

MaineHealth Institutional Policy Manual

Policy Title: Rights and Responsibilities with Respect to Intellectual Property

Policy Summary:

Maine Health (MH) is a charitable, non-profit entity with a three-part mission: to advance the health of the communities it serves, educate tomorrow's caregivers, and research better ways to care for patients. MH recognizes innovation as a core value for its workforce, and seeks to promote innovations in the delivery of health care in support of its mission. This Policy is intended to foster discovery and the development of inventions by MH workforce members that will advance the delivery of healthcare for the benefit of the public. Through this Policy, MH workforce members will be further incentivized to investigate and pursue such inventions for MaineHealth.

Under this Policy, MH Workforce members (a term defined below under "Scope") are obligated to disclose to MH discoveries or inventions they make arising out of their work for MaineHealth, or through the use of MaineHealth facilities and resources. Such discoveries or inventions belong to MaineHealth, unless MaineHealth determines to disclaim its ownership interest. Otherwise, MaineHealth will, under the circumstances specified in this Policy, apply its resources to develop the discovery or invention. If the discovery or invention proves to have commercial value, MaineHealth will share that value with the inventors in accordance with the terms of this Policy.

Scope:

MH Workforce

This Policy applies to the activities of MH employees, when engaged in discovery, invention and innovation activities arising in whole or in part out of their employment with MH; and also applies to the activities of persons, whether or not employed by MH, who make any use of MH facilities, equipment, personnel, or information resources in connection with their discovery, invention and innovation activities. Both groups of persons are embraced in the term "MH Workforce" as used in this Policy. As such, "MH Workforce" includes, but is not limited to, medical staff, students, administrators, office and technical staff, contractors, consultants, faculty members and visiting scientists, and investigators, when any such persons are employed by or acting pursuant to a contract with MH or using MH facilities and resources.

MH Workforce members are subject to the terms of this Policy, and shall be deemed to have agreed to be bound by this Policy, by virtue of their employment with MH, or their use of MH facilities, equipment, personnel, or information resources.

Intellectual Property

The Policy applies to discoveries, inventions, or innovations that constitute, or have the potential to become, “Intellectual Property,” and that were made by MH Workforce members in whole or in part in connection with their employment with MH; or regardless of employment, though any use of MH facilities, equipment, personnel, or information. Intellectual Property shall consist of, for example and without limitation: inventions, creative works, patentable subject matter, copyrightable materials, know-how, electronic or paper documents, software, multimedia or audiovisual materials, and photographs. For purposes of this Policy, intellectual property is divided into two categories:

- “Patentable intellectual property” shall include, without limitation, all inventions, discoveries, know-how (despite the fact that these may not benefit from patent protection) and discoveries or other material that is patentable under US law (whether or not produced in the US), as well as all software that is excluded from “copyrightable material” (whether or not patentable under US law); and
- “Copyrightable intellectual property” shall include, without limitation, all creative works, electronic or paper documents, software, multimedia or audiovisual materials, and photographs, and any other materials that may be copyrightable under US law (whether or not produced in the US).

Exception

Except as specified below, this Policy does not apply to Copyrightable intellectual property qualifying as “Scholarly Works” authored by MH Workforce members. “Scholarly Works” are books, articles, or artistic creations reduced to paper or some other tangible media, or saved in electronic media, and intended for publication. Exception: Scholarly Works are subject to this Policy if any of the following apply:

- The Scholarly Work was assigned by and funded by MH;
- The Scholarly Work was developed through the use of substantially more MH resource support than is normally provided by MH Personnel; or
- The Scholarly Work was developed under an externally funded agreement with MH, unless otherwise provided in the agreement.

Independently Discovered Intellectual Property.

This Policy does not apply to discoveries, inventions, or innovations made by MH Workforce members entirely independent from their employment with MH, and without any use of MH facilities, equipment, personnel, or information.

MH may seek to acquire an interest in such independently discovered intellectual property for the purposes of supporting its further development in accordance with the terms of Paragraph 8 this Policy, set forth below.

