

IP Valuation in Practice
November 27 – 28, 2008, Budapest

IP Valuation at IP Bewertungs AG (IPB)

IPB
Guido von Scheffer & Dr. Ulrike Rehn

**“Intellectual Property is the
Oil of the 21st century.”**

Mark Getty, founder Getty Images

1 Introduction IPB

2 Do Patents Create Value?

3 Evaluation Events – Evaluation Methods

4 Patent Value Funds

- One of Europe's leading **consulting firms** for intellectual property services such as patent evaluation, patent exploitation, patent management and technology scouting
- **International network** with worldwide resources in commercial legal protection, in the financial services sector and in auditing and taxes
- **Bank-independent spin-off** from HypoVereinsbank
- Shareholders are partners in international law firms, board members in the financial and insurance sectors, professors and entrepreneurs among others
- **Headquarter: Hamburg**
- **International representations in**
 - Switzerland
 - United Kingdom
 - Finland
 - United States
 - Japan
 - China



- **Background**

- Investment bankers
- Engineers
- Scientists
- Attorneys
- Patent attorneys

- **Clients**

- Internationale blue chips
- DAX-, MDAX-, STOXX 600 companies
- SME
- Universities
- Research centres
- Individual inventors



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2| Do Patents Create Value ?

Mercedes S-Class

- Approx. 1000 patents are built in the S-Class
- Approx. 1/3 originate from the own development lab
- 2/3 of the patents und therewith approx. 650 patents are to it-bought and/or licensed

Target: Technology leadership through patents!

Gillette razor

- Approx. 70 patents are contained in Gillette wet shaver
- Most patents are hidden in the connecting joint between shade and shank!

Intention: Only by the patent monopoly the comparatively high prices for blades, which can be bought in addition, can be required!

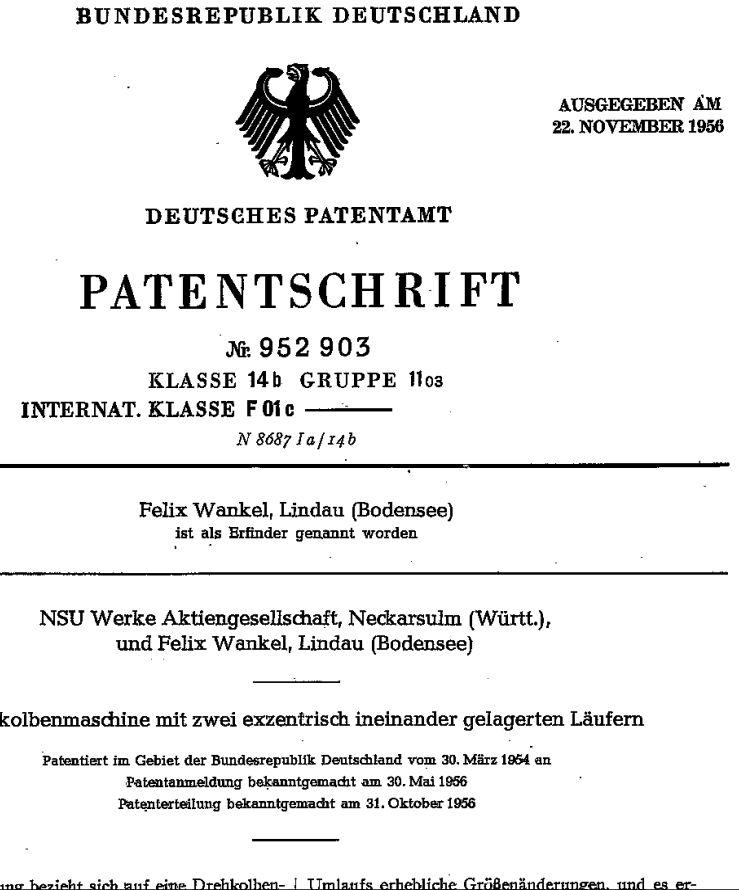
- **Both examples show, how enterprises can reach competition projections/leads by patents**

2| Do Patents Create Value?

Wankel Engine

- steady development between 1924 and 1988
- 190 patent families
- 2 research institutes

- worldwide licensing
- multimillion royalties



Result: Technology leadership - branding!

