

**Official Policy on Patents and Licensing
Agreements**

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I. General Policy

A. The Albert Einstein College of Medicine, Inc. (hereinafter referred to as "Einstein") encourages and supports research relating to the advancement of medical knowledge and the publication and the use of the results of such research. Einstein recognizes that research conducted by its faculty, technical staff and students may lead to inventions and discoveries by inventor(s) (hereinafter referred to as "Inventor") which should be patented or licensed for one or more of the following reasons:

- (1) to serve the public interest;

(2) to comply with the requirements of sponsored research grants, fellowship awards and contracts for research;

(3) to promote the development of useful drugs, processes and devices which would not be developed without patent protection;

(4) to encourage invention and insure rewards for the Inventor as herein provided; and

(5) to support facilities and the research and education programs of Einstein by means of a share of income derived from the commercial licensing of inventions and patents.

B. The Einstein Patent Policy is intended to be consistent with these principles and purposes and not to fetter scientific endeavor or inhibit pursuit of further related research.

C. The provisions relating to patents and patent royalties shall whenever used in this Patent Policy, whether specifically mentioned or not, also apply to the commercial licensing and the royalties obtained therefrom for inventions which are not patented but which have commercial value or special technology or special art.

II. Disclosure of Invention to Einstein

A. Faculty, staff and all students and visiting faculty are required to report to the Dean of Einstein and/or the Committee on Patents, all inventions resulting from research supported entirely or partly by Einstein resources, as soon as possible after conception or first actual reduction to practice. Such reports, submitted using the Einstein Invention Disclosure Form, shall be made sufficiently

descriptive to permit the invention to be understood and evaluated for possible filing of a patent application or the development of a commercial licensing agreement.

B. In the case of supported research, the Committee on Patents must be advised of any invention disclosure requirements of the granting or sponsoring agency.

C. It will be the responsibility of the Dean of Einstein, with the advice of the Committee on Patents and/or the Office of Biotechnology, to determine if Einstein is interested in pursuing a patent for any invention disclosure. Until Einstein declines to patent, the following shall apply:

III. Ownership of Patents and Intellectual Property

A. Patent rights, copyrights, computer programs, software, databases, testing procedures, tangible research materials and all other intellectual property, whether patentable or not, (hereinafter collectively referred to as “Intellectual Property”) resulting from research carried on by faculty members, technical staff members or students and supported entirely or partly by Einstein resources are hereby assigned to and owned by Einstein. Einstein shall pay to the Inventor a fixed proportion of the financial returns from the licensing of such Intellectual Property in accordance with the provisions of Section VI hereof.

B. Intellectual Property resulting from research carried on by a student in fulfillment of course requirements or other requirements for a degree or in connection with a formal training program including the preparation of a thesis or dissertation, shall be construed as making use of Einstein resources and shall be subject to the provisions of Sub-Section A above.

C. Ownership of Intellectual Property resulting from research performed by a visiting faculty member and supported entirely or partly by Einstein resources shall be determined on a case-by-case basis.

D. Intellectual Property resulting from inventions and discoveries made by members of the faculty, the technical staff or by students in connection with government-sponsored research contracts, grants, fellowships or other such arrangements, shall be controlled by the terms of those arrangements. Faculty or staff members accepting government-sponsored research shall execute such agreements as will enable Einstein to meet its obligations to the sponsoring agencies.

E. Since Einstein carries on research for the purpose of extending medical knowledge and educating students, it accepts research grants or contracts from non-government sources with these purposes primarily in view. If Intellectual Property results from such research grants or contracts, such Intellectual Property shall be subject to the terms of Sub-Section A above, unless the terms of the grant or contract pertaining to the above research are in conflict with Sub-Section A, in which case the terms of the grant or contract shall govern.

F. Copyrightable works that are not within the scope of employment and are not created using Einstein resources, such as scholarly works and books, shall be owned by the author.

IV. Management of Patents

A. Einstein shall have the responsibility for the management of patent applications and patents. All determinations and

actions concerning the management of patent applications and patents shall remain with Einstein.

V. Licenses

A. Licenses for commercial development of Intellectual Property shall be sought to ensure that useful inventions shall be made available in products or services beneficial to the public under reasonable terms. In cases involving substantial developmental expenditures by a licensee, or for other special reasons, an exclusive license may be given, subject to the terms of any applicable grant or contract. All such licensing agreements shall be negotiated by Einstein's Office of Biotechnology and approved and executed by an appropriate officer of Einstein.

