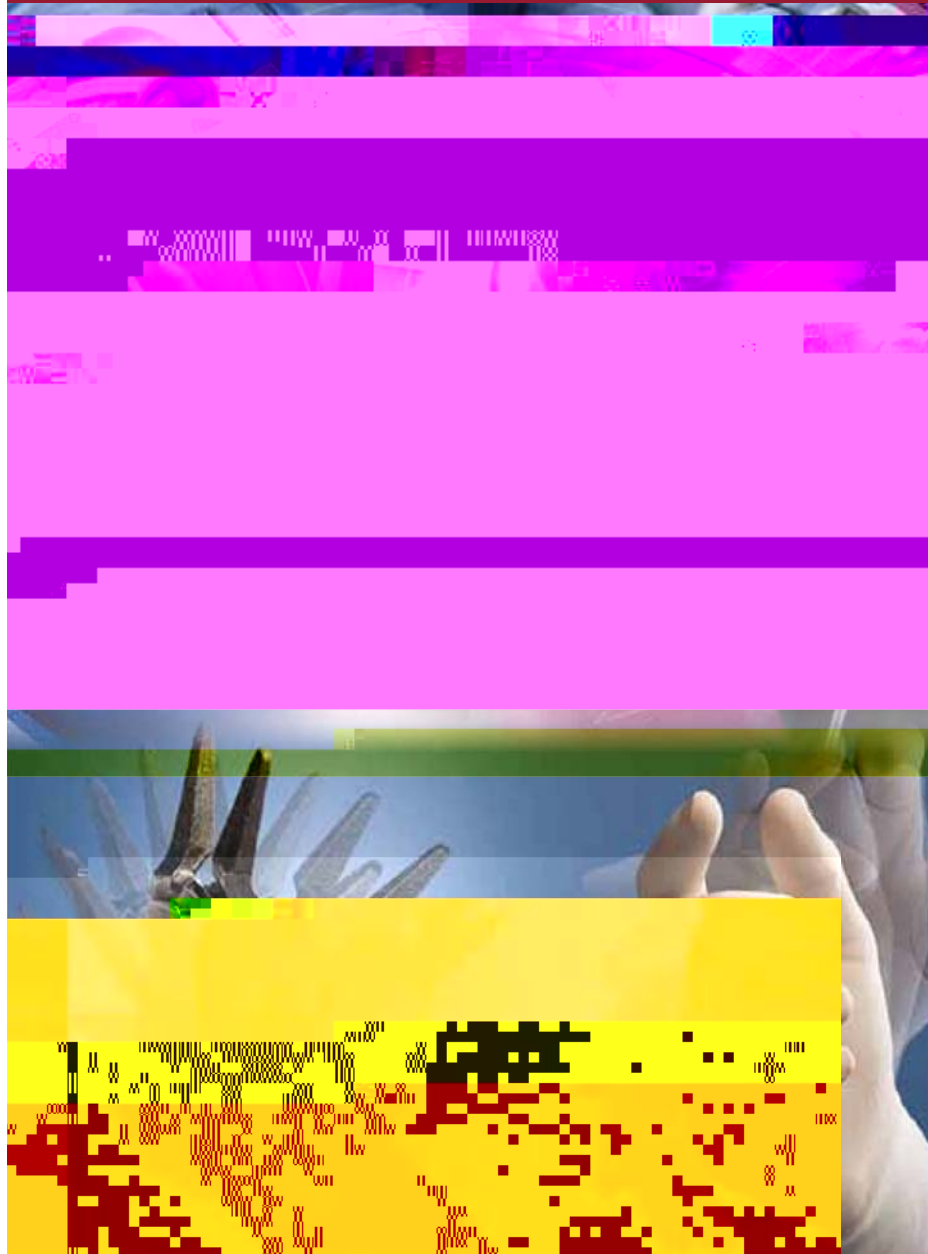


Intellectual Property Policy of William Beaumont Hospital



Beaumont®

Helping you develop your invention



For many years, Beaumont doctors have helped to advance medical technology. So has Beaumont Hospitals.

We launched the Beaumont Commercialization Center in 2008 to help inventors bring their ideas for new medical devices and technology to reality. The Commercialization Center works to turn the latest patented technologies from inventors at Beaumont and other medical institutions into market-ready medical devices for original equipment manufacturers to acquire or license.

Now we want to reach out to Beaumont-affiliated physicians in a collaborative, mutually beneficial effort to foster technological innovation.

This manual is a “road map” for that process. It provides specifics on Beaumont’s intellectual property policy and details on how the Commercialization Center works with inventors. If you already have an idea for a patentable invention, or if you think you may have one in the future, I urge you to review this manual. Please contact the Commercialization Center with any questions you may have or to begin the intellectual property development process.

We look forward to working with you on your invention.

