

# Patent Value Benchmarking

*Statistical Value Perspectives from an Intellectual  
Capital Merchant Bank*

**IC5 Conference Paris, May 28-29, 2009**

**Intellectual Capital for Communities  
in the Knowledge Economy**

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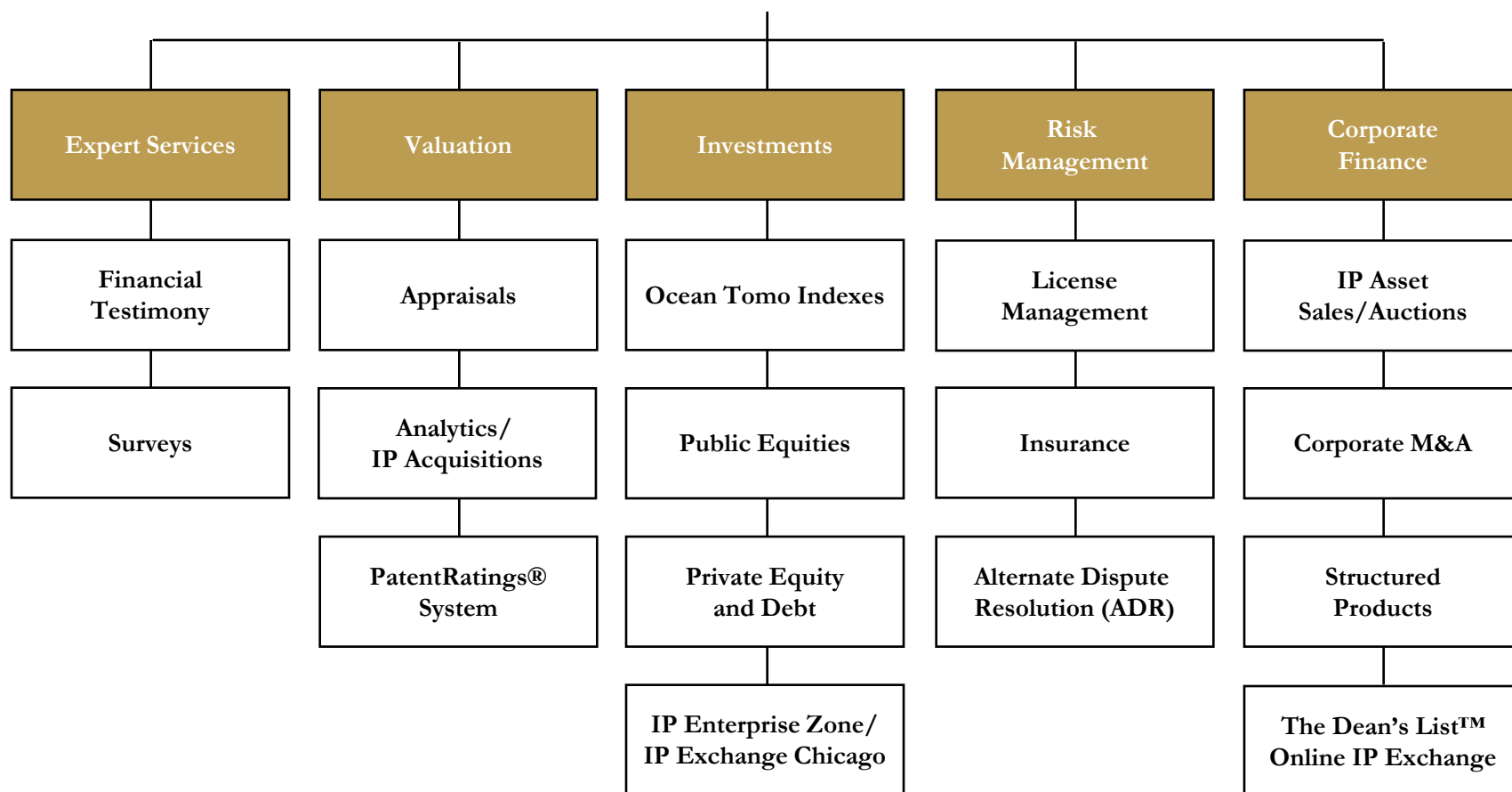
WWW.PATENTRATINGS.COM



**OCEAN TOMO**  
INTELLECTUAL CAPITAL EQUITY

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# Ocean Tomo Overview



# Ocean Tomo Auctions

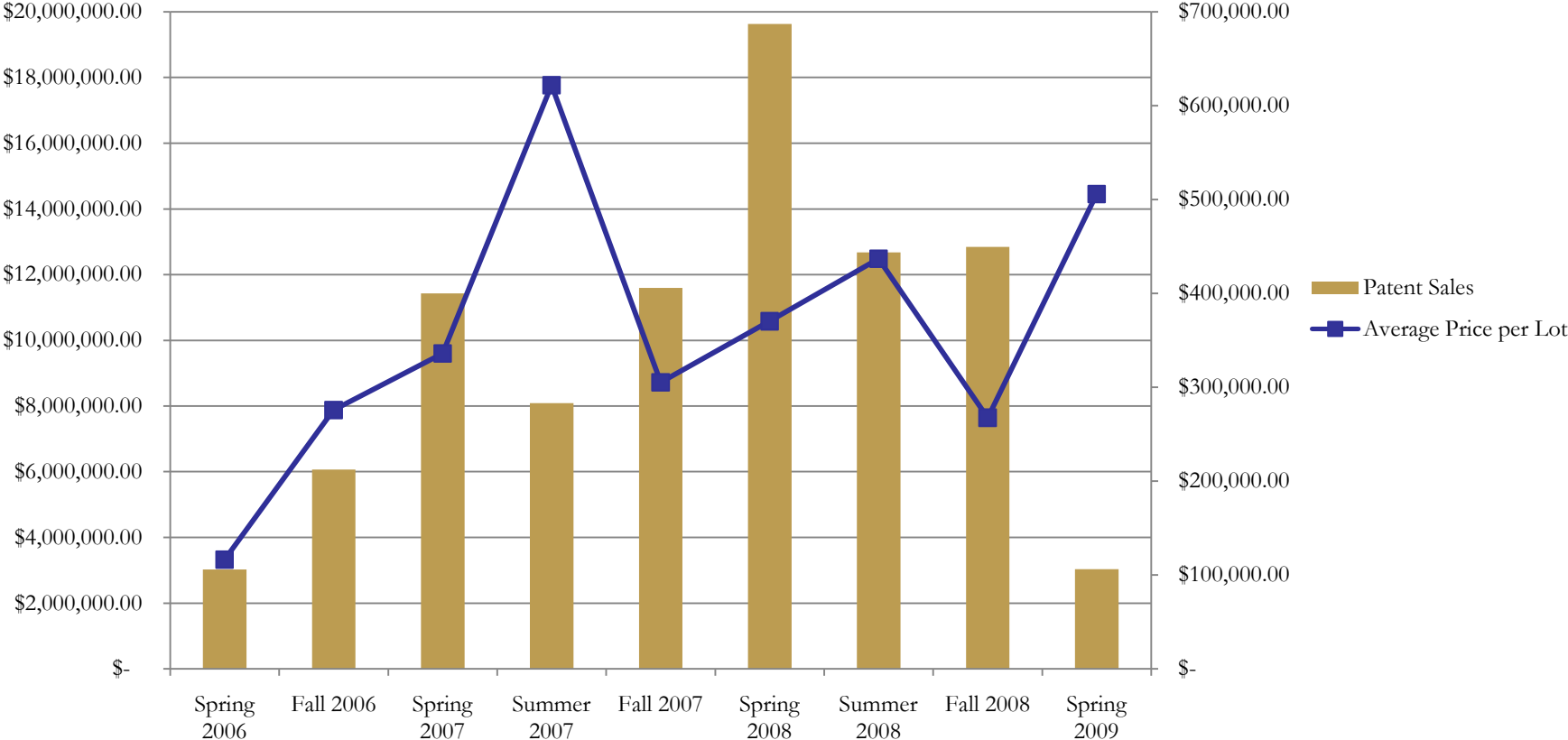
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**\$100+ million in auction volume**

