

BETH ISRAEL DEACONESS MEDICAL CENTER
RESEARCH AND INTELLECTUAL PROPERTY POLICY

Board of Directors

Research Advisory Committee

October 26, 2004

Table of Contents

Preamble	i
Defined Terms	ii
A. Purpose	1
B. Research and Intellectual Property Development Committee	
1. Membership	2
2. Responsibilities	2
C. Scope	2
D. Intellectual Property Reporting and Disclosure	
1. Reporting to TVO	3
2. Disclosure Outside the Medical Center	3
E. Intellectual Property Ownership	
1. Principles	4
2. Process	5
F. Protecting Intellectual Property Rights	6
G. Marketing and Commercialization	7
H. Distribution of Net Proceeds:	
1. Net Proceeds	7
2. Equity	8
3. Medical Center Research Fund	8
4. Medical Center General Fund	8
5. Distribution Schedule	8
6. Multiple Covered Persons	9
7. No Active Research Program	10
8. Death or Departure from Medical Center	10
9. Unauthorized Payments to Covered Persons	10
10. Postponement of Distribution	10
11. Distribution Review	11
I. General Equity Provisions:	
1. Decision to Accept Equity	11
2. Receipt of Equity	12
3. Distribution of Equity	13
4. Monitoring	13
5. Clinical or Other Sponsored Research	14
6. Governing or Scientific Board Membership	15
J. Conflicts of Interest Policies	15
K. Consulting Agreements	15
L. Other Arrangements	15
M. Dispute Resolution	16
N. Former Policies	16
Exhibit A – Participation Agreement	17

BETH ISRAEL DEACONESS MEDICAL CENTER
RESEARCH AND INTELLECTUAL PROPERTY DEVELOPMENT POLICY

-Preamble-

The collaboration between the Beth Israel Deaconess Medical Center and its physicians and researchers is critical to the Medical Center's successful fulfillment of its mission of providing a high level of excellence in clinical care, teaching and research. Over the last decade, a variety of relationships with industry have brought new resources to the support of science that facilitate translation of knowledge from the laboratory to the bedside. These relationships have great potential to benefit the public as well as research institutions, their faculty and staff, and their industrial partners. The Directors of the Beth Israel Deaconess Medical Center are strongly committed to the continued growth in these innovative and mutually beneficial relationships, while realizing their paramount responsibility to safeguard the principles of academic freedom and timely dissemination of information about important new scientific developments.

This policy is intended to serve as a guide for members of the Medical Center community in structuring their relationships with industry and other outside ventures in view of their academic responsibilities for teaching, research and patient care. In addition, the policy encourages creativity and innovation of researchers, with incentives for productivity and opportunities to gain recognition for individual accomplishments.

In addition, this policy is also meant to encourage researchers to disclose discoveries in a timely manner in order to protect the intellectual property rights of the Medical Center, while providing for fair and equitable allocation of responsibilities and rewards among Covered Persons, researchers, the Medical Center, and other collaborators which may have contributed in whole or in part to inventions, discoveries or Covered IP.

Finally, the policy supports the goal of bringing to the public important new Medical Center discoveries and inventions, which, through commercialization, address unmet medical needs and alleviate human suffering.

Defined Terms

Committee: Board of Directors, Research Advisory Committee(“BoDRAC”).

Covered IP: Intellectual Property, as defined below, that (1) either has potential commercial value or is patentable, copyrightable, or otherwise entitled to legal protection, and (2) is made, conceived, reduced to practice or authored by a Covered Person while engaged in activities (a) for which the Covered Person received financial support from or through the Medical Center; or (b) which involved material use, by or at the direction of the Covered Person, of any facilities, materials, equipment, staff, information, ideas, data, computers or other resources of the Medical Center; or (c) which are related to the subject matter of the employment, research or other activities conducted at the Medical Center by the Covered Person. Except for certain scholarly works, copyright works of authorship shall be included within the scope of Covered IP whether or not the work qualifies as a work-for-hire.

Covered Person: A full or part-time employee, member of the professional staff or member of the faculty of the Medical Center, whether or not they are paid by BIDMC, as well as anyone using Medical Center facilities or resources (for whatever purpose, and whether or not for compensation), and anyone using funds from outside sources (e.g., grants) under Medical Center sponsorship including, without limitation, consultants, agents, fellows, students and trainees.

Directors: Directors of Beth Israel Deaconess Medical Center.

Equity: Stocks, options, warrants and/or other financial instruments convertible to equity in an entity that has received licensing and/or distribution rights to Covered IP.