2| Successful Exploitation – Valuable Patents

IFA VEB

MAN

Fichtel & Sachs

American Motors

Toyota

Krupp

Yamaha



Wankel Engine - Licensees

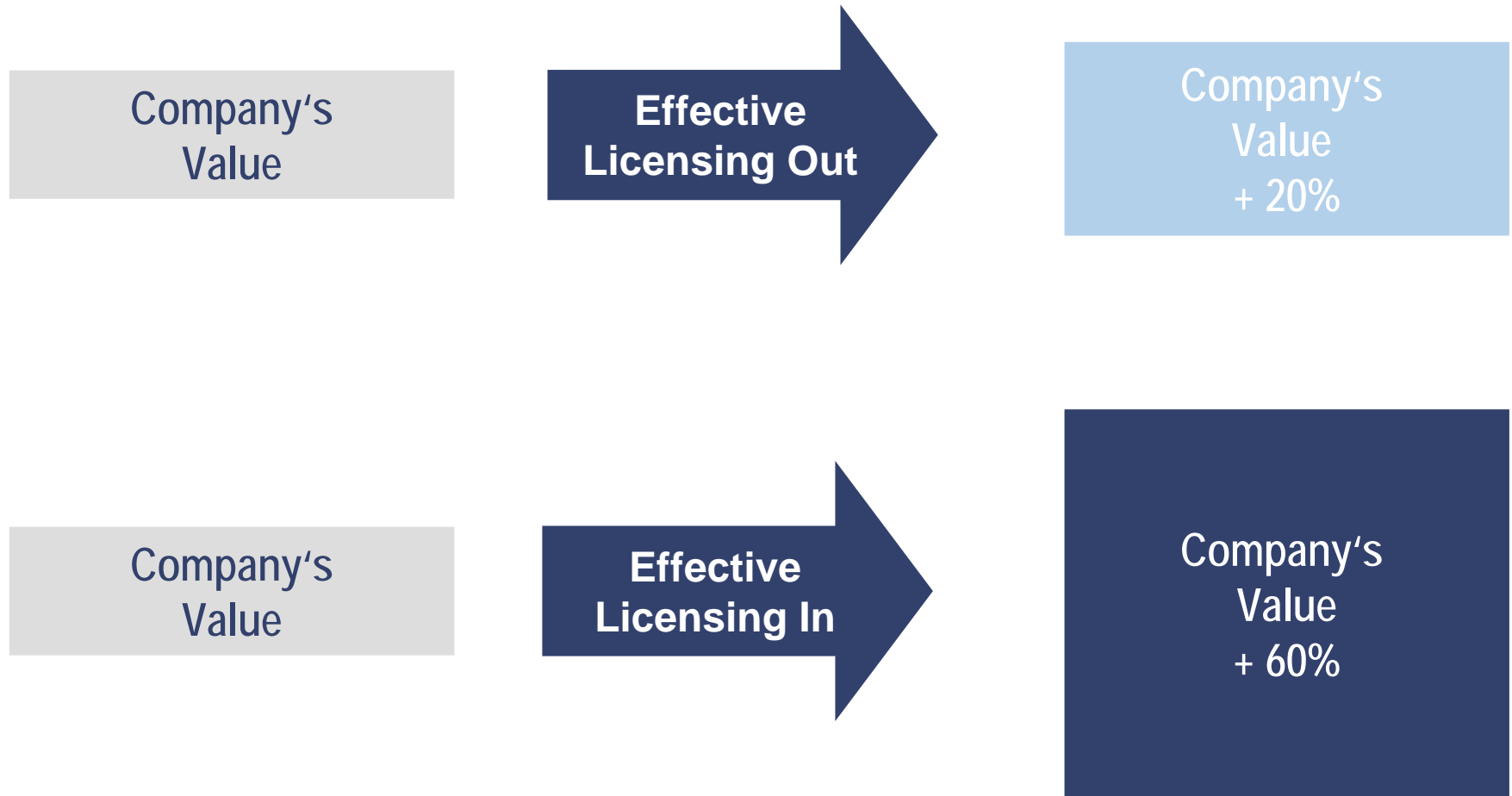
www.mazda.de, Mazda RX 8

Daimler Benz

Nissan

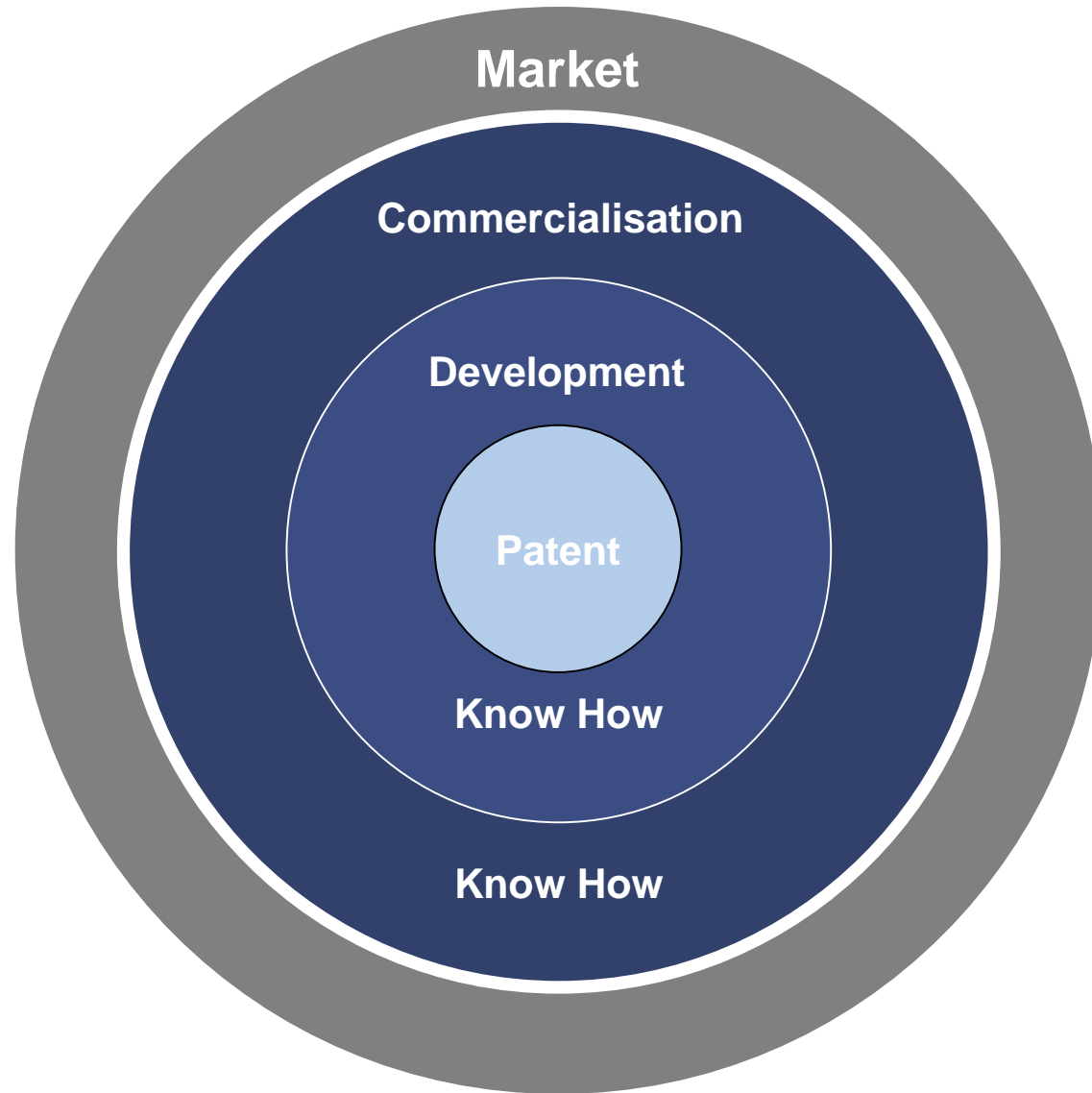
Mazda

2| IP Values, IP Management and Company's Value



