

STANFORD UNIVERSITY
INVENTION DISCLOSURE

S.U. CASE NO.

LEAVE
BLANK

OTHER REFERENCES

Please type or print
Read other side first

1. TITLE OF INVENTION

2. INVENTOR(S)

POSITION

DEPARTMENT

3. CONTRACT OR GRANT NO.

SPONSOR

PRINCIPAL INVESTIGATOR

4. EVENTS

*SEE INSTRUCTIONS
ON BACK

DATE

LOCATION

REFERENCES & COMMENTS

[USE SEPARATE SHEET
IF NECESSARY]

A. Initial idea

B. First description of complete
invention, oral or written
(*conception*)*

C. Invention development records, notes,
drawings (evidence of *diligence*)*

D. First successful demonstration, if any
(*first actual reduction to practice*)*

E. First publication containing full
description of invention
(establishment of *publication bar*)*

F. External oral disclosures

5. DESCRIPTION OF INVENTION (IDENTIFY, DATE AND LIST ATTACHMENTS DESCRIBING INVENTION)

6. INVENTION SUBMITTED BY:

(INVENTOR'S SIGNATURE)

(DATE)

(CO-INVENTOR'S SIGNATURE)

(DATE)

(CO-INVENTOR'S SIGNATURE)

(DATE)

Invention disclosed to and understood by:

(SIGNATURE OF P.I. OR WITNESS)

(DATE)

(LEAVE BLANK)

INSTRUCTIONS

The purpose of this Invention Disclosure is to record *what was invented* and the *circumstances* under which the invention was made. It provides the basis for a determination of patentability and the data for drafting a patent application. It is a legally important document which should be read carefully before completing.

An Invention Disclosure should be made when something new and useful has been conceived or developed, or when unusual, unexpected or unobvious research results have been achieved and can be utilized.

The following instructions apply to the correspondingly numbered sections on the reverse side:

1. Use a brief title, sufficiently descriptive to aid in identifying the invention.
2. Include the names of any co-inventors. A co-inventor is an individual who has conceived an essential element of the invention, either independently or jointly with others, during the evolution of the invention concept.
3. Give the full applicable contract or grant number(s) if the invention was made in connection with any sponsored research. Specify one sponsor only, unless major support was provided by others.
4. In recording the history of the invention, give particular attention to the legally important events of *conception* (4B), *diligence* (4C), the *first actual reduction to practice* (4D), and the establishment of a *publication bar* (4E). (In the United States a patent application must be filed no later than one year after publication describing the associated invention. In most other countries filing must take place before publication.)
5. In describing the invention, attach material which covers the following points:
 - a. General purpose of invention
 - b. Technical description of invention
 - c. Advantages and improvements over existing methods, devices or materials
 - d. Possible variations and modifications
 - e. Features believed to be new
 - f. Close or related patents (if known)
6. Arrange for signing by the Principal Investigator for the applicable grant or contract or by a witness who has read and understood the invention disclosure.

Note: An Invention Disclosure must be prepared and submitted for each invention *conceived or first actually reduced to practice* under a University contract or grant with patent terms.

————— FOR FURTHER INFORMATION SEE UNIVERSITY GUIDE MEMO 75 —————

GENERAL INFORMATION

An invention is a novel and useful idea relating to processes, machines, manufactures and compositions of matter. It may cover such things as new or improved devices, circuits, systems, chemical compounds, drugs, etc.

To be patentable the invention must not be obvious to a worker with average skills in that particular technology. In addition, it must not have been used by others in this country, or patented or described in a printed publication anywhere, prior to the date of conception.

STANDARD (11)
US ONLY

LICENSE AGREEMENT

Effective as of _____, THE BOARD
OF TRUSTEES OF THE LELAND STANFORD JUNIOR UNIVERSITY, a body
having corporate powers under the laws of the State of California
("Stanford"), and
a _____ corporation having a principal place of business
at _____ ("Licensee")
agree as follows:

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- Line 1: Calendar date.
 - Line 4: Legal name of licensee.
 - Line 5: State of incorporation, if U. S. licensee.
Country of incorporation if foreign licensee.
 - Line 6: City and state or country.

ARTICLE 1

Background

1.1 Stanford represents that it is the owner by assignment of

(Invention(s)) and any patents which may issue therefrom and Know-how and Information pertaining to the Inventions, and that it desires to grant an exclusive license for the development and bringing to public use of said Inventions.

1.2 Licensee wishes to acquire an exclusive license under all said Inventions, said Licensed Patents, and said Know-how and Information for the purpose of undertaking development of the Inventions in order to make, use and sell products and processes of the Inventions.