Equity Subcommittee: A subcommittee of the Board of Directors Research Advisory Committee designated by the chair of the Research Advisory Committee to address issues relating to equity ownership.

General Fund: The Medical Center General Fund supports initiatives generally of the Medical Center.

Intellectual Property ("IP"): With the exception of scholarly works that neither embody nor disclose Covered IP, all types of IP (including, but not limited to, any invention, discovery, work of authorship, trade secret, technology (including scientific or technological development), formula, algorithm and computer software) in all mediums (including digital media) are covered by this Policy, regardless of whether such property is subject to legal protection under patent, trademark, copyright, or other laws.

Invention: Any potentially useful creation, innovation, enhancement, improvement, alteration, or new approach or process, in the form of composition of matter, device, manufacture, or method, that is made, conceived or reduced to practice, for any purpose, whether or not patentable.

Inventor: A Covered Person who makes, conceives, reduces to practice, or generates an Invention.

Medical Center: Beth Israel Deaconess Medical Center, Inc.

Net Proceeds: The amount actually received by the Medical Center from the sale, license or other commercialization of Covered IP owned in whole or in part by the Medical Center, including but not limited to, royalties, fees, milestone payments, and Equity, less all costs and expenses reasonably attributable to obtaining intellectual property protection and commercialization of the Covered IP.

TVO: Technology Ventures Office.

Policy: This Research and Intellectual Property Development Policy.

Research Fund: The Medical Center Research Fund supports only Medical Center-based research. This is a separately held special fund. Allocations of both the principal and interest from this fund may be made by the President of the Medical Center in consultation with the Chief Academic Officer after reporting the proposed distribution to the Committee.

BETH ISRAEL DEACONESS MEDICAL CENTER, INC.
RESEARCH AND INTELLECTUAL PROPERTY DEVELOPMENT POLICY

A. PURPOSE

The mission of the Beth Israel Deaconess Medical Center (the "**Medical Center**") is to provide a high level of excellence in clinical care, teaching and research. To further this mission, the Directors of the Medical Center (the "**Directors**") who are responsible for the overall allocation of resources among these three objectives, have adopted this Research and Intellectual Property Development Policy (the "**Policy**") to:

- benefit the public by facilitating commercial development and utilization of inventions, discoveries and other technology;
- encourage the creativity and innovation of current staff, as well as to encourage the recruitment and retention of talented and innovative staff;
- provide incentives to researchers to be productive and recognize individual accomplishment;
- foster scholarly pursuits and principles of academic freedom;
- encourage researchers to disclose discoveries in a timely manner in order to protect the intellectual property interests of the Medical Center;
- provide assistance in negotiating, preparing and implementing contracts with outside sponsors, collaborators and licensees.
- provide equitable allocation of responsibilities and financial rewards among Covered Persons, researchers, the Medical Center and any other entity which may have developed, sponsored or financed in whole or in part such inventions, discoveries or technology; and
- provide financial support of the Medical Center's mission of excellence in clinical care, teaching and research.
- To assure uniform and consistent treatment of the matters and circumstances contained within this policy.

The Directors retain the discretion to amend this Policy from time to time to fulfill these purposes.

B. RESEARCH ADVISORY COMMITTEE

1. Committee Membership. The Chair of the Board of Directors of BIDMC, in consultation with the CEO of the Medical Center, will appoint members of the BoDRAC (the “**Committee**”). Membership will consist of the Chair of the Committee, appointed annually by the Chair of the Board of Directors from the members of the BIDMC Board of Directors or Trustees, after consultation with the CEO and Chief Academic Officer (CAO); the Chair of the Board of Directors, ex-officio; President of the Medical Center, ex-officio; the Chief Academic Officer, ex-officio, without vote; the Vice President, Research Operations, ex-officio without vote; the Director of Technology Ventures, BIDMC, ex-officio, without vote; and additional members representing research leadership at BIDMC and elsewhere, finance and venture capital skills, legal background, and other community and business leaders. The elected members shall be divided into three classes of approximately equal size, the term of one class expiring each year. Terms are renewable and the terms of individual members shall continue until a successor is chosen. A quorum for the conduct of business by the Committee shall consist of a majority of those present at a meeting, with a minimum of five currently appointed voting members.

2. Responsibilities. The Committee shall oversee and advise the CAO on the interpretation and application of this policy, and may grant exceptions to the Policy in special cases. From time to time the Committee may recommend to the Directors amendments and/or additions to this Policy.