Administration

This Policy will be administered by a standing Intellectual Property Committee. The activities of the Committee are subject to the ultimate authority of the MH Chief Academic Officer (“CAO”) and the MH CEO.

Committee members shall be appointed by CAO, but only with the concurrence of the MH CEO, the MH President or Chief Operating Officer, and the President of Maine Medical Center. The Committee shall comprise at least five persons, and the committee’s membership shall include the Vice President of Innovation, , a senior MH finance officer, and such other persons, if and as appropriate, who have useful expertise in research, innovation, and intellectual property development and evaluation.

Any MH grant or investment in a research or innovation project governed by this Policy, and any MH disposition of an intellectual property interest governed by this Policy, shall require the concurrence of the CAO and the MH CEO or his/her designee, if the value of the consideration conveyed by MH equals or exceeds \$250,000. In addition, if the value of such considerations equals or exceeds \$1,000,000 the concurrence of the MH Board of Trustees shall also be required.

Other Policies

Except as set forth in the remainder of this paragraph, this Policy is supplemental to, and does not qualify, other applicable MH policies, including policies governing ethical conduct, conflicts of interest, or ethical partnerships with vendors. This Policy replaces and supersedes the Maine Medical Center policy, adopted in 2013 and since amended, entitled “Rights and Responsibilities with Respect to Intellectual Property” for all discoveries not previously disclosed to Maine Medical Center before the effective date of this Policy. This Policy also replaces and supersedes any similar intellectual property policy governing the ownership of intellectual property rights that may have been in effect for any of the MaineHealth local health systems, for all discoveries not previously disclosed to MaineHealth or to the applicable local health system prior to the effective date of this Policy..

Policy:

1. *MaineHealth Ownership.* MH is the sole owner of Intellectual Property arising from discoveries, inventions, or innovations that are made by MH Workforce members in whole or in part in connection with their employment with MH; or regardless of employment, through any use of MH facilities, equipment, personnel, or information. Such Intellectual property shall be deemed “work made for hire.” MH may disclaim ownership of such Intellectual Property as set forth below. MH may support the development of such intellectual property, and will share any resultant income streams arising from the development of such Intellectual Property with Creators/Inventors, and their respective departments, as set forth below.
2. *Disclosure Obligation.* MH Workforce members must disclose to MH their discoveries, inventions and innovations that arise in whole or in part from their employment at MH, or the use of MH facilities, equipment, personnel, or information. This disclosure shall be made promptly following the discovery, invention, or innovation. The disclosure shall be made to the Office of the Chief Academic Officer, using forms provided by that Office. MH’s ownership rights to Intellectual Property under this Policy shall apply, regardless of whether the MH Workforce member adheres to or defaults on this disclosure obligation. MH Workforce members shall maintain the confidentiality of discoveries, inventions and innovations until the evaluation process set forth in Paragraph 3 below is complete, and thereafter, unless MH disclaims ownership interest in the Intellectual Property
3. *Evaluation.* The MH CAO shall refer the disclosure to the MH Intellectual Property Committee for evaluation. The Committee shall investigate the matter, and then recommend to the CAO whether the discovery, invention or innovation constitutes, or has the potential to become, Intellectual Property, and whether the further development of the Intellectual Property would likely advance the mission of MH sufficiently to warrant MH’s making available its resources for such further development; or whether MH should disclaim its ownership interest in the matter. The Committee may retain consultants as appropriate for its evaluation; and the disclosing MH Workforce member shall cooperate with the Committee’s investigation. Within 60 days of the disclosure, the Committee shall make its recommendation in writing to the CAO, providing a copy to the disclosing MH Workforce member. The decision of the CAO whether to accept or reject, in whole or in part, the Committee’s recommendation shall be deemed final, except that if the CAO’s decision entails a commitment for MH to provide developmental funding or support for the invention that equals or exceeds \$250,000 in value, the MH CEO or his/her designee must approve the recommendation; and if the decision entails a commitment that equals or exceeds \$1 million, the MH Board must also approve the recommendation. Within ten (10) business days of final action on the Committee’s recommendation, the CAO shall notify the disclosing MH Workforce member of the decision. Unless the notification states that MH is disclaiming an ownership interest in the discovery, invention or innovation, the matter shall be deemed Intellectual Property owned by MH and subject to this Policy.

