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## When OTL decides not to pursue an invention

Stanford does not patent a significant percentage of inventions that are disclosed to OTL for many reasons. Typically, OTL will not pursue patenting if we think the invention is not patentable based on the prior art and/or that the patentable claims of the invention will be too narrow to be of commercial interest. In addition, at times we believe that we will not be able to get interest from industry because the technology is too early stage and that patent protection will expire before products will be on the market. Other times, it takes so long for a patent to issue that seeking patent protection may not be worthwhile. While we may not always be right, we need to expend our resources wisely and must make decisions based on the information we have.

The choices for us and/or inventors when we decide not to pursue an invention are described below. If you have any questions, please feel free to talk to the Associate handling your invention.

1. If an invention is funded by the federal government, Stanford will decline to take title and the federal government has the right to take title to the invention. Inventors may petition the government to have title revert to them personally. In this case, the inventors will be responsible for any subsequent patent filings (i.e., they hire their own patent attorney and pay for all expenses from their own personal funds for patent filing and prosecution etc.) and must meet any obligations to the federal government. Stanford does not determine who the “inventors” are since inventorship is determined by the claims of the patent application, so purported inventors need to settle that issue when a patent is filed.
2. If the invention is sponsored by other entities, OTL will comply with the agreement, if any, with respect to inventions under the agreement. If there are no obligations to sponsors, we will waive Stanford’s ownership rights back to the purported inventors as individuals. Each inventor then has joint, undivided rights in the invention and may pursue patent rights independently or jointly with the others.
3. License back to the inventor. On occasions when OTL does not wish to pursue an invention, inventors would like to take a license to U.S. government sponsored inventions rather than petition the government for rights. In such cases, OTL will grant a simple license to the inventors in return for a 1% royalty on any products that are sold by the inventors based on the technology. The inventor pays for all patents and commercialization efforts from his/her own personal funds and meets all of Stanford’s obligations to the U.S. government. In the case of several inventors, they will need to work out an arrangement on the patenting and commercialization efforts. If only one inventor of a group wants to license the invention under this scenario, OTL will get input from the other inventors before going forward.
4. 8% Alternative: If the inventor is willing to pay for the patent expenses from his/her own personal funds and bring a potential licensee to OTL for licensing, OTL will give the inventor an additional 8% of Net Royalties. Stanford will continue to market the invention on its website and will negotiate the license agreement with any potential licensee.

When Stanford does not pursue an invention pursuant to #1 and #2, the invention is “dropped” from our files and inventors are free to exploit the invention without accounting to Stanford. (Under scenario #1, the inventors will have to meet obligations to the Federal government pursuant to a separate agreement between the inventors and the Federal government.) If Stanford resources are used to develop subsequent improvements or inventions, these subsequent developments will belong to Stanford. In addition, there may be conflict of interest concerns if Stanford resources are being used to develop a non-Stanford invention.

Inventors, on their own, will need to hire a patent attorney to file patents. The inventors will need to take responsibility for any commercialization efforts. OTL generally does not get involved in non-Stanford inventions.