C. SCOPE

This Policy applies to all Covered IP which is made, conceived, reduced to practice or authored by any Covered Person. The question of whether IP is useful, or has commercial value, for purposes of determining whether it is potentially covered by this Policy, shall be resolved in the discretion of the Medical Center. Steps taken toward commercialization, such as filing a patent application or seeking other protection of intellectual property, will be interpreted as demonstrating potential commercial value.

In keeping with principles of academic tradition, the Medical Center claims no ownership interest in scholarly works, including publications such as textbooks, that do not embody or disclose any Covered IP. Authors of scholarly works so exempted from Medical Center ownership under this Policy may retain ownership of copyright and royalties or other income derived from works, including books, films, cassettes, software, works of art, or other materials. However, the Medical Center shall automatically be granted a perpetual, royalty-free, non-exclusive right to use such works, in any medium, in the ordinary course of the Medical Center's business. When requested by the Medical Center, an acknowledgement of the license provided to it shall be provided by the author(s) of the scholarly work.

Each Covered Person shall sign a Participation Agreement in which the Covered Person agrees to comply with this Policy. This Policy, however, shall apply whether such an agreement has been executed at the time of an invention or not. A copy of a Participation Agreement is attached as **Appendix A**.

D. INTELLECTUAL PROPERTY REPORTING AND DISCLOSURE

1. ***Reporting of Intellectual Property to TVO.*** Each Covered Person who makes, conceives, reduces to practice or authors IP (**Covered Person**) should promptly submit a completed IP Disclosure Form to the TVO upon completion of the conception and/or reduction-to-practice of the invention . Intellectual Property Disclosure Forms are available from the TVO. If the Covered Person is a consultant to an employee or staff member of the Medical Center, then the employee or the staff member is responsible for ensuring that the IP Disclosure Form is completed and submitted. The description of the IP in the disclosure form should provide enough detail to determine the most appropriate steps, if any, to protect and commercialize the Covered IP.

2. ***Disclosure of IP Outside the Medical Center.*** All IP and reports pertaining thereto shall be treated as confidential, proprietary information belonging to the Medical Center until publication of such has been duly authorized by the Medical Center. It shall be understood that if IP is disclosed outside the Medical Center, (such as in a publication or oral presentation, by use, by public offer for sale, or by public sale), before appropriate steps are taken to protect the intellectual property rights in the IP, such as filing a patent application, then those rights may be lost. Therefore, prior to any proposed publication of IP or other disclosure of the IP outside the Medical Center, the TVO should be advised of the intended disclosure in sufficient time to permit the Medical Center to take any steps necessary to protect rights in any Covered IP. Whenever possible, an appropriate, signed Confidential Disclosure Agreement should be obtained from a third party recipient of the information regarding the IP before the disclosure is made. For Intellectual Property Disclosure Forms, Confidential Disclosure Agreements, and information about the appropriate use of each, contact the TVO.

E. INTELLECTUAL PROPERTY OWNERSHIP

1. Principles:

- a.** All Covered IP shall be owned by the Medical Center. All Covered Persons shall execute documents as necessary to assign the entire right, title, and interest in and to the Covered IP to the Medical Center, including rights in and to any (i) patents and patent applications relating thereto, both domestic and foreign including continuations, divisionals, reissues and reexamination certificates based thereon; (ii) registrations and copyright applications, renewals and extensions thereof, and in and to all works comprising, based upon, deriving from, or incorporating copyrightable material to be assigned under this Policy; (iii) all income, royalties, damages, claims and payments now or hereafter due or payable with respect thereto; and (iv) all causes of action, whether in law or in equity, for past, present, or future infringement of any aspect of the Covered IP.
- b.** When an entity other than the Medical Center has also sponsored, financed, or otherwise participated in the Invention, the CAO or designee will negotiate with the other entity to determine the percentage of the Covered IP owned by the Medical Center. The CAO or designee may consult with the Committee and any Covered Person, but is not obligated to do so.
- c.** The ownership of Covered IP that has been made, conceived, reduced to practice or authored in whole or in part in connection with activities conducted under a grant from or other agreement with the U.S. Government is subject to the retained rights of the U.S. Government.
- d.** Absent the prior written consent of the Medical Center, all sponsored research agreements and licenses made between the Medical Center and third parties with respect to Covered IP shall provide for ownership thereof in accord with this Policy.

