



How to capture value from patents!

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Is your firm benefitting maximally from its IP? Learn how to get more value from your IP investments.

The number of patents has doubled in sheer volume over the last decade – reaching over 2.7 million patent applications globally. However, few patents are highly valuable: Less than 10% of patents (EPO granted) are estimated to be worth more than 10 million €. Instead, many firms have a hard time earning back the investments put into developing the new technology and covering the patent costs: 68% of patents are estimated to be worth less than 1 million €. Given this unfavorable situation, a core question to ask is *what characterizes firms that are capable of benefitting from IP?* Learning the answer to this question will provide the best possible case material for other firms to learn from, and hopefully eventually growing the size of the pie of highly successful patented inventions.

There are indeed factors which stand out and enhance firm performance on IP. Using a large dataset covering more than 3000 firms, an analysis presented in the book *“Intellectual Property Rights Management: Rookies, Dealers, Strategists and Strategic Dealers”* shows that the value of a company’s IP portfolio and its influence on firm performance is boosted by the firm’s ability to operate in the market for technology (selling, buying, in- and out-licensing, cross-licensing, etc.) and the firm’s ability to operate IP strategically. In

general, we observe that firms operate as one of four general IP archetypes. The four different IP archetypes are: the IP Rookie, the IP Dealer, the IP Strategist and the IP Strategic dealers.

Integrated IP Management

IP Exchanged Oriented

The IP Rookie:

A firm that only considers IP marginally if at all and which does not consider IP activities as core to its general conduct.

The IP Dealer:

A firm that consciously makes choices with regard to exchange and trading of IP and IPR without formally having a strategic integration of IP in its business model.

The IP Strategist:

A firm that has an IP strategy formally integrated into its business model but has chosen not to involve itself in the exchange and dealings of IP and IPR.

The IP Strategic Dealer:

A firm that consciously makes choices with regard to exchange and trading of IP and IPR as an integrated part of its formally stated IP strategy and business model.

These four IP archetypes are different in the way they deal with IP. Where *IP strategic dealers* have identified processes for sharing strategic IP information, continuously work on building and developing the firm's IP knowledge base, have implemented IP routines, and build distinct IP capabilities as well as an identified organizational structure to ensure both the leveraging of IP created outside the organization as well as the selling and/or out-licensing of active or in-active IP protected inventions. In contrast, *IP Rookies* make decisions as they go, not aligning IP with other parts of the business and do not initiate processes to ensure return on IP that is in-active. *Rookies* face an IP environment in which they feel despair and frustration. *Rookies* often pursue non-strategic (non-valuable) IP applications, and IP decision-making is often less informed – resulting in decisions that leave the firm in less favorable situations. On top of this, *Rookies* lack the ability to absorb learning about IP systematically – for this they pay a high price, as the IP processes become in-transparent and cumbersome to navigate. Decisions which *IP strategic dealers* can make based on prior learning become highly resource demanding tasks for the *Rookie*. While the differences in the way of implementing IP is interesting, the main reason for trying to understand these differences are to evaluate whether certain IP archetypes perform significantly better than others (taking size, industry, number of patents, etc. out of the equation).

In the IP archetype comparison, benefitting from the large dataset utilizing a quasi-experimental setup, the results show that the four IP archetypes are not equally good at benefitting from IP: The *IP strategic dealer* and the *IP dealer* perform significantly better than the *IP Rookie* and the *IP Strategist*. It is therefore not the sheer volume of patents that matters for firm performance, what matters is the way patents are utilized – both in terms of integrating the IP into the firm's business, but also equally important, that the firm is active in IP exchanges in the market. Setting up procedures to engage in IP exchanges therefore becomes a main imperative for firms wanting to be more successful in their IP dealings. How to do this is described in detail in the book with models and examples Alkaersig, L., Beukel, K., and Reichstein, T. 2015,

Intellectual Property Rights Management: Rookies, Dealers, Strategists and Strategic Dealers (Palgrave Macmillan). Also, your patent attorney at HØIBERG may assist you in the steps required to profit maximally from your IP and in becoming an IP Strategic Dealer.



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[Read more about Karin here.](#)