



Lions and Tigers and...Trolls, Oh My!

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Everyone knows that great things come out of universities. Aside from well-educated graduates who will make up the future work force, there's the wealth of ideas and innovations that create economic prosperity and a higher quality of life. But, regrettably, there are always the few who have the potential to ruin it for the many. Such is the case with abusive patent litigation being practiced by patent-aggregators or, as they are less charitably called, "patent trolls." These sophisticated and aggressive firms are collecting patented research discoveries and holding them captive for use in litigation against companies that are actually using new technologies to produce products and services.

Although the word "trolling" is generally thought of as a way to fish by dragging a lure through the water (a practice actually ruled illegal in such popular fishing states as Wisconsin) the metaphor of "a troll lurking under the technology bridge" aptly describes a recent flare-up in the business of getting discoveries across that bridge into the marketplace.

Witness the latest brouhaha in the oftentimes obscure and unseen world of technology transfer.

A study by Robin Feldman of the University of California Hastings School of Law, and Nicholson Price of Harvard Law School created news recently because the authors conjecture that the biosciences industry is just as at risk from the practice of "patent-trolling" as other sectors of technology.

Setting the Record Straight

But people in the business of university technology transfer, and the leadership of their professional association known as the Association of University Technology Managers ([AUTM](#)) were not surprised by the Feldman study, although they are questioning the true extent of the problem in the biosciences. Technology management experts have known for a long time that

there are trolls out there, practicing abusive litigation, crouched beneath the metaphorical bridge into the future.

Some media coverage of the Feldman study has suggested that AUTM was “reconsidering its policy” of not licensing university patents to companies that buy patents primarily to make money from litigation or even threatened litigation.

Jane Muir, who is the new president of AUTM and also the director of the Florida Innovation Hub at the University of Florida and associate director in the Office of Technology licensing at UF, says it is time to set the record straight.

“The fact is, AUTM does not have any such policy but is always looking to assist its members in licensing to industry partners,” Muir said in a recent interview. “By suggesting that university tech-management offices are considering licensing to patent-aggregators because of pressure to increase licensing revenues is a gross over simplification. In fact, such an assertion is both unsupported by evidence and a misread of the dynamic technology-transfer playing field.”

The so-called AUTM “policy” that such media reports refer to is in fact a 2007 document called “[Nine Points to Consider in Licensing University Technology](#),” that was authored by 12 leaders in academic technology transfer and posted on the AUTM web site for all to read and consider.

Muir was quick to point out, “AUTM as an association does not dictate policy. AUTM does not tell universities how to do business.” Still, she notes, every university should consider all Nine Points when licensing a new technology, which Muir points out most universities already do.

The Complexities of Tech-Transfer

The Feldman study brings forward the observation that the practice of patent-aggregating may be putting the biotech industry at greater risk than conventional wisdom has long held. The report also makes it clear to tech-transfer practitioners like Muir that the authors don’t fully grasp the many complexities inherent in the business of technology transfer. The fact of the matter is hi-tech companies such as those in the IT or electronics sectors procure patents at a rate ten times that of biotech companies. Therefore, the risk of being victimized by patent trolls is inherently smaller than for tech companies. The Feldman study made the point that the main pool of biotech patents are academic patents and academic institutions very rarely engage in patent litigation with the commercial sector on which they rely for further development of early stage ideas.

“Universities that license their patented research discoveries are doing so for the purpose of bringing to the market new cures for diseases and products that make the world a better place. They generally put milestones into their license agreements that require the company they’re licensing to demonstrate progress in commercializing, rather than simply aggregating them for litigation against other companies.

“This issue is a lot more complicated than just saying, ‘the sky is falling, and biotech, you’re the next target for the patent trolls’,” Muir says.

The Huge Impact of Tech-Transfer

The Bayh-Dole Act, the 1980s legislation that is widely credited with creating the university technology transfer industry has proven to be incredibly beneficial to the U.S. economy. A 2012 study by the Biotechnology Industry Organization (BIO) found that tech transfer from academia and other non-profit institutions added more than \$385 billion to the U.S.GDP, and created more than three-million jobs and 650 new companies between 1996 and 2010.

Muir points out that, “Universities -- depending on their size, research budget, and their licensing revenues - have tech transfer offices with differing levels of capacity, differing expectations, and differing levels of resources available to them to respond to those expectations.”

The task of licensing a given technology is complex. Muir suggests that critics outside the profession of technology transfer often don’t understand how it works, let alone what the whole process is producing for society and the economy. As she says, “Technology-management is not about licensing to the highest bidder, it’s about finding commercial partners that have the ability to get the technologies to the market.

The Role Congress Can Play

In the opinion of AUTM leadership, the emphasis on Capitol Hill should be on stopping abuses of the U.S. Patent System, not on changing and certainly not dismantling the system itself.

According to David Winwood, vice president of advocacy for AUTM and chief executive of the University of Alabama Birmingham Research Foundation, there are at least nine patent reform bills now circulating on the Hill. While many bills are problematic and have unintended negative consequences, one bill currently before the Senate, the “Patent Transparency and Improvements Act,” (SB 1720) seeks to curb abusive litigation while preserving the right of patent holders to enforce, legitimately, their rights.

Proponents of the bill, including AUTM, point out that small businesses need a climate that supports innovation. Those small companies, especially start-ups, are extremely valuable engines of the economy. But provisions in a different anti-troll bill passed by the House late last year failed to strike the delicate balance between protection and enforcement.

“The bill as written states that anyone who has any liability or interest, such as the licensee, would be joined in the lawsuit, whether they wanted to or not,” Winwood says, noting that the burden would then fall squarely on the shoulders of inventors and universities.

The best way to prevent or discourage the so-called trolls from grabbing up patents for their own financial gain is to ensure quality patents, and the best way to do that, according to Muir and Winwood, is to assist over-burdened patent examiners in determining novelty, non-obviousness and usefulness. To that end, AUTM has agreed to assist the U.S. Patent and Trademark Office in identifying subject matter experts who can help USPTO staff determine the quality of patents being approved.

“The idea is, if the patent examiners are trained to understand more completely what the invention is, they will be able to tell if someone has already made the discovery,” says Winwood. “So you won’t clog the system with software patents that are of questionable quality, in terms of their patentability.”

The Real Challenge

There is no question that problems caused by patent aggregators need to be dealt with. But, as Muir says, the challenge facing the tech-transfer industry in the U.S. and abroad is much bigger than trolling. The challenge is to make sure people, especially those creating legislation and allocating resources, have a better understanding of how a well-managed tech-transfer process is not only helping create a healthier, safer world, it is also building a stronger, more diverse economy all over the world.

As for the trolls under the bridge, she says, “Even actions with the best intentions can have negative consequences, especially in such a complicated profession. And particularly so in one where people are being influenced by others who do understand the nuances and want to work them in their favor. That’s our real challenge.”

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