

Subject	No.	Page
<b>INTELLECTUAL PROPERTY POLICY</b>	<b>101</b>	1 of 5
Prepared By	Prior Issue Date	Issue Date
<b>Research Institute Administration &amp; Beaumont Commercialization Center</b>	<b>10/06/06, 3/27/07</b>	<b>07/27/10</b>

## BACKGROUND

Beaumont encourages its employees and other individuals affiliated with Beaumont to participate in mutually beneficial relationships with industrial, governmental and private partners to promote the production of knowledge and technology to help meet societal needs. This Intellectual Property Policy seeks to stimulate the development of useful knowledge into intellectual property, and to facilitate the process of technology transfer by protecting and optimizing the equitable rights of William Beaumont Hospital, its Research Institute, its Commercialization Center, (hereinafter referred to collectively as “Beaumont”) and individuals associated with or employed by Beaumont.

Collaborations and the commercialization of any intellectual property must be consistent with Beaumont’s charitable purposes. As a charitable organization, (501)(c)(3) Beaumont’s innovation activities do not focus solely on the generation of royalties or other income. Nonetheless, one objective of commercialization of intellectual property is the generation of royalty income to the extent that such generation does not compromise Beaumont’s scientific research and charitable purposes.

This Policy governs the rights and duties of all individuals employed by Beaumont, and those involved in Beaumont supported activities which includes individuals conducting patient or non-patient research at Beaumont, and individuals receiving funding from Beaumont or using staff and/or facilities of Beaumont with respect to inventions, discoveries, works of authorship, software or other intellectual property matters as protected under the laws of patents, copyrights, trademarks, or as trade secrets.

## ORGANIZATION ROLES

The Beaumont Commercialization Center has been established as a division of Beaumont Services Company. Its charter is to cultivate Beaumont inventions, lead the processes to determine which intellectual property concepts are chosen to be protected, and to be the lead in coordinating all licensing activities.

The Beaumont Research Institute remains focused on advancing the standard of patient care through research focused on applied science and clinical trials. The Research Institute supports the Commercialization Center in the assessment of invention concepts; (e.g., providing evaluation of medical and scientific merit of an innovation).

## PATENTS

Ownership of all patents and patentable concepts resulting from inventions which are conceived or developed during the individual's Beaumont employment or as a result of Beaumont supported activities (as defined above). In such cases, the invention shall belong exclusively to Beaumont unless previously assigned by Beaumont through contract or other agreement. Income derived from the exploitation of a patent outside Beaumont will be shared with the inventor, as set forth in Section VI of this Policy. All patentable concepts, inventions and intellectual property must be disclosed to Beaumont in the manner described herein. All individuals subject to this Policy who have invented or developed intellectual property must

## Research Institute Administration

Subject	No.	Page
<b>INTELLECTUAL PROPERTY POLICY</b>	<b>101</b>	2 of 5
Prepared By	Prior Issue Date	Issue Date
<b>Research Institute Administration &amp; Beaumont Commercialization Center</b>	<b>10/06/06, 3/27/07</b>	<b>07/27/10</b>

disclose such property to Beaumont prior to its publication or public disclosure to provide Beaumont appropriate time to evaluate and protect the intellectual property.

**COPYRIGHTS**

Except as otherwise stated in this policy, rights of copyright shall belong to the author unless the copyrightable work was written within the scope of employment or resulted from a project that was a Beaumont supported activity (as defined above).

Copyright to works including computer software resulting from employment or projects which are supported financially by Beaumont shall belong exclusively to Beaumont unless previously assigned by Beaumont through contract or other agreement. Except as provided below, the author of a copyrighted work resulting from a project which was supported financially by Beaumont will be entitled to share in income derived from exploitation of such work outside Beaumont, as set forth in Section V of this Policy.

Distribution of income derived from exploitation of copyrighted computer software shall be determined at the sole discretion of Beaumont.

**TRADE SECRETS**

It shall be the responsibility of all individuals subject to this Policy to maintain proprietary, confidential or trade secret information of Beaumont as confidential and not to divulge such information to others or use such information except on behalf of Beaumont. A trade secret can be any idea, process, formula, pattern, device or compilation of information which provides or may provide some commercial benefit.

