



## Program (STVP)

# Stanford Office of Technology Licensing (OTL) B: Yamaha's Response

## The Yamaha Meeting

In January of 1997, Kathy Ku and the rest of her team from OTL arrived at the Yamaha offices in Japan for their meeting with several key Yamaha executives. Ku hoped that the two sides would be able to come to an understanding that would allow the 25-year relationship between Stanford and Yamaha to continue. Her team had prepared an excellent presentation but they were unfortunately on unfamiliar ground as neither Ku, Mary Watanabe nor Jon Sandelin had ever worked with Yamaha on the Sondius project. Joe Koeprnick had been the primary contact with Yamaha regarding the Sondius project, however because of his departure from OTL to work with Staccato, the responsibilities had fallen to the other members of the OTL team.

Watanabe began the presentation with a discussion of the formation of Staccato and an explanation of Koeprnick's involvement in the venture. She explained that Staccato had been granted an exclusive license to the Sondius patents. Watanabe had a tendency to talk too quickly, and occasionally she had to repeat herself for the Yamaha executives.

I remember many times during the meeting I talked too fast. I talk too fast to English speaking people. I was giving this presentation and Kathy would be laughing, 'Ms. Watanabe speaks very quickly.' They (Yamaha) would sometimes smile but for the most part were very serious.

It was extremely difficult for the OTL team to gauge the reaction of the Yamaha executives. It was difficult to tell if they were upset with the information that the OTL staff was giving to them, or if they were just being polite and reserved. With no prior experience to base the reaction on, the OTL team feared for the worst and was nervous as the afternoon part of the meeting was about to start.

The Yamaha team opened up the second half of the day with their own presentation, maintaining their stoic demeanor. Said Ku, "In my mind I was thinking, I've ruined this Yamaha relationship." The Yamaha presentation continued with an elaborate explanation of their current products and future research areas. The final slide was the one that really got the attention of the

---

*This case was prepared by Matthew Garman, graduate student at Stanford University's School of Engineering, and Thomas J. Kosnik, Consulting Professor, Stanford School of Engineering, as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation. Thanks to graduate students Puneet Agarwal and Kannan Srikant for field research that contributed to this case.*

Copyright © 1999 by Stanford University. To order copies or request permission to reproduce materials, call 1-650-723-2973, or email Professor Tom Kosnik, Director, Stanford Technology Venture Program Case Development Factory at kosnik@stanford.edu. No part of this publication may be reproduced, stored in a retrieval system, used in a spreadsheet, or transmitted in any form or by any means—electronic, mechanical, photocopying, recording, or otherwise—without the permission of Stanford Technology Venture Program.

OTL team. It showed a huge play land dubbed the "Wonderworld of Music" in which Stanford and Yamaha were seen playing together. Did this mean that Yamaha wanted to maintain their relationship with Stanford?

In reality it was even better than that. Yamaha held several patents under their own XG trademark. What they proposed was that Stanford and Yamaha enter into a partnership by combining their technologies under a single Sondius-XG trademark that Stanford's OTL could then license worldwide. In order to make this work with the newly formed Staccato company, Yamaha offered to become a major investor in the company, thus allowing all three parties to work together toward a common goal.

### **OTL's Reaction to the Yamaha Proposal**

Ku, Watanabe and Sandelin were amazed by what had transpired. They arrived to Japan uncertain as to whether their partnership with Yamaha would survive and they were leaving with a proposal for a partnership. The OTL team was very excited but they knew that there was still a lot of work that needed to be done.

As the Kathy Ku settled into her seat for the long plane ride back to the states, she was faced with several questions. The meeting with Yamaha had gone better than anyone could have imagined. However the issue was far from settled. This partnership would be groundbreaking in the history of the OTL and seemed to be an outstanding opportunity for Stanford. However, Stanford had never partnered so closely with a corporation in the past. What sort of difficulties would arise from this partnership? Would the OTL face opposition from people in the university that were against such close association with industry? How would OTL manage differences in objectives that might arise among Yamaha, Staccato and Stanford in the future? What other possible problems could they face? Ku leaned back in her seat and decided to just enjoy the success of the day and worry about the resulting issues once she returned to Stanford. Besides she faced a much more immediate dilemma, the flight attendant was almost to her row and she had yet to decide between the teriyaki chicken and the grilled fish with lemon sauce.

