

University Health Network Policy & Procedure Manual Administrative – Intellectual Property Protection & Commercialization

Policy

University Health Network (UHN) strives to maximize the potential for healthcare impact from the [intellectual property \(IP\)](#) created by discovery research and related activities conducted at UHN. This requires UHN to secure, manage, and improve the created [IP](#), so that it may be transferred appropriately to the private sector for the development and marketing of new healthcare products and services. Recognizing the need to establish effective and sustainable transfers of [IP](#) to the private sector, UHN rewards the creativity of its investigators, protects their academic freedom, and establishes a basis for UHN to participate in the economic benefits which flow from successful research commercialization.

Application

This policy applies to:

- all [UHN personnel](#) (including all researchers and clinical staff, affiliated individuals and trainees authorized to work at UHN)
- all [IP](#) (including [research works](#), [institutional works](#) and [traditional academic works](#)) [developed](#) by [UHN personnel](#)
- any other [IP](#) arising from, or through the use of, [UHN resources](#)

Cross-appointments & Academic/Research Collaborations (e.g. Universities, Colleges, Institutes)

[IP developed](#) by [UHN personnel](#) who are cross-appointed to a non-UHN institution, or [developed](#) in association with individuals who are affiliated with any other non-UHN medical and/or educational organizations (e.g. collaborations with non-UHN individuals), is governed by this policy unless (and until) there is a written agreement between UHN and that organization which specifically deals with any such [IP](#).

Sole Property of UHN

UHN solely owns all [IP developed](#) by [UHN personnel](#), and any [IP](#) otherwise arising through the use of [UHN resources](#), with the exception of [traditional academic works](#), which remain the property of the author(s).

All [UHN personnel](#) and other non-UHN individuals (as appropriate) must execute all documents required by UHN to formalize and/or record UHN's ownership in such [IP](#), as well as those further documents which might be required to commercialize this [IP](#).

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Section	General Administration	Revision Dates	10/06; 04/12; 06/15
Issued By	Technology Development & Commercialization	Review Dates	
Approved By	Vice-president, Research	Page	1 of 7

IP Policy Management

[UHN Technology Development & Commercialization \(TDC\)](#) manages all matters relating to this policy including, but not restricted to, the receipt and review of invention disclosures, the filing and management of patent applications, and the licensing of UHN [IP](#) to external parties.

UHN personnel have an obligation to disclose to [UHN TDC](#) all research outcomes (e.g. manuscripts submitted for publication or abstracts for presentation) with the potential to create UHN [IP](#) at least six (6) weeks prior to any public disclosure or presentation. This is to allow for the review and the possible filing of appropriate [IP](#) protection and registrations. This obligation also applies to the outputs and/or outcomes from other non-research creative activities with [IP](#) potential (e.g. hospital/patient management software or clinical trial questionnaires).

[UHN TDC](#) coordinates and manages all filings and registrations for [IP](#) protection (e.g. patents, copyrights).

Commercialization

[UHN TDC](#) has the primary responsibility, on behalf of UHN and the [Vice-president \(VP\) Research](#), for negotiating and formalizing all licenses and/or other agreements pertaining to the commercialization or exploitation of UHN [IP](#) for commercial use by the private sector.

Any license or other agreement in respect of the licensing or commercialization of UHN [IP](#) must be approved and executed by the [VP Research](#) (or designate).

UHN reserves the right to enter into further agreements with other agencies (e.g. MaRS Innovation [MI], Centre for Commercialization of Regenerative Medicine [CCRM]) for the purpose of advancing the commercialization of specific opportunities, with due consideration being given to the principles of this policy.

Distribution of Commercialization Revenue

[Net revenue](#) derived from the commercialization of UHN [IP](#) based on [research works](#) will be distributed 50% to [inventors](#) (or [authors](#) for copyrighted materials) and 50% to UHN.

In cases where revenue-generating UHN [IP](#) was created through contribution(s) from UHN-associated Hospital Foundation(s), an appropriate distribution to the Hospital Foundation(s) from the UHN portion of the revenue will be negotiated by UHN with the particular Hospital Foundation(s).