# Auction Results - Patents

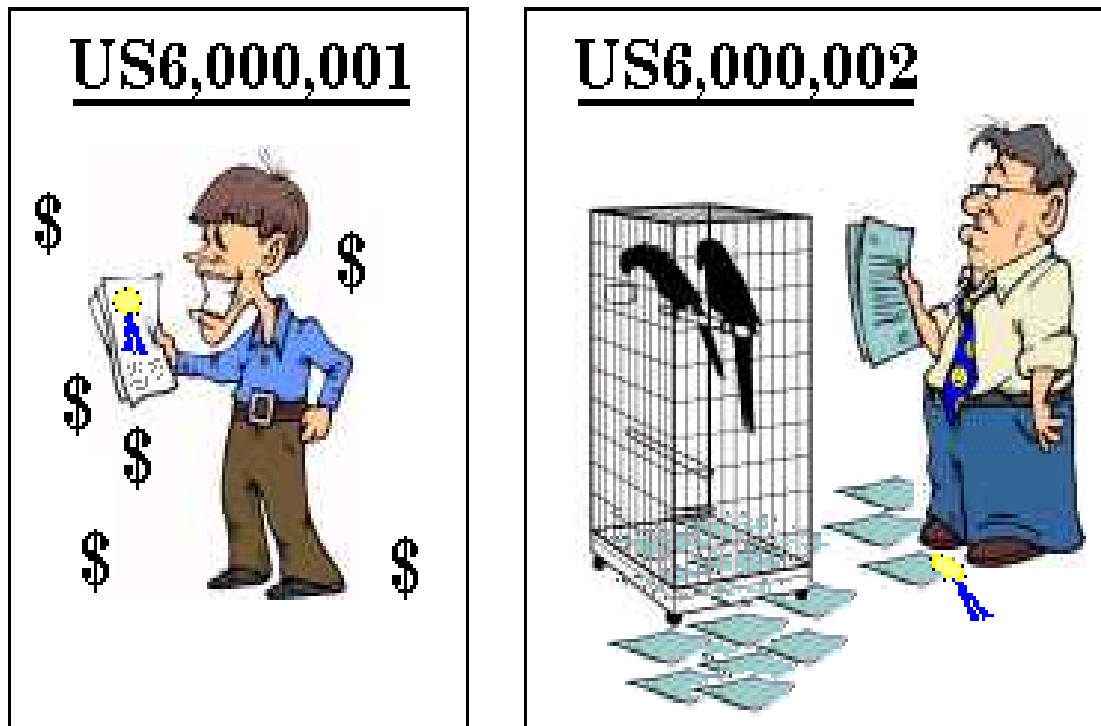
## Ocean Tomo Auction Results



# Finding Valuable Patents

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NOT ALL PATENTS ARE CREATED EQUAL!!



# Finding Valuable Patents

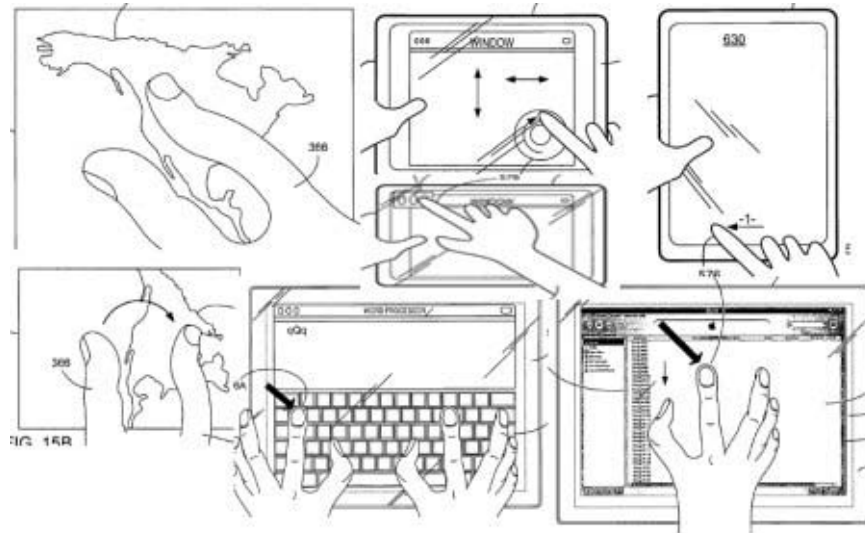
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## Value Factors:

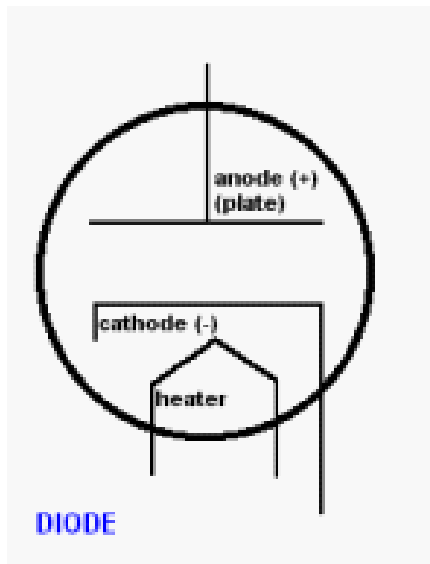
- Merits of the Underlying Invention
- Commercial Value of the Invention
- Quality of Patent Coverage

# Inventive Merit

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“Multi-Touch Gesturing”



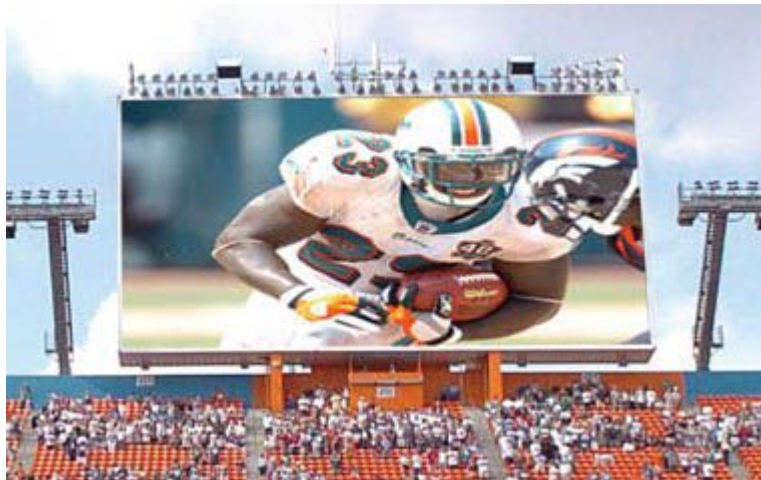
“Blue LED Diode”

# Commercial Applications

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**Multi-Touch Gesturing**  
e.g., Apple “I-Phone”