1.3 The Inventions were made in the course of research supported by the (" ") and are subject to patent regulations of said agency.

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- 1.1 Example: "A. Telegraphic Method and Apparatus, by T.A. Edison and S.F.B. Morse, U. S. Patent Application No. 123,456, filed 4 July 1976.
B. Optical Communication System, by J.P. Jones, subject matter of Docket No. 567-76 of patent law firm Smith and Smith of San Francisco, California."
1.3 Example: "U. S. National Science Foundation ("NSF")"

ARTICLE 2

Definitions

- 2.1 "Licensed Patents" means any United States Letters Patent issued upon the United States Patent Application to be made by Stanford with respect to the Inventions and/or any division, continuation, or reissue thereof.
- 2.2 "Licensed Products" means any or part thereof or any other product or any method coming within the scope of any claim of the unexpired Licensed Patents, in any way making use of the Know-how and Information transferred to Licensee by Stanford hereunder.
- 2.3 "Know-how and Information" shall consist of all trade secrets, data and information concerning the Inventions which has been or will be provided by Stanford, including such trade secrets, data and information concerning the Inventions transferred by means of any separate consulting agreements of Stanford personnel with Licensee, except for such Know-how and Information which:
- (a) was known to Licensee before receipt thereof under this Agreement,

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2.2 Example: "Optical Telegraph System"

- (b) is disclosed to Licensee by a third party whose receipt or disclosure of same is not in breach of any confidentially obligation to Stanford; or
- (c) is in, or subsequently comes into, the public domain through no fault of Licensee.

2.4 An "Affiliate" of Licensee shall mean a corporation or other business entity controlling, controlled by, or under common control with, Licensee; and for this purpose "control" of a corporation or other business entity shall mean the direct or indirect beneficial ownership of more than fifty percent (50%) of the voting interest in, or a greater than fifty percent (50%) interest in the income of, such corporation or other entity.

ARTICLE 3

Grant of License

- 3.1 Stanford grants to Licensee an exclusive right and license in the United States to make, use and sell Licensed Products.
- 3.2 Said exclusive right and license shall be for a term ending on the first to occur of:
- (a) _____ years from the effective date of this Agreement, or
 - (b) _____ years from the date of first commercial sale hereunder in the United States of a Licensed Product.
- 3.3 Following expiration of the period of exclusivity of above paragraph 3.2, the right and license shall continue for the life of the last to expire of the patents included in "Licensed Patents". If no such patents shall issue, said nonexclusive right and license shall continue in perpetuity.
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3.2 (a) Example: "three"

3.2 (b) Example: "five"

ARTICLE 4

Government Rights

4.1 This Agreement is subject to all of the terms and conditions of the _____ (_____) attached hereto as Exhibit A and Licensee agrees to take all action necessary on its part as Licensee to enable Stanford to comply with such _____.

4.1, Line 2 Example: "U. S. Department of Health, Education, and Welfare Institutional Patent Agreement ("IPA")"

4.1, Line 5 Example: "IPA"

ARTICLE 5

Royalties

- 5.1 In consideration of the rights granted herein, Licensee shall pay to Stanford the sum of _____ dollars (\$ _____) upon executing and delivering this Agreement.
- 5.2 A minimum royalty (Minimum Royalty) of _____ dollars (\$ _____) is applicable to each royalty year (Royalty Year) ending _____, beginning the year ending _____, 19___. In any Royalty Year when earned royalties are less than the Minimum Royalty, the deficit (Deficit) between the lower earned royalty and the Minimum Royalty shall be paid to Stanford by Licensee concurrently with the quarterly earned royalty payment and report for the quarter ending _____.
- 5.3 Deficits, if any, of paragraph 5.2 above, shall be carried forward and credited against royalty payments otherwise due Stanford in Royalty Years when earned royalties exceed the Minimum Royalty. The accumulated Deficits shall be credited against the excess of earned royalties over the Minimum Royalty in any year, at a rate not to exceed fifty percent (50%) of such excess, until accumulated Deficits have been totally reimbursed.

