

# ST. JOSEPH HEALTH SYSTEM INTELLECTUAL PROPERTY AND COMMERCIALIZATION POLICY

**Effective Date: July 9, 2013**

## Scope and Purpose

Through its mission of continuously improving the health and quality of life of people in the communities St. Joseph Health System (“**SJHS**”) serves and the advance of scientific knowledge, the highest standards of quality, SJHS improves and lengthens life for millions of people.

The following Intellectual Property Commercialization Policy (“**Policy**”) shall govern all Intellectual Property that: (i) is conceived, developed, created, acquired, and/or otherwise reduced to practice by any SJHS employee (whether full time, part time, contract, fixed-term, or student), independent contractor, or independent researcher (individually, a “**Covered Person**” and collectively, “**Covered Persons**”); or (ii) relates directly or indirectly to the business of SJHS or its actual or demonstrably anticipated research or development activities; or (iii) is conceived, developed, created, acquired, and/or otherwise reduced to practice during participation in any SJHS–associated activities; or (iv) is conceived, developed, created, acquired, and/or otherwise reduced to practice using SJHS resources of any kind; or (v) is conceived, developed, created and/or otherwise reduced to practice in SJHS-owned or-operated facilities; or (vi) otherwise arising from the employment-related activities of Covered Person; or (vii) is an improvement, addition, or modification to existing SJHS-owned Intellectual Property, as well as its subsequent commercialization.

SJHS has established this Policy to (i) promote, preserve, encourage and aid scientific investigation and research at SJHS, (ii) establish the rights and obligations of SJHS and the Covered Persons with respect to intellectual and other property, confidential information and nonsolicitation, (iii) ensure compliance with applicable laws and regulations, (iv) encourage interaction between Covered Persons and the scientific community, including through publication of research results, in a manner that secures protection of SJHS intellectual property and confidential information, and (v) provide an organizational structure and procedures that facilitate and provide for an equitable distribution of the rewards resulting from the commercialization of intellectual property. Please also refer to the SJHS Conflict of Interest Policy, incorporated herein by reference, for additional information on disclosures to SJHS related to intellectual property and other matters.

## Policy on Intellectual and Other Property

“**Intellectual Property**” means all intellectual property rights of any nature or form of protection of a similar nature or having equivalent or similar effect to any of the foregoing, including, without limitation: (a) inventions, discoveries, processes, designs, techniques, developments, technology, and related improvements, whether or not patentable; (b) United States patents,

patent applications, divisionals, continuations, reissues, renewals, registrations, confirmations, re-examinations, certificates of inventorship, extensions, and the like, and any provision applications of any such patents or patent applications, and any foreign or international equivalent of any of the foregoing; (c) any word, name, symbol, color, designation, or device or any combination thereof, including, without limitation, any United States or pending trademark, trade dress, service mark, service name, trade name, brand name, logo, domain name, or business symbol, and any foreign or international equivalent of any of the foregoing and all goodwill associated therewith; (d) any work, whether or not registered in the United States or elsewhere, that incorporate, is based upon, derived from, or otherwise uses any intellectual property, including, without limitation, mechanical and electronic design drawings (including, without limitation, computer-aided design files), specification, software (including, without limitation, documentation and object and source code listing), processes, technical or engineering data, test procedures, schematics, writings, materials, products, artwork, packaging and advertising materials; and (e) technical, scientific, and other know-how and information, trade secrets, knowledge, technology, means, methods, processes, practices, formulas, assembly procedures, computer programs, apparatuses, specifications, books, records, production data, publications, databases, reports, manuals, data and results, in written, electronic, or any other form not known or hereafter developed.