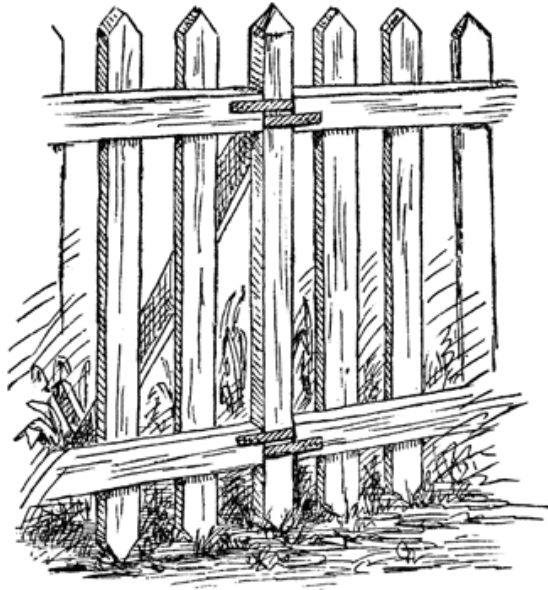


**Blue LED Diode**  
e.g., Large LED Displays



# Patent Quality

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**VS.**



**“Picket Fence”**

**“Steel Vault”**

# What is Patent Quality?

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- **Define Quality**
  - **Quality Is Not So Neatly Defined**
  - **Like Beauty, Quality is Often in the Eye of the Beholder**



# Finding Valuable Patents

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## Value Factors:

- Merits of the Underlying Invention
- Commercial Value of the Invention
- Quality of Patent Coverage

## But:

How Does One “Measure” Such Things?

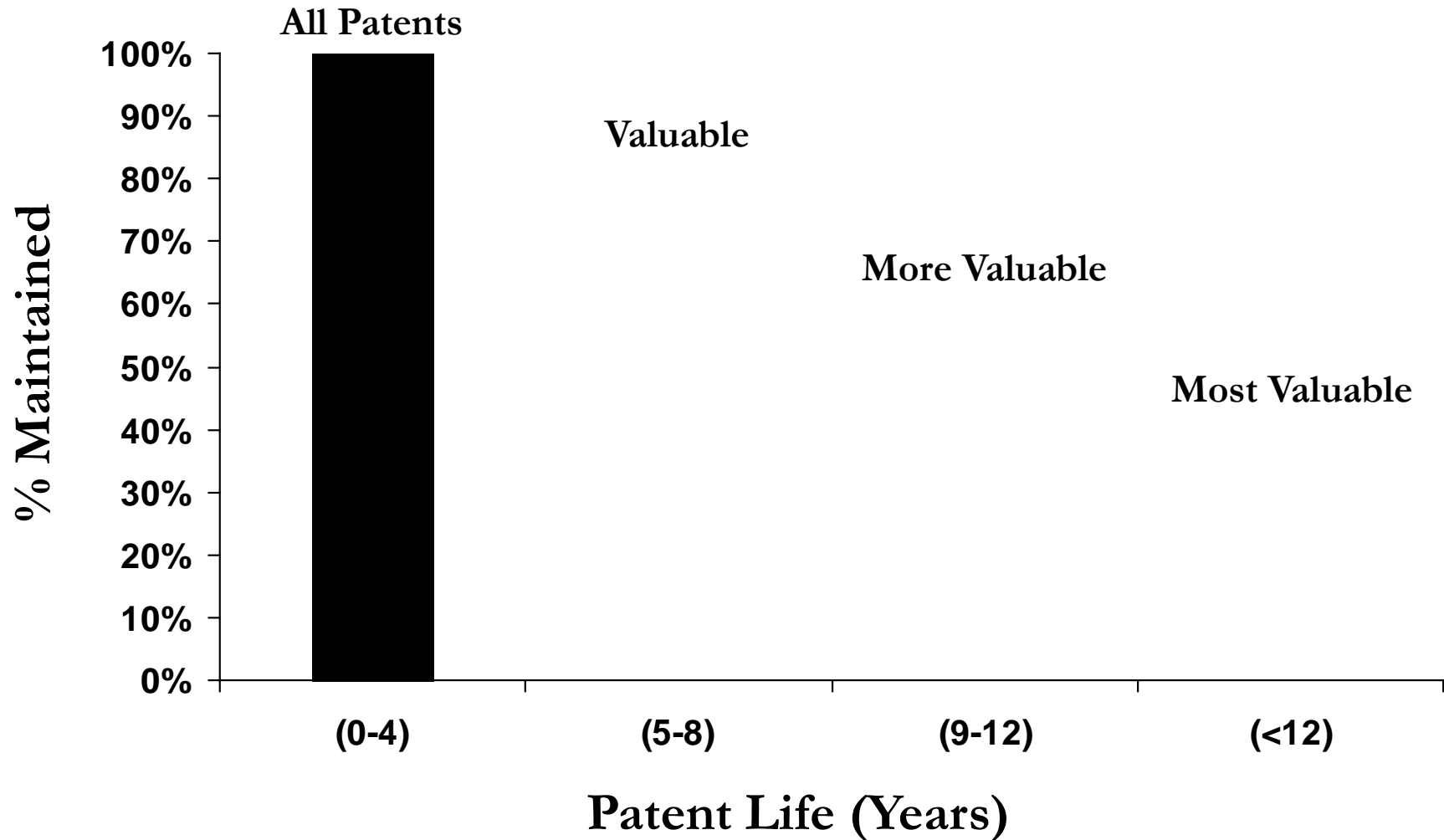
Who Has The Best Knowledge?

How is That Knowledge Expressed?

# An Objective Rating Approach - IPQ

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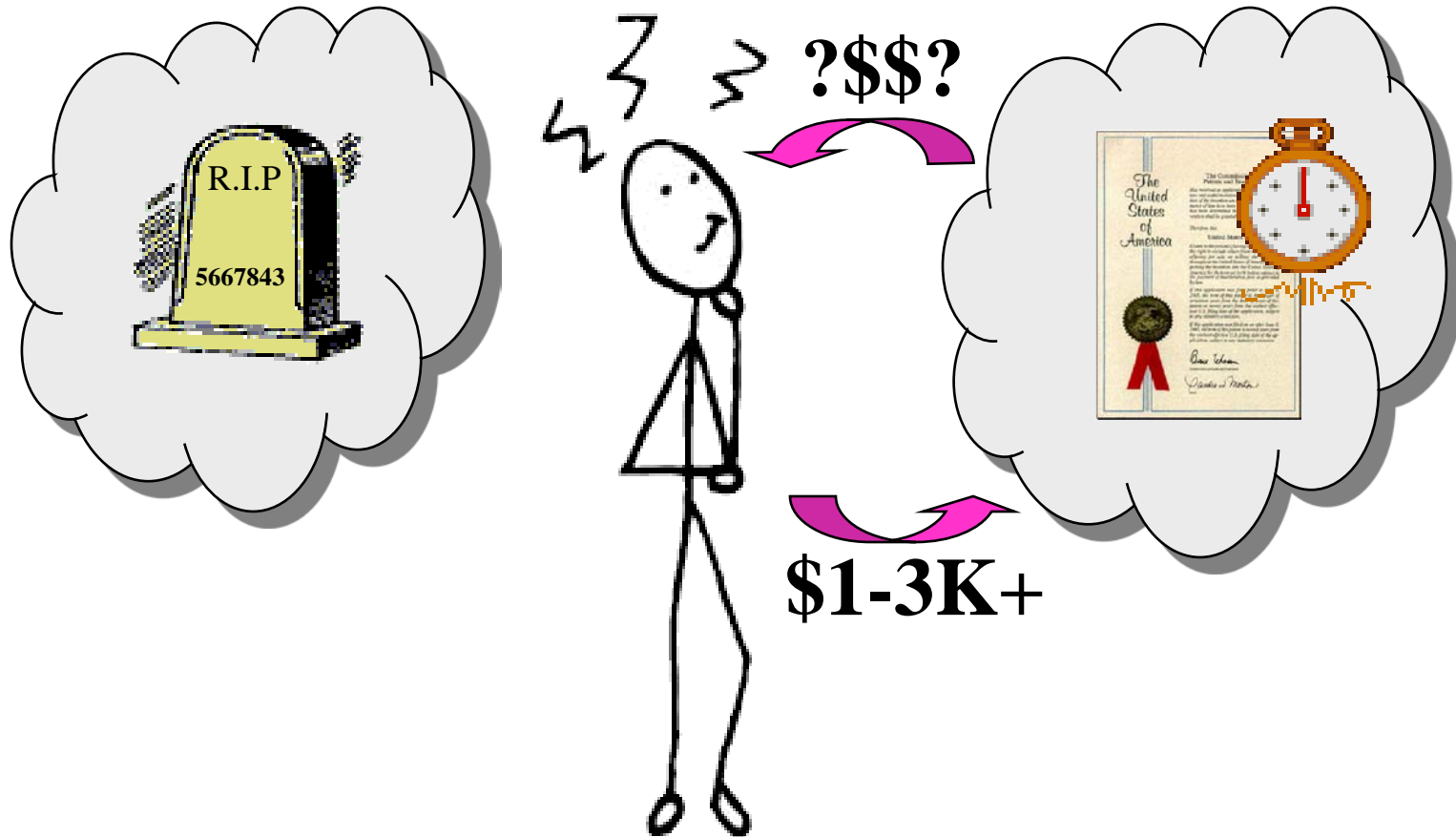
## Average Patent Life



