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

![Bar chart showing the number of companies involved in licenses involving equity from 1998 to 2010. The number of companies varies significantly, with a peak in 2001 and a more consistent trend from 2004 to 2010.](image-url)
Equity Cash out*
(000)

*2005 does not include $336M in liquidation of Google™ equity
For More Information...
Visit our website http://otl.stanford.edu