All [net revenue](#) (i.e. 100%) derived from [institutional works](#) will be retained by UHN and utilized and/or allocated in UHN's discretion by the Chief Executive Officer (CEO) or

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Issued By	Technology Development & Commercialization	Review Dates	
Approved By	Vice-president, Research	Page	2 of 7

delegate. UHN may, on a case-by-case basis, financially reward and recognize creators of [institutional works](#).

All equity received by UHN in the course of commercializing UHN [IP](#), whether directly or indirectly, shall be managed by the [VP Research](#) in consultation with the Office of the Chief Financial Officer. This extends to the management of equity in both private and publicly traded third party companies.

[Net revenue](#) arising from the liquidation of equity specifically and directly received by UHN from the commercialization of particular and defined UHN [IP](#) will be distributed to the UHN [inventors](#) associated with that particular UHN [IP](#), in accordance with this policy.

In the event that UHN declines to protect or further commercialize any patentable (or other protectable) UHN [IP](#), UHN may, in its discretion, assign the [IP](#) to [inventors](#) upon request. Upon such event, the [inventors](#) will be required to repay all expenses incurred by UHN in respect of legal, patenting or other [IP](#)-registration or protection.

In the event of an assignment of UHN [IP](#) to [inventors](#), UHN will be entitled to 25% of the [net revenue](#) derived from any commercialization or exploitation of such assigned [IP](#), and will require an annual report of all activities pertaining to the commercialization of the assigned [IP](#).

UHN “Spin-out”/Company Creation

UHN TDC will participate (on behalf of UHN) in the creation of UHN “spin-out” and any other newly created third party companies encompassing UHN IP and/or [UHN resources](#). Such participation may include the negotiation of an appropriate UHN equity stake in the UHN “spin-out” or third party company (each a “NewCo”), the terms and conditions pertaining to the licensing of the UHN IP to the NewCo, the use of UHN space or facilities by NewCo, and/or any [research contract](#) between the NewCo and UHN.

All company creation activities by [UHN personnel](#) which involve the use of UHN [IP](#) and/or [UHN resources](#) must be negotiated with [UHN TDC](#) and approved in writing by the [VP Research](#).

UHN [inventors](#) may potentially participate as “founding” equity holders in a NewCo involving their UHN [IP](#), distinct and separate from any entitlement that may arise under this policy in respect of distributions to UHN [inventors](#). However, in any such context, the [VP Research](#) (or delegate(s)) shall conduct an assessment as to whether any real or potential conflict of interest exists and, further, whether any such conflict of interest can be adequately managed and/or mitigated in accordance with relevant UHN standards and policies (e.g. [Conflict of Interest](#) policy 2.50.002, [Conflict of Interest of Research Personnel](#) policy 40.90.002). Factors to be considered in this assessment include:

- the nature of NewCo business and context of operations,
- size and nature of UHN [inventor](#) equity stake (e.g. issued, vesting over time, etc.),

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Section	General Administration	Revision Dates	10/06; 04/12; 06/15
Issued By	Technology Development & Commercialization	Review Dates	
Approved By	Vice-president, Research	Page	3 of 7

- UHN [inventor's](#) position and/or role in NewCo management (e.g. founder, C-level, SAB member, consultant, etc.),
- UHN [inventor's](#) influence and control over NewCo corporate governance (e.g. Board of Director position or representation, etc.),
- size and nature of UHN's financial or other investment (if any) in NewCo,
- size and nature of UHN's equity stake in NewCo,
- UHN's role/function in NewCo management (e.g. provision by UHN personnel of active management role and/or services to NewCo, etc.),
- UHN's influence and control over NewCo corporate governance (e.g. Board of Director position or representation, etc.),
- potential ramifications (if any) to entitlements owed to other UHN [inventors](#),
- nature of ongoing research relationship (if any) between UHN and NewCo (e.g. [research contract](#) with UHN (in UHN [inventor's](#) lab, or not), etc.), and
- any other factor(s) and/or information as may be relevant to a particular context.