# An Objective Rating Approach - IPQ

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“To Pay or Not to Pay?, . . . That is the Question.”



# An Objective Rating Approach - IPQ

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## OBSERVATION:

Patents that are more valuable are, on average, maintained more often than patents that are less valuable.

## PREMISE:

By examining PTO maintenance records, we can identify certain patent “metrics” or characteristics that are statistically correlated to higher maintenance rates (higher probable value).

# An Objective Rating Approach - IPQ

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## ASSUMPTION #1:

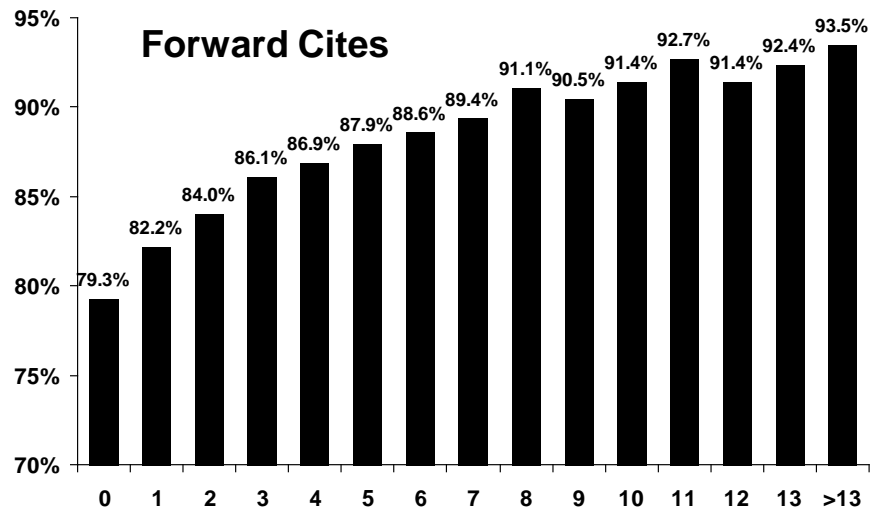
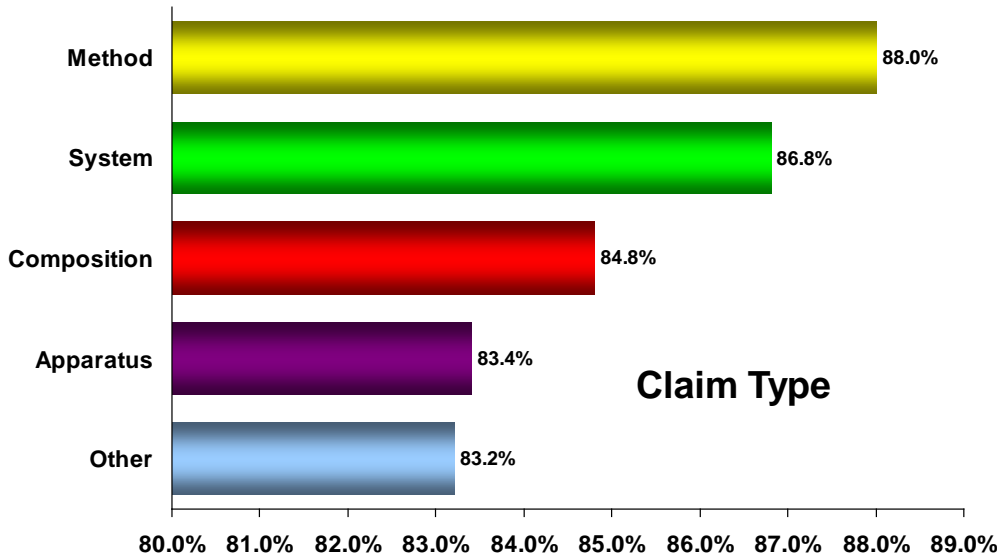
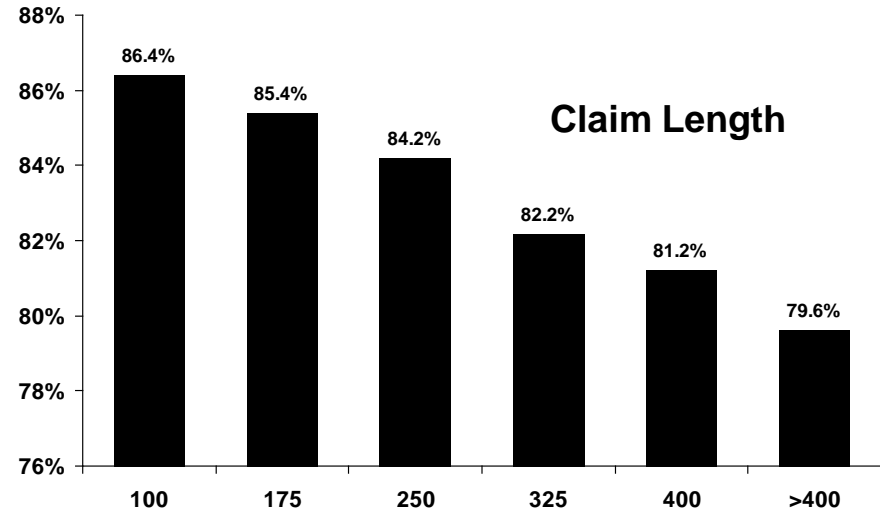
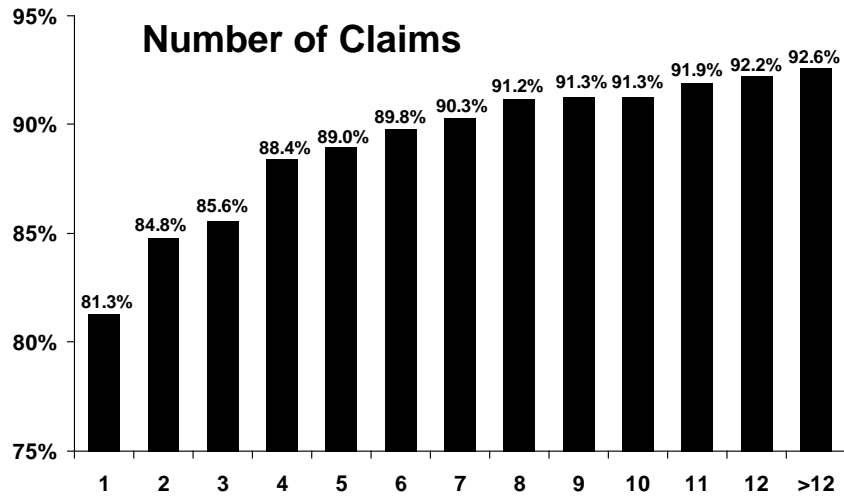
Individual patent decision-makers will (on average) choose to pay maintenance fees only when the perceived value of the expected remaining economic benefit secured by the patent exceeds the amount of the maintenance fee, taking into account appropriate risk factors, anticipated rates of return, carrying costs, etc.

