

**Rush University Medical Center  
Research Affairs/Intellectual Property  
Corporate Compliance Manual  
INTELLECTUAL PROPERTY POLICY  
Last Reviewed Date: -- May 12, 2010**

**I. POLICY**

**A. Purpose**

A core mission of Rush is to improve the public health. For this reason, Rush University Medical Center ("Medical Center") supports the research efforts of its faculty, staff, employees and students (collectively "Covered Individuals"). One way this is accomplished is by seeking patent protection for new technologies so they can be transferred to the private sector through licensing for further development, commercialization and distribution to the public. Often, without patent protection, commercial entities are unwilling to develop a product. Rush needs commercial partners because it is not within the scope of our mission to turn a discovery into a useful commercial product for wide distribution. Generally a patent is most useful when significant resources from the private sector are needed for further research and development of the technology. The National Institutes of Health encourages the development of new tools to improve health under the requirements of the Bayh-Dole Act (35 U.S.C. § 200 et seq.) and this legislation forms the basis for our technology transfer policies.

The Medical Center has established a set of Intellectual Property Policies and Procedures to facilitate the discovery, development and application of new research, ideas, creative works and technology which promise to benefit the general public. The Medical Center seeks to encourage scholars, researchers, inventors, and authors through the allocation and distribution of incentives and rewards while protecting its own legitimate commercial interests and financial investment towards such discoveries, creations and inventions.

The objectives of the Intellectual Property Policies and Procedures are:

1. To maintain the Medical Center's academic policy of promoting, preserving and encouraging scientific investigation, research and scholarship within the Medical Center.
2. To protect the traditional rights of scholars with respect to the work products of their intellectual endeavors and to establish incentives for inventors and authors by which they are able to share in the financial proceeds from their inventions and creations.
3. To assist the Medical Center in retaining, advancing, motivating and attracting scholars, researchers, inventors and authors.
4. To foster participation by the Medical Center in research development and commercial application and to further enhance the reputation of the Medical Center as an academic research institution.

## **B. Scope**

This revised policy incorporates by reference the following set of related policies pertaining to intellectual property: Policy #1, Policy Overview, Applicability, and Amendment; Policy #2, Ownership and Allocation of Income; Policy # 3, Intellectual Property Procedures; and Policy #4, Intellectual Property Committee), approved by the Board of Trustees on December 11, 2002, and amends those policies to incorporate by reference the provisions of this revised policy. The entire set of policies supersedes the Rush University Medical Center Patents, Copyrights and Licenses Policy and Procedure Manual originally published in November of 1977 with a third printing in August of 1982. These policies apply to all Intellectual Property covered by the parameters of this policy as of the date of adoption by the Board of Trustees of Rush University Medical Center but shall not apply retroactively to any existing or pending patents, licenses, trademarks, copyrights or inventions disclosed to the Intellectual Property Office prior to the date of adoption. The policies further apply to and take precedence over any employment contract or agreement, assignment of ownership rights or any other arrangement or understanding entered into by any Covered Individuals.

This Policy constitutes an understanding which is binding on the Medical Center and on its Covered Individuals upon whom it is effective as a condition for employment, engagement, placement, appointment to its faculty or staff, or involvement in any of the research or clinical activities of the Medical Center.

This Policy does not cover the procedure for obtaining trademark protection.

## **C. Definitions**

1. Author: Any person who, whether solely or jointly with others, produces a Copyrightable Work.
2. Combination Invention: Inventions which can be protected with multiple forms of Intellectual Property protection.
3. Commissioned Works: Intellectual Property which is the subject of a written agreement with the Medical Center when (1) the Author/Inventor is not a Medical Center employee, or (2) the Author/Inventor is a Medical Center employee but the work to be performed falls outside the normal scope of the Author/Inventor's Medical Center employment.
4. Copyrightable Work: An original work of authorship (such as software, literary, musical, artistic, photographic, or film work) fixed in any tangible medium of expression but excluding books or book chapters.
5. Covered Individual: Any faculty member, staff member, employee or student of Rush University Medical Center.
6. Invention: Any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, or any new variety of plant, or any new, original and ornamental design for an article of manufacture, which is or may be patentable under the laws

of the United States.