These obligations for secrecy and restrictions on use shall not, however, apply to information which (a) becomes public or is generally available to the public through no fault of an individual subject to this policy; (b) is received from a third party who is in rightful possession of such information; (c) can be shown to have been outside the scope of this Policy; or (d) is required to be disclosed by law. All rights to proprietary, confidential or trade secret information of Beaumont shall be owned exclusively by Beaumont. Income derived from exploitation of trade secrets outside Beaumont will be shared with the originator of such trade secret as set forth in Section VI of this Policy.

**INCOME DISTRIBUTION**

Beaumont shall consider seeking commercialization opportunities for intellectual property under this Policy and negotiate such relationships with third parties at its sole discretion and consistent with its tax-exempt status. The inventor of a patentable invention or the author of a copyrighted work or the originator of a trade secret whose ownership rights belong to Beaumont is entitled to a portion of the income received by Beaumont as royalties or any other type of monetary income derived from licensing, an assignment, or any other contractual relationship with a third party. Income resulting from exploitation of such patent, copyright or trade secret, must first be used to reimburse Beaumont for all commercialization costs, legal expenses, government fees, and other costs incurred, including, but not limited to, acquiring, maintaining,

**Research Institute Administration**

Subject	No.	Page
<b>INTELLECTUAL PROPERTY POLICY</b>	<b>101</b>	3 of 5
Prepared By	Prior Issue Date	Issue Date
<b>Research Institute Administration &amp; Beaumont Commercialization Center</b>	<b>10/06/06, 3/27/07</b>	<b>07/27/10</b>

defending, enforcing, or litigation involving such patent, copyright or trade secret. Beaumont may deduct a reserve from gross income when Beaumont determines that further expenses may be incurred, which may not be covered by future royalty income. The unspent balance of any such reserve is distributed when it is no longer required as determined by Beaumont. Beaumont shall seek commercialization opportunities and negotiate such relationships with third parties at its sole discretion. Beaumont will undertake a process of evaluation in a timely fashion and inform the inventor, author, or originator of its intention to patent or otherwise protect, to develop or to commercialize the disclosed intellectual property.

Beaumont is entitled to use, make, or have made any article or composition, or practice any method subject to patent, copyright or trade secret protection within the scope of this Policy for use by, or on behalf of, Beaumont or its subsidiaries royalty free and without any obligation to compensate the developer. Net income received from a third party, derived from a patent, copyright or trade secret will be divided among the inventor, author or originator; the Research Institute, Beaumont Hospital, and the appropriate Research Service Line on a yearly basis, to the extent it is practicable, in accordance with the following Net Income Distribution Schedule:

### NET INCOME DISTRIBUTION SCHEDULE

Cumulative Net Income	Inventor Share	Beaumont Share
< \$100,000	45%	55%
\$100,000 - 500,000	40%	60%
> \$500,000	35%	65%

Sub-distribution of Beaumont Share		
Hospital	Research Service Line	Research Institute
15%	20%	20%
15%	25%	20%
15%	30%	20%

The Net Income Distribution Schedule above may be modified as to patents/subject inventions developed with external grant proceeds. Such distributions will be governed by the terms of the grant and applicable laws and regulations.

In the event that more than one inventor or author is named in a patent or copyright, or more than one individual originated a trade secret for which income is distributable, these individuals will share equally in the inventor's, author's or originator's share of income unless otherwise agreed in writing.

Beaumont will share net income as set forth in this Section regardless of whether the inventor, author or originator continues to be associated with Beaumont and will further provide such shares to the inventor's, author's or originator's estate in the event of their death.

A Research Service Line is a designated department, subspecialty, or research program serving a defined population of patients or engaged in a distinguishable scientific mission, with its own financial Responsibility Center (RC). The research service line distribution shall be assigned to

## Research Institute Administration

# Beaumont Hospitals®

Subject <b>INTELLECTUAL PROPERTY POLICY</b>	No. <b>101</b>	Page 4 of 5
Prepared By <b>Research Institute Administration &amp; Beaumont Commercialization Center</b>	Prior Issue Date <b>10/06/06, 3/27/07</b>	Issue Date <b>07/27/10</b>

the Division 08 RC. Such revenue accrued in the Division 08 RC may be spent only during the calendar year in which it was received; revenue remaining in the Division 08 RC at the end of the year is closed into Beaumont Hospitals' unrestricted equity.

