

Research Foundation for Mental Hygiene, Inc.

Patent and Invention Policy

A. Policy Statement

The Research Foundation for Mental Hygiene, Inc. (RFMH) is the organization authorized by the Office of Mental Health, Office of Mental Retardation and Developmental Disabilities, and Office of Alcoholism and Substance Abuse Services of New York State Department of Mental Hygiene (DMH) to assist in developing and increasing the facilities of New York State Department of Mental Hygiene, its Offices and Divisions, the institutions, commissions, boards and agencies within such Department or associated therewith to provide more extensive conduct of studies, teaching, training and research into the causes, nature and treatment of diseases, disorders and defects affecting the mind, brain and nervous systems and to discover and apply more efficient measures of prevention, treatment and cure of nervous and mental disorders by encouraging gifts, grants, bequests, devices, contributions and donations of real and personal property to the Corporation for such purposes.

Such research and investigation will occasionally produce patentable inventions or proprietary technology of value to the public. It is the policy of RFMH to encourage the development of such inventions and technologies and, where feasible, promote the full exploration of the beneficial applications of such; to encourage and aid the Inventor; to attract and retain research scientists and other staff of the highest caliber; to ensure that the public receives the benefit of these inventions and technologies and to provide an additional source of revenue for research and program enhancement through the management and transfer of such inventions and technologies. The RFMH will take steps to secure research support, identify inventions and technologies, secure appropriate patents, market inventions and technologies through licensing and other arrangements and manage royalties and other related income. Further, since a majority of the research funding administered by RFMH is provided by the United States Government, RFMH will take all the steps necessary to ensure compliance with applicable laws or regulations promulgated by the Federal government.

It is not the intent of this policy to inhibit RFMH, DMH employees or others from obtaining prompt publication and dissemination of their research results. Nor is it the intent of this policy to hold anyone liable who compromises the proprietary rights of the involved parties, by publishing, in good faith, the results of their research. Instead, this policy is intended to set forth a process that will ensure the prompt disclosure of inventions and technologies to appropriate RFMH officials, so that, where appropriate, through the timely application for patents or other protective measures, the proprietary rights of all parties are defined and protected as necessary.

B. Relevant Statutes and Standards

Bayh Dole Act and amendments
Patent Policies of the DMH



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C. Body of Directive

1. Applicability

- a) This policy applies to all Research Foundation employees and all employees of the DMH participating in sponsored research activities administered by RFMH.
- b) All grants, and other sponsored research agreements to RFMH, shall be subject to this policy. Nothing in this policy shall prevent the acceptance of research grants from, or the conduct of research for, other public or private entities, including agencies of the United States. In those instances where Federal law or regulations require a different disposition of rights and entitlements to inventions, technologies or patents, or a different disclosure and assignment process, or a different distribution of royalties or other income, Federal law or regulations shall overrule this policy.
- c) Where this policy is at conflict with the policies adopted by DMH and negotiated with bargaining units representing their employees, the policies of DMH shall be deemed controlling, unless another arrangement has been agreed to by the RFMH and DMH in writing as a condition for receiving such support or for engaging in such research.

2. Patents and Inventions Review Committee

The Director of each Research Institute of the DMH, in consultation with the Managing Director of the RFMH, shall establish and appoint a Committee at each Institute and shall designate a chairperson of each Committee.

Each Committee shall advise the Director, the Managing Director and the RFMH Board of Directors (BOD), as necessary, on the following matters, including but not limited to:

- (i) The extent of interest in pursuing a patent on, or the marketing of, an invention or technology.
- (ii) The most appropriate strategy for patenting, developing, financing, marketing, managing or licensing of inventions and other technology.
- (iii) The advisability of proposed business arrangements and contracts relative to the patenting, developing, financing, marketing, managing or licensing of inventions and technologies.
- (iv) The ownership of a particular invention, technology or patent.
- (v) The process and forms to be used by Inventors in disclosing inventions and technologies, or in assigning rights in such properties.
- (vi) Revisions to this policy.
- (vii) When necessary, the determination of the proportion of shares in any revenue generated by an invention or technology.
- (viii) Other patent, invention or technology related issues.