**“SJHS Intellectual Property”** means all Intellectual Property that is invented, authored, made, conceived, developed, created, acquired, and/or otherwise reduced to practice by the Covered Person alone or with others during the period of his or her employment with SJHS, regardless of whether this Intellectual Property is invented, authored, made, or conceived:

- (i) During normal working hours,
- (ii) On the premises of SJHS,
- (iii) Using SJHS’ equipment, supplies, facilities, monetary support or Confidential Information (as defined in this Policy);
- (iv) During participation in any SJHS–associated activities;
- (v) Arising from the employment-related activities of Covered Persons;
- (vi) Is an improvement, addition, or modification to existing SJHS-owned Intellectual Property; or
- (vii) Relates directly or indirectly to the business of SJHS or its actual or demonstrably anticipated research or development activities;

Notwithstanding the foregoing, SJHS Intellectual Property will not include the following Intellectual Property:

- (i) Any artistic, literary or scholarly Intellectual Property, such as books, articles and other publications, works of art, computer programs, and music recordings, which is not created under the direction and control of SJHS and contains no Confidential Information; and
- (ii) Any Intellectual Property that is invented, authored, made, or conceived
  - (A) Without using SJHS’ equipment, supplies, facilities, monetary support, or Confidential Information,
  - (B) Entirely on the Covered Person’s own time away from SJHS’ premises, and

(C) That is wholly unrelated to the Covered Person's employment with SJHS.

This Policy is not meant to prevent SJHS personnel from developing ideas on an individual basis that are related to personal hobbies, vocational skills, or interests, that is, ideas that are (i) wholly unrelated to the business of SJHS or its actual or demonstrably anticipated research or development activities and (ii) were not conceived, developed, created, acquired, and/or otherwise reduced to practice using SJHS resources of any kind.

### **Ownership of SJHS Intellectual Property**

SJHS will determine, in its sole discretion, whether SJHS will legally protect and/or commercialize any disclosed SJHS Intellectual Property.

All SJHS Intellectual Property will be considered work(s) made by Covered Persons for hire for SJHS and will belong exclusively to SJHS. If, by operation of law, any SJHS Intellectual Property is not owned in its entirety by SJHS automatically upon its creation, then each Covered Person hereby irrevocably assigns to SJHS all title, interests and rights in SJHS Intellectual Property, including, without limitation, worldwide rights, moral rights and patent applications arising from that SJHS Intellectual Property. Each Covered Person also hereby forever waives and agrees never to assert against SJHS, its successors or licensees any rights in SJHS Intellectual Property. Covered Persons will cooperate fully with SJHS both during and after the term of his or her employment or other association with SJHS, including, without limitation, the execution and delivery of any assignment, patent application, power of attorney or other document that SJHS may deem necessary to secure, enforce, defend and maintain rights in SJHS Intellectual Property in all countries.

Trademarks and service marks relating to goods and services developed at SJHS will be owned by SJHS.

When copyright is assigned to SJHS because of the provisions of this Policy, the following notice is to be applied on the works to protect the copyright:

Copyright © [Year] St. Joseph Health System. All Rights Reserved

The date in the notice should be the year in which the work is first published.

### **License to Non-SJHS Intellectual Property and Prior Developments**

Each Covered Person hereby grants to SJHS a nonexclusive, transferable, fully paid-up, royalty-free, irrevocable, perpetual, worldwide license (with the right to grant sublicenses) to use and develop all such Non-SJHS Intellectual Property and Prior Developments (as defined below) in connection with the use of the SJHS Intellectual Property and otherwise in connection with the operations and activities of SJHS. Without limiting the generality of the foregoing, the license rights granted hereby shall include the following rights: (i) the right to use, test, modify, make, have made, market, distribute, reproduce and develop the Non-SJHS Intellectual Property and Prior Developments, including any associated documentation, and the rights to prepare improvements or modifications of the Non-SJHS Intellectual Property and Prior Developments, to incorporate any improvement or modifications into the SJHS Intellectual Property, and to otherwise develop the SJHS Intellectual Property; and (ii) the right to make, have made,

reproduce, use, market and distribute the Non-SJHS Intellectual Property and Prior Developments (with or without improvements or modifications), directly or indirectly, through sublicensees. Notwithstanding the foregoing, nothing contained in this Policy is intended to grant SJHS any rights to any Non-SJHS Intellectual Property and Prior Developments that have not been incorporated into any SJHS Intellectual Property or into any SJHS policy, procedure or process, and the rights to all such Non-SJHS Intellectual Property and Prior Developments shall remain with each Covered Person, as applicable.

