



Manual: Administrative

Section: Research

Number: K2013

Policy Procedure

Title: Patent Policy

Current Content Expert: Brent Dethlefs, Director of Research Institute Department Head: Brent Dethlefs, Director of Research Institute	Committee Approval(s) <u>Date(s)</u>
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I. PURPOSE:

The purpose of this policy is to appraise and determine relative rights and equities of all parties concerned; facilitate patent applications, licensing, and equitable distribution of royalties, if any; provide for the possible use of invention-related income for the further support of research; and provide a uniform procedure in patent matters when CHOC Children's has a right or equity.

II. POLICY

- A. An agreement to assign inventions and patents to CHOC Children's, except those resulting from permissible consulting activities without use of CHOC Children's facilities, shall be mandatory for:
 1. All employees
 2. For persons not employed by CHOC Children's but who use CHOC Children's research facilities, and
 3. For those who receive gift, grant, or contract funds through CHOC. Such an agreement may be in the form of an acknowledgment of obligation to assign. Exemptions from such agreements to assign may be authorized in those circumstances when the mission of CHOC Children's is better served by such action, provided that overriding obligations to other parties are met and such exemptions are not inconsistent with other CHOC Children's policies.
- B. Those individuals who have so agreed to assign inventions and patents shall promptly report and fully disclose in writing the conception and/or reduction to practice of potentially patentable inventions to the Research Administration Office. They shall execute such declarations, assignments, or other documents as may be necessary in the course of invention evaluation, patent prosecution, or protection of patent or analogous property rights, to assure that title in such inventions shall be held by CHOC Children's or by such other parties designated by CHOC Children's

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as may be appropriate under the circumstances. Such circumstances would include, but not be limited to, those situations when there are overriding patent obligations of CHOC Children's arising from gifts, grants, contracts, or other agreements with outside organizations. In the absence of overriding obligations to outside sponsors of research, CHOC Children's, at CHOC Children's discretion, may release patent rights to the inventor in those circumstances when:

1. CHOC Children's elects not to file a patent application and the inventor is prepared to do so, or
 2. The equity of the situation clearly indicates such release should be given, provided in either case that no further research or development to develop that invention will be conducted involving CHOC Children's support or facilities, and provided further that a shop right to make, use, or import, is granted to CHOC Children's.
- C. Subject to restrictions arising from overriding obligations of CHOC Children's pursuant to gifts, grants, contracts, or other agreements with outside organizations, CHOC Children's agrees, following said assignment of inventions and patent rights, to pay annually to the named inventor(s), or to the inventor(s)' heirs, successors, or assigns, as follows. For patents issued on or before December 31, 2016, 45% of the net royalties and fees per invention received by CHOC Children's. For patents issued after December 31, 2016, 40% of the net royalties and fees per invention received by CHOC Children's. An additional 10% of net royalties and fees per invention may be allocated for research-related purposes, at CHOC Children's discretion.
1. Net royalties are defined as gross royalties and fees, less the costs of patenting, protecting, and preserving patent and related property rights, maintaining patents, the licensing of patent and related property rights, and such other costs, taxes, or reimbursements as may be necessary or required by law. Inventor shares paid to CHOC Children's Associates pursuant to this paragraph represent an employee benefit.
 2. When there are two or more inventors, each inventor shall share equally in the inventor's share of royalties, unless all inventors previously have agreed in writing to a different distribution of such share.
 3. Distribution of the inventor's share of royalties shall be made annually in November from the amount received during the previous fiscal year ending June 30th. In the event of any litigation, actual or imminent, or any other action to protect patent rights, CHOC Children's may withhold distribution and impound royalties until resolution of the matter.

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III. PATENT RESPONSIBILITIES AND ADMINISTRATION

- A. CHOC Children's may make changes to any part of this policy from time to time, including the percentage of net royalties paid to inventors.
- B. CHOC Children's is responsible for implementation of this policy, including the following:
 - 1. Evaluating inventions and discoveries for patentability, as well as scientific merit and practical application, and requesting the filing and prosecution of patent applications.
 - 2. Evaluating the patent or analogous property rights or equities held by CHOC Children's in an invention, and negotiating agreements with cooperating organizations, if any, with respect to such rights or equities.
 - 3. Negotiating licenses and license option agreements with other parties concerning patent and or analogous property rights held by CHOC Children's.
 - 4. Directing and arranging for the collection and appropriate distribution of royalties and fees.
 - 5. Negotiating agreements with cooperating organizations concerning prospective rights to patentable inventions or discoveries made as a result of research carried out under gifts, grants, contracts, or other agreements to be funded in whole or in part by such cooperating organizations, and negotiating with Federal agencies regarding the disposition of patent rights.
 - 6. Approving exemptions from the agreement to assign inventions and patents to CHOC Children's as required by Section II.A. above.
 - 7. Approving exceptions to CHOC Children's policy on intellectual property matters including patents, copyrights, trademarks, and tangible research products.
 - 8. Approval of the additional 10% royalties referred to in Section IIC.
 - 9. Release of patent rights to inventors in accordance with Section IIB.