2. **Process:**

a. Within a reasonable time following reporting of IP to the TVO, the CAO or designee will make an initial determination regarding whether the IP is Covered IP, as defined by this Policy, and therefore subject to a Medical Center ownership interest. Decisions of the CAO about whether IP is within the definition of Covered IP, as well as decisions pertaining to whether others hold an ownership interest in the IP, may be appealed by a Covered Person in writing within one (1) month after receipt of notice of the decision, to the CAO who will convene a subcommittee of the Medical Center's Research Advisory Committee (ReAC) consisting of the CAO, the Chief(s) of the Covered Person or Covered Persons' Department(s), and as many other Medical Center members of the ReAC needed to total at least five members (the ReAC Subcommittee"), whose decision will be final.

b. Subject to obligations to third-parties (such as research sponsors or the Government), the Medical Center may release, in whole or in part, any Covered IP and its related patent, copyright or other legal protection, to the Covered Person. The terms of the release may, in the Medical Center's sole discretion, require that appropriate compensation be provided to the Medical Center for its out-of-pocket expenses associated with the Covered IP including, without limitation, attorneys fees and other costs incurred in obtaining legal protection for the Covered IP. The Medical Center is under no obligation, however, to release, in whole or in part any Covered IP and its related patent, copyright or other legal protection, to any Covered Person. The Medical Center may also elect to retain the non-exclusive right to use any released Covered IP for Medical Center research.

- i.* The decision whether or not to the pursuit of a particular form of legal protection for Covered IP is available and warranted shall be made within the sole discretion of the CAO or designee of the Medical Center.
- ii.* Subsequent to the filing of a complete Disclosure, if the Medical Center has not taken reasonable steps toward seeking financial support or legal protection with respect to commercialization of Covered IP (if a decision to pursue such legal protection has been reached by the Medical Center) within nine (9) months after the Covered IP has been reported by a Covered Person to the TVO, or the Effective Date of this Policy, whichever is later to occur, then the Covered Person may submit a written request to the CAO for the release of the Covered IP to the Covered Person(s). Within three (3) months of receiving the request, the CAO or designee will review the Covered Person's request in consultation with the Committee, and inform the Covered Person of whether or not the request is approved, and the reasons for the decision. If the request is approved, then the Medical Center will provide appropriate documentation releasing the Covered IP to the Covered Person(s). There is no obligation for the Medical Center to grant a release request.

F. PROTECTING INTELLECTUAL PROPERTY RIGHTS

The CAO, or designee, working with the Covered Person, will decide whether to seek legal protection of Covered IP. If the Medical Center seeks patent, copyright or other legal protection of Covered IP, in whole or in part, then the Covered Person will cooperate with the Medical Center to protect the Covered IP. The Medical Center will provide professional services at its expense. The Covered Person will provide technical information, documentation, and all other assistance deemed necessary by the Medical Center, including an assignment of the Covered Person's rights in the Covered IP to the Medical Center. The TVO will retain Participation Agreements, invention disclosures, inventorship declarations, and assignments. Only the CAO or designee in consultation with the General Counsel of the Medical Center is authorized to select, retain and instruct attorneys or other professionals to perform services in connection with legal protection for Covered IP. The Medical Center is furthermore not obligated to pay for professional services that are not authorized in advance by the CAO or designee.

G. MARKETING AND COMMERCIALIZATION

The CAO or designee, with input from the Covered Person, will decide what measures are to be taken to commercialize the Covered IP, taking into account the principles of academic freedom while optimizing the utility of the Covered IP to the public and its commercial value to the Medical Center. This may include, but are not limited to, agreements with third-parties for the development, patenting, promotion, marketing, licensing and manufacturing of Covered IP. Transfers of any interest in Covered IP to third-parties are to be by license, rather than assignment, unless otherwise decided by the CAO or designee in consultation with the Committee. The license should provide the Medical Center the right to reduce or terminate the license if the third-party does not make a diligent effort to make the Covered IP available to the public. If a Covered Person is no longer employed or otherwise engaged at the Medical Center, then the CAO or designee may decide, without input, what measures are to be taken to commercialize the Covered IP.

Only approved agreements signed by an authorized representative of the Medical Center shall be valid and binding upon the Medical Center. The CAO or designee is authorized to negotiate agreements for the development or transfer of Covered IP with commercial and non-commercial third-parties. The President of the Medical Center, or designee, is authorized to approve and sign License Agreements. The CAO, and in the case of agreements for sponsored research the CAO or designee, is authorized to approve and sign all other Covered IP research, development and transfer agreements.