7. Inventor: A person who, whether solely or jointly with others, creates an Invention.
8. Intellectual Property: A commercially valuable product of the human intellect, in a concrete or abstract form, such as Copyrightable Work, trademarks, Inventions or trade secrets or Combination Inventions.
9. Rush Intellectual Property: Any Intellectual Property which is created by a Covered Individual:
  - (a) who makes use of the Medical Center resources (such as funds, space, facilities, materials or personnel, specifically excluding the library); or
  - (b) within the normal field of his or her employment responsibility and activity with the Medical Center, without regard to location or salary source.
10. Net income: Gross royalties and fees received from specific Intellectual Property less all costs expended towards such Intellectual Property including, but not limited to, the costs of obtaining and maintaining protection of the Intellectual Property and the costs associated with licensing the Intellectual Property.

**D. Policy**

1. **Ownership of Rush Intellectual Property**

The Medical Center reserves the right to claim ownership to Rush Intellectual Property. Furthermore, the Medical Center reserves the right to pursue multiple forms of legal protection concomitantly if available.

The Medical Center retains the following rights with regard to Rush Intellectual Property:

- (a) To undertake any action necessary to perfect and protect its claim of ownership;
- (b) To negotiate and execute any and all agreements which in any way pertain to the Rush Intellectual Property over which it asserts an ownership interest;
- (c) To share in any proceeds from the sale or use of the Rush Intellectual Property which may be due and owing to the Medical Center;
- (d) To serve as the repository of any and all royalty monies or other income received from the sale, assignment, licensing or other

disposition of Rush Intellectual Property;

- (e) To distribute and/or allocate the appropriate proportionate share (according to applicable Medical Center policy, agreement and/or arrangement) of any and all income received by the Medical Center from the sale or use of Rush Intellectual Property;
- (f) To make such determinations as to the disposition and/or further use, modification or development of Rush Intellectual Property; and
- (g) To take all such other action or inaction with regard to Rush Intellectual Property which may be reasonably necessary under the circumstances.

2. **Allocation of Income for Rush Intellectual Property**

Subject to applicable restrictions arising from overriding obligations of the Medical Center pursuant to gifts, grants, or other agreements with outside organizations, the Net Income from Rush Intellectual Property received by the Medical Center shall be allocated as follows:

**Net Income  $\leq$  \$5000**

100% will be allocated to the Inventor(s) or Author(s) as personal income.

**Net Income  $>$  \$5000 but  $\leq$  \$500,000**

50% to Inventor(s) or Author(s) which will be further allocated as:

- 40% to Inventor(s) or Author(s) as personal income; &
- 10% to a Medical Center fund designated by the Inventor(s) or Author(s) to cover ordinary, direct research expenses such as salary, supplies, equipment or travel\*;

50% to the Medical Center which will be further allocated as:

- 5% to Inventor's or Author's department; &
- 45% to the Medical Center to be used at the discretion of the President in consultation with the Provost, Associate Provost for Research, the applicable College Dean and Chairpersons, and other members of senior management and the Board of Trustees as appropriate. If possible, the final 5% of this portion will be made available to the applicable Dean or split evenly among the applicable Deans.

**Net Income > \$500,000**

50% to Inventor(s) or Author(s) which will be further allocated as:

- 30% to Inventor(s) or Author(s) as personal income; &
- 20% to a Medical Center fund designated by the Inventor(s) or Author(s) to cover ordinary, direct research expenses such as salary, supplies, equipment or travel\*;

50% to the Medical Center which will be further allocated as:

- 5% to Inventor's or Author's department; &
- 45% to the Medical Center to be used at the discretion of the President in consultation with the Provost, Associate Provost for Research, the applicable College Dean and Chairpersons, and other members of senior management and the Board of Trustees as appropriate. If possible, the final 5% of this portion will be made available to the applicable Dean or split evenly among the applicable Deans.

\* If the Inventor or Author leaves the Medical Center, the portion distributed to support the Inventor's or Author's research shall revert to the appropriate Medical Center fund(s) used for Intellectual Property Office operating expenses, research, education or other appropriate purposes.

When there are two or more Inventors or Authors, each Inventor or Author shall share equally in the Inventor's or Author's share of the Net Income unless all Inventors or Authors previously have agreed in writing to a different distribution of the Inventor's or Author's share. Similarly, two or more departments shall share equally in the departments' share of the Net Income unless all Department heads/chairs have previously agreed in writing to a different distribution of the departments' share.

