

# **Stanford University Office of Technology Licensing**

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# **Stanford's Patent Policy**

**Patentable inventions made by faculty, staff or students...in the course of their University responsibilities or with more than incidental use of University resources...shall be assigned to the University.**

# **OTL's Mission**

**Transfer Stanford technology  
for society's use and benefit  
and to generate royalty income  
for research and education**

# Philosophy

- **Do what's “best for the technology”**
  - We don't give technologies away or rely on philanthropy
- **Foster good industrial relations**
- **Be reasonable, flexible, action oriented – risk takers**
- **Plant as many seeds as possible**

# The upside...

- **OTL has generated ~\$1.4B in cumulative gross royalties**
- **\$911M were three big inventions**
- **Over \$1.26 billion stayed at Stanford/inventors**
- **OTL has given \$46.2M to the Research Incentive Fund**
- **OTL has given \$15.3M to the Research and Graduate Fellowship Fund**

# Sobering Statistics

- **3/9000 is a BIG WINNER** (these three inventions generated 67% of the cumulative income)
- **20 cases generated \$5M or more**
- **73 cases generated \$1M or more in cumulative royalties**
- **The University cannot count on royalties for university operating expenses**

# Royalty Sharing

- **Gross Royalties**
  - **Minus 15% administrative fee**
  - **Minus expenses**
- **Equals Net Royalties**
  - **1/3 to Inventor(s)**
  - **1/3 to Department**
  - **1/3 to School**

# **OTL's Success is a numbers game**

- **Early stage inventions**
- **Royalties reflect early stage**
- **We are looking for broad patents**
  - **revolutionary v. evolutionary products**
- **5-10 years patience**



# Metrics

- **No real “metrics” reported up**
  - **Annual Report/Board presentation**
  - **It’s not about the money**
- **Internally: number of new agreements signed per year**
  - **Just statistics: so much depends on economy, quality of invention, receptivity of industry**
  - **Customer (inventors/companies) view**

# **Silicon Valley Environment**

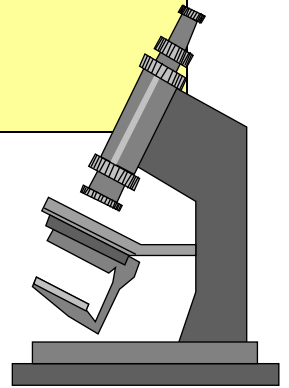
- **Immense factor in commercialization success**
  - **VERY entrepreneurial**
  - **\$\$, people and mentoring resources**
- **Quality of inventions/credibility of inventors**
- **OTL is lucky to be part of this**