A handwritten signature in black ink, reading "Ananias C. Diokno, M.D.", written over a yellow and orange horizontal bar.

Ananias Diokno, M.D.
Executive Vice President and Chief Medical Officer
Beaumont Hospitals

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Overview of Beaumont Hospitals' Intellectual Property Policy

On July 27, 2010, Beaumont Hospitals (“Beaumont”) approved a new policy to govern intellectual property (IP) development by its direct and affiliated staff. The policy that was established governs the rights and duties of all individuals employed by Beaumont and those involved in Beaumont supported activities, which includes individuals conducting patient or non-patient research at Beaumont and individuals receiving funding from Beaumont or using staff and/or facilities of Beaumont with respect to inventions, discoveries, works of authorship, software or other intellectual property matters as protected under the laws of patents, copyrights, trademarks or as trade secrets.

The policy itself sets out to describe in detail the corporate rules and regulations governing the development and ownership of intellectual property developed as a result of access to Beaumont resources, both physical and intellectual. A copy of this policy is available online for you to review at www.beaumonthospitals.com/commercialization-center.

Beaumont has revised this policy to provide an improved framework for Beaumont staff that details the common issues surrounding intellectual property development, including ownership and revenue generation and subsequent distribution.



Intellectual property ownership

Ownership equals dollars, doesn't it?

Yes, and this is the crux of any IP policy in corporate America.

At Beaumont, the end result of a successful patent is either a sale (assignment) or grant of license rights (to an individual or company). The other possibility is that the patent/product is strong enough that a new company can be created using the protected IP as a core market advantage.

Both cases, if successful, will generate potentially significant revenue over varying time horizons for the owner of the patent.

Through the structure of the revenue sharing model contained within the policy; Beaumont creates a system that benefits the overall organization while providing significant benefits to the inventors. The cost to support an individual invention through commercial maturity requires the time and resources of many individuals and departments. Beaumont's policy enables revenue sharing that provides funding back to the hospital to support critical administrative costs, the department or "research line," and the inventor(s). This system is in place to capture the necessary revenue required to continue support for this valuable organizational activity and provide highly competitive revenue sharing for Beaumont inventors.

Below is a table excerpted from Beaumont's Intellectual Property Policy detailing the sliding scale of payment of royalties received to inventors and the hospital based on license value:

Step 2. Invention disclosure

What is important about this step?

We like to call this step the “legal line in the sand.” Completion of this simple document is what starts the entire formal process. It is also a key consideration if/when a patent is ever challenged by another inventor. This document will ask a few questions that will enable you to describe your invention and highlight the benefit it will provide and the solutions it addresses. It is not a complicated, prepared document. Simply answer the questions and submit it to BCC.



What will you do?

Download the “Beaumont Commercialization Center Invention Disclosure,” available on the Beaumont Hospitals website at www.beaumonthospitals.com/commercialization-center. Based upon our initial meeting, you should be able to fill this out fairly easily. If you have any problems or questions, please contact us and we are happy to assist.

What will happen?

Once you have submitted the completed document to BCC, it will be filed and the process of review and background will begin.

Step 3. Assessment of disclosure application potential

What is important about this step?

At this stage, it is important for Beaumont to review all potential provisional patent filing candidates. In order to efficiently use resources and develop an overall successful patent portfolio, a review and potential assessment is necessary. Feedback may be the key to improving an idea if it does not pass this stage the first time.

What will you do?

Depending upon the nature of the invention disclosure, you may be involved in discussing the merits of the idea.

What will happen?

You will be notified of when the meetings will be held and the results. Beaumont’s goal is to build a successful portfolio of medical technology intellectual property that in turn increases the funding for the development efforts. The objective is for all to be successful and find eventual paths that lead to positive application results for all of our inventors.

This committee will be three to five people and consist of BCC, Beaumont leadership and legal representation. The committee will review all current invention disclosures and discuss relative merits of each case in order to determine which disclosures will be the foundation for a provisional patent filing.

If projects are passed over at this time, they typically have two paths to follow: 1) the rights are returned to the inventor so that he or she can pursue development on their own, or 2) the invention is reviewed and modified at a later date to be considered again.

Step 4. Provisional patent filing

What is important about this step?

This is a USPTO filing that will set in motion the subsequent IP development steps. An inventor has one year to file for a full utility patent based on the application date of the provisional filing. In some cases, it may be desirable to initially file a formal patent application. BCC will help determine the best patent filing process to pursue.



Step 5. Beaumont patent application candidate selections

At this stage, Beaumont will review all provisional patent concepts on a periodic basis. The review process will take projects at this stage and

Step 7. Full utility patent application

What is important about this step?

This is the formal and extensive application document necessary to obtain a U.S. patent. The preparation for this will be extensive and a considerable amount of time will be spent with BCC staff and, most importantly, Beaumont's IP attorneys to properly prepare this application both in terms of strategy and content.

