

# Transferring Technology for a Better World

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# 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)

2007 - the next big thing ???

# **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”**
- **Foster good industrial relations**
- **Be reasonable**
- **Be flexible**
- **Be action/results oriented**

# History

- **Started in 1970**
- **Over 6,500 cumulative disclosures**
- **Over 2450 active cases**
- **Executed over 2700 licenses**
- **Approx. 940 active licenses**

# The upside...

- **OTL has generated ~\$1.09B in cumulative gross royalties**
- **\$497M was neither DNA nor Google™**
- **Over \$954.5M stayed at Stanford/inventors**
- **OTL has given \$39.4M to the Research Incentive Fund**

# Sobering Statistics

- **3/6500 is a BIG WINNER** (these three inventions generated 66% of the cumulative income)
- **17 cases generated \$5M or more**
- **53 cases generated \$1M or more in cumulative royalties**

# **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**



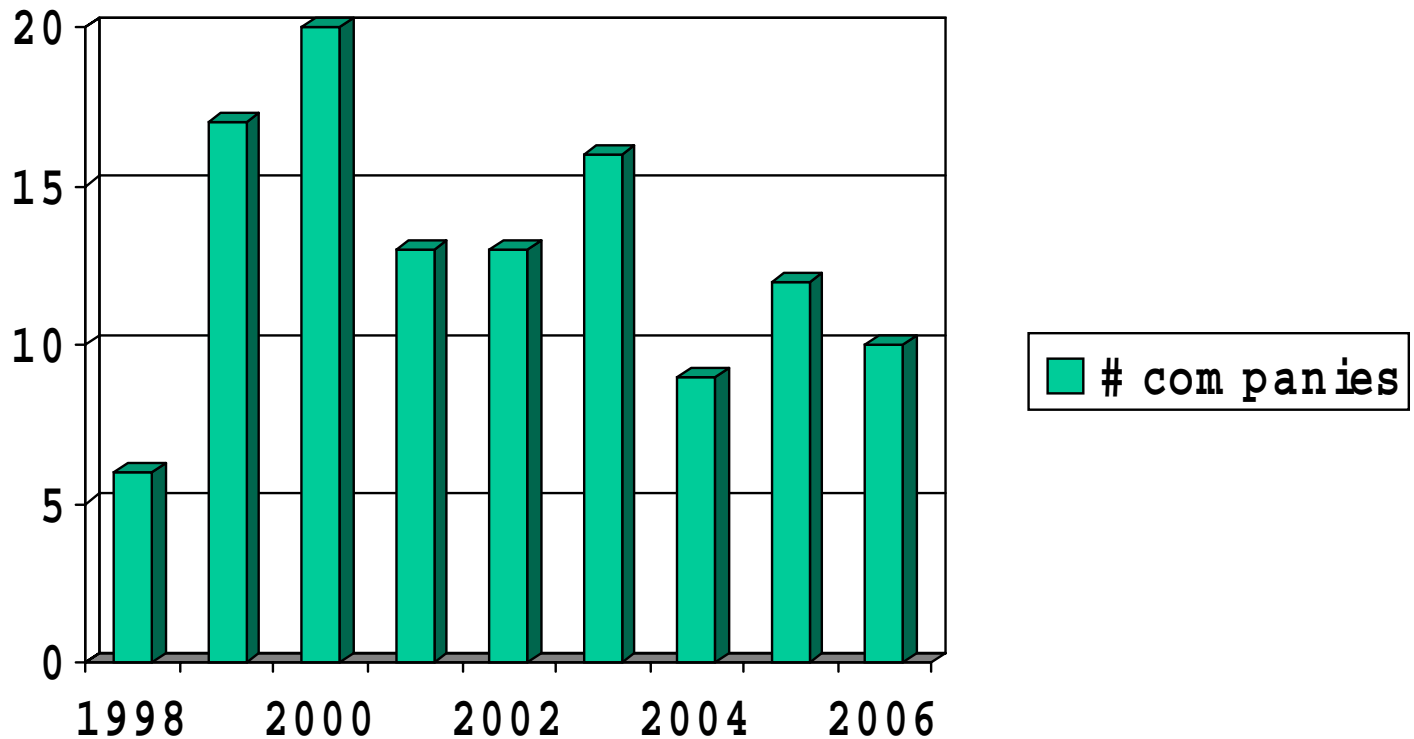
# Risk and Time

- **Evaluation, marketing, patenting**
- **4 years on average for US Patent**
- **Diagnostic products 3-5 years**
- **Therapeutic products 15-20 years**
- **15 years for OTL to break even**