H. DISTRIBUTION OF NET PROCEEDS

- 1. *Net Proceeds.*** The term “**Net Proceeds**” as used in this Policy shall mean the amount actually received by the Medical Center from the sale, license or other commercialization of Covered IP owned in whole or in part by the Medical Center, including, but not limited to, royalties, fees, milestone payments, and Equity (as defined below) *less* all costs and expenses attributable to obtaining intellectual property protection and commercialization of the Covered IP. These costs and expenses may include, without limitation, attorneys’ fees, and out-of-pocket administrative and other costs and expenses of contract negotiations and administration, and any out-of-pocket cost or expense of patent or copyright prosecution, litigation, marketing, licensing and/or negotiation. Research funding and contributions of equipment received by the Medical Center from the sale, licensing or other commercialization of any Covered IP, shall be the property solely of the Medical Center and shall not be included within Net Proceeds.

2. **Equity.** The term “**Equity**” as used in this Policy shall include stocks, options, warrants and/or other financial instruments convertible to equity in an entity that has received licensing and/or distribution rights to Covered IP.
3. **Medical Center Research Fund.** The Medical Center Research Fund is a separately designated fund that supports only Medical Center-based research. Allocations of both the principal and interest from this fund may be made by the President of the Medical Center in consultation with the CAO after reporting the proposed distribution to the Committee. This fund is hereinafter referred to as the “**Research Fund**”.
4. **Medical Center General Fund.** The Medical Center General Fund supports initiatives generally of the Medical Center. This fund is hereinafter referred to as the “**General Fund**”.
5. **Distribution Schedule.** The Medical Center will receive Net Proceeds for the license, sale or other transfer of Covered IP. If the Covered Person chooses not to accept any portion of the Net Proceeds received by the Medical Center pursuant to its agreement for the transfer of Covered IP, then the Covered Person may, in a separate transaction relating to the transfer of that Covered IP, arrange to receive Equity from the company to which the Covered IP, is transferred. The receipt of equity by the Covered Person will demonstrate the Covered Person’s choice not to receive any portion of the Net Proceeds received by the Medical Center for that Covered IP. The Net Proceeds actually received by the Medical Center for its interest in Covered IP, excluding copyright works-for-hire and trade- or service marks, shall be periodically distributed by the Medical Center as provided in the following schedule:

Distribution Schedule¹

	Covered Person	Covered Person’s Res. Pgm	Covered Person’s Dept/Center	Research Fund ¹	General Fund ²
A. If Covered Person does not have separate equity arrangement with company	30%	20%	20%	20%	10%
B. If Covered Person has separate equity arrangement with company for that Covered IP	-0-	20%	30%	30%	20%

If the Net Proceeds received from an agreement exceeds \$3,000,000 during a fiscal year, then the Medical Center’s share (the combined shares of the Covered Person’s Department, the Research Fund, and the General Fund) of the excess for that fiscal year, will be distributed between the Covered Person’s Department, the Research Fund, and the General Fund as determined by the Board of Trustees of the Medical Center on the joint recommendation of the Medical Center President, the CAO, and the relevant Department Chief(s).

6. ***Multiple Covered Persons.*** In the event there are joint Covered Persons, distributions made to the Covered Persons under the Distribution Schedule shall be divided equally among the Covered Persons except as may be otherwise directed by the Covered Persons and approved by the CAO or designee. If the Covered Persons work in different Research Programs or Departments, the distributions allocated to each of their respective Research Programs and Departments shall be in direct proportion to the amounts allocated to each Covered Person.

7. ***No Active Research Program.*** If the Covered Person does not have an active research program, eg., a laboratory-based research program at BIDMC, at the time of commercialization, the Covered Person's Research Program share shall be distributed equally among the Covered Person's Department, the Research Fund and General Fund.
8. ***Death or Departure from Medical Center.*** If the Covered Person dies or ceases to be employed by or otherwise engaged at the Medical Center, then the Medical Center will distribute the Covered Person's individual share (as distinguished from that of the Covered Person's Research Program or the Department) to the Covered Person or the Covered Person's estate. It shall be the responsibility of the Covered Person or the executor or legal representative of the Covered Person's estate to notify the Medical Center's TVO in writing, as to where future payments should be sent. Under these circumstances, the Covered Person's Research Program share shall be distributed equally among the Covered Person's Department, the Research Fund and the General Fund.
9. ***Unauthorized Payments to Covered Persons.*** Unless payments have been approved by the Medical Center, amounts paid or provided by a company directly to an Covered Person, such as consulting payments, if such payments would otherwise would be considered as Net Proceeds for the transfer of Covered IP, are deemed to be owned by the Medical Center when calculating the distribution, and will be netted out when making any distribution to the Covered Person.
10. ***Postponement of Distribution.*** Notwithstanding all of the foregoing, the Committee may postpone distribution of Net Proceeds when extraordinary future expenses, such as patent prosecution expenses or an infringement suit, relating to the applicable Covered IP are reasonably anticipated by the Committee. In such event, the amounts received shall be segregated by the Medical Center, and Net Proceeds will be distributed in accordance with this Policy after actual expenses have been reimbursed to the Medical Center.

