

Monetization Strategies of University Patents and Their Impact on Technology Diffusion

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The pressure to extract rents from academic research results has led many universities to file more patents and to utilize a growing range of monetization strategies including selling patents to Patent Assertion Entities (PAEs). We build a database on the first sales of university patents granted by the USPTO as well as to the citations that these patents received year after year. Next, we conduct an econometric analysis on a panel data framework to demonstrate that the university patents acquired by PAEs receive, on average, significantly fewer citations after the transfer than other university patents, indicating a post-transfer “isolation” of the relative technology. Our study provides novel evidence on the limits that the transfer of ownership of university patents to PAEs may impose on the diffusion and use of patented technologies that are derived from academic research. We believe that our research has produced sufficient evidence to argue that universities’ monetization strategies should be subject to full scrutiny by legislators in various jurisdictions, particularly when they involve selling knowledge to PAEs.