- 5.4 Earned royalties shall be payable at _____ percent (_____ %) of the net selling price of all Licensed Products sold or otherwise disposed of by Licensee in any one year from leasing, renting or otherwise making Licensed Products available without sale or other disposition transferring title.
- 5.5 "Net selling price" for the purpose of computing royalties under the provisions of paragraph 5.4 above means Licensee's aggregate invoiced selling price less (a) returns, (b) allowances appearing in the invoice, and (c) packing, insurance, freight and sales taxes if invoiced separately, and shall also have the meaning given in paragraphs 5.6 and 5.7 below.
- 5.6 In order to assure to Stanford the full royalty payments contemplated in this Agreement, Licensee agrees that in the event any products shall be sold for resale to an Affiliate of Licensee, the royalties to be paid in respect to such products shall be computed upon the net selling price at which the purchaser for resale sells such products rather than upon the net selling price of Licensee.
- 5.7 Where products are not sold but are otherwise disposed of (as defined in paragraph 5.8 below), the net selling price of the royalty base of such products, for the purpose of computing royalties under the provisions of paragraph 5.4 above, shall be the selling price at which products of the

same or substantially the same kind and quality, sold in the same or approximately the same quantities, are currently being offered for sale by Licensee. Where such products are not currently so sold or offered for sale by Licensee, then the net selling price for the purpose of computing royalties shall be Licensee's direct cost of manufacture (which for this purpose shall not include any portion of general and administrative overhead or indirect labor costs such as fringe benefits, but shall include direct labor cost and the portion of factory overhead attributable to such manufacture), determined by Licensee's customary accounting procedures, plus one hundred percent (100%).

- 5.8 The expression "Licensed Products otherwise disposed of" means Licensed Products disposed of in transactions in which the consideration received for the Licensed Product is not readily ascertainable, as for example: Licensed Products not sold as such but sold by Licensee as components or constituents of other products. Products delivered solely for evaluation, demonstration, and the like, shall not be regarded as Licensed Products otherwise disposed of.
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- 5.9 Unless this Agreement is previously terminated in accordance with other provisions hereof, Licensee's obligation to pay royalties hereunder shall continue for ten (10) years from the effective date of this Agreement or for so long as Licensee, by its activities would, but for the license granted herein, infringe a valid, unexpired patent of Stanford covering said activity, whichever is longer.

ARTICLE 6

Foreign Rights

6.1 Stanford agrees to negotiate in good faith with Licensee a right and license to the Inventions in foreign countries.

ARTICLE 7

Reports, Payments and Accounting

7.1 Quarterly Royalty Payment and Report

Licensee agrees to make written reports and royalty payments to Stanford within sixty (60) days after the end of each calendar quarter. This report shall state the number, description and aggregate net selling prices of Licensed Products sold or otherwise disposed of, and the total gross income received by Licensee from leasing, renting or otherwise making Licensed Products available to others without sale or other disposition transferring title, during such completed calendar quarter, and resulting calculation pursuant to paragraph 5.4 of earned royalty payment due Stanford for such completed calendar quarter, followed by calculation pursuant to paragraph 5.3 of credit adjustment, if any, for unreimbursed deficits from Minimum Royalty. After any such credit adjustment, sublicense income payable to Stanford received during such completed calendar quarter shall be added, and the total quarterly royalty payment due Stanford calculated. Copies of all sublicensee quarterly reports shall be referenced and attached to Licensee's quarterly report hereunder. Concurrent with the making of each such report, Licensee shall include payment due Stanford of royalties for the calendar quarter covered by such report.

7.2 Minimum Royalty Payment and Report

Pursuant to, and on the date stated in, paragraph 5.2, Licensee shall report the calculation, and make the payment, if any, due Stanford.

7.3 Termination Report

Licensee also agrees to make a written report to Stanford within ninety (90) days after the date of the termination of this Agreement, stating in such report the number, description and net selling prices of all products sold or otherwise disposed of and upon which royalties are payable hereunder but which were not previously reported to Stanford. Licensee shall also continue to make quarterly reports pursuant to the provisions of paragraph 7.1 of all gross income received from leasing, renting or otherwise making products available to others without sale or other disposition transferring title in the case of transactions entered into prior to such termination.

7.4 Accounting

Licensee agrees to keep records showing the sales or other disposition of products sold or otherwise disposed of under the license herein granted in sufficient detail to enable the royalties payable hereunder by Licensee to be determined, and further agrees to permit its books and records to be examined by Stanford from time to time to the extent necessary, but not more than once a year, to verify reports provided for in paragraphs 7.1 and 7.3. Such examination is to be made by Stanford or independent certified public accounting firm appointed by Stanford, such examination to be at the expense of Stanford except in the event that Stanford appoints the certified

public accountants employed by Licensee to conduct its regular annual audit, and that the examination provided for in this paragraph 7.4 is performed at substantially the same time as such regular audit, the reasonable fees and expenses of the accountants performing said examination shall be borne by Licensee.

7.5 Progress Report

On or before September 1 of each year, Licensee shall make a written annual report to Stanford covering the preceding year, ending June 30, regarding the progress of Licensee toward commercial use of Licensed Products. Such report shall include, as a minimum, information sufficient to enable Stanford to satisfy reporting requirements of the IPA of Article 4.