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The Committee shall meet from time to time as the Managing Director, Institute Director or the Committee chairperson, may require. The Committee shall submit a report, detailing its review and recommendations, to the Institute Director and Managing Director after each review.

The Committee shall report to each Inventor who has made a disclosure of an invention or technology on the status of the Committee's review of such invention or technology. Specifically, the Inventor shall be advised on each occasion when the Committee makes a recommendation regarding his or her invention or technology, including but not limited to the need for further information, additional consultant expertise or whether to pursue patenting. Each Inventor shall be entitled to at least one report each year, but may request such additional reports as may be appropriate. The Committee may, from time to time, elect to create subcommittees for purposes of expediting the review and recommendation process.

When reviewing and developing any recommendation regarding a particular invention, technology or patent, the Committee shall provide the Inventor with an opportunity to present his or her opinion, position or recommendation and supporting documentation to the Committee prior to the Committee's deliberation on and recommendation regarding the particular invention, technology or patent.

All members of the Committee shall maintain the confidentiality of the intellectual property they are asked to review and evaluate and shall be required to sign an agreement to that effect. A member shall disclose any actual or potential conflict of interest and shall excuse himself/herself from participation as appropriate in the circumstances.

An Inventor who is not satisfied with a Committee recommendation may petition the Managing Director to review and reconsider the Committee's recommendation. The Managing Director may appoint a designee who is not a member of the Committee for this purpose. The Inventor shall be provided with the opportunity to present his or her opinion, position or recommendation and any supporting documentation to the Managing Director or their designee prior to any final decision by the Managing Director. At the discretion of the Board of Directors the decision of the Managing Director may be reviewed and upheld, amended or reversed by the Board of Directors.

3. Disclosure and Transfer of Rights

- a) All RFMH employees and DMH employees participating in grants or contracts administered by RFMH, shall receive a copy of this policy.
- b) All inventions and technology conceived, developed, made or reduced to practice by employees of the RFMH in the course of their employment, or by DMH employees



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participating in grants administered by RFMH shall be promptly disclosed by such Inventors to RFMH. Employees shall also disclose (a) any patents issued to them previously; (b) any pending patent application in which they are named; and (c) any inventions or technology which they conceived, developed, made or reduced to practice prior to or outside of their employment with the RFMH. These disclosures shall be in the manner prescribed by the RFMH and on such forms as the RFMH shall provide. Prompt reporting of potentially patentable inventions is imperative, since the publication of research results may compromise the RFMH's and Inventor's rights in the patent process.

- c) All such Inventors shall assign and transfer all rights, title and interest that he or she has or may acquire in inventions and technology developed during employment with RFMH and all resulting patents, to the RFMH or its nominee. Such an assignment shall be made at the time of disclosure of the invention or technology and in the manner prescribed by the RFMH. Any assignment document shall provide that the assignment is being made for good and valuable consideration. All Inventors shall assist the RFMH as necessary in applying for patents on such inventions or technologies, or otherwise cooperate in the transfer of rights to such inventions and technologies as deemed appropriate by the RFMH. Inventors shall also assist RFMH in the defense or prosecution of the patent or any related matter which is in, or may give rise to, litigation. For purposes of this section, RFMH employees shall include DMH employees working on sponsored research activities administered by RFMH whereby Federal law or the terms and condition of the award or contract requires RFMH to take title to the invention.
- d) All such Inventors shall maintain the confidentiality of their invention or technology and shall take no action which might conflict with their obligations of disclosure, assignment and cooperation hereunder or with their responsibilities and duties as an employee of RFMH with respect to such invention and technology.
- e) The BOD shall determine whether and to what extent it is in the interests of the public or RFMH to pursue a patent on a particular invention or technology, or to make efforts to develop or to commercialize the invention or technology. If the BOD determines that it is not in the interests of the public or RFMH, RFMH may elect not to pursue a patent or to develop or to commercialize the invention or technology. In this event, RFMH shall, upon appropriate terms and conditions, release or transfer all rights, title and interest that the RFMH has in such invention or technology to the individual who previously assigned rights to the particular invention or technology to RFMH; provided however, that it shall not be obligated to so release or transfer rights, title or interest in any invention or technology if the BOD determines that it is in the best interests of RFMH for the invention or technology to be dedicated to the public domain. "Best interests" means in the interest of public health and safety or in



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the case of a public emergency. Prior to a determination to dedicate an invention or technology to the public domain, the Managing Director will provide a written explanation of the reasons for such proposed determination to the Inventor and the Inventor will be provided an opportunity to submit written objections to the proposed determination. The Managing Director will then advise the Inventor and provide a written explanation of the reasons for the final determination. Any dedication of an invention or technology to the public domain will include reasonable provisions acknowledging the Inventor's role in the development of the particular invention or technology, and protection of the Inventor's right to publish.