Source: McKinsey

2| Patent Transfer vs. Technology Transfer



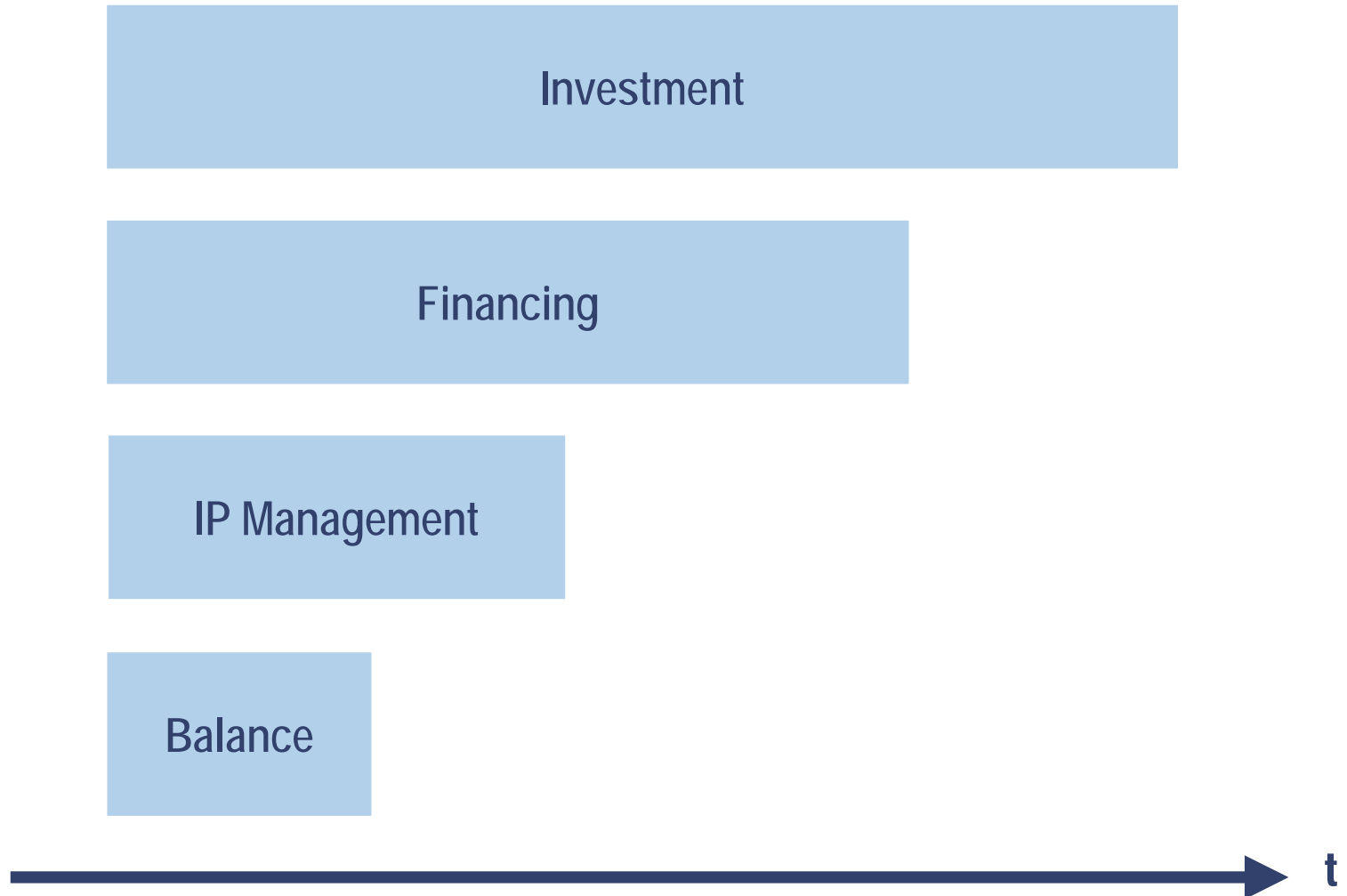
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