## ASSUMPTION #2:

Patent values are lognormally distributed.

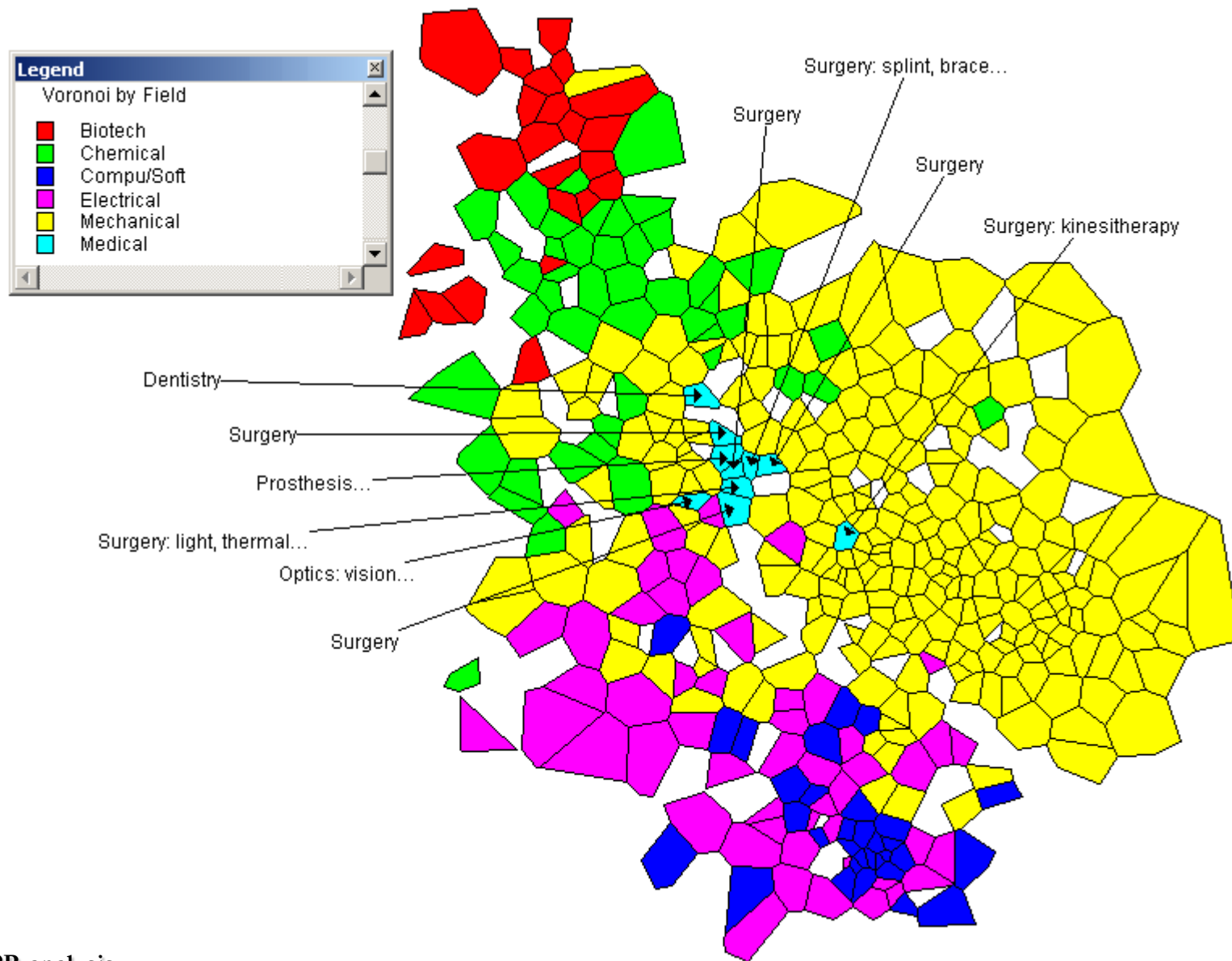
# An Objective Rating Approach - IPQ

## Sample Metrics:



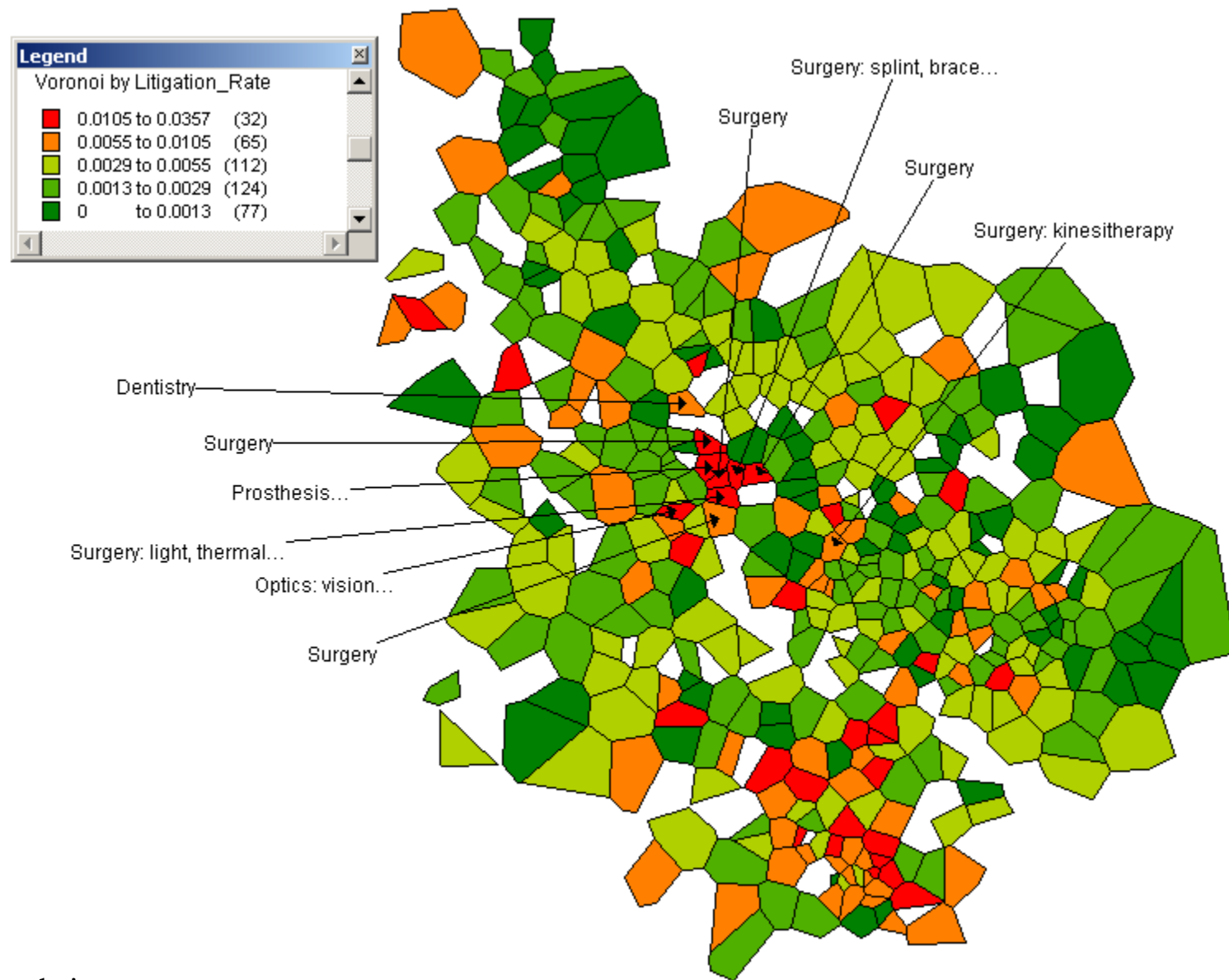


# An Objective Rating Approach - IPQ



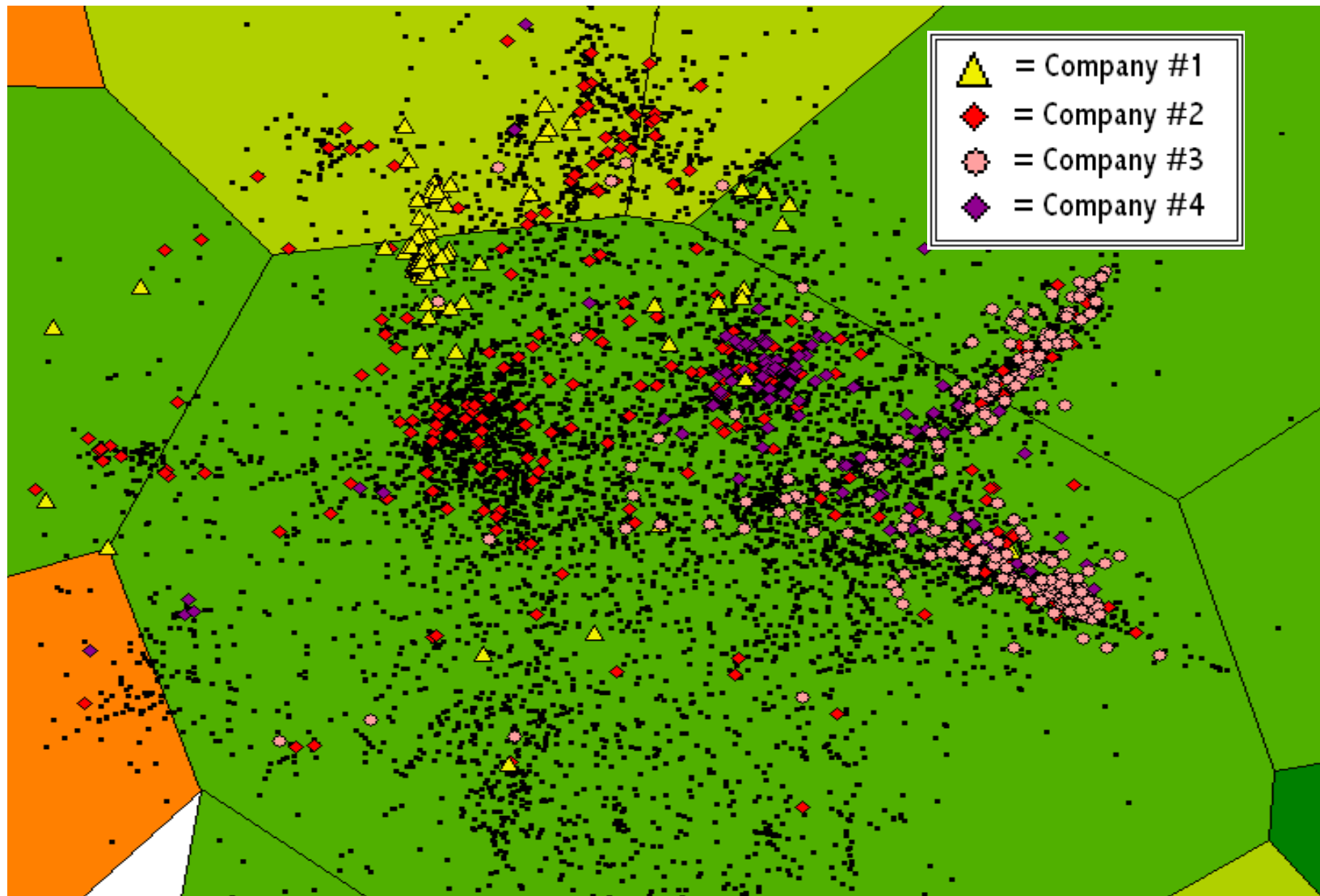
