October 7, 2011

### Best practices for student entrepreneurial courses

Entrepreneurship is deeply ingrained in Stanford's culture and we have benefited greatly from it. This document provides basic guidelines to faculty, students and the Office of Technology Licensing (OTL) for inventions developed as a result of entrepreneurial courses taught at Stanford.

Many Stanford courses foster and teach entrepreneurial thinking. Some classes emphasize real life problem solving whereby students identify a market or societal need and develop a solution (e.g., Biodesign, Extreme Affordability, ME310, MS&E 273 and GSB356, etc.). Stanford resources sometimes are used to support student activities in these courses. Extreme Affordability, for example, pays for travel expenses for students to visit a developing country to identify an unmet need as the first step in their project. Some classes provide amounts that vary from a few hundred dollars to several thousand dollars to the students to enable them to create a prototype.

Student inventions that are developed with more than incidental use of Stanford resources fall under the Stanford patent policy (http://rph.stanford.edu/5-1.html). The most famous invention (the "Google" technology) was developed by two students using University resources; they licensed the technology from Stanford and were able to start Google. Many Biodesign inventions have been developed using Stanford resources and they have been licensed or sometimes given back to the inventors because Stanford does not wish to pursue the invention. iRhythm (selling a non-invasive heart-rate monitor) and Spiracur (developing a wound healing device) are just two examples of student-founded companies that licensed technology from Stanford.  The Jaipur knee invention out of the ME382 class was licensed by Stanford to an existing company in India which has provided more than 3000 Jaipur knees to an underserved population of amputees.

Examples of "more than incidental use" include: use of the Stanford funds to file a provisional patent, to create physical prototypes, to acquire data for an invention or to develop an invention. Additionally, the use of Stanford facilities such as the Machine Labs would be more than "incidental use." Examples of "incidental use" would be the use of the library, the use of computer resources available to all students, email, the dorm room, or the use of classrooms to discuss projects.

OTL is a resource for faculty, staff and students.  OTL evaluates Stanford-owned technologies, supports patenting if appropriate and licenses technology so that new products can be developed which ultimately benefit society. Stanford's technologies are as broad and vast as the University's research and education disciplines, ranging from computer science to engineering to chemistry and medicine – and more.  Students are welcome to mine Stanford's vast collection of intellectual property for potential new ventures via TechFinder (http://otl.stanford.edu).

Stanford is supportive of students becoming entrepreneurs and starting companies – whether or not these companies are based on Stanford technology. Because students and faculty often have questions about who owns an invention developed during a course, this document provides guidance on student intellectual property questions in the context of course-related work only. Students involved in research projects are covered by the same policies involving Stanford's ownership of intellectual property and expected to assign inventions and copyright to Stanford.

**Responsibilities**

**Faculty:**
1. Faculty should be familiar with Stanford's intellectual property policies and should explain these policies to students early in the course. In particular, faculty should explain that Stanford's intellectual property policies apply to all undergraduate and graduate students. A key element of this policy is "more than incidental use" of Stanford resources.  If students use Stanford resources that are not normally available to the public to develop an invention, Stanford may have an ownership interest in the invention. Although there are no specific dollar amounts or use of resources that define "incidental use" the patent policy (referenced on the last page) gives some examples as guidelines.
2. Faculty should convey to students that Stanford has an ownership interest only when university resources have contributed to the development of the invention. Students who do not want Stanford to own their inventions should not use Stanford resources to develop those inventions.
3. Faculty should explain that if an invention is created with more than incidental use of Stanford resources, then students have an obligation to disclose the invention to the Office of Technology Licensing (OTL). OTL will work with the students to license the invention to the best licensee, which may, or may not, be their start-up. Stanford's goal is to ensure wide dissemination of the ideas created here, and therefore, OTL wants to license technology to a company that is committed to developing a product for society's use and benefit.
4. Faculty should ensure that Stanford space or resources are not used inappropriately to "incubate" a company.

**Students:**
1. Students should be encouraged to peruse the OTL website (http://otl.stanford.edu) and read the Stanford patent policy and understand that inventions developed with more than incidental use of Stanford resources belong to Stanford. In addition, students may want to read "OTL and the Inventor: Roles in Technology Transfer"  found at http://otl.stanford.edu/inventors/resources/inventors_otlandinvent.html.
2. Students should disclose to OTL those inventions made with more than incidental use of Stanford resources. The disclosure should include the names of all the inventors/creators and the circumstances that led to the invention, including the sources of funding. Students should disclose whether they were paid by Stanford or if the invention was a result of research performed at Stanford.
3. If the students wish to start a company based on a Stanford-owned invention, they are encouraged to request a license and negotiate with OTL. All potential licensees are asked

to provide a development/business plan to OTL as part of its diligence process. Sample license agreements are available on the OTL website.

4. Stanford is a non-profit educational organization which requires that the University not be used for incubating companies beyond their formation. In addition, Stanford wants to treat all students and faculty fairly. Students should understand the concept of conflict of interest, and that Stanford resources should not be used for personal gain. Therefore, once a start-up company has been established, further development efforts should be carried out at the company.

**OTL:**
1. OTL is committed to being helpful and supportive of students and student entrepreneurs. As such, OTL will decide in a timely matter whether to pursue an invention by filing a patent application. If Stanford decides not to file a patent application on the invention, Stanford will return ownership of the invention to the inventors when possible.

2. OTL has a responsibility to Stanford to find the best licensee for Stanford-owned technologies. OTL understands that a good relationship with inventors is important. Part of OTL's standard process is to publicize all inventions to find a company best-suited to commercializing the invention. This enables Stanford to give fair and open access to interested companies with the hope of finding a licensee who is committed to developing a product based on the technology. (For more information, visit http://otl.stanford.edu/inventors/resources/inventors_pcii.html)

3. Although a student start-up often is the licensee for student inventions, Stanford must be fair and transparent in its business dealings to ensure that licenses are negotiated on an arms-length basis.

4. Stanford will share equity and royalty income with student inventors if the invention is licensed, as stated in Stanford patent policy.

For Stanford patent policy, see http://rph.stanford.edu/5-1.html