- 11. Distribution Review.** To ensure compliance with applicable Internal Revenue standards for corporations exempt from income taxation under Section 501 (c)(3) of the Internal Revenue Code, if the Total amount of Net Proceeds that would be distributed to a Covered Person pursuant to this Distribution Schedule exceeds \$900,000 in any calendar year, then the distribution will be reviewed by the Committee.

If the distribution to a Covered Person is reviewed and reduced to ensure compliance with applicable Internal Revenue Service standards, then the Medical Center President, the CAO, and the relevant Department Chief will jointly determine how the amount by which the Covered Person's distribution was reduced is to be distributed after consulting with the Covered Person.

I. GENERAL EQUITY PROVISIONS

- 1. Decision to Accept Equity.** In certain cases of Covered IP transfer, the Medical Center may have the opportunity to acquire Equity in the licensee's company in exchange for the Medical Center's interests in Covered IP. Decisions regarding ownership of Equity by the Medical Center or an individual Covered Person shall be guided by the terms of Federal law, the policies of the Medical Center, and the Harvard Faculty of Medicine policies concerning conflicts of interest and conflicts of commitment, together with the purposes and objectives of this Policy.

The CAO or designee will make an initial determination as to whether the Medical Center should accept Equity for the transfer. If the CAO or designee determines that an equity transaction meets the objectives of this policy, then the CAO or designee will make a written recommendation to a subcommittee of the Committee designated by the chair of the Committee to confirm the acceptance of equity and address issues relating to equity ownership (the "**Equity Subcommittee**").

At the time the CAO or designee makes a recommendation to the Equity Subcommittee that the Medical Center accept Equity in a Covered IP transfer transaction, the CAO or designee shall also make a written recommendation, in consultation with the Covered Person, as to whether the Covered Person should receive Equity either directly from the company or by sharing in the Equity received by the Medical Center.

In the event that the CAO recommends that a Covered Person share in the Equity received by the Medical Center, the CAO will advise the Equity Subcommittee of applicable provisions of the Harvard University Faculty of Medicine's Policy on Conflicts of Interest and Commitment and also the Conflict of Interest and Related Policies for BIDMC, and for CareGroup. The CAO shall also make recommendations with respect to research or other transactions with the company in which the Covered Person would receive Equity.

The Equity Subcommittee is authorized by the Committee to review and either approve or reject the recommendation of the CAO or designee. All decisions reached with respect to whether to accept Equity, the amount and form of Equity which will be accepted, as well as how Equity received shall be distributed, shall be made in the sole discretion of the Equity Subcommittee.

2. **Receipt of Equity.** Unless otherwise approved by the Equity Subcommittee, Equity is to be received at the time the Covered IP is transferred to the company, and not structured as a series of future payments linked to financing milestones or unit sales. However, the Medical Center may accept additional shares in order to maintain the Medical Center's relative Equity percentage interest without additional approval of the Equity Subcommittee.

All Equity obtained by the Medical Center in exchange for the transfer of Covered IP or rights therein shall be transferred to the CareGroup Office of Investment Management, which will bring the transfer to the attention of the CareGroup Board of Managers Investment Committee. The Medical Center shall not be under any obligation to maintain or maximize the value of the Covered Person's Equity interest. (The Covered Person's share of the Medical Center's Equity may, however, be distributed to the Covered Person for further disposition immediately upon receipt by the Medical Center as provided in Section I, 3 below, *Distribution of Equity*.) Investment advisory firms which serve as managers of the CareGroup Endowment, and members of the Board of Managers, shall not have or acquire access to any insider knowledge of publicly traded securities. The CareGroup Office of Investment Management shall hold Equity in accounts separate from other investment accounts of the Medical Center so that they can be monitored in accordance with this Policy.

The Medical Center shall disclose the existence of its Equity interest in Medical Center-sponsored publications or presentations regarding associated research and in other situations where the public or where Medical Center patients would reasonably expect a disclosure. The Medical Center shall also report these interests in its annual report or, if the annual report would not be timely, through appropriate news releases.