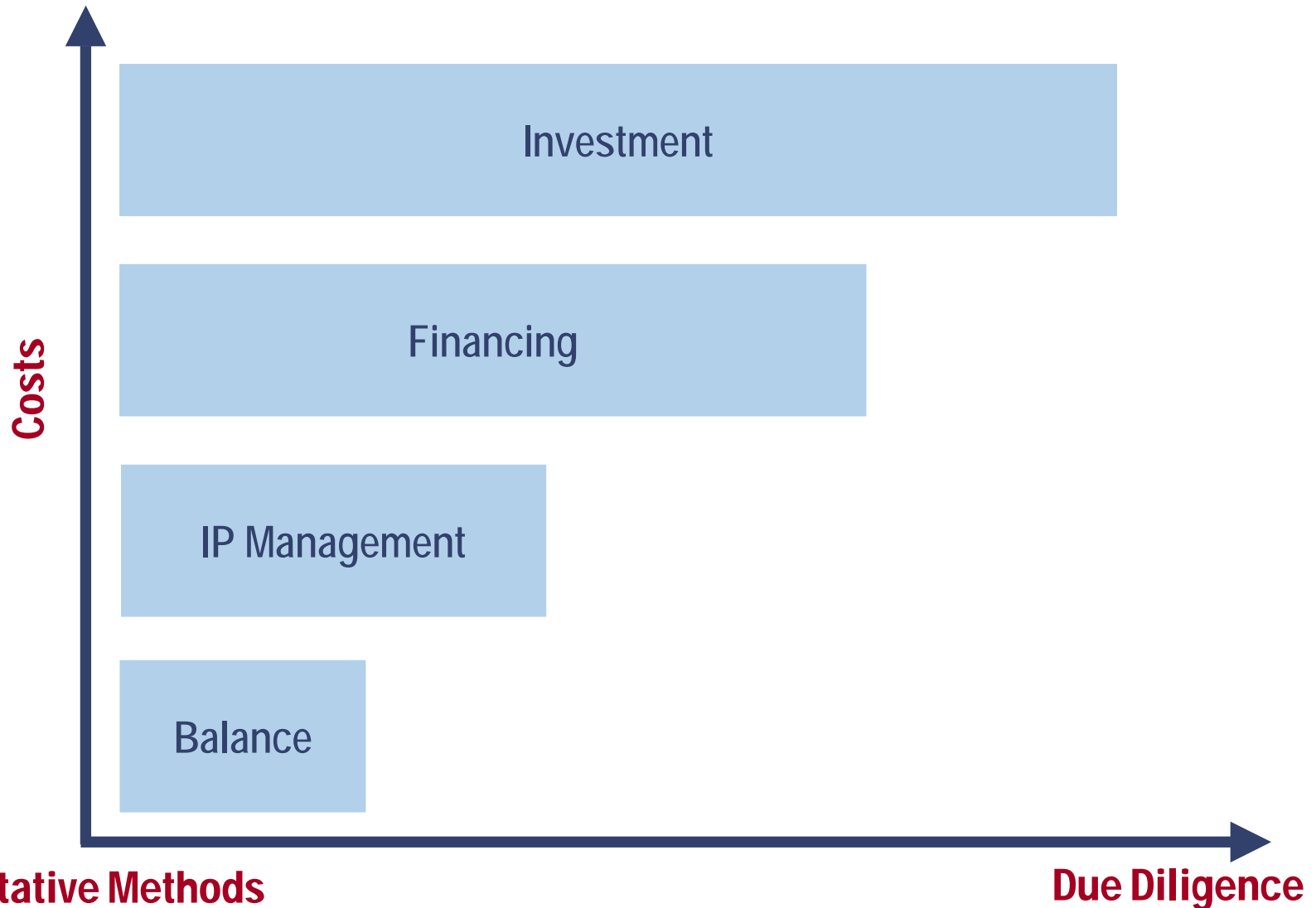
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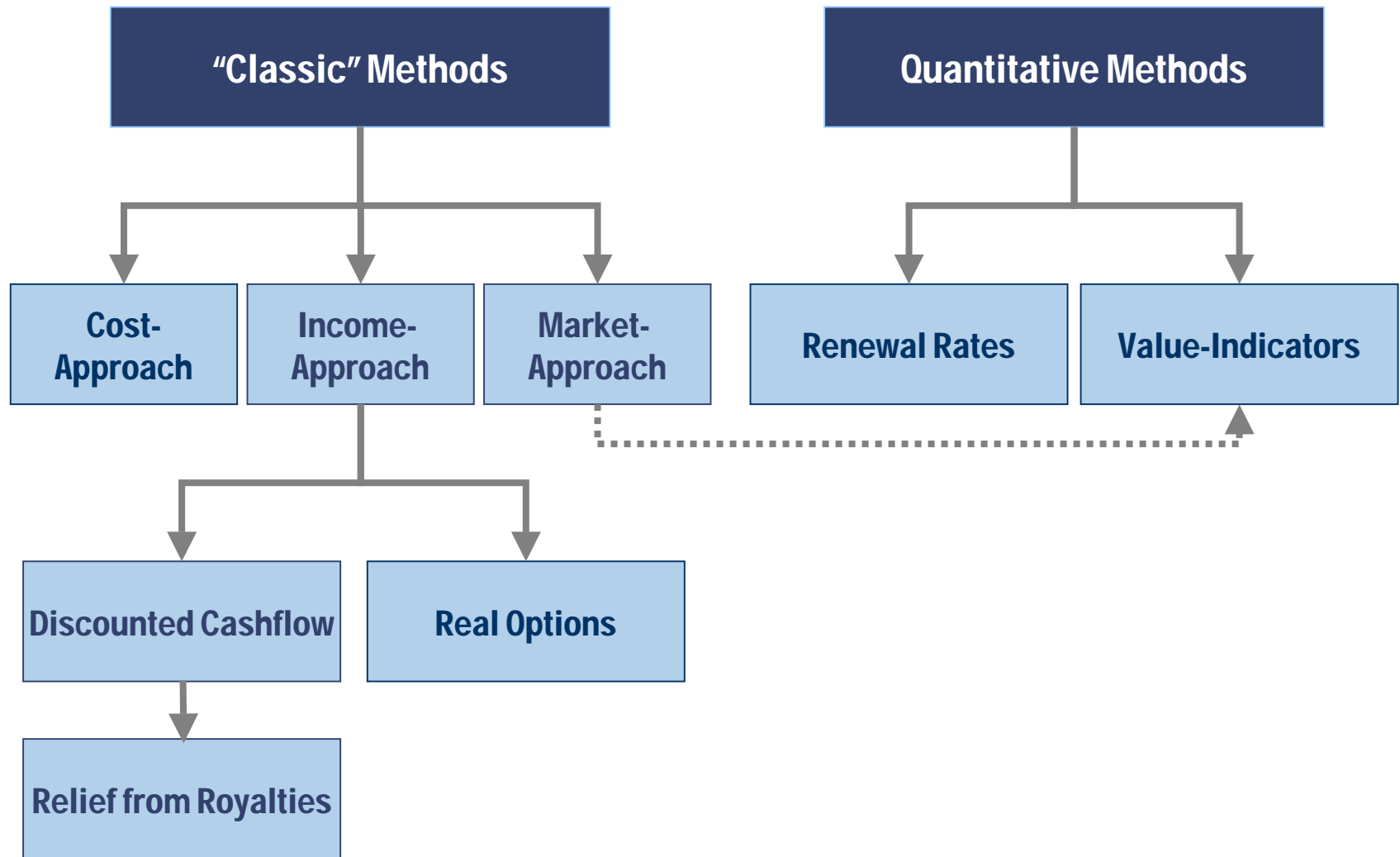
3| Evaluation: Time Frame