Source: OTPR analysis

# An Objective Rating Approach - IPQ



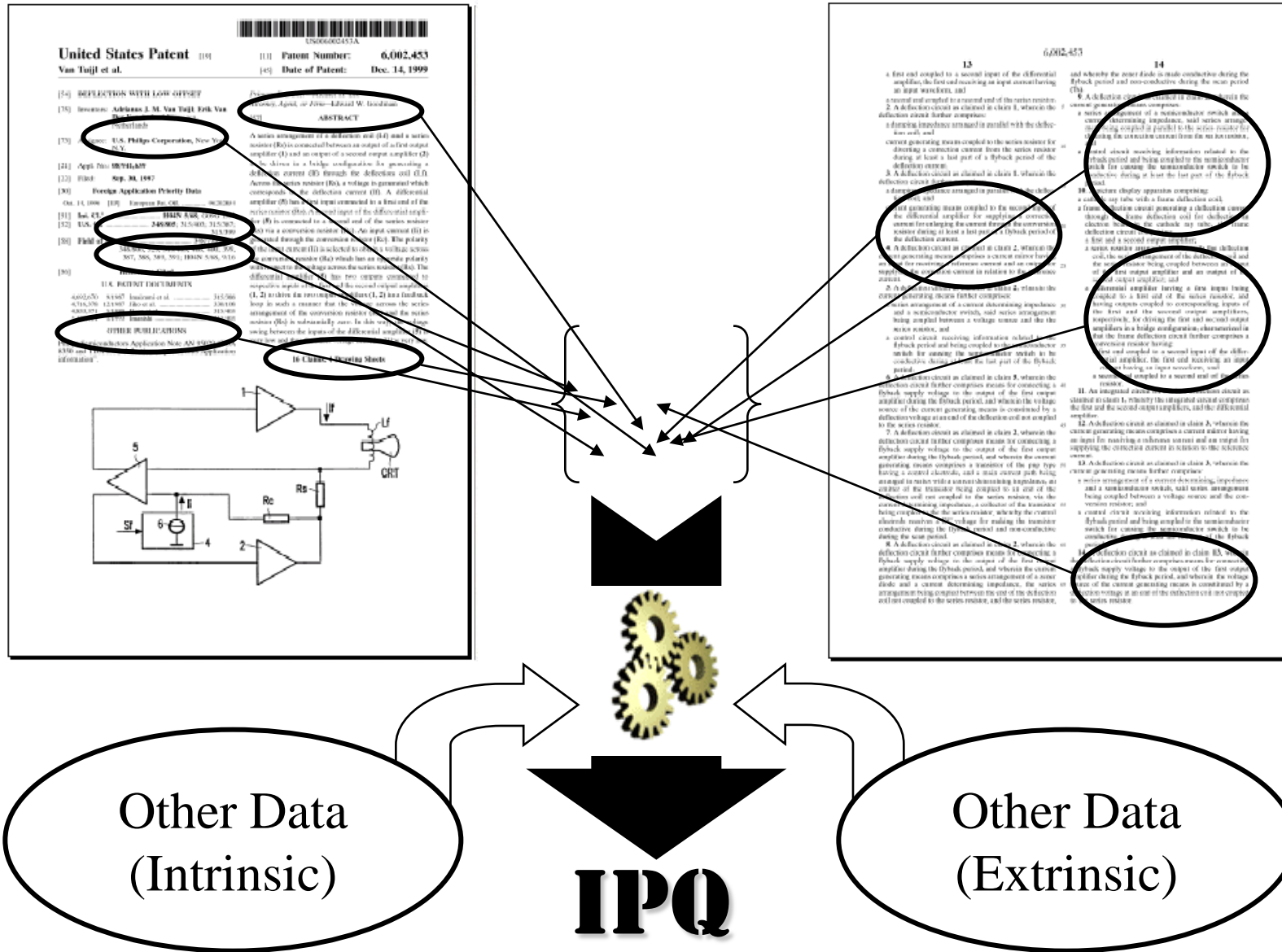
Source: OTPR analysis

# An Objective Rating Approach - IPQ



Source: OTPR analysis

# An Objective Rating Approach - IPQ



# An