4. *Further Development.* Except for Intellectual Property for which MH has disclaimed ownership interest, MH shall provide or arrange for such further resource support for the further research and development of such intellectual property, and the pursuit of legal protection for such intellectual property, to an extent and in a manner that, in its discretion, it determines to be appropriate. MH may contract with the Creators/Inventors or others as necessary for this purpose. MH may also seek external funding sources for this purpose, on such terms as it, in its discretion, deems acceptable. Any and all such contractual arrangements must be approved by the CAO. Any such resource support and contractual arrangements shall be subject the further requirements of MH CEO and Board approvals set forth in Paragraph 3 above, at the thresholds therein indicated.

5. *Allocation of Income Streams Derived from Intellectual Property.*
 - a. MH may license the Intellectual Property on such terms and conditions as it, in its discretion, sees fit; provided that MH first determines that that licensing is likely to promote the dissemination of the discovery, invention or innovation, or derivatives therefrom, in the public interest; and that the consideration flowing to MH from the licensing is judged reasonably to comport with fair market value.
 - b. If the expected value of the license proceeds over the term of the license, whether in the form of royalty payments or an equity or other ownership interest in an entity that will own Intellectual Property, or both, is equal to or exceeds \$250,000, the MH CEO or his/her designee must approve the license; and if the expected proceeds equals or exceeds \$1 million, the MH Board must also approve the license.
 - c. Proceeds from the licensing shall first be applied to repay MH for the resources – financial, facilities, and human resources – expended by MH in the development of the intellectual property. In addition, an appropriate portion of the proceeds may be set aside to MH to cover anticipated future expenses relating to the Intellectual Property, such as patent prosecution costs, or an infringement suit. Thereafter, the proceeds of licensing net of this repayment and set-aside shall be applied as follows:
 - 40% to the MH Workforce member who is the Creator/Inventor of the Intellectual Property; and
 - 60% to MH. Absent extraordinary circumstances, MH shall apply 1/3rd of its 60% interest to cover the cost of equipment, research, educational or patient care improvement initiatives of the MH department, if any, with which the

Creator/Inventor is associated.¹ The remainder of the MH share may be considered in connection with MH's annual budgeting for research and innovation activities.

- b. If the more than one MH Workforce member is the Creator/Inventor of the Intellectual Property, the 40% of licensing proceeds allocable to the Creator/Inventor as set forth above be divided among such persons as determined by the CAO, giving due consideration to the relative contributions of the Creators/Inventors to the invention, and consideration but not binding authority to any agreement between such persons for the division. The formula for allocation shall also govern the distribution of proceeds to the Workforce members' respective departments, if more than one department is involved.
 - c. If both MH Workforce member(s) and non-MH Workforce members are co-Creator(s)/Inventor(s) of the Intellectual Property, then MH's ownership, control, and allocation of licensing proceeds of the Intellectual Property shall extend to that portion of the Intellectual Property attributable to the MH Workforce Member(s) who is/are a co-Creator(s)/Inventor(s).
 - d. If the proceeds of licensing include the conveyance of an ownership interest to MH in the entity licensing the Intellectual Property from MH, MH shall allocate the economic interests associated with such ownership interests in accordance with the percentages set forth above, but MH shall retain the exclusive right to all of the voting powers embodied in the ownership interest conveyed. Creator(s)/Inventor(s) will not be allocated such economic interests associated with MH's ownership interest in the licensing entity if the Creator(s)/Inventor(s) have received an ownership interest, or a beneficial interest in another's ownership interest, from the licensing entity, or from persons or entities other than MH.
 - e. The interest of a Creator/Inventor in the proceeds of any licensing of MH Intellectual Property under this Policy will remain with such person, even if that person ceases to be member of the MH Workforce. The interest may pass to the Creator's/Inventors heirs or legatees, but otherwise may not be transferred to any other person or entity, except with the approval of MH, acting through its CAO.
6. *Conveyance of Intellectual Property.* In lieu of licensing the Intellectual Property, MH may convey ownership of the Intellectual Property to a third party, on such terms and conditions as it, in its discretion, sees fit; provided that MH first determines that the conveyance is in the public interest; and that the consideration flowing to MH from the conveyance is judged reasonably to comport with fair market value. Allocation of the sales proceeds from such a conveyance shall be consistent with the allocations in Paragraph 5 above. If the value of the consideration for the conveyance is equal to or exceeds \$250,000, the MH CEO or his/her designee must approve the conveyance; and if the value equals or exceeds \$1 million, the MH Board must also approve the conveyance.

