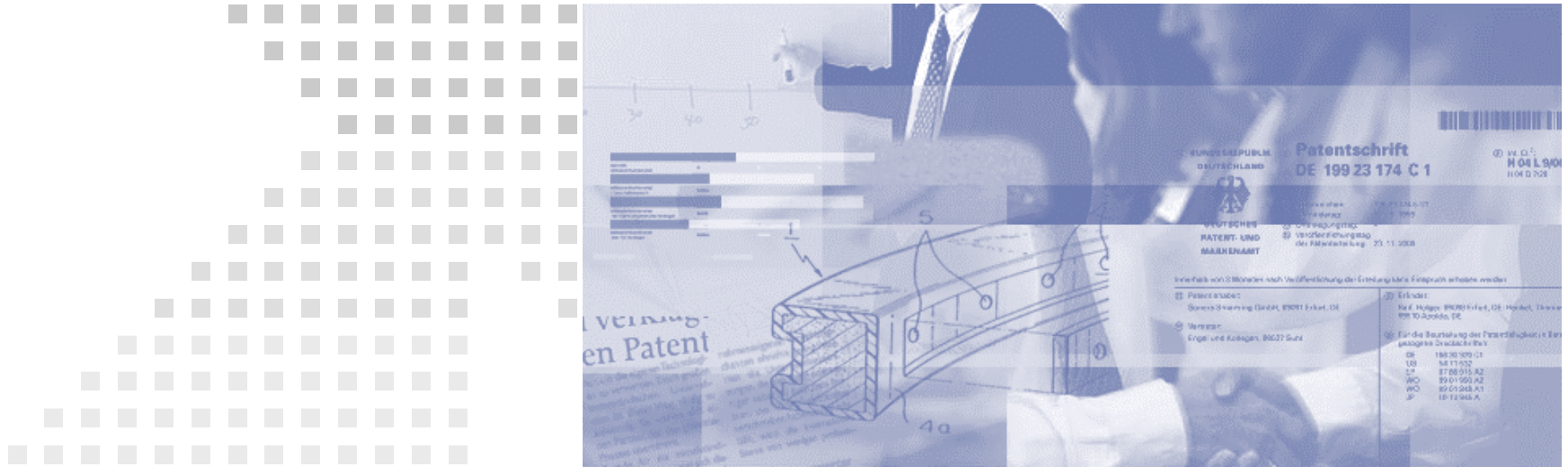


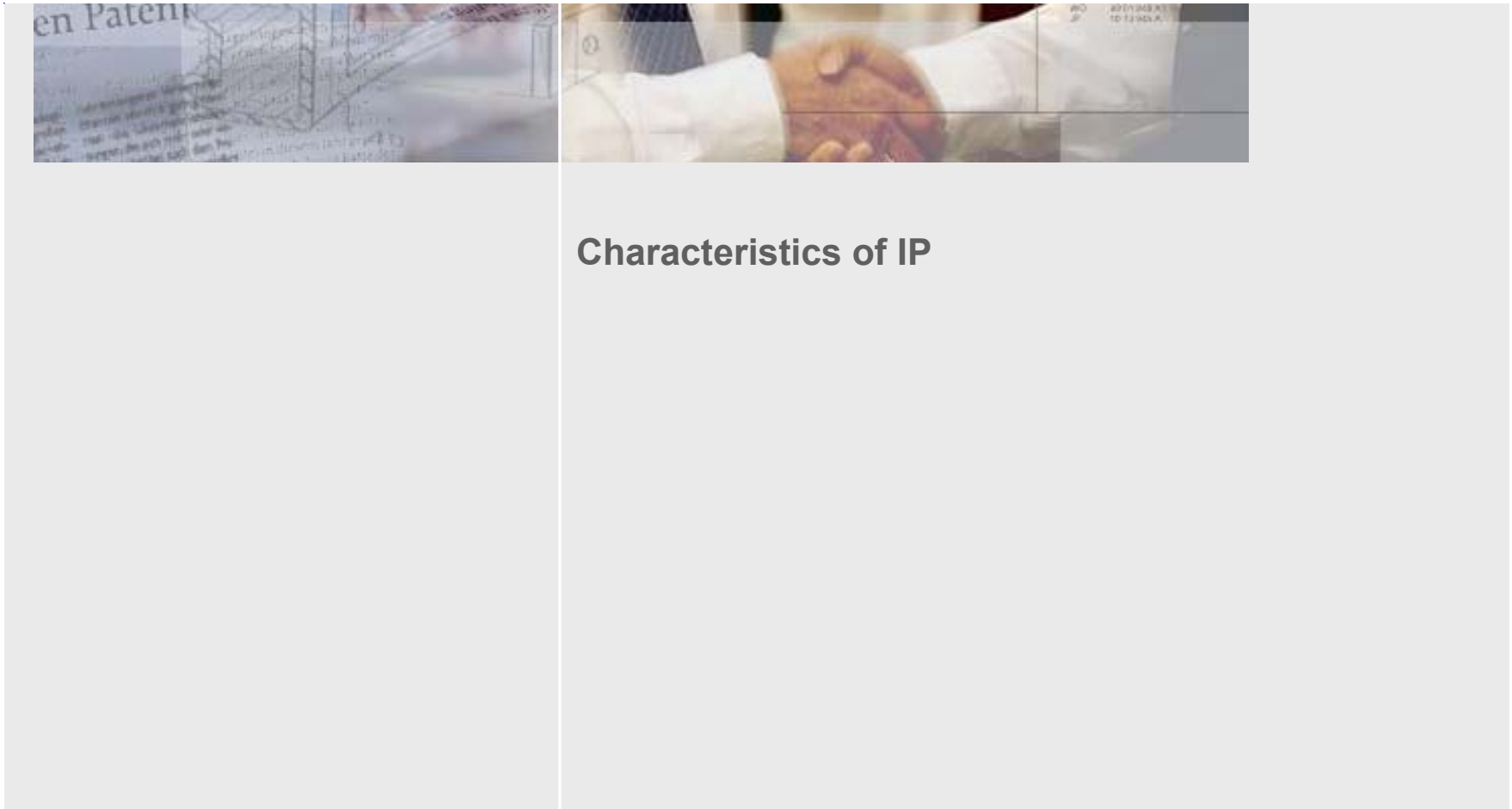


Presentation

