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Subsidizing 'Patent Roulette'

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MY VIEW

A recent report in Pursue University’s daily newspaper reveals that the school is losing money from a seemingly unlikely source: its patent portfolio. The research juggernaut, ranked among the top 20 graduate programs in engineering, computer science, chemistry and agriculture, can seem to make a buck licensing the patents it receives on faculty and student innovations.

Each year U.S. universities like Purdue apply for thousands of patents, spending up to $50,000 in legal fees per application, even though the technologies disclosed in a minuscule percentage will become products, let alone profitable ones.

The majority of university technology licensing programs lose money. And most that escape the red generate the lion’s share of their revenue from a handful of patents that either become unexpectedly valuable or cover technology so fundamental that its exclusive ownership raises serious ethical concerns.

Stanford University, owner of the nation’s most lucrative university patent portfolio, has to date generated more than 40 percent of all royalties acquired in its four-decade history from just two sources: web search technology developed in 1996 by two students who licensed it back from the university for 1.8 million shares of their new company, Google Inc., and gene-sequencing technology that raked in over a quarter-billion dollars in royalties from producers of pharmaceuticals like synthetic insulin and the hepatitis-B vaccine before Stanford’s patent expired in 1997. Of the university’s all-time licensing revenue, almost 80 percent came from just one-seventh of 1 percent of its patent holdings.

More recent moneymakers include patent rights to embryonic stem cell lines held by the University of Wisconsin and the University of Utah’s patents covering two genes linked to hereditary breast cancer. Both universities’ ironfisted control of a broad swath of promising biomedical research, and their incentive to seek profit over the public good with that power, has been widely criticized in the scientific community. Wisconsin’s patents contribute to an ongoing stem-cell brain drain as U.S.-based researchers flee to overseas labs that don’t fear the university’s rights. Utah’s private spinoff, Myriad Genetics, similarly threatened costly litigation so convincingly that many researchers ceased looking for new breast cancer-related gene mutations and many medical providers stopped offering patients diagnostic screenings.

Nonetheless, universities across the nation have established offices dedicated to patenting faculty research. Each year university officials with wildly optimistic hopes of striking it rich pump more and more funding into faltering licensing programs, while at the same time hiking tuition, saddling graduates with debt and thinning employee ranks.

Apart from those raising serious ethical questions at least, patent programs might not cause much concern if university officials internalized the full costs of failures and university researchers were actually motivated to invent by the promise of patent rights. But neither is true in most cases.

Purdue officials say that the university’s patent costs are paid for through a privately funded endowment designated for research and development. At other universities, however, the patent lottery is heavily subsidized with public funds. Federal and state resources support virtually all university research in some form or fashion, freeing up funds that might otherwise support research to cover steep legal fees and licensing program overhead.

These subsidies should lead taxpayers to question whether it makes sense for universities to own patents at all. When universities exercise patent rights, they exclude the public from the fruits of research funded from public coffers. Effectively, consumers pay twice for university-developed technology: once when their taxes fund university research and again when forced to pay premium prices for patented products sold pursuant to costly university licenses.

Even patents that universities don’t aggressively enforce add to the existing glut of overlapping, unpatentable, and impenetrable patent thickets that prevent entrepreneurs from determining upfront whether new products might one day stand accused of infringing long-dormant patent rights.

Worse, universities sometimes sell patents on the secondary market where they may reach patent “trolls,” firms that buy patents solely to file opportunistic litigation against deep-pocketed tech companies. Last month a Texas jury ended the 12-year run of Eolas, a University of California-affiliated patent-holding company that sued Microsoft, Apple, eBay, Amazon.com and 20 others. All that said, university patent ownership might still be a good deal for society if the prospect of patent rights increased the pace or quality of university research. Studies, however, suggest otherwise. There is no evidence that university inventors, who measure success by publication priority and citation counts, are motivated by usually worthless rights that may require years of secrecy and delay to obtain.

So, why do we allow our finest universities to double-down year after year in a taxpayer-subsidized game of patent roulette that pays terrible odds and at the expense of patients and consumers? No institution should hit the jackpot selling American technology we already paid for.

Take it from him: Quit before it’s too late

I read with amazing disbelief and incredible disappointment that our Indiana Senate could let down the people of Indiana so severely by gutting the smoking ban bill.

I am a 67-year-old man who foolishly started smoking cigarettes at age 15. It was the “cool thing” then, and just as the cigarette manufacturers planned, I got hooked and became a pack-and-a-half-a-day smoker.

Foolishly, I smoked for nearly 20 years until a dear friend of mine was diagnosed with lung cancer. I was at her bedside when she took her final breaths, and it was awful to witness her agony. Because of watching this lady die, I made the decision to quit smoking so my loved ones wouldn’t have to watch me gape for breath. Quitting smoking was not an easy thing to do, and it actually took all the willpower I could muster to do it. When I was finally successful, I felt a marvelous freedom and never smoked again. If you do smoke, quit now before it’s too late.

Raymond Rodenbeck
Danville

Indiana’s gay youth lucky to have support group

The proposed ban on specialty license plates has been rejected for the time being. Rep. Ed Soliday, R-Valparaiso, decided things were getting too political and said he would pursue the ban next year.

One of the organizations whose plates would have been banned is Indiana Youth Group, a United Way agency which empowers youth by promoting self-acceptance, healthy life choices, self-esteem and leadership opportunities through programming and support services. However, Eric Miller; a longtime opponent of gay, lesbian and transgendered rights, distributed an “Urgent Legislative Alert!” to his network of far-right churches who donate funds to his “pro-family” organization Advance America. The alert had a banner headline which read “BMV Approves Pro-Homosexual License Plate” and in smaller font “Help Protect Children —