In contexts where a real or potential conflict of interest is found to exist which **can** be adequately managed and/or mitigated in accordance with relevant UHN standards and policies, an appropriate management/mitigation plan will be implemented. In contexts where a real or potential conflict of interest is found to exist which **cannot** be adequately managed and/or mitigated in accordance with relevant UHN standards and policies, the UHN [inventor](#) shall be required to formally choose whether to participate as a “founding” equity holder in the NewCo and forfeit their individual participation in the distribution of [net revenue](#) to UHN [inventors](#) resulting from the licensing of such UHN [IP](#) to NewCo, or alternatively forego receipt of this “founding” equity and maintain their individual participation in the distribution of [net revenue](#) to UHN [inventors](#), and any such decision will be considered final. In such contexts where an election has been made by an individual UHN [inventor](#) to become a “founding” equity holder, UHN will retain that portion of the [net revenue](#) from the licensing of the UHN [IP](#) to NewCo that would otherwise have gone to that particular UHN [inventor](#).

Nothing in this policy restricts a UHN [inventor](#) (independent of whether or not the UHN [inventor](#) is a “founding” equity holder of a NewCo) from entering into a subsequent contractual relationship with the NewCo in a personal capacity (e.g. consulting agreement for compensation involving fees and/or NewCo equity). However, any such contractual relationship will be at the exclusive discretion of the NewCo, and will remain subject to all other relevant UHN policies (e.g. [Conflict of Interest](#) policy 2.50.002, [Conflict of Interest of Research Personnel](#) policy 40.90.002, other relevant UHN employment-related policies).

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Issued By	Technology Development & Commercialization	Review Dates	
Approved By	Vice-president, Research	Page	4 of 7

Research Contracts & Other Agreements (i.e. Material Transfer Agreements [MTAs], Confidential Disclosure Agreements/Non-disclosure Agreements [CDAs/NDAs])

[UHN TDC](#) has the primary responsibility, on behalf of UHN, for all contractual and related legal activities associated with agreements involving the negotiation of rights to UHN [IP](#).

No [research contract](#) (such as sponsored research agreements or service agreements) may be entered into by any [UHN personnel](#) with any [research partner](#), unless it is formalized in writing and signed by the [VP Research](#) (or designate).

All [research contracts](#) must incorporate the appropriate UHN institutional overhead charge.

UHN TDC must review and approve all [MTAs](#) involving the transfer of research reagents, clinical samples, equipment or data to or from any external academic/research organization or private sector research partner.

[UHN TDC](#) must review and approve all [CDAs/NDAs](#) governing the disclosure of any UHN confidential or proprietary information to non-UHN external parties for whatever purpose.

For clarity, UHN personnel may not negotiate or accept any arrangement or offer of financial or other support from a source, other than UHN, for the development, protection, patenting or licensing of IP, or engage in the transfer of any UHN materials or UHN confidential information to a non-UHN individual or entity without involving [UHN TDC](#), or first obtaining the written consent of UHN through the [VP Research](#) (or designate).

No agreement will override this policy unless specifically confirmed in writing by the [VP Research](#); failing which, this policy will apply in spite of any arrangements to the contrary.

Definitions

Author(s): An individual (including any [UHN personnel](#)) who [develops](#) or otherwise creates copyrighted [IP](#) (as defined in law).

Confidentiality disclosure agreement/non-disclosure agreement (CDA/NDA): A legal agreement between UHN and a non-UHN third party (e.g. company or individual) governing the disclosure and/or transfer and/or exchange of confidential information.

Develop(s/ed): Make, create, invent, conceive, control, discover, improve or author, directly or indirectly, and in any manner in the course of, or arising out of work performed at, or on behalf of UHN, or otherwise utilizing [UHN resources](#).

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Issued By	Technology Development & Commercialization	Review Dates	
Approved By	Vice-president, Research	Page	5 of 7

Institutional work(s): All tangible materials and any other outcome, output, result and matter [developed](#) by persons hired by UHN for a specific purpose (e.g. consultants, contract engineers), or by [UHN personnel](#) under institutional direction and/or instruction which are **not** [research works](#) or [traditional academic works](#). Institutional works may include [intellectual property](#) consisting of patent(s), copyright(s), or both. Examples of institutional works include [IP](#) arising from UHN’s provision of services to external third parties, and software and devices created at the specific direction of UHN.

