



**HOUSE STATE AND LOCAL GOVERNMENT COMMITTEE  
PROPONENT TESTIMONY ON HB 453  
Tuesday, February 6, 2018**

Chairwoman Anielski, Vice Chair Hambley, Ranking Member Holmes, and members of the House State and Local Government Committee, thank you for the opportunity to testify in support of House Bill 453 today.

My name is Mike Phillips and I am the Chief Legal Officer for The MetroHealth System, a role I have held for the last 5 ½ years. Before that I was in private practice and represented public hospitals and nonprofit charitable hospitals for more than 25 years. In the course of my work I have become familiar with the research and development practices at these institutions, specifically for Ohio public hospitals.

MetroHealth, just as all Ohio public bodies, is a creature of statute, most commonly Chapter 339, and as such has only the authority and powers as provided by law. There are no provisions in Chapter 339 or elsewhere that specifically deal with questions of intellectual property ownership and development.

House Bill 453 provides clear statutory authority with respect to a charter county hospital's ability to protect and receive the benefits of intellectual property discovered or developed by the hospital's employees. It also provides authority with respect to the ability to develop and commercialize any such intellectual property.

Developments in the healthcare industry, including reimbursement challenges and increased competition on all fronts, has made it abundantly clear to us that we need well defined statutory protections and guidance in terms of these matters.

In looking for clarity and certainty on potentially critical and valuable issues of ownership, protection, and development, we note that the Legislature has previously recognized the need to address these questions for State Colleges and Universities. These institutions, including their affiliated academic medical centers, have been provided authority and guidance by Section 3345.14.

In the same manner as 3345.14, we see that as currently true with state university employed physicians, researchers, nurses and others, HB 453 authorizes charter county hospitals and their governing body, the board of trustees, to establish the rules and policies for when and under what terms their employees may receive some of the benefit resulting from their inventions.

This authority and clarity is critical to charter county hospitals in terms of resolving uncertainties that exist and in providing security in terms of the framework and terms



with respect to the protection of ownership and the ability to realize the rights and benefits arising from that intellectual property developed by their organizations public employees. I would submit that given the existence of section 3345.14, the lack of statutory authority has become more critical as the amount of research conducted at MetroHealth has been increasing and will continue to do so. As such, being able to clearly identify and stake claim to intellectual property will allow charter county hospitals to serve as good stewards of their public resources as clear protection of their rights may dissuade another entity from pursuing their intellectual property and prevent expensive lawsuits or legal action.

On behalf of MetroHealth, I thank you for this opportunity to share our story and would be glad to answer any questions at this time.