

Understanding Technology Transfer

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Bayh-Dole Law

- **Title to the university, then gov't**
- **Share royalties with inventors**
- **Royalty free license to the gov't**
- **Preference for small business**
- **Substantial manufacture in the US**



Patents

- **Term**
 - 20 years from filing
- **What is patentable?**
 - New
 - Useful
 - Nonobvious
- **Process, Composition of Matter, Machine, Article of Manufacture**



Patent Policy

- **At Stanford**
 - 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.
- **At other universities**



Royalty Sharing Policy

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



It Starts with an Invention

- **Conception or reduction to practice**
 - Inventor(s)
 - Sponsorship
- **Disclose to OTL (early!)**
 - Public disclosure
 - notebooks
- **Evaluation**
 - Can it be licensed?



Finding a Licensee

- **Licensing Strategy**
 - Is it worth cost of Filing?
 - Patentability
 - Don't always need to file
 - Finding a licensee (not easy!)
 - Marketing
 - Feedback
 - COI
- **ALL OF THIS TAKE A LONG TIME!**



Licensing

- **Exclusive v. nonexclusive**
- **Term of the exclusivity/agreement**
- **Field of use**
- **Financial terms**
 - Upfront
 - Annual payments
 - Earned royalties
- **Diligence/Milestones**
- **Non-financial issues**
 - Liability
 - Holy clause



A word about MTA'S

- **Outgoing Materials**
 - Short version
 - UBMTA
 - Long version
 - When to use
- **Incoming Materials**
 - Why it takes so long



Inventorship Issues

- **Inventors/Creators**
 - Faculty v. faculty
 - Faculty v. students/postdocs
 - Research scientists
 - Importance of notebooks
 - First to invent




Start-ups and Conflicts of Interest

- **Management/prohibition**
- **Stanford Process/Concerns**
 - Separation of activities
 - Students
 - Pipelining



Notable Stanford Inventions



1970 - OTL Established
1971- FM Sound Synthesis (\$22.9M)
1974 - Recombinant DNA (\$255M)
1981 - Phycobiliproteins (\$46.3M), Fiber Optic Amplifier (\$32M), MINOS (\$3.4M)
1982 - Amplification of *Genes* (\$30M)
1984 - Functional Antibodies (\$120.6M)
1986 - CHEF Electrophoresis (\$2.1M)
1990-1992 - DSL (\$28.7M)
1996 - Improved Hypertext Searching (Google™) (\$336.5M)

2008 - the next big thing ???



Sobering Statistics

- **3/7000 is a BIG WINNER** (these three inventions generated 68% of the cumulative income)
- **19 cases generated \$5M or more**
- **55 cases generated \$1M or more in cumulative royalties**
- **The University cannot count on royalties for university operating expenses**



For more information.....

Come Visit!

<http://otl.stanford.edu>