3. **Distribution of Equity.** Equity distributions made by the Medical Center to a Covered Person under this Policy should be made to the Covered Person as promptly as possible after the Medical Center has liquidated its Equity. Prior to distribution of Equity to a Covered Person, the Covered Person may not exercise any of the rights generally associated with ownership of an Equity asset such as alienation of the asset, voting rights, and use of the asset for collateral.

Covered Persons shall disclose their Equity interests in publications or presentations to the extent covered by, and as provided for in, the Harvard University Faculty of Medicine Policy on Conflicts of Interest and Commitment.

Distributions to the Covered Person's Research Program, the Covered Person's Department, the Research Fund and the General Fund will be made upon the sale or other liquidation of the Equity in accordance with the above Equity Distribution Schedule and this Policy.

4. **Monitoring.** In all circumstances in which the Medical Center receives Equity from licensee or assignee of Covered IP, the Medical Center shall closely monitor such relationships to minimize any real or perceived potential conflicts of interest that may arise from that relationship. The CAO is responsible for overseeing the research implications of Equity arrangements, and will periodically interview appropriate researchers regarding their work and its relationship to the company in which the Medical Center and/or researchers hold Equity.

5. **Clinical or Other Sponsored Research.** If the Medical Center plans to participate in Clinical Research (as defined by the Harvard University Faculty of Medicine's Policy on Conflicts of Interest and Commitment) sponsored or otherwise financed by a company in which (a) the Medical Center holds Equity and the company has a market capitalization of less than \$10 billion, or (b) the Medical Center holds an Equity interest of at least 5% in the company, regardless of the market capitalization of that company, then the Medical Center shall give due consideration to conflict of interest and commitment concerns that may exist as a result of the Medical Center's holdings in the company. The Medical Center shall take appropriate action, including selling its Equity share in that company, in order to manage, reduce or eliminate conflicts of interests.

Covered Persons may only hold Equity in a Sponsor during the course of Sponsored Research as defined in and to the extent provided for in Harvard University Faculty of Medicine Policy on Conflicts of Interest and Commitment and the Conflict of Interest and Related Policies for BIDMC. If the Covered Person desires to ensure that transfer of Equity is not required from the Sponsor as a condition of receiving rights in Covered IP from the Medical Center (so research funding from the company may be obtained), the Covered Person may request that the Medical Center also avoid taking Equity through a license agreement so as to allow the sponsored research. The Medical Center normally shall not accept Equity under such circumstances; provided, however, that the Medical Center will require in its license or other Covered IP transfer agreement that the Covered Person will not obtain Equity at a later date without the consent of the Medical Center.

- 6. Governing or Scientific Board Membership.** Without the prior consent of the Equity Subcommittee, neither the Medical Center nor any employee shall accept a seat on a company's Board of Directors or a seat on a company's Scientific Advisory Board if (a) the Medical Center holds Equity in such company and such company has a market capitalization of less than \$10 billion; or (b) the Medical Center holds an Equity interest of at least 5% in that company, regardless of the market capitalization of that company.”

J. CONFLICTS OF INTEREST POLICIES

All financial or compensation arrangements between Covered Persons and third-parties are subject to (i.) 42 CFR 50.603; (ii) the Faculty of Medicine Harvard University Policy on Conflicts of Interest and Commitment, and (iii) BIMDC’s Policy on Conflict of Interest, ADM-19, as those regulations and policies may be revised from time to time.

K. CONSULTING AGREEMENTS

All consulting arrangements between any Covered Person and any third-party are subject this policy, the Conflict of Interest and Related Policies for CareGroup and its Affiliates, and also the Harvard University Faculty of Medicine Policy on Conflicts of Interest.

L. OTHER ARRANGEMENTS

Should there be any conflict between this Policy and (a) the terms or conditions of a proposed or existing agreement by the Medical Center and a sponsor, or (b) the policies of another organization to which an Covered Person is obligated by agreement, joint appointment, or other affiliation, such conflict shall be resolved by the CAO or designee, in consultation with the Committee.

M. DISPUTE RESOLUTION

Any disputes with respect to the application, interpretation, decisions made under, or the implementation of the policy shall be resolved by arbitration conducted in Boston, Massachusetts, before an arbitrator mutually selected by the parties, or, if they cannot agree, selected by JAMS/Endispute. In any such arbitration, discovery shall be limited to 3 depositions per side, of not more than 5 hours each, and requests for production of documents. The prevailing party in any arbitration shall be entitled to recover their costs and attorneys' fees, not to exceed \$25,000. The arbitration shall be final and binding upon the parties.