3| Evaluation: Complexity and Costs



3| Patent Evaluation Methods



3| Value-Indicators by the example of real estates



1. **Backward Citations**
 2. **Forward Citations**
 3. **Claims**
 4. **Patent-Family**
 5. **Litigations**
- others ...**

Empirische Studien:

Carpenter, M., Cooper, M., Narin, F., 1980, Linkage between Basic Research Literature and Patents, Research Management (March), S. 30-35.

Narin, F., Noma, E., Perry, 1987, Patents as Indicators of Corporate Technological Strength, Research Policy 16, S. 143-155.

Lanjouw, J.O., Schankerman, M., 2000, Characteristics of Patent Litigation: A Window on Competition, CEPR WP 2042.

Lanjouw, J.O., Schankerman, M., 1999, The Quality of Ideas: Measuring Innovation with multiple Indicators, NBER 7345.

Harhoff, D., Scherer, F., Vopel, K., 1999, Citations, Family Size, Opposition and the Value of Patent Rights, Munich, Boston, Mannheim, Ludwig-Maximilians-Universität München, Harvard University, ZEW Mannheim.

Harhoff, D., Reitzig, M., 2000, Determinants of Opposition against EPO Patent Grants: The Case of Pharmaceuticals and Biotechnology, CEPR WP 3645.

