



Stanford eCorner

Licensing Success Rate

Katharine Ku, *Stanford University*

March 02, 2005

Video URL: <http://ecorner.stanford.edu/videos/1298/Licensing-Success-Rate>

Simply having a new technology is not enough to gain a license. Ku talks about how the Office of Technology Licensing at Stanford assesses each technology, and what recommendations they might make to the entrepreneur.



Transcript

So of all the inventions that come to our office, about 25% are licensed. So in our process and I don't remember saying this but we bring in an invention, get a disclosure, and then we market it. We send letters to potential licensees and say, "We think this invention would be really nifty. It's going to save your expenses in blah, blah area or it's faster or it does something really interesting." Like the Google invention, we marketed the Google invention to the search engine companies that were around. And they weren't all that interested. So that's the typical story with most of these inventions. And so, they're not all that interested. We thought it was still good. And Larry and Sergey still thought it was a good invention and we decided to say, "OK, we'll still invest in it." So we had it on the back burner for a while. Finally, both of them said, "Nobody else is interested.

We'd like to start a company." and we said, "OK, nobody else is interested, you can start a company." Frankly, they were probably relatively cool. They had never started a company before. They've never done this before. But gee, they have the fire in their belly. They were the champions of the technology. And they really wanted to make a go of it. So we licensed them. So that's the typical scenario. There isn't any other interested party. If in the miracles' time there was two companies lining for the technology, one is the inventor who wants to do a startup and another company out there who perhaps is really a potential viable candidate for a licensee.

And let's say, it's in the worst case scenario where we have to give an exclusive license and it can only be one. What we would do is ask each company, the startup and the existing company, to give us a development plan. And we just basically say, "How do you envision developing this technology with your timeframe? Is it going to take you 5 years, 10 years, 1 year? And how would you plan on moving this from the lab to the market place?" And in that case, we would evaluate the technology plan. Now again, going back to the good relationship thing. If we could, we would try to carve up the market somehow. We would try to do a field of used license or we might say, "OK, co-exclusive license." But say they insist on, you know, there's only one licensee that's possible then we would have to make a judgment on that one. And again, from the tech transfer standpoint, the most important thing is that you want a champion. It's not necessarily the money but what's going to be, the deciding factor is who can get this technology out there the fastest. And again, every case is case specific, every situation is particular. Given all things made equal, the government says, "Try to give preference to a small company and also technology transfer is more than a patent piece of paper transfer, it is a people business." So again, if the entrepreneur is the inventor who are going to be involved with the company, they think they can make it happen.

Presumably they can make it happen faster, so very often it would go to the inventor's startup. But there is no guarantee.

What we have to do is try to find the best licensee and try to make objective decision on that.