Innovation and the translation of inventions into products that serve the public are deeply ingrained in Stanford’s culture and we have benefited greatly from it. Stanford is supportive of faculty and students becoming inventors and starting companies – whether or not these companies are based on Stanford technology. In addition, Stanford is committed to avoiding either perceived or actual conflict of interest issues with respect to start-ups. Both Stanford and its entrepreneurs have responsibilities to optimize technology transfer and mitigate conflict of interest (COI) when licensing Stanford intellectual property to a start-up is considered.

OTL makes licensing decisions based on OTL’s professional judgment about how to achieve the best possible benefit to the public, without inappropriate influence from internal or external parties.

To determine the most effective way to transfer the technology in an unbiased way:

- OTL “markets” all Stanford technology to ensure fair and open access to potential licensees
  - Start-ups should not receive or be perceived as receiving preferential treatment.
  - Student inventors (or faculty) involved in a start-up may not negotiate with the University on behalf of the company unless on leave from Stanford
  - If OTL, after thorough marketing, determines that a inventor-affiliated company is the appropriate licensee, OTL documents its marketing and rationale for its licensing decision

- If the inventor is at Stanford, the inventor’s School Dean and the Dean of Research will review any actions that present a potential conflict of interest
  - The inventor must disclose to the Deans any financial interest (consulting fees and/or options) in the start-up
  - Student inventors must describe
    1) how they will separate and clearly distinguish their on-going activities as students, e.g. thesis research, from work being conducted at the company and 2) measures that will allow them to avoid all use of Stanford facilities and personnel for company purposes, e.g. availability of off-campus office or R&D space and support personnel. Ideally, the separation between Stanford and the company will occur contemporaneously to any formal option or license agreement. However, in some cases, a transition period of up to 1 year might be acceptable.

- If Stanford faculty are involved with and have a financial interest in the start-up company, the School Dean and Dean of Research must also review and approve any conflict of interest under policies that apply to faculty.

- If all conflicts are deemed manageable by the cognizant Dean and the Dean of Research, OTL may proceed with the licensing. OTL options and licensing agreements may be exclusive or non-exclusive depending on what is most suitable for achieving technology transfer and the best possible benefit to the public.

Options and licenses
An option agreement is often used to “reserve” rights in a technology so that the company can begin exploring funding opportunities in order to actually acquire the rights in question. A start-up company sometimes prefers to take an option to a license, rather than an outright license itself. OTL may grant options for any time period up to one year in duration, most often in 6-month increments. Inventors are required to stop initiating new work on the technology at Stanford (that is, using university resources) when the technology is either licensed to a company or has been optioned to a company. Subject to conflict of interest review, the final separation between a company and Stanford may take up to 12 months to be determined on a case by case basis. Since it may take several months to wind-down ongoing research, it is important that inventors plan accordingly and begin the wind-down of the Stanford activities before either the licensing or optioning takes place.

It’s important for inventors to understand that this policy covering options and licenses is intended to enable inventors to succeed in translating their technologies into use without jeopardizing the mission or funding status of Stanford University. Stanford has a rich history of translating inventions, and these practices are designed to build on that strong base.