriction, free of charge.

In the case of the involvement of universities, etc. that are unable to implement the Foreground IP as joint owners, compensation based on the lack of an implementation ability on the university side shall be treated as follows. However, this requirement does not rule out other types of compensation if the joint owners agree with each other in advance.

(i) Free of charge for the pre-implementation period.

(ii) Two cases shall be studied for the implementation period as follows: If the universities can license the Foreground IP to third parties without restriction – free of charge. Conversely, if the universities cannot license the Foreground IP to third parties (the joint owners secure a privileged position) – charged.

(8) Licensing of Intellectual property rights

(i) Licensing during the project period

The project participants shall not exercise the Intellectual property rights they hold (including Foreground IP and Background IP; this applies to (ii) described below) against research and development activities in projects pursued by other project participants during the project period, which will facilitate the smooth implementation of the project.

However, this requirement does not apply if there is a separate agreement between the project participants on licensing on a charge basis.

(ii) Licensing for the commercialization of technical results from the project

To the extent necessary for the project participants to commercialize technical results from the project using Foreground IP, other project participants shall license the Intellectual property rights they hold.

However, if licensing Intellectual property rights is expected to affect the existing and future business activities of the owners of these Intellectual property rights, such as domestic companies, other project participants shall be able to deny a request for such licensing. Also, the scope accepted as an exception (particularly the handling of Background IP) shall be defined as needed based on agreement between the project participants.

The negotiations between concerned parties may become tangled concerning the scope of implementation, implementation fees, and other matters, which might interfere with the commercialization of technical results from the project. In such a case, the Intellectual Property Management Committee Meetings shall conduct necessary coordination to solve the problems rationally.

(iii) Licensing of Foreground IP to parties other than the project participants

When the project participants license the Foreground IP they hold to other project participants, it shall be conducted on the same or more favorable conditions than when licensing the same Foreground IP to parties other than the project participants.

(9) Succession of duties to Foreground IP transferees

When transferring Foreground IP, the project participants shall have the transferees succeed the duties imposed on the Foreground IP such as licensing.

(10) Response to changes in the project system

The project participants shall continue to succeed the duties imposed on themselves

by the intellectual property agreement even after withdrawing from the project.

In the event of a change in the framework of the project participants, such as the addition of new participants, the newcomers shall have the same rights and duties as the original project participants have.

(11) Validity period of agreements

To prevent interfering with the commercialization of technical results from the project, the validity period of agreements shall be stipulated to the extent including the period after the completion of the project.

(12) Review of agreements

The agreements made between the project participants shall be reviewed depending on post-agreement situational changes.

4. Promoted use of unutilized technical results

NEDO is trying to maximize the outcome from the project's technical results. To that end, NEDO shall promote the use of technical results that are not utilized and can be made open to third parties (samples, Intellectual property rights, etc.) through match-making for the users who wish to use them.

NEDO is performing the factor analysis of unutilized technical results using information obtained from Bayh-Dole surveys. NEDO is also studying measures to further promote the use of technical results based on the intention of the Japanese Bayh-Dole Act.

Supplemental Provision

The Japanese language version of this policy shall be the authentic text. Even if an English language version is created for reference purposes, only the authentic text of the Japanese version shall be effective, and the English translation shall not have any force thereon.