Reitzig, M., 2002, Improving Patent Valuation Methods for Management – Validating New Indicators by Understanding Patenting Strategies, LEFIC WP 2002-9.

Backward Citations and technical details

Description For a Patent-Application it is necessary to cite all other patents and scientific publication.

Determinates

- a. Age
- b. Type (Own- / Others)
- c. Citing Person (Applicant / Patent-Office)
- d. Region

...

Availability From Date of Grant

Please Note: One separate indicator does not reflect a significant correlation on patent-values.

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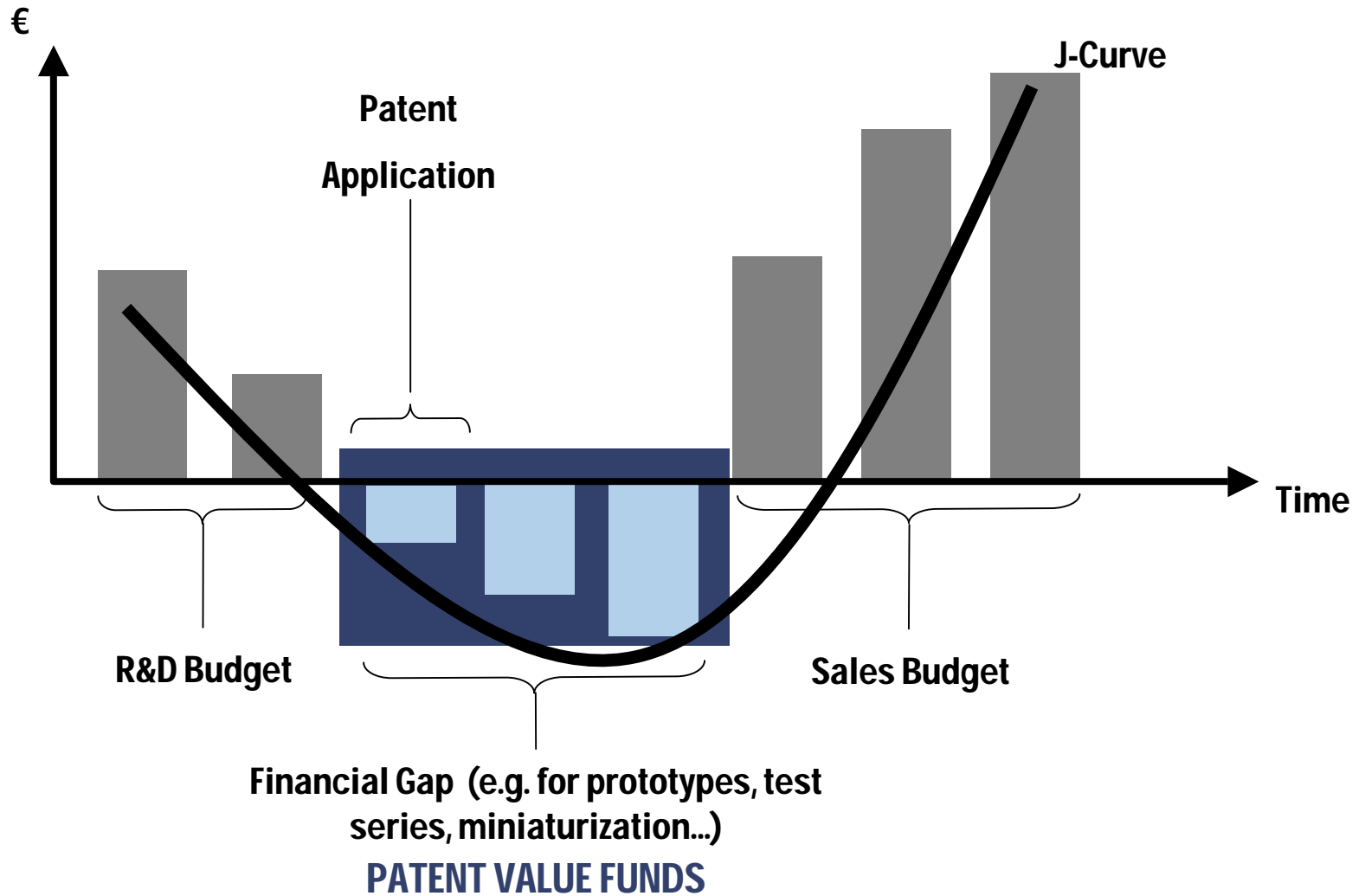
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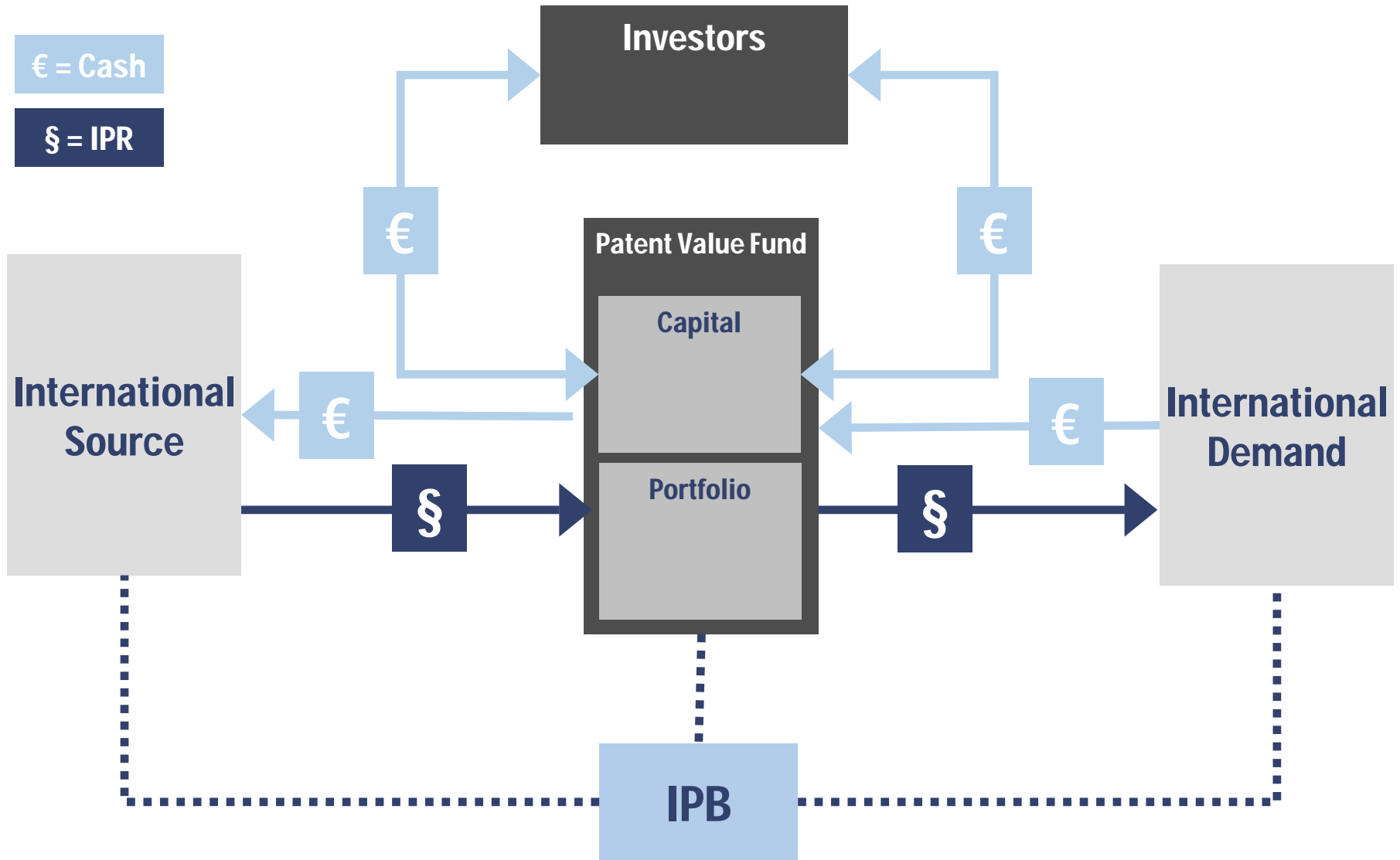
4| Levels of Evaluation



4| IP commercialisation is an Investment



4| Patent Value Fund's Scheme



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Thank You for Your Attention !

Dr. Ulrike Rehn

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