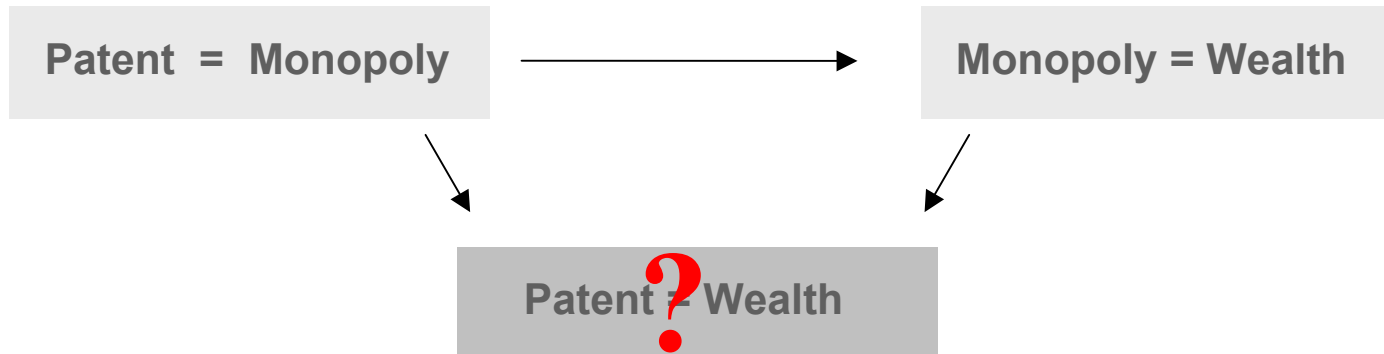
Steinbeis-University, Berlin
Steinbeis-Transfer-Institut Intellectual Property Management