# How we see the world.....

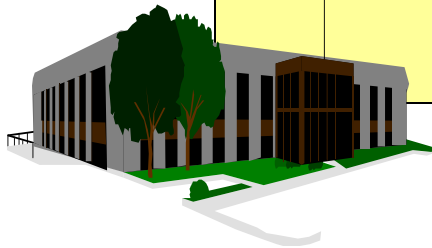


Life Sciences

Physical Sciences



Small Companies



Large Companies

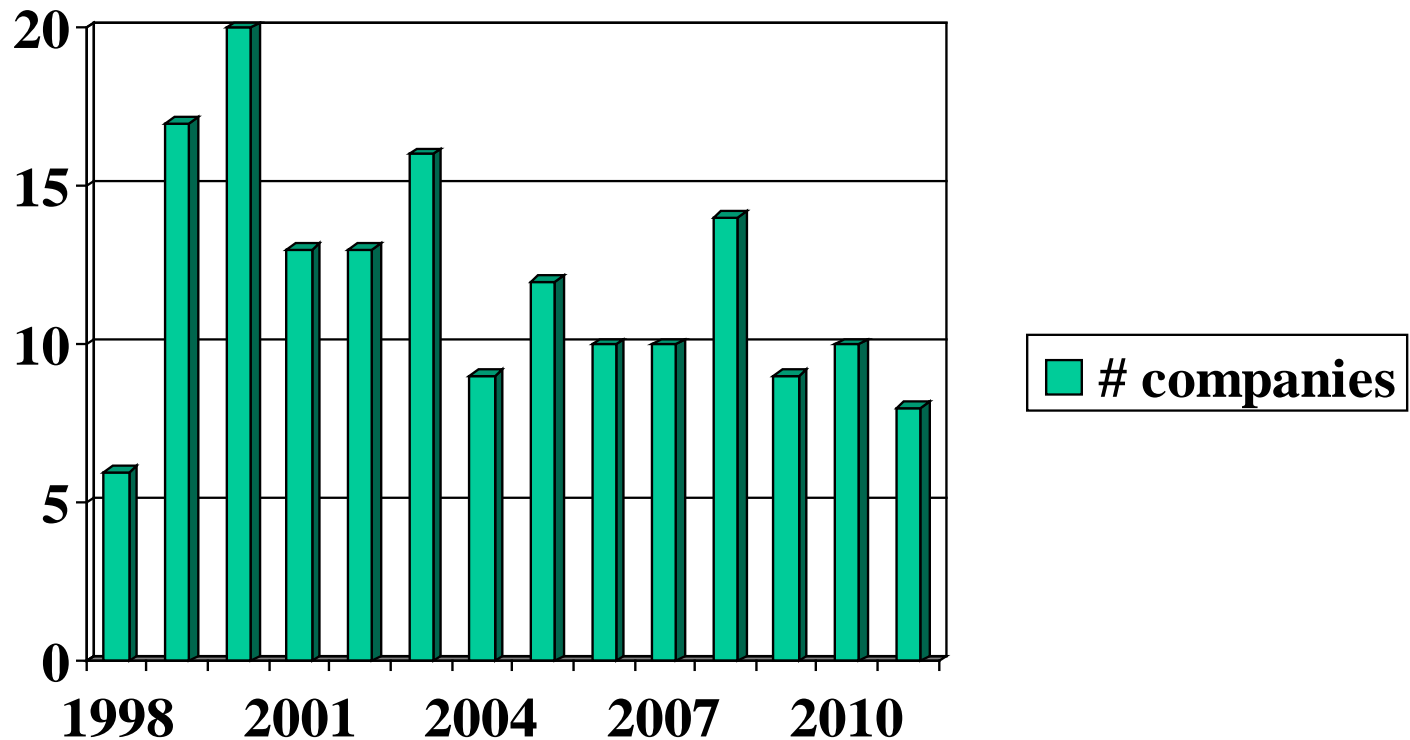
# Impact of Medical School

- **50-50 inventions (SOM-SOE)**
- **SOM has many more license inventions**
- **SOM receives more royalty income**
- **Inventions generally have a slow-growth path and much higher risk**
  - **VC investment in Biotech down**