What will you do?

You will be called on often to work with the IP attorneys to prepare this document. It will take time and the actual development timetable for the application may span months depending upon the complexity of the invention

What will happen?

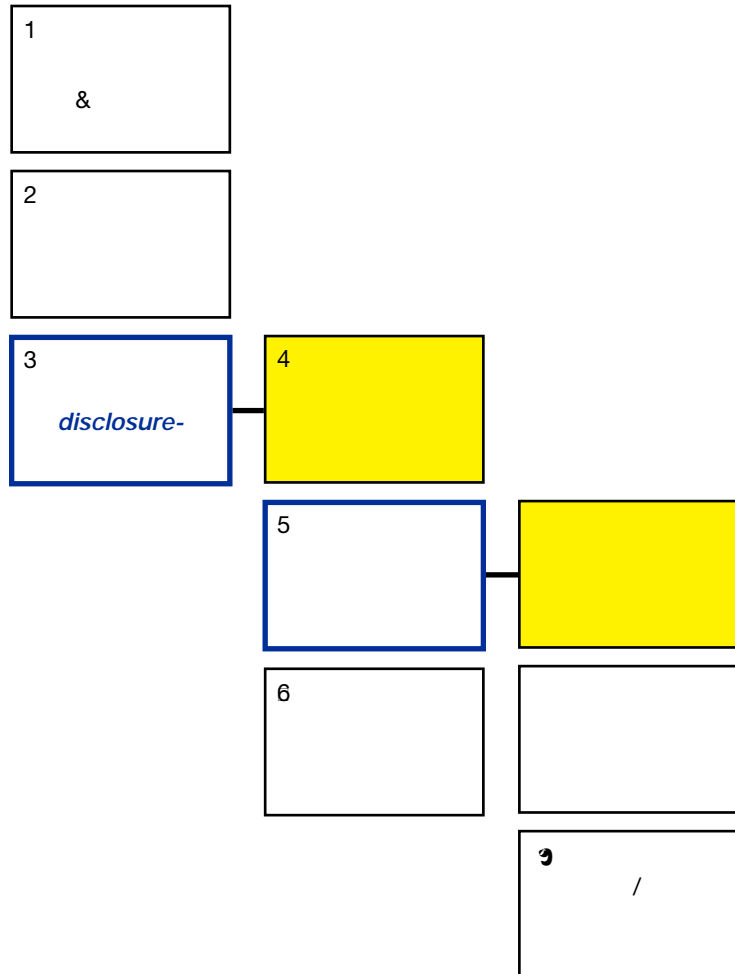
Since this is a legal document, much of the workload will be done by the IP attorneys. Once submitted, there may be questions from the USPTO examiners that Beaumont will need to respond to. At this point, it is primarily a matter of waiting for feedback.

Step 8. Multichannel marketing

What is important about this step?

Assuming the application culminates in an awarded U.S. patent, this is the phase where you will work closely

BCC Commercialization Process



Step 9. Negotiate/manage agreements

What is important about this step?

Once a potential partner is identified, Beaumont will establish the monetary value for your invention via a mutually agreed upon licensing contract. There are no specific steps to this since virtually every negotiation will follow its own path. Additionally, the timeline can be variable since it is dependent upon many external factors.



This is the point where the value and the preparation to position the invention as much as possible will generate value for the inventor and Beaumont. As the inventor, you will be a team member involved in the strategy and discussions related to the negotiation of a license for your invention. Remember, it is in Beaumont's best interest as well as your best interest for the best possible agreement to be approved. BCC staff is experienced with the business aspects of these negotiations.

With a team consisting of BCC staff, the Beaumont legal team and you, the objective of successfully commercializing your invention will be realized.

Appendix

This manual was produced to provide a quick-reference guide to understanding the primary aspects of intellectual property development and the program and process put in place by Beaumont Hospitals to support your inventions.

You will see that the primary background and process steps have been presented in a way so that you can review them quickly and get a sense of the scope and commitment you will be involved with as your invention takes shape. This manual by design is brief and concise. We understand that you are an extremely busy medical and healthcare professional, so the objective is to help you get started easily and then support you along the way.

In addition to this manual, there will be ample support material available through the BCC website and staff.

We hope that you are able to take some time to familiarize yourself with the general points of this manual so that you can refer to it easily for support when considering a medical technology invention.

A patent background discussion

Following is an excerpt from Brinks Hofer Gilson and Liono's



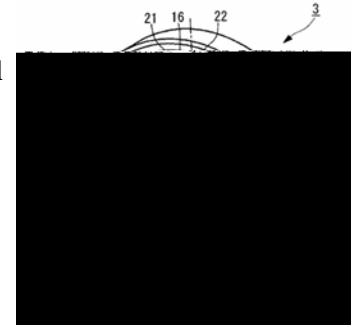
and is subject to copyright protection and therefore is not to be copied without written approval.