¹ For the purposes of this Policy, a discreet research institute formally established within MH or its local health facilities, together with its faculty and staff, shall be considered a "department" of MH.

7. *Conflicts of Interest.* No MH Workforce member that is a Creator/Inventor of Intellectual Property governed by this Policy shall directly or indirectly acquire, or hold, or benefit from another's holding of an ownership or equity interest in any entity licensing the Intellectual Property from MH, unless such interest has been allocated to the Workforce member by MH in accordance with Paragraph 5 or 6 above, or is expressly permitted in advance by the CAO after receiving a recommendation of the Intellectual Property Committee. The CAO shall approve the acquisition or holding of such an ownership or beneficial interest only after making an affirmative determination that the Workforce member's holding of such an interest is consistent with the principles embodied in this Policy; will not adversely affect MH's control of the Intellectual Property and its development; and otherwise comports with any other MH policies governing employee or Workforce conflicts of interests.

8. *MH Acquisition of Interests in Intellectual Property Independently Created by MH Workforce Member.* MH may acquire an ownership or licensing interest in intellectual property created by a MH workforce member entirely independent of that member's activities as an employee of MH, and not involving any use MH facilities, equipment, personnel, or information resources. Such acquisition may be made only if the CAO determines, following review and recommendation by the Intellectual Property Committee, that:
 - . The intellectual property in fact has not been created in whole or in part through the activities of a MH employee, or through the use of MH facilities, equipment, personnel, or information resources;
 - . MH's acquisition of, and resource support for, the further development of the intellectual property would likely advance the mission of MH sufficiently to warrant MH's making available its resources for such further development; and
 - . The terms of the acquisition and commitments for further development are judged reasonably to comport with fair market value, fair to MH, and otherwise consistent with the conflict of interest principles set for in this and other MH policies.

If the value of the consideration to be furnished by MaineHealth for the acquisition is equal to or exceeds \$250,000, the MH CEO or his/her designee must approve the acquisition; and if the value of the consideration equals or exceeds \$1 million, the MH Board must also approve the acquisition.

9. *Regular Reporting.* No less than quarterly, the CAO shall furnish a report to the MH CEO and the MMC President, describing the application of this Policy to MH activities during the preceding 3-month period. No less than semi-annually, the CAO shall furnish a report to the MH Board committee with oversight responsibilities over research affairs,

describing the application of this Policy to MH activities during the preceding 6-month period.

10. *Certification of Compliance.* MH Workforce members shall certify their compliance with this Policy on request by MH, which may be made annually, or at such other times and frequency as MH determines.
11. *Interpretation.* This Policy shall be interpreted in such a manner so that the Policy and transactions in implementation of the Policy are in compliance with all applicable laws and regulations, requirements for tax exemptions for charitable institutions activities and facilities use and financing, and grant restrictions; and shall be deemed modified to the extent required for such compliance.
12. *Policy changes.* MH may amend this Policy from time to time. Any such Policy changes shall not affect any economic interests previously allocated to Creator(s)/Inventor(s) under the terms of the Policy.