### **Disclosures of Prior Intellectual Property and SJHS Intellectual Property**

Each Covered Person using SJHS' approved disclosure form must, at the time he or she becomes employed by SJHS, disclose in writing, in sufficient detail to define clearly, all Intellectual Property invented, authored, made, or conceived by the Covered Person, alone or with others, before his or her employment with SJHS (each a "**Prior Development**"), including, without limitation, listing all papers, abstracts, patent applications, patents, books, and journals, and any confidentiality, noncompete, nonsolicitation, assignment of Intellectual Property or other similar agreements or policies to which he or she is a party or otherwise is subject. Any Intellectual Property not disclosed will be presumed to be SJHS Intellectual Property after its creator's employment or association with SJHS and will be subject to this policy. The preceding subsection (Ownership of SJHS Intellectual Property) will not apply to any Intellectual Property listed in that disclosure.

Each Covered Person, using SJHS' approved disclosure form, must also promptly communicate and disclose in writing to SJHS any SJHS Intellectual Property created by the Covered Person. Covered Persons should consult the SJHS Legal Department or its designee with respect to their duties to disclose SJHS Intellectual Property and the manner and timeliness with which such disclosures should be made to SJHS.

### **Waiver or Return of Rights**

SJHS may in its sole discretion waive, transfer, or license to the Covered Person(s) who creates SJHS Intellectual Property, any of SJHS' rights in that SJHS Intellectual Property. This arrangement may be appropriate, for example, if SJHS does not intend to protect or commercialize the invention because it is beyond the scope of SJHS' business. Requests for this type of arrangement must be made in writing to the SJHS Legal Department or its designee.

SJHS, from time-to-time, may (i) decline to commercialize SJHS Intellectual Property because the SJHS Intellectual Property is not SJHS Intellectual Property, or (ii) determine in its sole discretion, that the market potential for a specific SJHS Intellectual Property does not warrant the expense of legal protection (if available) or commercialization, or (iii) decide, in its sole discretion, to cease either patent prosecution or maintenance or ongoing commercialization efforts regarding specific SJHS Intellectual Property. As to (ii) or (iii), the creator(s) may request that such SJHS Intellectual Property be licensed to the creator(s) to patent, further develop or commercialize at creator(s) own expense, or subsequently abandon as the creator(s) desires. If SJHS, in its sole discretion, agrees to such license, then the creator(s), in exchange for such license must agree that SJHS shall (a) first be fully reimbursed for any and all costs incurred relating to the protection and/or commercialization of the SJHS Intellectual Property, e.g., personnel or marketing costs and out-of-pocket, patent-related expense, and (b) then be paid

mutually agreed upon royalty, fee, or other consideration consistent with SJHS Commercialization Income Distribution Policy then in effect. Any ensuing SJHS Intellectual Property developed by such creator(s) will remain subject to this Policy.

### **SJHS Property**

All research, invention records and data, drawings, notebooks, computer readable information, electronic data, biological materials, chemical materials (including all reagents, solutions, and chemicals), compositions, equipment, apparatus, instruments, tools or any other devices of any kind, and all computer programs, software, or any other materials, documents, records or data of any kind, furnished to a Covered Person by SJHS or developed by a Covered Person on behalf of SJHS or at SJHS' direction or for SJHS' use or otherwise in connection with a Covered Person's employment with SJHS ("**SJHS Property**"), are and will remain the sole property of SJHS, including in each case all copies of the foregoing in any medium, including computer readable information and other forms of information storage. At no time will a Covered Person, directly or indirectly, remove or cause to be removed from SJHS' premises any SJHS Property except to further the performance of a Covered Person's duties or approved activities. If SJHS requests the return of SJHS Property (whether or not containing Confidential Information) at any time during or at or after the termination of a Covered Person's employment with SJHS, the Covered Person will deliver SJHS Property and all copies of the same to SJHS immediately, at no cost to SJHS.