Objective Rating Score - IPQ

Pet display clothing



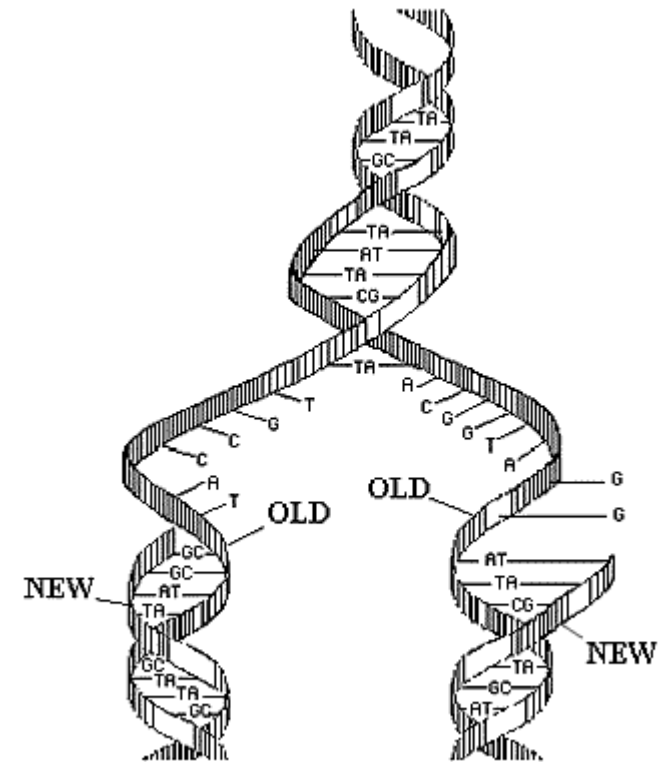
IPQ: 67.3  
Grade: C-

Forehead support apparatus



IPQ: 72.2  
Grade: C

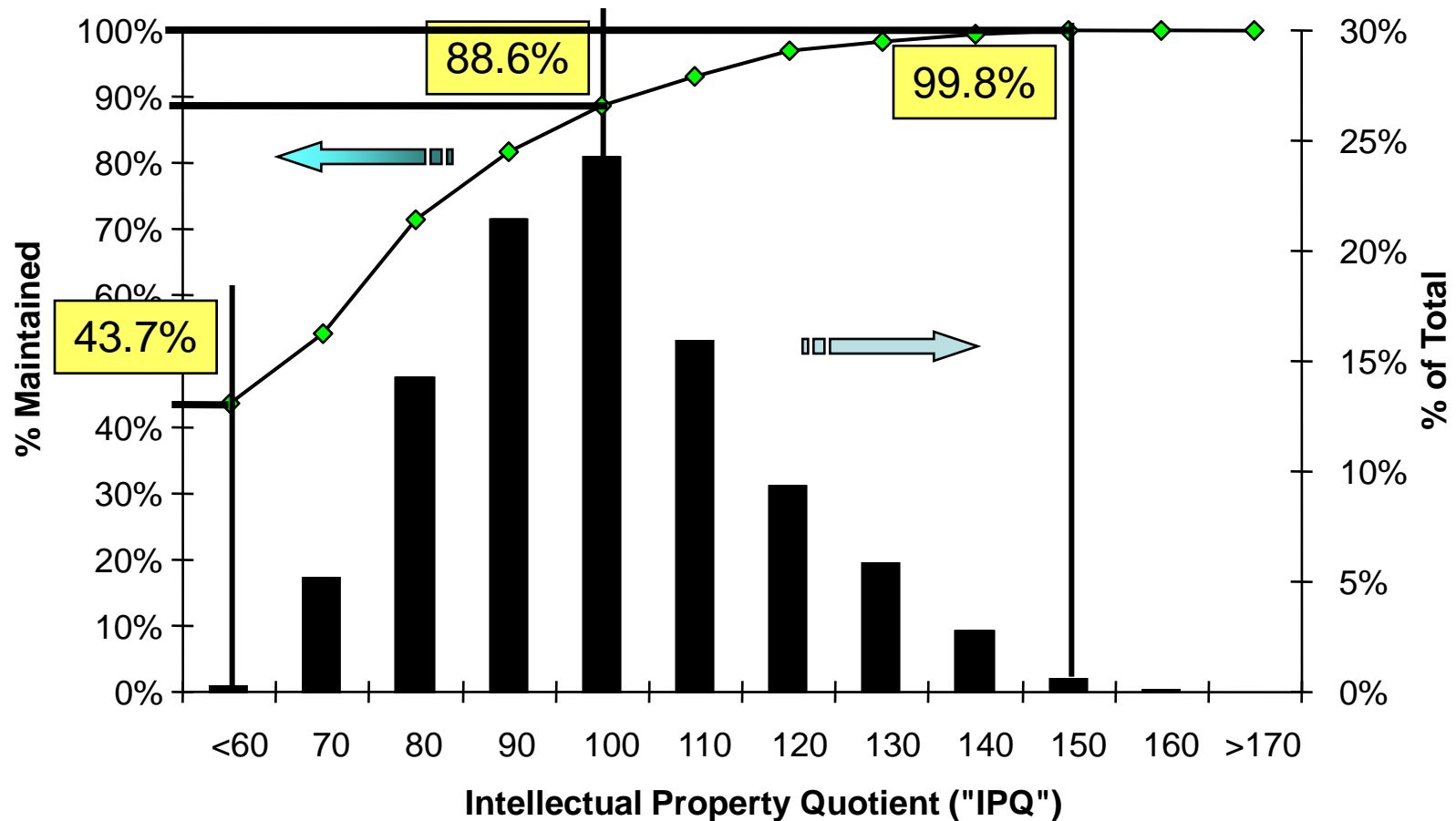
PROCESS FOR AMPLIFYING NUCLEIC ACID SEQUENCES