ARTICLE 8

Negation of Warranties

8.1 Nothing in this Agreement shall be construed as

- (a) a warranty or representation by Stanford as to the validity or scope of any Licensed Patent;
- (b) a warranty or representation that anything made, used, sold or otherwise disposed of under any license granted in this Agreement is or will be free from infringement of patents of third parties;
- (c) an obligation to bring or prosecute actions or suits against third parties for infringement, except to the extent and in the circumstances described in Article 9;
- (d) conferring a right to use in advertising, publicity or otherwise any trademark or the name of "Stanford;" or
- (e) granting by implication, estoppel or otherwise any licenses or rights under patents of Stanford other than Licensed Patents, regardless of whether such patents are dominate or subordinate to any Licensed Patent.

8.2 Stanford makes no representations, extends no warranties of any kind, either expressed or implied.

ARTICLE 9

Infringement by Others: Protection of Patents

- 9.1 Prior to the issuance of patents on the Inventions, Licensee agrees to mark all Licensed Products sold or otherwise disposed of by it under the license granted in this Agreement with the words "Patent Pending" and following the issuance of one or more patents, with the numbers of the Licensed Patents.
- 9.2 Licensee shall promptly inform Stanford of any suspected infringement of any Licensed Patent by a third party and Stanford and Licensee each shall have the right to institute an action for infringement of the Licensed Patent against such third party in accordance with the following:
- (a) If Stanford and Licensee agree to institute suit jointly, the suit shall be brought in both their names, the out-of-pocket costs thereof shall be borne equally, and recoveries, if any, whether by judgment, award, decree or settlement, shall be shared equally. Licensee shall exercise control over such action, provided, however, that Stanford may, if it so desires, be represented by

counsel of its own selection, the fees for which counsel shall be paid by Stanford.

- (b) In the absence of agreement to institute a suit jointly, Stanford may institute suit, and, at its option, join Licensee as a plaintiff. Stanford shall bear the entire cost of such litigation and shall be entitled to retain the entire amount of any recovery by way of judgment or settlement.
- (c) In the absence of agreement to institute a suit jointly and if Stanford determines not to institute a suit, as provided in (b) above, Licensee may institute suit and, at its option, join Stanford as a plaintiff. Licensee shall bear the entire cost of such litigation and shall be entitled to retain the entire amount of any recovery by way of judgment, award, decree or settlement.

9.3 Should either Stanford or Licensee commence a suit under the provisions of this Article and thereafter elect to abandon the same, it shall give timely notice to the other party who may, if it so desires, continue prosecution of such suit, provided, however, that the sharing of expenses and any recovery in such suit shall be as agreed upon between Stanford and Licensee.

9.4 Stanford shall not be liable to Licensee for any losses incurred as the result of an action for infringement or any other action, proceeding or claim brought against Licensee as the result of Licensee's exercising any right granted under this Agreement.

ARTICLE 10

Commercial Application, Sublicenses

- 10.1 Licensee agrees to use all reasonable efforts and diligence to develop markets for the Licensed Products.
- 10.2 If Licensee is unable or unwilling to serve or develop a potential market or market territory for an application of product for which there is a willing sublicensee, Licensee will, at Stanford's request, negotiate in good faith a sublicense hereunder.
- 10.3 Any sublicense granted by Licensee under this Agreement shall be subject to terms and conditions of this Agreement, except;
- (a) sublicense terms and conditions shall reflect any sublicensee shall not further sublicense, and
 - (b) the consideration amount of paragraph 5.1, Minimum Royalty amount of paragraph 5.2, and earned royalty rate of paragraph 5.4 may be at higher amounts and rates than of this Agreement.

Any such sublicense shall also provide for the transfer of all obligations, including the payment of royalties specified in such sublicenses, to Stanford, in the event that this Agreement is terminated.

- 10.4 Licensee may retain all sublicense income received by Licensee in excess of that which is payable to Stanford using amounts and rates of paragraphs 5.1, 5.2 and 5.4.

ARTICLE 11

Termination

11.1 Licensee may terminate this Agreement by giving Stanford notice in writing at least six months in advance of the effective date of termination selected by Licensee.

11.2 Stanford may terminate this Agreement if Licensee

- (a) is in default in payment of royalty or making
of report, or
- (b) is in breach of any other contract provision, or
- (c) makes any materially false report, and
- (d) Licensee fails to remedy any such default,
breach, or report within ninety (90) days
after written notice thereof by Stanford.

The notice of termination shall be in writing and must be given within thirty (30) days after expiration of the above ninety day period.