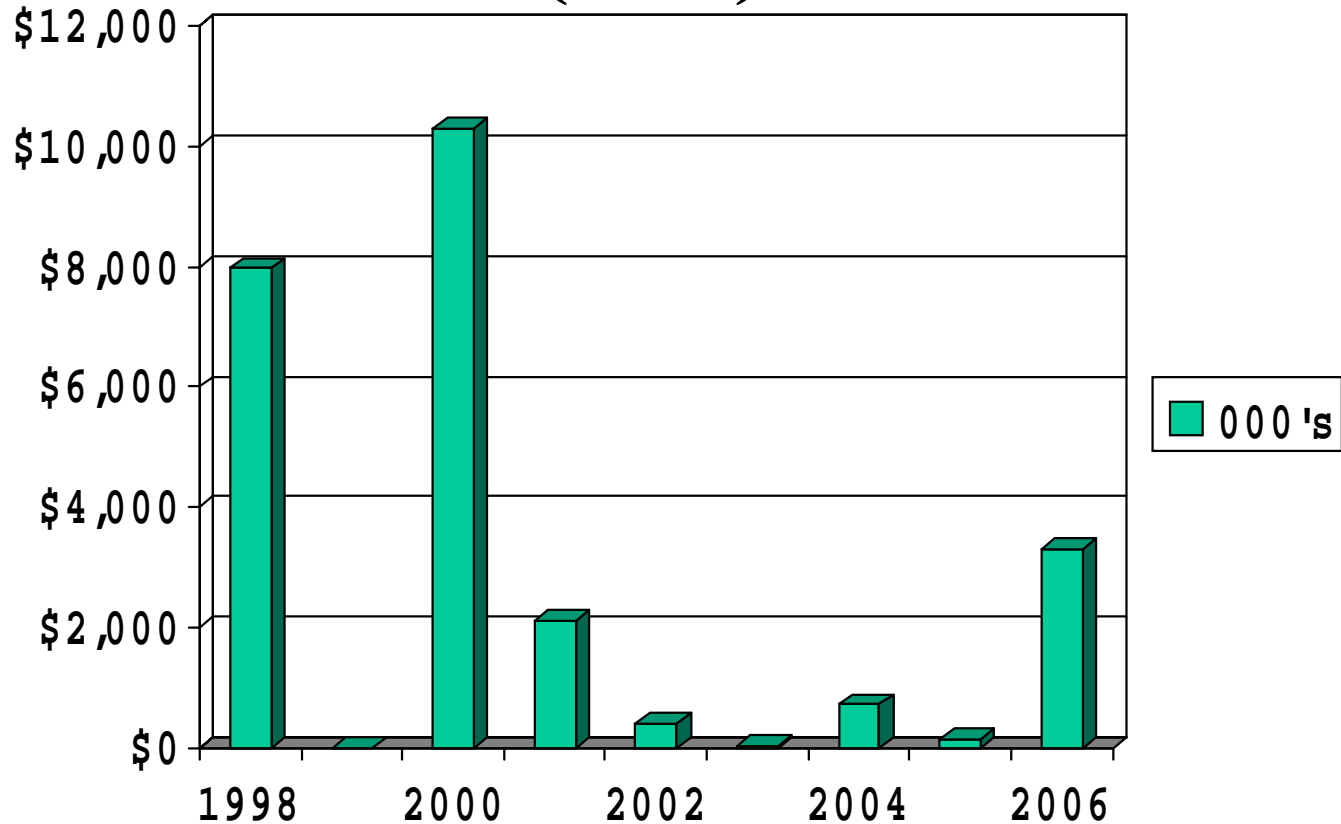
# Start-ups

- **Lots of interest by universities**
- **1996**
  - **One start-up IPO every five days**
  - **62 millionaires every 24 hours**
- **Universities want to share in the upside and help with economic development**
- **Conflict of interest issues are primary concern**

# Licenses involving equity



# Equity Cash out\* ( 000 )



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

# 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.**

# 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**

# Summary

- **Technology transfer helps make a Better World**
  - Products for making peoples lives better
  - Economic development
  - Start-up activity
- **Technology Transfer is a long-term proposition**
  - Patience
  - “Just try it” attitude