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Mayo Clinic Case Difficult To Diagnose

Doctor sues over right to take medical software to new job

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A legal skirmish recently lost by the famed Mayo Clinic to a pro se litigant could make research institutions reevaluate the methods they use to preserve ownership of valuable inventions or discoveries when the developer leaves for another job.

Mayo sued computer expert Dr. Peter E. Elkin in Minnesota federal court after he resigned and took with him computer software that he had developed to enable "natural language processing" of medical records. Mayo moved for summary judgment, but on March 4, 2010 the court denied the motion. *Mayo Clinic v. Peter L. Elkin M.D.*, 2010 U.S. Dist. LEXIS 19265 (D. Minn. Mar. 4, 2010). Now the case is headed toward a trial before jurors who are likely to lack any special knowledge of the highly technical medical, computer and intellectual property issues in dispute.

Mayo claims the software and its underlying source code rightly belong to Mayo because Elkin developed them while employed by Mayo. Elkin countersued, contending he, not Mayo, owns the software and that Mayo owes him at least half a million dollars in unpaid royalties.

Barring settlement, the court's ruling will require a jury trial to decide key issues, including (1) who owns the software and its source code; (2) whether Elkin breached his employment contract; (3) whether Elkin violated Mayo's policy about ownership of intellectual property developed by employees; (4) whether Elkin illegally misappropriated trade secrets; (5) whether Elkin breached his fiduciary duty to Mayo; and (6) whether Elkin intentionally interfered with a contract that Mayo entered into to profit from the software commercially.

Commercial Gold Mine

The software in dispute is built around a core natural language processing engine that transforms masses of medical records into structured database files, which can in turn be further searched and manipulated to perform a variety of tasks. The program has been touted as revolutionary and possibly a commercial gold mine, given that computerized medical records are a key component of federal health-care reform legislation.

The program can reportedly be tailored to perform a wide variety of functions, such as managing insurance billing codes and tracking the spread of infectious disease to give early warning of terrorist attacks or new pandemic illnesses. Elkin also claims the software can provide real-time feedback on quality of care to individual providers and healthcare organizations.

Elkin developed the software while employed at Mayo between 1996 and 2008, at which point Elkin and his lead programmer announced they were leaving for Mount Sinai School of Medicine in New York. Mayo claims that Elkin refused to provide it with the source code of the program before his departure and that he also erased the code from Mayo's computer systems altogether. Mayo's lawsuit states that since the software is "too complex for Mayo to recreate," it is completely under Elkin's control.

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Elkin claims he is the rightful owner of the software because he developed it and disclosed its existence to Mayo before starting work there, which Mayo denies. Elkin points out that Mayo transferred the grants funding his research and all grant-related hardware and software to Mount Sinai, and also appointed him a "research collaborator" to enable joint work on the software by Mount Sinai and Mayo. This shows, according to Elkin, that Mayo did not expect him to leave the source code behind, but rather authorized him to take it with him to Mount Sinai. Mayo denies this as well.

The court found that the rightful ownership of the software must be decided by a jury because the determination hinges on the credibility of Elkin's and Mayo's versions of the facts. For similar reasons, the court concluded that a jury must decide whether the software's source code is a trade secret within the meaning of Minnesota's version of the Uniform Trade Secrets Act. Elkin claims that Mayo did not take reasonable steps to ensure secrecy of the source code,

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a necessary precursor to protection under the statute. Mayo claims it took adequate precautions but that Elkin and his research team violated confidentiality agreements applicable to the source code. The court found that this issue too can be resolved only by a jury. In addition, the jury will decide whether Elkin breached his fiduciary duty to Mayo or simply made legal preparations to compete with Mayo after he left, a fine distinction that could be dispositive under Minnesota law.

Vexing Problem

The case illustrates some of the difficulties hospitals and medical research institutions may face when trying to protect research and inventions made by their employees from being disclosed to or used by other entities. Elkin claims that by permitting him to give public presentations on the software, publish articles on it, and share it with other institutions, Mayo negated any claim that the software was covered by the trade secrets statute.

In today's academic environment, however, an institution that seeks to attract the brightest scholars and foster research at the frontiers of science and technology would have difficulty doing so if, at the same time, it denied researchers the right to publish and lecture about their work.

How an institution can protect itself when a researcher moves to another institution without negatively impacting its reputation with peers, its ability to attract future research grants and its attractiveness when recruiting top researchers is a vexing problem. Can an institution draft employment contracts and intellectual property agreements so clear and "air tight" that they avoid genuine issues of material fact in these sorts of cases?

The decision in the Mayo-Elkins case calls that possibility into doubt, and at the same time underscores how high the stakes in this sort of litigation can be. For Mayo and Elkin, the most immediate question might be how willing each of them is to let a jury of non-specialists decide — based on highly technical and esoteric facts — who will control an invention that could potentially benefit vast numbers of healthcare users and providers and, incidentally, be worth millions. ■