If the traditional system doesn’t work and reversing it isn’t acceptable, is there any other viable option? Yes, but it would necessitate a radical change in the thinking of academicians. Instead of looking to royalty arrangements for revenues, universities would do better to take equity positions in companies interested in commercializing their inventions. There are at least three ways this technique could be employed.

First, approach start-up companies and more advanced firms that research analysts like to call “emerging growth” companies. Many of these would be willing, even eager, to acquire the technology embodied in universities’ patents. Few of these companies have the resources to pay royalties because they need every cent of income they can generate to pay their overhead. It would take some effort to identify the appropriate companies to contact, but they could be reached through the media, consultants specializing in the industries where patents are applicable, and venture capitalists.

Second, work with venture capitalists. The bread and butter of venture capitalists is new technology. If a university patent appears to hold promise, it’s possible that a venture capitalist would either find a way to use the technology in one of his or her portfolio companies or else create a company to commercialize the invention.

Third, when a graduate student at the university has been heavily involved in an invention, encourage him or her to form a company to commercialize it. These people know the technology underlying a patent and will be highly motivated to capitalize on the opportunity it offers.