- f) In the event that the RFMH fails to take any action regarding the development, patenting or marketing of an invention or technology within six months of submission of a request for action to the Patent and Inventions Review Committee, RFMH shall, either:
 - (i) upon appropriate terms and conditions, release or transfer, pursuant to subdivision C, paragraph 3), subparagraph e) above and any obligations to sponsors, all rights, title and interest to such invention or technology to the individual who previously assigned rights to the particular invention or technology to RFMH, or
 - (ii) create a subcommittee for the express purpose of taking the requested action. If no action is taken by the subcommittee within six months, the invention or technology must be transferred pursuant to the Inventor. For purposes of this paragraph, an action by RFMH includes but is not limited to: a request to the Inventor for further information, a direction to the employee to take further action and, efforts, whether or not successful, to identify potential licensees and/or develop commercial interest in a particular invention.
- g) RFMH employees or others who wish to pursue the development or commercialization of their independently owned invention or technology may offer such inventions or technologies to the RFMH for its consideration. Where the development or commercialization of the invention or technology would serve the purposes expressed in this policy, and the interests of RFMH, the RFMH may elect to pursue the development or commercialization of the invention or technology.
- h) Any individual who has assigned rights in an invention or technology to the RFMH pursuant to this policy may at any time thereafter petition the Managing Director for the return of such rights. RFMH may, at its option, and upon appropriate terms and conditions, release such rights, title and interest it has in the invention or technology to such individual, pursuant to any obligation it may have to the research sponsor.



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- i) Appropriate terms and conditions, shall be defined to include no more than: (i) Allowed Costs, incurred by the RFMH or with RFMH approval prior to the reversion of title and interest to the Inventor, such Allowed Costs to be payable only to the extent that the assigned invention or technology generates income; (ii) 10% of the income, equity or other consideration received by the Inventor or his/her heirs, assignees, transferees, etc., following such reversion; and (iii) reasonable provisions for acknowledging the State's role in the development of the particular invention or technology. Where appropriate, the RFMH may agree to waive reimbursement of all or a portion of incurred Allowed Costs and/or may agree to a percentage of net cash income which is less than 10%.

5. Distribution of Income

The RFMH will share income it derives from the development, assignment, licensing or management of inventions, technology or patents with the Inventor pursuant to the following schedule:

- a) Income shall be first utilized to offset any reasonable and necessary expenses incurred by the RFMH, or with RFMH approval, in the patenting, development, assignment, licensing or management process relative to a particular invention, technology or patent, provided that such costs have not otherwise been reimbursed by the licensee ("Allowed Costs"). Allowed Costs do not include the cost of research which led to the invention or technology but shall include, without being limited to, the legal and filing costs of prosecuting the patent and the defense of patents against claims of invalidity or enforceability. Any negative balances, caused by Allowed Costs attributable to a particular invention, technology or patent in excess of the revenue derived from the project, shall be carried forward to future periods and applied against any further revenues derived from the particular property.
- b) 50% of any residual or net cash income, which is income less Allowed Costs, shall be distributed annually to the Inventor and his or her heirs or legatees ("Inventors Share").
- c) Any funds remaining after payment of Allowed Costs and the Inventor share will be used to support RFMH in its scientific research or education, including technology transfer activities. The research and education to be supported will be recommended by the Institute Director or Managing Director and approved by the Board of Directors.

As used in this policy, the term "Inventor" may represent two or more individuals. Where there is more than one Inventor, the Inventors will be expected to agree among themselves on their respective fractional share of royalties to be paid under the terms of this policy. In



the absence of a written agreement signed by all the Inventors and deposited with RFMH prior to the distribution of any income, each Inventor shall be paid an equal share of such distribution.