IPQ: 224.9  
Grade: A+

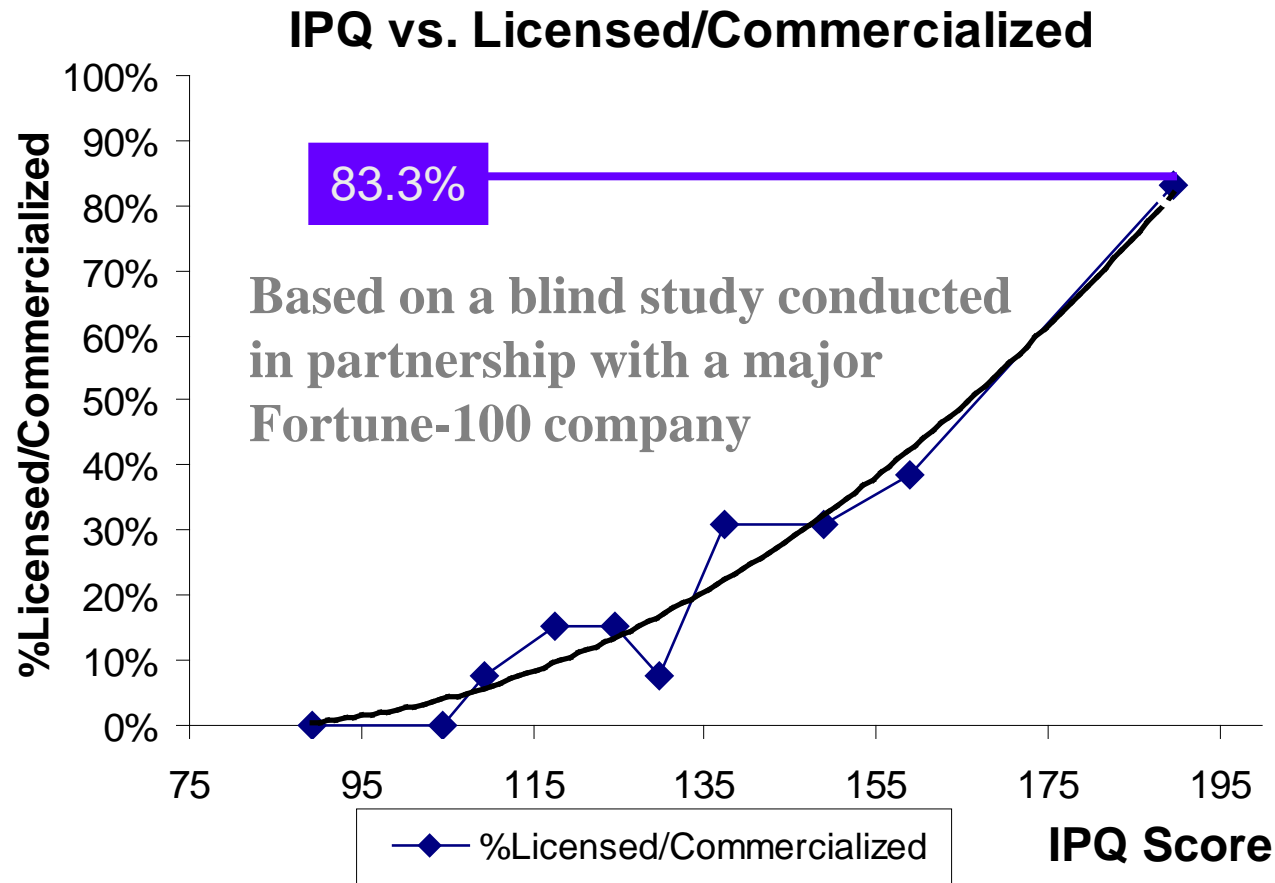
# An Objective Rating Score - IPQ

- Higher IPQ Score correlates to a higher probability of patent maintenance (longer life expectancy)



# An Objective Rating Score - IPQ

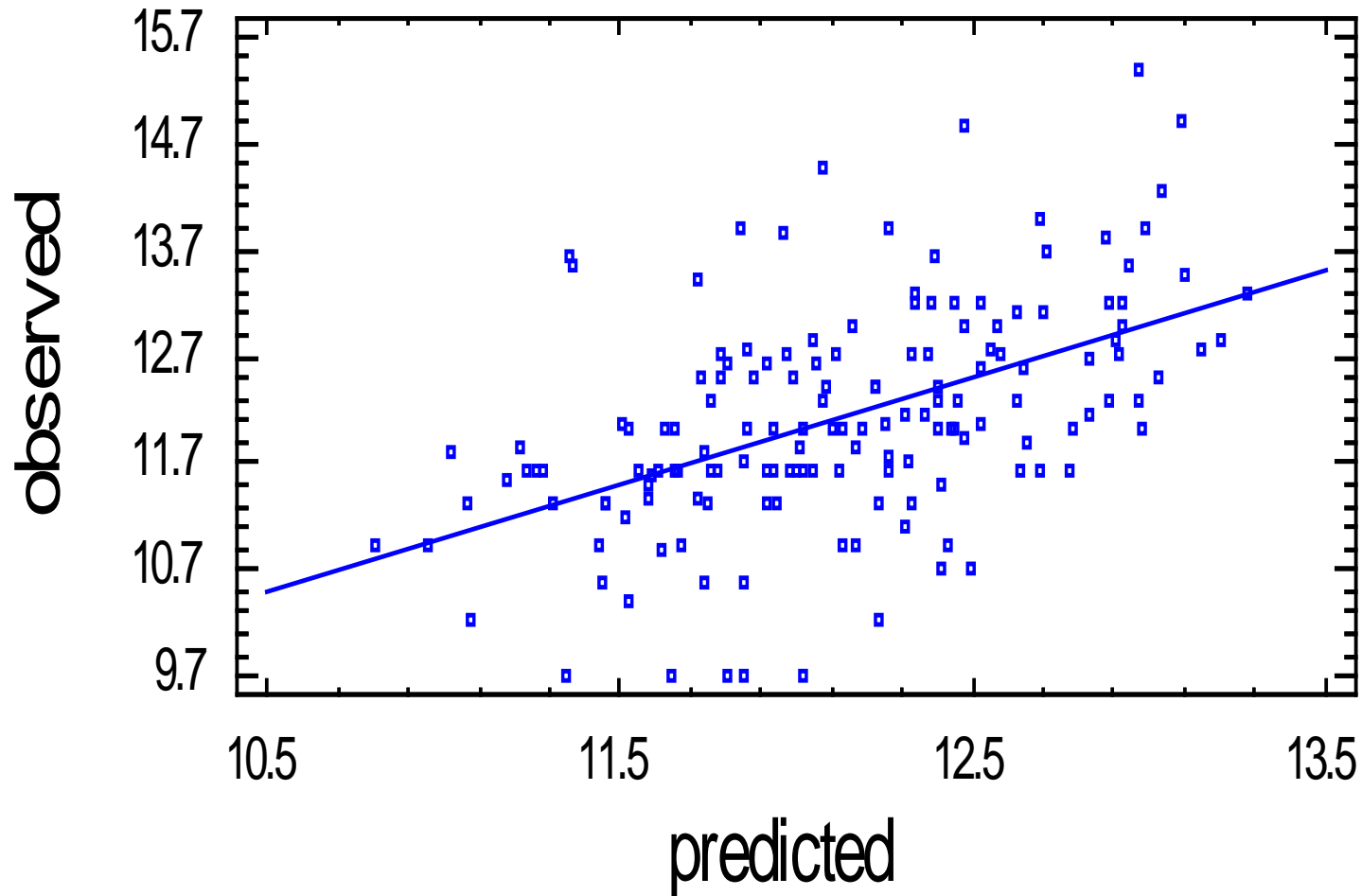
- Higher IPQ Score correlates to a higher probability of commercialization



# An Objective Rating Score - IPQ

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Plot of Log(Price)





# Contact Information

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