# Start-ups

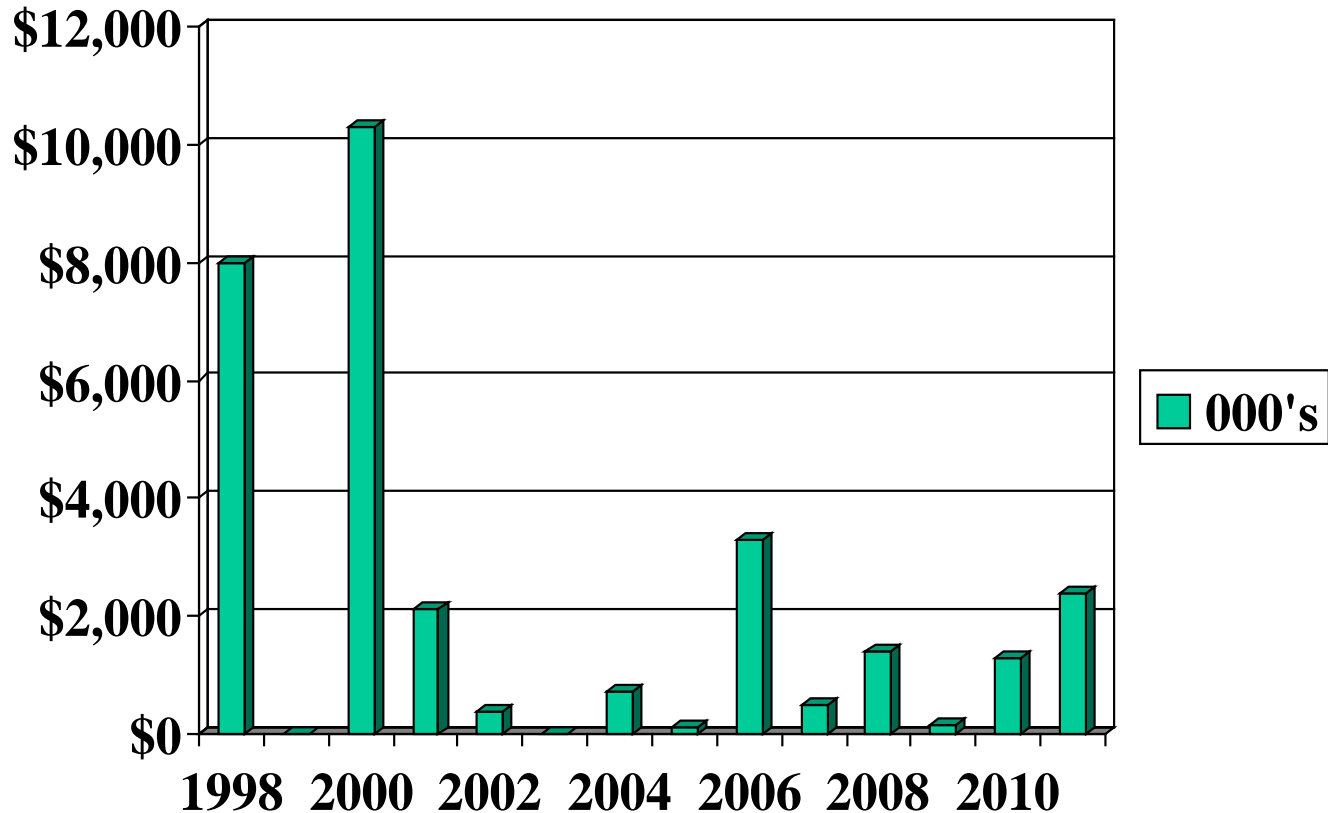
- **We don't form or fund companies**
  - **Plenty of VC money around**
  - **Not our business**
- **We license start-ups all the time**
  - **10% of our agreements per year**
  - **No sweetheart deals**
  - **Equity (except for Google) has been negligible**
- **Always concerned about COI**

# Licenses involving equity



# Equity Cash out\*

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\*2005 does not include \$336M in liquidation of Google™ equity

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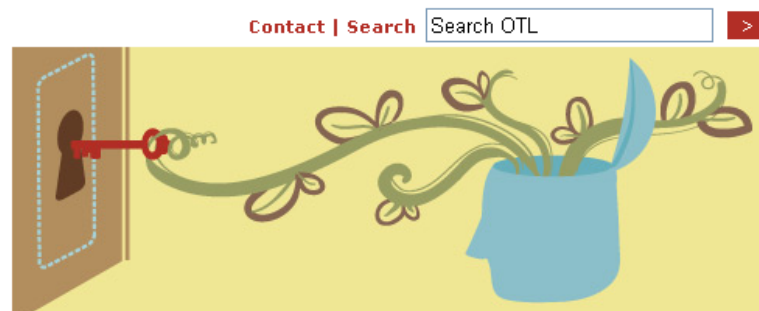
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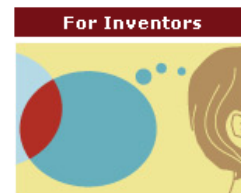
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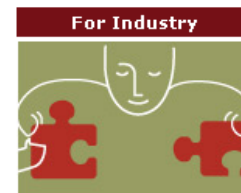
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