

STANFORD UNIVERSITY

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OFFICE OF  
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ENCINA ANNEX

October 22, 1979

Mr. Lawrence Gilbert  
Boston University  
881 Commonwealth Avenue  
Boston, Massachusetts 02215

Dear Larry:

Your "case study" in the September issue of the SUPA Newsletter stimulated this letter to you.

You noted the advantages of having multiple licensees. I think more attention should be given by all of us to the disadvantages of having multiple licensees. The first disadvantage relates to the amount of time available of the inventors and of the licensing office. As you know, we typically license in the patent application stage and tend to emphasize more the collaboration between the University and a company in producing a new product or process rather than the extent of patent protection that may be available. In a nonexclusive licensing program, the inventors must, instead of tending to their first priorities of education and research, devote a great deal of time to interacting with a large number of companies. Also, from the point of view of the university licensing officer, when going broadly nonexclusive, he or she will have to seek out infringers in as many countries as the university has patent coverage. If one is not in the marketplace, it is a nontrivial effort (in perhaps other than pharmaceuticals where patents tend to be honored without litigation).

With an exclusive licensee, strong diligence provisions can be included and also a requirement to sublicense at reasonable terms after an initial exclusive period. License royalties of course would be shared based upon a negotiated formula. I think it would be desirable if S414 and HR2414 could be modified to reflect that "required sublicensing by the initial exclusive licensee on reasonable terms" shall be deemed to satisfy the requirement for nonexclusive licensing. I'll also send a copy of this to Howard to see what he thinks of that.

We are now issuing three licenses only for an instrument for which we have had difficulty obtaining a U.S. licensee,

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although we have had very strong interest from foreign licensees. The three licenses will each have exclusive manufacturing rights in Europe, North America (reserved for U.S. company) and Japan respectively. All three will have worldwide nonexclusive selling rights. After January 1, 1985, each will be required to sublicense at reasonable terms in their territories. Further, licensees are to cooperate in defense of the patents within their territory. We hope that the economic incentive from the initial period of exclusivity, plus potential for sublicensing income, will motivate their strong defense of our patents. (Fortunately, these inventions did not arise from support under HEW or NSF.)

See you in Washington.

Best regards,



Niels J. Reimers  
Manager, Technology Licensing

cc: Howard Bremer ←  
NJR:sh