

One-third of University Patent Discoveries Diverted to Private Firms

By Olivia Y. Truong

Patent diversions from universities to private industry may be more common than one would expect. A study led by University of Georgia management researcher Dr. Gideon D. Markman now suggests that a third of university-inspired patents are redirected to outside firms.

Markman's study tracked 7,650 patented discoveries in areas of biomedicine, information science and engineering made between 1989 and 2003 at 54 U.S. universities. The results indicate that the more potential and valuable a discovery, the more likely the patent would be diverted to industry.

Another study, conducted by a team from the Georgia Institute of Technology ("Georgia Tech") in Atlanta, also indicated a proportion of patent diversions similar to Markman's study. The Georgia Tech study found 26% of 5,800 patents went to private firms and attributed such "lost" discoveries to professors who provide outside consulting with industry.

Markman agreed and added that professors who do the most consulting are in the better position to divert the most technology.

Problems with patent diversions are likely systemic. In 1980, the Bayh-Dole Act allowed universities to either forgo a patent right or claim it. By claiming the right, a university can develop a license agreement with a firm, who ultimately pays royalties to the university. As a result, universities created technology-transfer offices that manage the exchange.

Such a system has bred temptations to use the system for personal benefits, which hurts universities that rely on the patent royalties and fees. For instance, in 2006, the 10-campus University of California system received \$193.5 million from this funding source.

While case studies are still being conducted to understand exactly what is happening, experts offer two steps that universities can take to keep patents in their hands: facilitate working relations between technology-transfer offices and faculty members, and maintain constant relationships with IP attorneys, VC firms, and industry.

Source

Rex Dalton, *Stepping Out*, NATURE PUB. GROUP, Mar. 12, 2008, at 146.

For further information

Gideon D. Markman, Peter T. Gianiodis & Phillip H. Phan, *Full-Time Faculty or Part-Time Entrepreneurs*, 55 IEEE TRANSACTIONS ON ENGINEERING MANAGEMENT 29 (2008), available at <http://ieeexplore.ieee.org/stamp/stamp.jsp?arnumber=4439891&isnumber=4439877>.

Jerry Thursby, Anne Fuller & Marie Thursby, *US Faculty Patenting: Inside and Outside the University* (National Bureau of Economic Research, Working Paper No. 13256, 2007), available at <http://www.nber.org/papers/w13256>.