N. FORMER POLICIES

This Policy shall replace (1) the Beth Israel Deaconess Medical Center Research and Technology Development Policy, (2) the Beth Israel Hospital Covered IP Transfer Policy, (3) the New England Deaconess Hospital Patent Policies and Procedures, (4) the Beth Israel Hospital's Policy on Conflicts of Interest in the Research and Clinical Setting, and (5) the Guidelines for Relationships between Industrial Firms and the New England Deaconess Hospital, effective upon the approval of this Policy by the Trustees. This Policy shall govern the actions, rights and responsibilities of the Medical Center and Covered Persons regarding all Inventions and Covered IP, from and after the Effective Date, regardless of the date of conception or disclosure of said Invention or other Covered IP.

APPROVED BY THE BOARD OF DIRECTORS

November 8, 2004

(EFFECTIVE DATE)

Exhibit A
BETH ISRAEL DEACONESS MEDICAL CENTER
PARTICIPATION AGREEMENT

In consideration of my employment by or association with the Beth Israel Deaconess Medical Center, Inc. (the "Medical Center"), the commencement or continuation of my appointment as a member of the medical staff or research staff of the Medical Center, my education as a student at the Medical Center, which may provide the opportunity to participate in research conducted by or under the auspices of the Medical Center, or use of any facilities, materials, equipment, staff, or other resources of the Medical Center, I hereby agree with the Medical Center that:

1. I have read and I understand the terms of the Medical Center's "Research and Intellectual Property Development Policy", the "Conflict of Interest and Related Policies for CareGroup and its Affiliates", the Harvard University Faculty of Medicine's "Policy on Conflicts of Interest and Commitment," and the Medical Center's [**"Policy on Consulting Relationships and Other Financial Arrangements between the Medical Center Staff and Outside Organizations."**] and agree that comply with these policies, as amended by the appropriate authorized governing committee or board.
2. I shall comply with every obligation of the Medical Center that applies to me pursuant to any contract, grant or commitment relating to research or other work covered by the Research and Intellectual Property Development Policy.
3. As required by the terms of the Research and Intellectual Property Development Policy, I shall promptly disclose all Intellectual Property(as defined in the Research Intellectual Property Development Policy), including discoveries, and other intellectual property such as computer software and biological materials, whether or not patentable, copyrightable or otherwise entitled to legal protection, to the Technology Ventures Office on the appropriate Intellectual Property Disclosure Form.
4. I shall execute and deliver assignments, and other documents deemed appropriate by the Medical Center, with respect to any Covered IP (as defined in the Research and Intellectual Property Development Policy) to which the Medical Center has ownership rights pursuant to the Research and Intellectual Property Development Policy; I shall take all such other action pertaining to such Covered IP as the Medical Center may request of me.
5. I will file with the Technology Ventures Office a final copy of every consulting agreement to which I am a party or become a party (a) that is connected to work which I have done, am doing, or expect to do within the scope of my employment by, appointment with, or education at the Medical Center or (b) for which I have made, am making, or expect to make use of facilities, materials, equipment, staff, information, ideas, data or other resources furnished by or through the Medical Center.
6. I agree that all notebooks and other data generated in research and other activities associated with or financed by the Medical Center (whether in paper, electronic or other media) belong to the Medical Center, and are subject to the restrictions on use and disclosure of Confidential Information provided by the Intellectual Property Development Policy. The originals of such data are to remain with the Medical Center. In accordance with the policies of the Medical Center and The Harvard Medical School, I may obtain a copy of such data. At the request of the Medical Center, I shall deliver promptly to the Medical Center copies of all written, electronic or other records describing or referencing Covered IP as defined in the Medical Center's Research and Intellectual Property Development Policy, whether or not I am still employed by or otherwise engaged at the Medical Center.
7. Any disputes with respect to the application, interpretation, decisions made under, or the implementation of the policy shall be resolved by arbitration conducted in Boston, Massachusetts, before an arbitrator mutually selected by the parties, or, if they cannot agree, selected by JAMS/Endispute. In any such arbitration, discovery shall be limited to 3 depositions per side, of not more than 5 hours each, and requests for production of documents. The prevailing party in any arbitration shall be entitled to recover their costs and attorneys' fees, not to exceed \$25,000. The arbitration shall be final and binding upon the parties.
8. I understand that this Agreement does not constitute an employment contract and that, if I am otherwise an employee of the Medical Center, this Agreement does not constitute any representation that my employment will continue for any definite period of time nor does this Agreement affect my employment status in any other way.

Witness _____

Signature: _____
Name: _____
Title: _____
Department: _____
Date: _____