**II. PROCEDURE**

**A. Intellectual Property Office:**

The Medical Center is responsible for the formulation and implementation of procedures necessary to protect, market and license Rush Intellectual Property. The administrative and day-to-day business aspects of managing Rush Intellectual Property are the responsibility of the Intellectual Property Office under the direction of the Associate Provost for Research.

**1. Intellectual Property Committee:**

The President of the Medical Center or his designee shall appoint members of an Intellectual Property Committee ("Committee") to

advise and assist the Intellectual Property Office in the task of managing Rush Intellectual Property. The Committee shall meet periodically to receive and review reports on the status of the portfolio of Rush Intellectual Property, to review policies and procedures pertaining to Rush Intellectual Property, and render such advice and counsel concerning such Rush Intellectual Property as may be requested by the President of the Medical Center and/or the Intellectual Property Office.

2. Intellectual Property Committee Membership:

The membership of the Committee include as regular members the Associate Provost for Research who will serve as Chairman, the Vice President of the Office of Legal Affairs, the Dean of the Rush Medical College, the Dean of the College of Health Sciences, the Dean of the Graduate College, the Dean of the College of Nursing, the Senior Vice President of Philanthropy, the Provost of Rush University, the Vice Provost for University Affairs, the Director of the Intellectual Property Office, the Chief of the Research Administrative Office, the Senior Director of Research Integrity and the Director of Sponsored Research Projects

At the beginning of each calendar year, a regular member of the Committee may appoint a single designee to attend Committee meetings and vote on his/her behalf. The designee shall then serve in place of the regular member for the selected year. When the Committee meets to review IP policies and procedures, regular members shall attend such meetings (to the best of their ability).

One or more students may attend and observe the Committee meetings. The designated student(s) shall not be considered a Committee member(s) and shall not have voting rights.

3. Intellectual Property Committee Voting Procedures:

One third of the membership of the Committee constitutes a quorum. The Committee may act upon the vote of a majority of its members at a meeting at which a quorum is present.

**B. Disclosure of Rush Intellectual Property**

Rush Intellectual Property shall be promptly disclosed by Covered Individuals in writing to the Intellectual Property Office. Forms for Invention Disclosure, Copyrightable Work Product Disclosure, and New Idea Disclosure are available to download on the Research at Rush web site or by e-mail or telephone request to the Intellectual Property Office. There are additional, specific reporting requirements related to Intellectual Property developed using federal funds.

**C. Intellectual Property Committee Review**

After the Rush Intellectual Property disclosure is reviewed and, if necessary, a preliminary patentability search and marketability assessment is conducted, the

Committee will decide on the dispositions of the Rush Intellectual Property.

Rush will manage research tools (assays, libraries, reagents, etc.) in a fashion consistent with NIH policy. Such resources will be made available to researchers in both the private and public sector in accordance with the 1999 Principles and Guidelines for Recipients of NIH Research Grants and Contracts on Obtaining and Disseminating Biomedical Research Resources.

If the Medical Center decides not to pursue Intellectual Property protection of Rush Intellectual Property within two years of its disclosure to the Intellectual Property Committee or two months prior to a loss of US Patent rights, whichever comes first, or if neither the Medical Center nor any invention marketing corporation working on behalf of the Medical Center wishes to continue to pursue intellectual property protection for Rush Intellectual Property, subject to 37 C.F.R. § 401 *et seq.*, the Inventor(s)/Author(s) may be given the opportunity to individually proceed with acquiring intellectual property protection and ownership. The minimum requirements of such opportunity will obligate the Inventor(s)/Authors(s) as follows:

1. To pay the Medical Center any out-of-pocket costs incurred by the Medical Center and/or any such invention marketing corporation in procuring or attempting to procure intellectual property protection for the Rush Intellectual Property;
2. To grant the Medical Center a royalty-free, non-exclusive, non-transferable license to use the Rush Intellectual Property solely for non-commercial purposes.

#### **D. Marketing the Technology**

The Intellectual Property Office will work with the Inventor/Author to develop a marketing strategy, and will seek licensees (companies willing to support further development and commercialization) of the Rush Intellectual Property. Rush Intellectual Property available for licensing is also posted on the Research at Rush website.

