

# The value of patents, emerging IPR markets and new business models

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# IPR market and new business models

New players have entered the IP world, inventing and testing new business models

- Business forums  
**Yet2.com / TechTransferOnline**
- Brokers and intermediaries
- Investment funds  
**Intellectual Ventures**
- IP transactions marketplace

# New powerful tools for professionals

- categorisation
- clusterisation
- visualisation (patent mapping)
- portfolio analysis
- citation trees
- patent ratings

PatentCafé  
Aureka  
Innography  
Thomson innovation  
...

for

- a better understanding of technology environment
- a more objective and faster selection of potential partners
- breakthrough innovation identification

# Valuation of patents is highly complex

- Value is impacted by legal, technical and market factors
- Value is fleeting and uncertain
- Many useful data are not accessible without owner's cooperation
- Variety of uses of patents

# Why an « automatic » patent rating system is needed?

- « Patent warming »
  - Too many patents to examine: need to identify and target relevant IP
- Difficulty of patent appraisal
  - Human review is expensive and slow
  - Financial data related to IP transactions are rarely available
- Classic licensing process is too slow and inefficient
  - Need to speed-up the process and reduce the transaction costs
- Growing importance of high-tech start-ups
- Banks and financial institutions are now aware of the value of intangibles

# What makes a patent valuable?

- Merits of the underlying invention/technology
- Commercial value of the products/services covered by the patent
- « Quality » of patent scope (from patent holder's perspective)
  - breadth and validity of claims**
  - relevant drafting (professional skills of attorney)**
- Consistency with strategy and portfolio

# Maintenance/abandonment decisions as an expression of value

- Patent owners are uniquely knowledgeable and well-qualified to make internal patent value and risk assessments. They use private (internal) information (technology watch, markets, relevance regarding business strategy).
- Patent owners are economically motivated to make timely and relevant assessments and to take sound decisions based thereon.
- By examining historic patent maintenance records (i.e. public data), it is possible to identify certain characteristics which are statistically correlated to higher maintenance rates (higher probable value).

# The Ocean Tomo model for US patents (1)

Higher patent maintenance rates are significantly correlated to:

- ✓ **a larger number of independent and dependant claims**
- ✓ **a smaller number of different words per independent claims**
- ✓ **longer written specifications**
- ✓ **higher forward citations rates**
- ✓ **larger number of backward citations**
- ✓ **a larger number of related patent family members**
- ✓ **etc.**

## The Ocean Tomo model for US patents (2)

**The model has several variants depending on technological domain (using own categorisation)**

**It can also take into account behaviour parameters:**

- ✓ **name of inventor**
- ✓ **name of patent attorney**
- ✓ **litigation rate in the domain**
- ✓ **nationality of applicant**
- ✓ **status of applicant (SME, university,...)**
- ✓ **etc.**

**For the time being it does not take into account portfolio effect**

## The Ocean Tomo model for US patents (3)

**The calculated maintenance probabilities are significantly correlated to observed patent value indicators or measures such as:**

**commercialisation rates, licensing rates,  
litigation rates, patent sales transactions**

**IPQ Score : the model comparatively scores individual patents**

**The model has been validated with available data and blind studies conducted with companies and universities**

**Several limitations, but statistically effective**

# Adaptation to EP patents

## Key points of difference:

- **EP patents are maintained on an annual basis versus every 4-years for US patents**
- **EP patents are maintained (or not) on a country-by-country basis**
- **EP prior art citations include informative A, X and Y indications contained in the EP search report**
- **EP system includes a post-grant opposition process which may provide additional helpful data**

# Caisse des Dépôts plans

**Caisse des Dépôts, the French development bank, has been missioned to support the valorisation of public R&D**

**It announced a working protocol with Ocean Tomo to build the market for IP based transactions. The agreement anticipates the launching of a rating platform for all European patents that would be linked to existing platform in the US**

**Discussions have started on the feasibility of an IP transactions marketplace in Europe**

## Conclusion: a more transparent world

**Any firm using a combination of the right IP dedicated softwares can “objectively” analyse its own portfolio as well as competitors’ or potential partners’. Any outsider can do the same.**

**Major impact of the new tools on R&D strategic management and IP portfolio management.**

**Firms will soon have to communicate extensively on the value of their IPRs and their management.**