### **Commercialization**

Although the SJHS has one hundred percent (100%) ownership and control of the SJHS Intellectual Property, SJHS shall share Net Income with the Covered Person(s) unless otherwise prohibited or restricted from doing so by a third party agreement, including, but not limited to, a sponsorship agreement. SJHS' income sharing formula for the division of the Net Income is set forth below. Unless otherwise agreed to in writing, SJHS shall distribute Net Income, as reflected on the books and accounts of SJHS, on an annual basis as follows:

|                   |     |
|-------------------|-----|
| Covered Person(s) | 40% |
| SJHS              | 60% |

In the case that more than one creator is involved, the above percentages will be shared proportionally by the creators as applicable, in accordance with each creator's percentage share in the SJHS Intellectual Property as specified in the Disclosure of SJHS Intellectual Property.

SJHS reserves the right to appoint counsel of its choosing and in its sole and absolute discretion to determine whether the creators listed on the SJHS Invention Disclosure Form are in fact legally inventors or authors for statutory Intellectual Property protection purposes. If counsel determines any one or more of the creators are not legally an inventor or author, SJHS reserves the right to exclude such person(s) from the statutory Intellectual Property protection forms and to redistribute the claimed percentage share of the Net Income of such person(s) in accordance with this Policy and all other applicable SJHS policies and procedures.

SJHS reserves the right to suspend distribution of Net Income where there is reason to believe that substantial deductible costs will be incurred in the future. SJHS shall inform the Covered

Person(s) of such decision and provide a detailed annual accounting of Gross Payments and Net Income to the Covered Person(s).

For purposes of this Policy, the terms “Net Income” and “Gross Payments” are defined as follows:

“Net Income” is equal to the Gross Payments reduced by any and all costs and expenses incurred by SJHS in connection with discovery, development, and commercialization activities, including, without limitation, (i) costs and expenses in connection with obtaining and maintaining intellectual property protection for the applicable SJHS Intellectual Property, (ii) costs and expenses associated with marketing and negotiating the transfer of the applicable SJHS Intellectual Property, and (iii) required payments to any third party, including, without limitation, royalty fees paid to third-party institutions associated with the applicable SJHS Intellectual Property.

“Gross Payments” are all payments, revenue or other income received by SJHS that are derived from the commercialization of the applicable SJHS Intellectual Property.

In support of its mission of education and patient care, SJHS and/or its affiliates may sponsor, directly or with the help of affiliates or other entities, the commercialization of SJHS Intellectual Property by establishing or expanding corporations, partnerships, or other commercial enterprises. In such cases, SJHS and/or its affiliates may receive and hold equity shares in companies as consideration for authorizing the use of SJHS Intellectual Property or for investments (including cash and in-kind investments) made by spin-off companies, SJHS or its affiliates shall solely hold such shares until such shares are liquidated, at which time the proceeds related to the SJHS Intellectual Property will be distributed according to policies and procedures then in effect.

## **Disputes**

Any dispute related to SJHS Intellectual Property, or the interpretation of the Policy shall first be presented to the SJHS Legal Department. The SJHS Legal Department shall hear the arguments of the parties, examine any evidence presented, consult with the SJHS Board of Trustees regarding the dispute, and determine the appropriate resolution.

In the event any party to the dispute is unsatisfied with the resolution, the party shall submit to the SJHS Legal Department a written appeal stating the reasons for disagreement and presenting any relevant evidence. The SJHS Legal Department shall then arrange for the appeal to be reviewed by a group of unbiased peers who shall determine whether the resolution of the dispute was appropriate. The parties to the dispute shall present their arguments and evidence to the reviewing group.

If a party to the dispute believes any member of the reviewing group to be biased, the party shall submit to the SJHS Legal Department written notification of this belief which describes the reasons and evidence demonstrating the reviewer to be biased. The SJHS Legal Department shall appoint a different reviewer if deemed necessary for a fair proceeding.

If after the final determination by the reviewing group, the dispute remains, the parties may

submit the dispute to arbitration at their own expense.