11.3 Surviving any termination are

- (a) Licensee's obligation of paragraph 7.3 to make
the termination report, and
- (b) Licensee's obligation to pay royalties accrued or
accruable, and

- (c) Licensee's obligation of paragraph 7.4 to keep records and to allow a final audit, and
- (d) licenses, releases and agreements of non-assertion running in favor of customers or transferees of Licensee in respect to products sold or transferred by Licensee prior to any termination and on which royalties shall have been paid as provided in Article 5 of this Agreement, and
- (e) any cause of action or claim of Licensee or Stanford, accrued or to accrue, because of any Breach or default by the other party.

11.4 Licensee agrees that

- (a) if any proceedings under the Bankruptcy Act or any amendment thereto be commenced by or against Licensee, and, if against Licensee, said proceedings shall not be dismissed before either an adjudication in bankruptcy or the confirmation of a composition, arrangement, or plan of reorganization, or
- (b) if Licensee shall be adjudged insolvent or make an assignment for the benefit of its creditors, or
- (c) if a writ of attachment of execution be levied upon this Agreement and be not released or satisfied or satisfied within ten (10) days thereafter, or

(d) if a receiver be appointed in any proceeding or action to which Licensee is a party with authority to exercise any of the rights or privileges granted hereunder and such receiver be not discharged within a period of forty-five (45) days after his appointment, any such event shall be deemed to constitute a breach of this Agreement by Licensee and shall, at the election of Stanford, but not otherwise, ipso facto, and without notice or other action of Stanford, terminate this Agreement and all rights of Licensee hereunder and all rights of any and all persons claiming under Licensee.

11.5 Unless previously terminated in accordance with other provisions of this Agreement, this Agreement and the right and license granted hereunder to Licensee shall continue in effect until expiration of the license term provided in Article 3.

ARTICLE 12

Assignment

12.1 This Agreement may not be assigned except with the prior written approval of Stanford, which approval shall not be unreasonably withheld.

ARTICLE 13

Other Licenses

13.1 If Stanford shall grant to any manufacturer or seller a license under any of the Licensed Patents, and if such license is on more favorable terms than those hereby granted to Licensee, Stanford will promptly notify and advise Licensee as to the differences in terms between such more favorable license and the license granted under this Agreement. Licensee shall, at its election, be entitled to the benefit of such more favorable terms as of the date upon which such more favorable license shall become effective.

ARTICLE 14

Applicable Law

14.1 This Agreement shall be construed, interpreted and applied in accordance with the laws of the State of California.

ARTICLE 15

Arbitration

15.1 Any controversy arising under or related to this Agreement, or any disputed claim by either party against the other under this Agreement, shall be settled by arbitration, upon the request of either party, in accordance with the then prevailing rules of the American Arbitration Association. In the event of such controversy, the matter shall be submitted to one arbitrator selected from the panels of arbitrators of the American Arbitration Association.

15.2 Any arbitration under this paragraph shall be held at Stanford, California, or such other place as may be mutually agreed upon in writing between the parties and judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction thereof.

ARTICLE 16

Notices

16.1 All notices, demands, or other writings in this Agreement provided to be given or made or sent, or which may be given or made or sent, by either party hereto to the other, shall be deemed to have been fully given or made or sent when done in writing and deposited in the United States mail, first class, postage prepaid, and addressed as follows:

To Stanford:

Stanford University
Encina Trailer
Stanford, California 94305

Attention: Manager,
Technology Licensing

To Licensee:

The address to which any notice, demand or other writing may be given or made or sent to any party may be changed upon written notice given by such party as above provided.

ARTICLE 17

Waiver

17.1 The parties covenant and agree that if either party hereunder fails or neglects for any reason to take advantage of any of the terms hereof provided for the termination of this Agreement or if a party, having the right to declare this Agreement terminated, shall fail so to do, any such failure or neglect by such party shall not be or be deemed or be construed to be a waiver of any cause for the termination of this Agreement subsequently arising, or as a waiver of any of the terms, covenants or conditions of this Agreement or of the performance thereof. None of the terms, covenants and conditions of this Agreement can be waived except by the written consent of the party waiving compliance.

ARTICLE 18

Scope of Agreement

(28).1 This Agreement constitutes the entire Agreement between the parties pertaining to the subject matter hereof. No representative of Stanford has been authorized to make any representation, warranty, or promise not contained herein.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate originals by their duly authorized officers or representatives.

THE BOARD OF TRUSTEES OF THE
LELAND STANFORD JUNIOR UNIVERSITY

By _____

Title _____

LICENSEE

By _____

Title _____