Intellectual property (IP): Inventions (whether or not patentable), technology, technical information, confidential information, trade secrets, know how, trade-marks, domain names, URLs, brands, service marks, official marks, industrial designs, design patents, letter patents, copyright (including literary and artistic works), databases, formulae, cell lines, antibodies and other biological materials, chemical discoveries, computer software and hardware, software code and algorithms, drawings, graphics, designs, concepts, ideas, apparatus, processes, methodologies, materials, prototypes, devices, and works of authorship. IP includes [research works](#), [institutional works](#) and [traditional academic works](#).

Inventor(s): Any individual (including any [UHN personnel](#)) who makes an inventive contribution to the creation and/or development of [IP](#) (as defined in law).

Material transfer agreement (MTA): A legal agreement that governs the transfer of research material (e.g. compound, antibody, microarray, purified protein, cell line, cloned gene, recombinant mice, human tissue/sera) or equipment from UHN to another non-UHN entity or individual (and vice versa). The agreement names the sender and the intended recipient, specifies the nature of the material/equipment transferred, and establishes ownership and the constraints on its use, including a descriptor of permissible research to be performed with the transferred material/equipment.

Net revenue: UHN’s share of any income (including income received from equity liquidation or dividend distribution to shareholders) arising from the commercialization of its [IP](#) after reimbursement of its direct costs involved in commercialization activities (e.g. [IP](#) protection costs, external legal costs, external consultant costs, agency fees, etc.). For clarity, this aggregate will not include a distribution of any equity or shareholder position held by UHN until such time as the equity/shareholding is liquidated or converted to cash. For further clarity, “net revenue” does not include any fees, monies or other consideration received by UHN further to a [research contract](#) or research grant.

Research contract(s): A contract between UHN and an entity (including a for-profit entity) by which UHN carries out non-clinical research for such entity and/or where such entity participates in research with UHN, UHN personnel, or otherwise utilizes UHN resources, where the entity reserves or is granted rights with respect to the [IP](#) arising from the contracted research. Examples are sponsored research agreements and (research) service agreements, but do not include research grants from traditional grant-funding agencies (e.g. Canadian Institutes of Health Research, National Institutes of Health) or clinical trial agreements.

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Approved By	Vice-president, Research	Page	6 of 7

Research partner(s): Any entity, corporation, partnership, person, association, granting agency, government or other legal body/person with whom, in any manner, any research or development, of any nature, is performed or intended to be performed, on any basis.

Research work(s): Tangible materials and any other outcome, output, result and matter [developed](#) by [UHN personnel](#) arising from self-directed and independently conceived experimental work, studies or other discovery research activities.

Traditional academic work(s): Any work of authorship [developed](#) for a scholarly purpose, including scholarly papers, books, book chapters, abstracts, presentations, whether or not published and whether or not distributed by any means, including print or electronic media.

UHN personnel: Any employees, staff, persons with medical appointments, researchers, investigators, support staff, consultants, contract employees, adjunct staff, students, graduate students, post-doctoral fellows, persons with contractual arrangements with UHN and any other person who has any access to or uses, in any manner, directly or indirectly, [UHN resources](#) for teaching, research and/or development purposes or otherwise. [UHN personnel](#) include all UHN individuals who also are cross appointed to a non-UHN institution.

UHN resources: UHN owned, operated, funded or administered: salaries, research chairs, stipends, student fellowships, research grants and funds, equipment, reagents, assets, facilities, personnel, hospitals, other funding, software, databases, medical records, and [IP](#), and further includes access to UHN patients, treatment areas, human tissue/sera stored or banked at UHN, research and information, and UHN facilities.

UHN Technology Development & Commercialization (UHN TDC): The office at UHN designated by the [VP Research](#) to assume primary responsibility for the management of matters related to this policy, and for legal and related commercialization activities associated with [IP](#) arising from UHN research activities.

Vice-president Research (VP Research): The person whose primary function is to head the research and development function of UHN.

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Issued By	Technology Development & Commercialization	Review Dates	
Approved By	Vice-president, Research	Page	7 of 7