VI. Distribution of Income

Income shall mean all consideration (e.g. monetary, non-monetary and equity) derived by Einstein from Intellectual Property.

A. If income is received from the licensing by Einstein of Intellectual Property to a third party, Einstein will pay and reward the Inventor within 90 days of receipt of such income by Einstein in accordance with the provisions below.

B. Einstein will first deduct all direct assignable expenses incurred in connection with the filing, prosecution and maintenance of any relevant patents and the negotiation of the contract for the licensing of the Intellectual Property (including but not limited to specialized attorney's fees), which expenses shall be determined in Einstein's sole, but reasonable discretion. After deduction of direct assignable expenses, fifteen percent (15%) of the remaining income will be allocated to the Office of Biotechnology to defray the

operating costs of the Office. The remaining net income will be distributed in the following manner:

a. One-third will be allocated to the Inventor or his/her estate and/or heirs. All payments due an Inventor under this policy will be transmitted via a separate payment outside of the payroll system. Fringe benefits will not therefore be applicable to such payments, however, such payments will be reported annually to the individual and to the Internal Revenue Service on Form 1099 or on such other forms as may from time to time be required by the Internal Revenue Service. In the event that an Inventor leaves Einstein, the Inventor shall be responsible for providing forwarding addresses to Einstein.

b. One-third will be allocated to a research account maintained by Einstein on behalf of any Inventor who is an Einstein employee and who is a principal investigator with an established research program, as determined by the Office of the Dean, for support of the Inventor's academic/research pursuits. Such income will be considered incremental funding for the Inventor. In the event that an Inventor leaves Einstein, the research account will revert to Einstein. The Inventor's research allocation as described above, and the indirect costs to be assessed on this portion of the distribution for each license are as follows:

(1) The first \$30,000 of cumulative income will be free of indirect costs.

(2) The second \$30,000 will be subject to indirect costs at one-half the prevailing institutional rate.

(3) Cumulative income in excess of \$60,000 will be subject to indirect costs at the prevailing institutional rate.

c. One-third will be allocated to the unrestricted funds of Einstein to be used by Einstein in the pursuit of its education, research and clinical missions.

C. Exception to the method of income distribution described above will be made in the case of Intellectual Property resulting from sponsored research if the terms of the agreement between Einstein and the sponsor do not permit such a distribution. In that event, the terms of the agreement between Einstein and the sponsor will govern. This exception will apply to funding from both governmental and non-governmental sources.

D. If there is more than one Inventor of Intellectual Property, then the Inventors shall meet and decide among themselves their respective shares of any income to be distributed to the Inventors pursuant to Sub-Section B above. The Inventors shall then advise the Office of Biotechnology of their agreement in a written statement signed by all of the Inventors. In case of a dispute among the Inventors regarding their respective shares, the Dean of Einstein shall resolve such dispute. Mechanisms of dispute resolution may include, but are not limited to, mediation, arbitration, or other services performed by the Committee on Patents. Any recommendations or decisions made as a result of mediation, arbitration or by the Committee on Patents will be subject to review and approval by the Dean of Einstein, and the Dean's decision shall be final. All expenses incurred by Einstein in connection with resolving the dispute will be deducted as an additional direct assignable expense prior to income distribution. No income shall be distributed to the

Inventors until an agreement on the Inventors respective shares is submitted to the Office of Biotechnology or until any dispute between the Inventors regarding their respective shares is resolved.

E. Any equity that Einstein receives as consideration under a license agreement will be held and managed by Einstein. Einstein shall liquidate such equity by sale in the public market upon the first available liquidity event. Once the equity is liquidated, the proceeds will be distributed as cash according to the method in Sub-Section B above. It is not the intent of Einstein to hold equity for the purposes of maximizing profits.

F. This Distribution of Income section shall become effective as of the date the revised Policy on Patents and Licensing Agreements is adopted by Einstein and shall apply both prospectively and retroactively, however, income resulting from existing licensing agreements for Intellectual Property entered into before adoption of this revised Policy on Patents and Licensing Agreements shall not be subject to the fifteen (15%) percent administrative fee.