### **Prosecution**

SJHS will determine who is to prepare and prosecute all patent, trademark, or copyright applications, as well as any matter related thereto. Upon disclosure of SJHS Intellectual Property to SJHS, the SJHS Legal Department or its designee will determine whether to file a patent, trademark, or copyright application, publish a paper or abstract, or maintain the property or information as a trade secret. The SJHS Legal Department or its designee will select the attorney or law firm that is to prepare and prosecute all patent, trademark or copyright applications. Covered Persons are not given the authority to select outside consultants, attorneys, accountants, or any other service provider, without the express written permission of the SJHS Legal Department or its designee.

All Covered Persons agree, at SJHS expense, to cooperate and otherwise assist SJHS and any of its affiliates to: (i) procure, maintain, and enforce SJHS Intellectual Property; and (ii) comply with all applicable laws and regulations (both foreign and domestic), relating to SJHS Intellectual Property derived from government sponsored research, or commercially sponsored research agreements.

Copyrightable contributions to commercially distributed computer software programs or video products will be treated in the same manner as inventive contributions to patentable subject matter. Provided however, that commercial revenue received therefrom may be distributed only when such revenue exceeds the amount necessary to cover the net internal costs associated with the creation of the computer software program or video.

### **Publication**

Nothing in this Policy will limit or restrict the right of Covered Persons to publish results of their research, either in written or oral form, subject to reasonable delays or alterations to preserve patent or other intellectual property rights and to protect Confidential Information. SJHS does not require that magazine or journal articles or book chapters be pre-approved in writing, except per applicable SJHS policies and procedures. However, if pre-approval is not sought, the author assumes full responsibility for ensuring that no valuable SJHS Intellectual Property is lost due to publication. Authors are also reminded to abide by any contractual obligations in commercially sponsored research agreements related to pre-publication responsibilities to avoid potentially losing protection of Intellectual Property that may be owned by SJHS or the commercial sponsor.

The Covered Person will delay publication or disclosure, or make any alteration requested by SJHS, if SJHS determines that a delay in publication or alteration is necessary to protect SJHS Intellectual Property rights or its Confidential Information.

### **Policy on Confidential Information**

The term “**Confidential Information**” means any information regarding SJHS business methods, business policies, procedures, experimentation, techniques, services, research or development projects or results, or SJHS Intellectual Property; historical or projected financial information, budgets, trade secrets, personnel information, or other knowledge or processes of or developed by SJHS; or any other confidential information relating to or dealing with the

business, operations or activities of SJHS, excepting in each case information otherwise lawfully known generally by, or readily accessible to, the general public; provided, however, that information will not be deemed to be generally known or readily accessible to the general public merely because the specific information is embraced by more general information that is so known or accessible.

### **Use of Confidential Information**

During and as a result of the employment with SJHS, Covered Persons will gain access to Confidential Information of SJHS. In consideration of the special and unique opportunities and access afforded by SJHS to Covered Persons as a result of his or her employment or other association with SJHS, each Covered Person will not use for the Covered Person's personal benefit, or disclose, communicate, publish, or divulge to, or use for the direct or indirect benefit of any person or entity, or authorize anyone else to disclose, communicate, publish, divulge or use, any Confidential Information, except (i) as specifically required to conduct SJHS' business, or (ii) as expressly authorized in writing by SJHS. The provisions of this paragraph will apply during and after a Covered Person's employment with SJHS and will be in addition to (and not a limitation of) any legally applicable protection of SJHS' interest in Confidential Information.

### **Termination or Amendment of Policy; Enforcement**

This Policy may be amended or terminated, in whole or in part, at any time by SJHS.

Failure to comply with any of the terms of the Policy constitutes grounds for disciplinary action in accordance with applicable SJHS policies and procedures.

### **Severability**

If any court of competent jurisdiction holds any provision of this Policy invalid or unenforceable, the other provisions of this Policy will remain in full force and effect. Any provision of this Policy held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

### **Agreements**

All Covered Persons are required to sign the Intellectual and Other Property and Confidential Information Agreement, providing for the assignment of all rights in SJHS Intellectual Property to SJHS and otherwise incorporating the terms of this Policy.