

Framework on Funding and Intellectual Property (IP)

Consideration for Investment Decisions

This document is intended to provide a discussion framework respecting project applications to AERI and intellectual property matters. AERI/ASRA/I &S does not want to aggressively own patents but rather be in a position to capture the learning's and disseminate research knowledge widely with the **goal of advancing the energy industry in Alberta**. This is the default position; however, AERI/I&S may in some instances be asked to or need to own patents and this should be considered on a case-by-case basis.

Principle for AERI Investments

Secure maximum value for Albertans from all energy resources

- Stimulate economic development
- Increase access and effectiveness of energy markets
- Increase development of clean energy
- Reduce environmental impacts

A major thesis of this document is that organizations that meet the above goal and principles as specified in AERI's application criteria will be considered for funding. In summary, AERI evaluation criteria will be used to evaluate, prioritize and make recommendations on all projects applications.

AERI application criteria include an assessment and an analysis of key elements as summarized below:

- **Contributions to AERI's Goals**

Relative fit with the specific elements and targets of Alberta's Energy Innovation Strategy. The goals provided in the application include targets developed as results of various roadmaps, business cases and feasibility studies.

- **Commercialization potential**

This criterion was designed to determine if the applicant has the capability and a plan to commercialize technology that may emerge from the project. In keeping with the Board's needs to have a better definition of "what is the IP situation" this criterion needs to be strengthened.

- **Economic, Environment & Climate Change Impact.**

These criteria are intended to rate the impact, as much as possible, in quantitative terms for impact to Alberta's economic and environmental goals.

- **Capacity Building**

One of the expected outputs is that the project contributes to the training or the development of high skilled personnel for the energy sector in Alberta

- **Technology Opportunity and Competitive Analysis**

These criteria are intended to determine if indeed this technology will advance the state-of-the-art. Currently a more rigorous "risk-analysis" is being developed to ascertain that the project research is targeted to advancing the technology to the next stage of development.

- **Team Leadership, Capacity and Capability**

Success depends on having key people in-place, their credibility and the right structure to carry out the work.

- **Work Plan, Budget and Deliverables**

This criterion requires the applicant to provide sufficient details so that the evaluators can judge the quality of the project plan, the milestones and tasks.

- **Funding Committed and Project Partners**

These criteria favour consortia, financial commitment (leverage) and involvement by interested parties.

Intellectual Property Consideration

The issue of intellectual property (IP) is a complex and often a divisive subject for getting projects launched. Part of the problem is the all-encompassing definition of IP and the confusion in the use of the word IP to mean only patents (technology that can be commercialized) whereas it means much more than that.

The definition of **Intellectual property** used by Alberta Justice is as follows:

“intellectual property” means the rights associated with all materials, inventions, designs, specifications, patterns, models, prototypes, devices, formulas, methods, process, data, compilations of information, reports, drawings, plans, photographs, computer software and programming patents or patent applications, including without limitation copyrights, patents, industrial design and trade secrets;

For the purposes of this document and in order to identify AERI's proposed position on IP and we have distinguished the following:

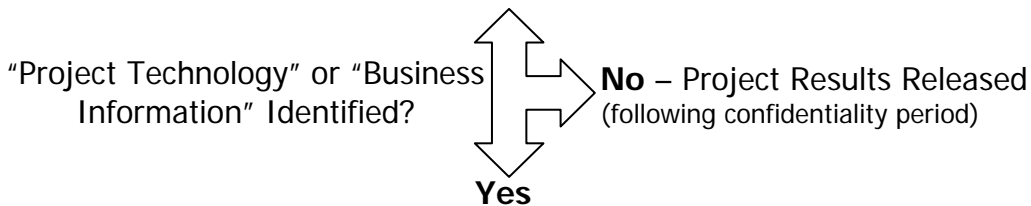
- **“Project Research Results”** – all the results that are produced from AERI funded project or program.
- **“Project Technology”** – part of the “Project Research Results” that the applicant (or project **applicant**) to AERI identifies as patentable technology or background technology to the application. The project **applicant** must take the initiative to identify the “Project Technology” and take steps to file for statutory protection. If the applicant does not identify the “project Technology” within the confidentiality period, it is assumed that all results are “Project Research Results”.
- **“Business Information”** – Part of the “Project Research Results” that the project **applicant** identifies as competitor sensitive or shareholder sensitive information. The project **applicant** must take the initiative to identify the “Business Information” otherwise it is assumed that it is “Project Research Results”.

The chart below is intended to illustrate the manner for applying the proposed AERI IP Policy.

Project Research Results

Intellectual Property that is developed during the conduct of the AERI funded project and directly related to **technical reports** that may include geological and experimental data, findings, analysis, conclusions, recommendations and presentation of the results etc.

- **Confidentiality Period (negotiable):** Typically two (2) years from the **set period** of disclosure to AERI or set period to receive a written report.
- **Ownership:**
 - The project applicant owns Project Research Results that are generated by the Applicant.
 - AERI has use, reproduction and disclosure rights of the Project Research Results. AERI also has Copyright for reports that are developed using the Project Research Results
- **Use Rights:** AERI has worldwide, royalty and fee free use rights in perpetuity for the purposes of capturing and disseminating learnings widely.



Project Technology	Business Information
<p>Intellectual Property developed prior to and/or during the conduct of the research project including:</p> <ul style="list-style-type: none"> - Patents - Patent Disclosures - Copyrights - Third-party or Background technology <ul style="list-style-type: none"> ▪ Confidentiality Period: Two (2) years from the date of the disclosure of patentable technology. This may be extended. ▪ Ownership: Applicant owns (preferred) or AERI owns with licensing rights to the other. ▪ Use Rights: If Applicant owns, AERI has irrevocable, worldwide, royalty and fee-free use. Reverse is also true. ▪ Third party License: Rights to sub-license will be negotiated along with share of any revenue.¹ 	<p>Competitor sensitive information and confidential information that meets the test in section 16 of FOIP²</p> <ul style="list-style-type: none"> ▪ Confidentiality Period: Indefinite – the applicant must identify information that meets the test in section 16 of FOIP ▪ Ownership: Applicant from whom information originated. ▪ Use Rights: No use rights.

¹ AERI will identify appropriate Alberta research organization that will benefit from any licensing revenue.

² Section 16 (FOIP) - Trade secrets, commercial, scientific or technical information supplied in confidence, explicitly or implicitly, and the disclosure of which could reasonably be expected to harm significantly the competitive position or interfere with the negotiating position of the project owner and/or result in undue financial loss or gain to the project owner.