VII. Publication

The right to publish the results of sponsored research where Intellectual Property may be involved shall be subject to the following conditions:

A. Einstein shall not bar or prohibit publication of disclosures and inventions on which patent applications have been filed.

B. An Inventor has the obligation to file an invention disclosure statement with Einstein as soon as it is possible to do so simultaneous with or prior to the submission of a paper for publication disclosing the Intellectual Property. In

all events, the Inventor shall disclose his invention to Einstein a minimum of 90 days in advance of any printed or oral public disclosure, so that an application for a patent may be prepared and filed prior to any such public disclosure.

C. Einstein will, if requested or required by agreement, supply to a sponsor a copy of the proposed publication prior to publication.

VIII. Committee on Patents

The Dean of Einstein will appoint a Committee on Patents and such other committees as are deemed appropriate to implement Einstein's patent and licensing agreement policies. Among the Committee(s) responsibilities will be the following:

A. To recommend to the Dean which Intellectual Property should be processed in accordance with the applicable Sections of this Policy on Patents and Licensing Agreements, including Section X. Recommendations to the Dean shall be made by the Committee(s) within 90 days after Intellectual Property is brought to the Committee(s) notice.

B. To determine, when necessary, whether Intellectual Property developed by a member of the faculty, technical staff, or a student resulted from research supported in whole or in part by Einstein resources, or whether such Intellectual Property was unrelated to Einstein activities and resources.

C. To make general recommendations regarding proposals to patent Intellectual Property as it relates to Einstein's mission.

D. To act in an advisory capacity to the Dean with regard to patents assigned to Einstein or in which Einstein otherwise has a claim or interest.

E. To assist the Dean in resolving disputes arising from patent and licensing matters, including any disputes arising under Section VI, in accordance with this Policy on Patents and Licensing Agreements.

IX. Agreement with Einstein

A. A form of agreement with Einstein shall be signed and entered into by all faculty, students and, research staff acknowledging that such personnel have received and read a copy of this Official Policy on Patents and Licensing Agreements and agree to abide thereby; and, further, that such personnel agree to disclose in writing promptly to Einstein any Intellectual Property made by such personnel and to assign to Einstein the entire right, title and interest in and thereto as required and defined in this Policy on Patents and Licensing Agreements.

X. Where Einstein Declines to Patent

A. Upon disclosure of Intellectual Property to Einstein, it will be the responsibility of the Dean to determine if Einstein will decline to pursue a patent. The Dean shall notify, in writing, the Inventor of this decision within 90 days of disclosure. If the Dean declines pursuit of a patent, then the option to pursue a patent reverts to the Inventor.

B. If at any time during the patent application process, Einstein decides to discontinue pursuit of the application, the Dean shall notify, in writing, the Inventor within 15 days of this decision. The option to pursue a patent shall then revert

to the Inventor. All information, held by Einstein, pertinent to the patent application will be made available to the Inventor.

C. If Einstein decides to decline or discontinue pursuit of a patent on any Intellectual Property, Einstein shall retain ownership of such Intellectual Property and any patent or application thereon. If the Inventor decides to pursue patent protection at his/her own expense, the Inventor shall:

- (1) promptly notify Einstein in writing of his/her intent to pursue patent protection;
- (2) obligate patent counsel to copy Einstein on all communications with the United States Patent and Trademark Office; and
- (3) refer all third-party interest in the Intellectual Property directly to Einstein for licensing.

D. If income is derived from a patent declined by Einstein, it will be distributed as follows:

After reimbursement to the Inventor and then Einstein of direct assignable expenses incurred, fifteen percent (15%) of the remaining income will be allocated to the Office of Biotechnology to defray the operating costs of the Office. The remaining net income will be distributed in the following manner:

- (1) The first \$15,000 will be allocated exclusively to the Inventor or his/her estate and/or heirs;
- (2) Two-thirds of the additional income will be allocated to the Inventor or his/her estate and/or heirs;
- (3) The remaining one-third of income will be allocated to Einstein.

XI. Management of Licenses

A. Management of all licensing agreements for Intellectual Property owned by Einstein, remains with Einstein.

XII. Effective Date

This Policy on Patents and Licensing Agreements became effective on August 3, 2015. This Policy may be further amended from time to time.