The term "intellectual property" broadly refers to the creative product of a person's mind, which the law treats as a property right. Intellectual property is considered intangible but is still property in the truest sense in that it can be bought and sold, and it gives rise to legal rights, duties and consequences.

Right in intellectual property under United States laws generally fall into one of the following four categories: patents, copyrights, trademarks and trade secrets. The laws of contracts also often play a major role in the dealing with intellectual property issues. In addition, there are some other forms of intellectual property protection including those resulting from various state and common law principles such as unfair competition.

Types of patents

Utility patents are also called functional patents, since they encompass the function or operation of a machine or device. Utility patents have a term of enforceability running from the date of issuance to 20 years from its earliest effective U.S. filing date, provided that periodic maintenance fees are paid.



Utility patents can be obtained in the following categories of subject matter:

- † > RITYZ Vd` cRaaRcRcf dMdZ Tjf UVZ_gV_eZ _deYReRcV typical of those most people think about as examples of patented inventions. This category includes devices in which components interact, (e.g. automobile transmission, machine tools, appliances, etc.).
- † Ac` TVdMdZ Tjf UV^ Vex` Ud` cac` TVuf cVdf dULWc Vi R^ a]VL in the manufacture of a device or product. The category also includes computer software which is used to produce some tangible result.
- † 2ceZ]Vd` W` R_f W]ef cVRcVRcaZ]Vdh ZY` fe^` gZ` XaRcaZ` Examples include soap dishes, water spray nozzles and bottles.
- † 4` ^ a` dZ` _d` W` RcaVc` Z` Tjf UV T` ^ a` f` UdR_ U^ Z` ef` cVd`

determining if the overall process or method was patentable subject matter. Since then, many computer software applications have been filed and many have been issued patents.

† 5 VdX aReV edac eVTeR_j _VhL` cZZ_R] R_U` c_R^ V_eR] design of an article of manufacture. Compared with utility patents, which protect the function or operation of a machine or device, design patents protect the appearance of a product. This appearance may be in the form of a shape, color, surface ornamentation or a combination of these forms. Design patents protect well-known consumer goods, such as Apple iPods, Nike footwear and Eclipse mints, just to name a few.

Requirements of patentability

In addition to the requirement that the invention fall within one of the subject matter categories, additional requirements must be satisfied in order for an inventor to patent an invention in the U.S. These additional requirements are that the invention must be novel, must not be obvious, and must have utility. These requirements are discussed in more details as follows:

Novelty. This requirement has various facets and is defined by Federal Statute (35 U.S.C. §102). One set of the novelty rules refers to the date of invention. A patent application will be denied, or an issued patent will be found invalid, if before the date of invention (not the filing date), the invention was:

† _`h_`cf dUSj `eVvdZ_eVf ŽŽ
† aReV_eU`cUVdIcSVUZ_RacZ_eUafS]ZIReZ_ R_j hYvVZ_ the world.

Provisional patent applications may also be filed with the USPTO.

A provisional patent application is used to establish a priority of invention (i.e. to secure a filing date for a given disclosure of the invention). The provisional patent application becomes automatically abandoned on the first anniversary of its filing date and is never itself either “examined” or published by the USPTO. Thus, to benefit from the filing of a provisional patent application, a nonprovisional patent application must be filed no more than 12 months after the filing date of the provisional patent application, and further, make an explicit reference to the earlier-filed provisional patent application. As long as a nonprovisional patent application is properly filed within the 12-month period, the provisional patent application filing date is used as the later application’s “effective filing date” for invention adequately described in the provisional patent applications.

Reissue patent applications are patent applications filed to correct a “defect” in an issued patent. A “narrowing” reissue seeks to narrow the scope of one or more claims to correct a defect, such as claiming more than the patentee had a right to claim. A narrowing reissue can be filed at any time prior to the expiration of the patent’s term. A “broadening” reissue seeking to expand the claims coverage must be filed with the USPTO no more than two years from the date on which the patent originally issued.

International patent applications are patent applications filed under the patent cooperation treaty, or PCT. In a PCT application, the applicant “designates” one or more of the many PCT member countries, encompassing virtually the entire industrialized world, to preserve the option to later file that PCT application in any designated country. The PCT patent application can be filed in any one of the many national patent offices.

Resources for the Inventor

Beaumont Hospitals

www.beaumonthospitals.com

Intellectual Property Policy

www.beaumonthospitals.com/commercialization-center

Invention disclosure form

www.beaumonthospitals.com/commercialization-center

United States Patent & Trademark Office, or USPTO

www.uspto.gov

USPTO inventors resources

<http://www.uspto.gov/inventors/index.jsp>

Google patents

www.google.com/patents

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