**TRADEMARKS**

Trademark rights relating to any mark conceived, developed or used in connection with any activity related directly or indirectly to Beaumont shall be owned exclusively by Beaumont. Income generated in connection with a trademark owned by Beaumont shall be retained exclusively by Beaumont.

**DISCLOSURE**

All individuals subject to this Policy who conceive of a potentially patentable invention, authors a copyrightable work, or is an originator of a trade secret shall submit a completed Invention Disclosure Report, (Appendix A), available from the Beaumont Commercialization Center. The Invention Disclosure Report must be completed and submitted to Beaumont Commercialization Center prior to a) filing an application for patent or copyright; b) any disclosure of such invention or work to any third party; c) any public or clinical use or offer for sale of such developments; d) contact or negotiations with any potential commercial partner or; e) any publication or public disclosure. In the event that an application for patent, copyright or trademark registration is filed, it will be the appropriate individual's responsibility to cooperate in the procurement of such protection and in the confirmation of ownership of the intellectual property as set forth in this Policy.

The intellectual property, upon disclosure, will be subjected to a process of evaluation. This evaluation may consist of: scientific and medical consideration; evaluation of patentability and legal position for potential commercialization; a commercial marketing analysis to determine the potential for commercialization. If the evaluation process results in selection of the invention for protection, then Beaumont may seek to develop, license, or find potential commercial partners to commercialize the invention.

Beaumont Commercialization Center shall confirm in writing, within twelve (12) weeks of receipt of the Invention Disclosure Report, (unless duly notified in writing of an unanticipated delay), whether Beaumont will or will not retain ownership and if ownership is retained, whether or not to seek to develop or protect the intellectual property. In cases where the Beaumont Commercialization Center has confirmed in writing that Beaumont has no interest in retaining ownership, the individual will be free to seek patent or copyright legal protection at his/her own expense, and will own said patent or copyright subject to Beaumont's reserved rights set out in Section VI. However, if any Beaumont resources were used in the development of the intellectual property, to which the patent, copyright or trade secret relates, Beaumont shall have the right to 10% of the income resulting therefrom. Activity reports, status reports and financial reports will be furnished to Beaumont, on at least an annual basis, by those individuals who elect to develop and market an invention,

**Research Institute Administration**

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# Beaumont Hospitals®

Subject	No.	Page
<b>INTELLECTUAL PROPERTY POLICY</b>	<b>101</b>	5 of 5
Prepared By	Prior Issue Date	Issue Date
<b>Research Institute Administration &amp; Beaumont Commercialization Center</b>	<b>10/06/06, 3/27/07</b>	<b>07/27/10</b>

copyrightable work or trade secret at their own expense, after being informed of their right to do so by Beaumont.

Under no circumstances shall a potentially patentable invention, copyrightable work, trade secret, proprietary or confidential information within the scope of this policy which is owned by Beaumont be disclosed to any third party without the prior written consent of Beaumont.

The duties of disclosure and nondisclosure shall remain binding on individuals subject to this policy following the conclusion of their relationship with Beaumont.

## **ENFORCEMENT/ INTERPRETATION**

The enforcement and interpretation of this Policy shall be determined by the Beaumont Commercialization Center and the Vice President, Research. Additional enforcement or interpretation, if necessary, shall be the responsibility of Beaumont's Chief Medical Officer with ultimate authority vested in the Board of Directors.

## **MISCELLANEOUS PROVISIONS**

This Intellectual Property Policy is intended to supersede all prior policies of Beaumont, written or unwritten, concerning intellectual property. This Policy shall become effective as determined by Beaumont's Board of Directors. Beaumont reserves the right to amend, supplement or delete portions of this Policy as desired.

Beaumont also reserves the exclusive right to enter into contractual arrangements with third parties, which depart from or supplement the provisions of this Policy. To the extent that such alternate contractual arrangements affect compensation which would otherwise be distributed to an individual as set forth by this Policy, Beaumont will provide such individual with alternate compensation as determined by Beaumont's Board of Directors. Should there be any dispute regarding the amount of such compensation, the parties agree to arbitrate such claims through the American Arbitration Association.

Original

Revision or Review

Approved by Research Institute Board of Governors on 06/21/10

Revisions Approved by Governance Committee on 7/26/10

Revisions Approved by Board of Directors on 7/27/10

## **Research Institute Administration**

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