#### **E. Agreements with Third Parties**

All agreements related to Rush Intellectual Property should be evaluated by the Intellectual Property Office and the Office of Legal Affairs. Negotiation of all such agreements and the collection and distribution of income generated from such agreements should be handled by the Intellectual Property Office. The Associate Provost for Research is the signatory for these agreements.

Agreements covering Commissioned Works shall specify that the Author/Inventor convey by assignment, if necessary, such rights as are required by the Medical Center.

All research, material transfer and other research agreements should be evaluated by the Office of Research Affairs and the Office of Legal Affairs. Negotiation of all such agreements should be handled by The Office of Research Affairs. The Director of Sponsored Projects is the signatory for these agreements.

The Intellectual Property Office and the Office of Research Affairs are responsible for evaluating agreements and proposals to protect the interest of both the Medical Center and the Inventor/Authors of Rush Intellectual Property. The Medical Center is always the responsible signatory. For more information, see the Forms and Agreements section of the Research at Rush website.

**F. Conflicts of Commitment and Interest**

Covered Individuals involved in licensing Rush Intellectual Property may encounter situations resulting in conflicts of interest/and or commitment. This is especially true when they become privately involved with the licensee in the further development of the Rush Intellectual Property—either as a stockholder, officer, employee, or contract consultant. In such instances, precautions must be taken either to avoid these conflicts or to manage them to protect the Medical Center and its Covered Individuals from the adverse consequences that result from a conflict of interest and/or commitment. The fact that a conflict exists or may arise at some future time does not necessarily preclude faculty involvement with the licensing of the technology or its development by a private entity. It does, however, require that a plan for managing the conflict be developed, approved, implemented and monitored. For these reasons, the review process for licensing technology must consider whether the arrangement presents an actual or apparent conflict. Covered Individuals involved in managing a conflict should keep detailed written records of their efforts on behalf of the Medical Center and the licensee, and should be familiar with the Medical Center's "Disclosing and Managing Conflicts of Interest in Research" effective June 18, 2002, and other applicable Medical Center rules and regulations.

**G. Importance of Confidentiality**

Inventors/Authors should be aware that Rush Intellectual Property must be kept strictly confidential until proper protection is in place. Prior to disclosing information regarding Rush Intellectual Property, a Confidential Disclosure Agreement should be executed between the Medical Center and the entity who will receive the Medical Center's confidential information. This document requires the company (potential licensee) to keep the disclosed information confidential. Rush, the company receiving the confidential information and the Inventor/Author if requested, must sign the agreement. Contact the Intellectual Property Office for more information.

**H. Dispute Resolution**

Questions regarding the applicability of Medical Center ownership may be directed to the Intellectual Property Office.

In the event of a disagreement or misunderstanding among or between Authors or Inventors and the Medical Center as to the ownership rights or interests in Rush Intellectual Property, the President of the Medical Center shall ask the Intellectual Property Committee to review the matter and provide a written recommendation to the President as to the issue in dispute. The President of the Medical Center shall make the final determination as to such issue or issues in dispute.

## **I. Amendment of Policies and Procedures**

All Sections of the Intellectual Property Policies and Procedures, with the exception of Section I.D.2., may be adopted, amended, modified, expanded or repealed by the Intellectual Property Committee of the Medical Center with the final approval of the President of the Medical Center. Section I.D.2. of the Intellectual Property Policies and Procedures may be adopted, amended, modified, expanded or repealed with the approval of the Executive Committee of the Medical Center's Board of Trustees.

### **Bibliography:**

P.L. 96-517 Chapter 38: Patent Rights in Inventions Made with Federal Assistance

35 U.S.C. Sections 200 – 211

37 C.F.R Sections 401.1 - 401.17

Federal Register, Vol. 64, No. 246, pps. 72090-72096

### **Related Forms and Procedures:**

Rush Policy Number CC-0700-G01-2; Title: Contract Review Policy

Rush Policy Number Conflicts of Interest; Title: Conflicts of Interest

### **Education/Training Resources:**

#### **Document History:**

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Board of Overseers Approval – May 11, 2010

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#### **Approved By:**

IP Committee

President, Rush University Medical Center

Board of Trustees of Rush University