



STATE OF ISRAEL
MINISTRY OF FINANCE

SPOKESPERSON'S OFFICE

MINISTRY OF HEALTH

October 19, 2010
2010-2040

Press Release

The Ministries of Finance and Health Have Published Rules for the Management and Commercialization of Intellectual Property in the Health System and in Government Hospitals

The accountant general: "This is the first time that there is a directive regulating the management of intellectual property in the hospitals. The directive that was signed ultimately expresses the balance between preserving state property and encouraging applied research, thereby fulfilling the potential inherent in the intellectual property, for the good of the health system and the entire economy."

The director general of the Ministry of Health: "The directive establishes the rights of those who do the work and increases the possibility for resources through the chief scientist of the Ministry of Health. The Ministry of Health will continue its endeavors to strengthen the basic and applied research."

The Ministry of Finance and the Ministry of Health published rules for managing the intellectual property in the government health system, including government hospitals. Regulating this issue will enable the implementation of research studies with economic potential in the government hospitals, on the basis of the hospitals' infrastructures.

The ministries' directive establishes, among other things, the manner of conducting the applied research and the legal infrastructure for commercializing it, the manner of preserving the intellectual property as state assets, rules for control and financial reporting for the applied research, and rules for distributing the returns received from commercialization of the intellectual products produced in the government health system.

Publication of the directive became possible after four years of work. Over the past two years, the accountant general has headed the process and accelerated its advancement in cooperation with the director general of the Ministry of Health and directors of the government hospitals. Intensive discussions have been held with everyone connected to the matter, in order to formulate a directive to which all the parties agreed, which protects the state's property on the one hand, and encourages research on the other.



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The government hospitals, which are now having difficulty with the commercial application of the knowledge products and fulfilling the potential inherent in them, will, following publication of the directive, be able to commercialize the intellectual property that exists in the hospitals, and further more promote additional research with commercial potential, and to contribute to the overall activity in the Israeli economy.

The directive creates a separation between the medical activities of the hospitals and the applied research. For that purpose, it was determined that the research in government hospitals would be conducted through the Health Corporation and that there would be a separation of records and accounting between the applied research and the regular activities of the corporation and the hospital.

The directive determines the distribution of the royalties from commercialization of the knowledge between the researcher, the hospital, the corporation and the state. It also regulates the manner of commercializing the knowledge products in the government hospitals. According to the directive, a research team will receive 35% of the returns obtained from commercializing knowledge products, 55% will be transferred to the hospital and the Health Corporation and the 10% balance will be divided between the chief scientist of the Ministry of Health and government revenues.

The directive also regulates the reporting rules for health system employees regarding the knowledge products that emerge from the system, and it establishes sanctions for employees who do not report in accordance with the rules.

The directive was signed by the accountant general in the Ministry of Finance, **Shouky Oren**; director of wages department **Ilan Levin**; director general of the Ministry of Health, **Dr. Roni Gamzu**; and the civil service commissioner, **Shmuel Hollander**. The rules in the directive were formulated by an interministerial team appointed by the accountant general, to regulate the field of intellectual property in the government ministries, headed by a senior deputy of the accountant general, accountant **Yariv Nechama**, with the participation of representatives of the director of wages department and the budget department in the Ministry of Finance, the civil service commission and representatives from the Ministry of Health and the Ministry of Justice. The legal aspect of the team's work was coordinated by the legal advisor of the Ministry of Finance, **Yoel Briss**.

The accountant general, **Shouky Oren**, explained that "This the first time that there is a directive regulating the management of intellectual property in the hospitals. The directive was signed after lengthy and strenuous work that we invested in the matter. In the past two years, we have held intensive discussions with the director general of the Ministry of Health and directors of the government hospitals, in order to formulate a directive that was agreed upon by all parties. The directive that was signed ultimately expresses the balance between preserving state property and encouraging



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applied research, thereby fulfilling the potential inherent in the intellectual property, for the good of the health system and the entire economy.”

Accountant **Yariv Nechama**, who headed the interministerial team as mentioned above, noted that “Fulfilling the potential of the intellectual property in the health system by formulating clear rules is likely to serve as a growth engine for the Israeli economy. The directive creates a mechanism for the efficient and economic utilization of the fruits of the knowledge products produced by the health system.” Nechama emphasize that most of the returns that will be received from commercialization of the knowledge products will be the given to the hospitals and to the accompanying corporation.

The director general of the Ministry of Health, **Dr. Roni Gamzu**, said that “It is very important to regulate the matter, both for the hospitals and for the researchers. The Ministry of Health will continue its endeavors to strengthen the basic and applied research. The directive establishes the rights of those who do the work and increases the possibility for resources through the chief scientist of the Ministry of Health.”

Along with formulation of the rules for the management and commercialization of the intellectual property, the accountant general has recently been acting in conjunction with the Claims and Outsourcing unit in the office of the State Attorney, to enforce the state's rights to the intellectual property. In that framework, a comprehensive examination was conducted of cases in which patents that belong to the state were registered in the names of civil servants, and measures were taken to handle and eliminate the problem. For example, a claim was filed against the Omrix company in the amount of NIS 500 million for the invention of biological glue. In another case, an arrangement was reached with a company in which the state received tens of millions of shekels for the state's part in the intellectual property. Talks are also in progress to formulate settlements in other cases, and it is quite possible that, if necessary, other claims will also be filed against employees.