IP and Technology Intermediaries 30.06.2005



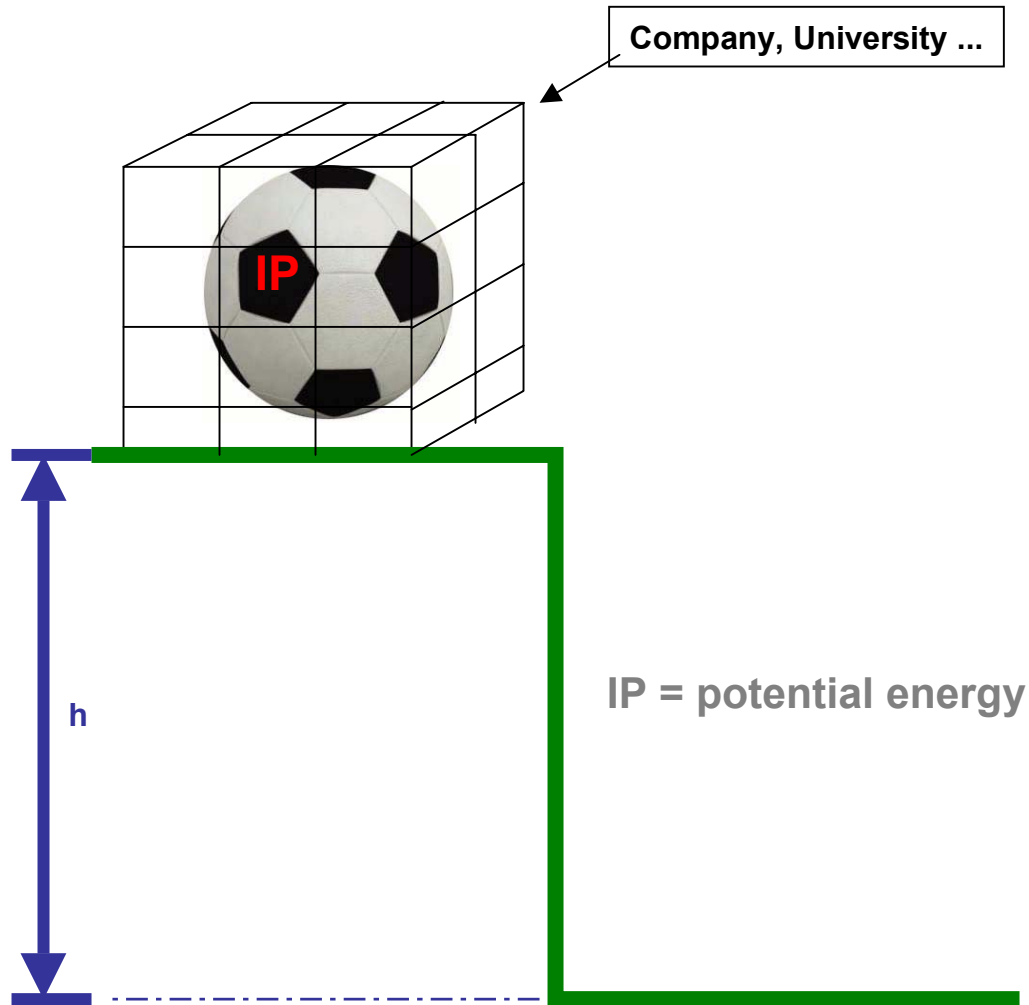


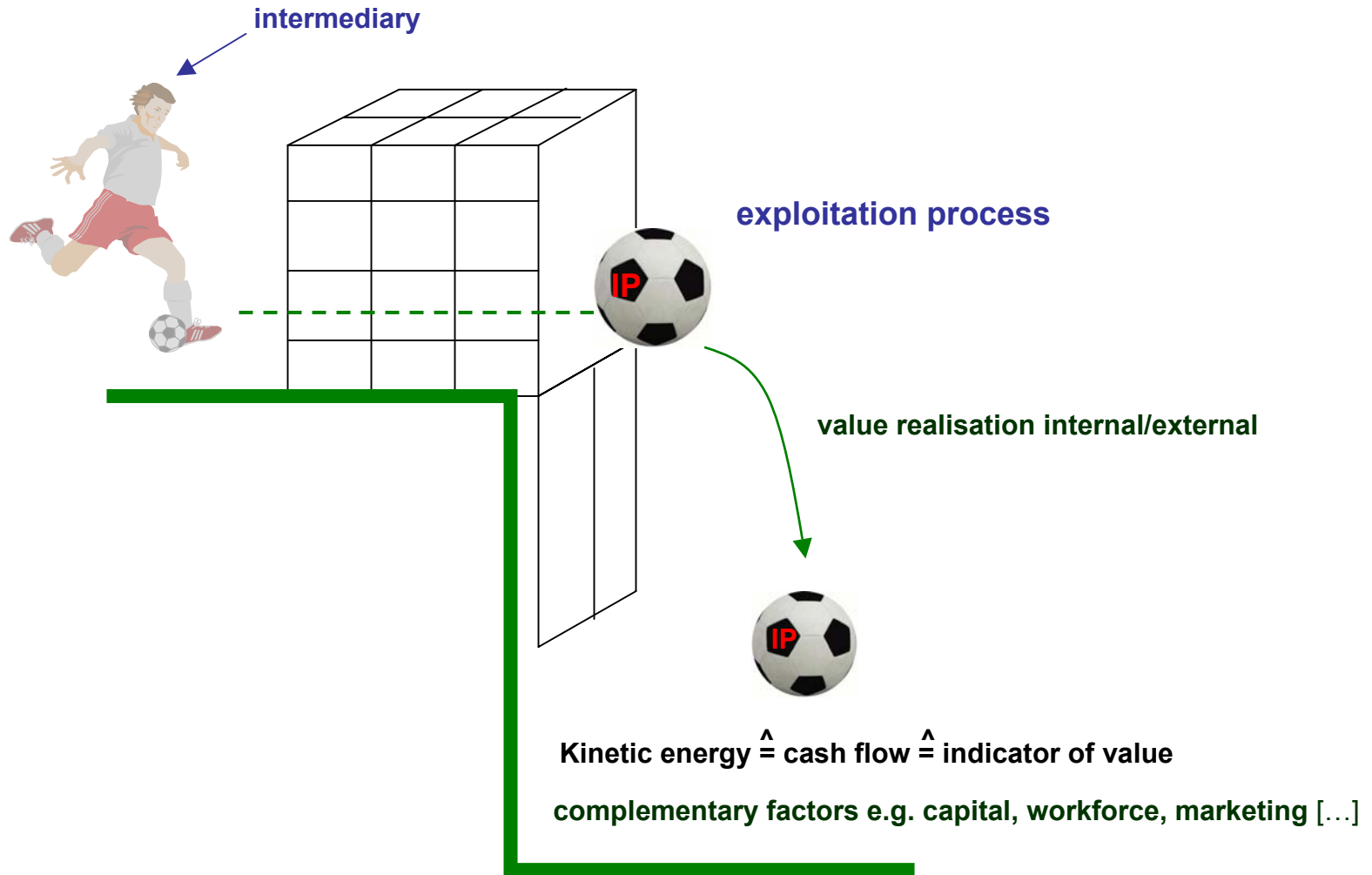
Characteristics of IP



➔ only with value exploitation

➔ what kind of role do the intermediaries play?

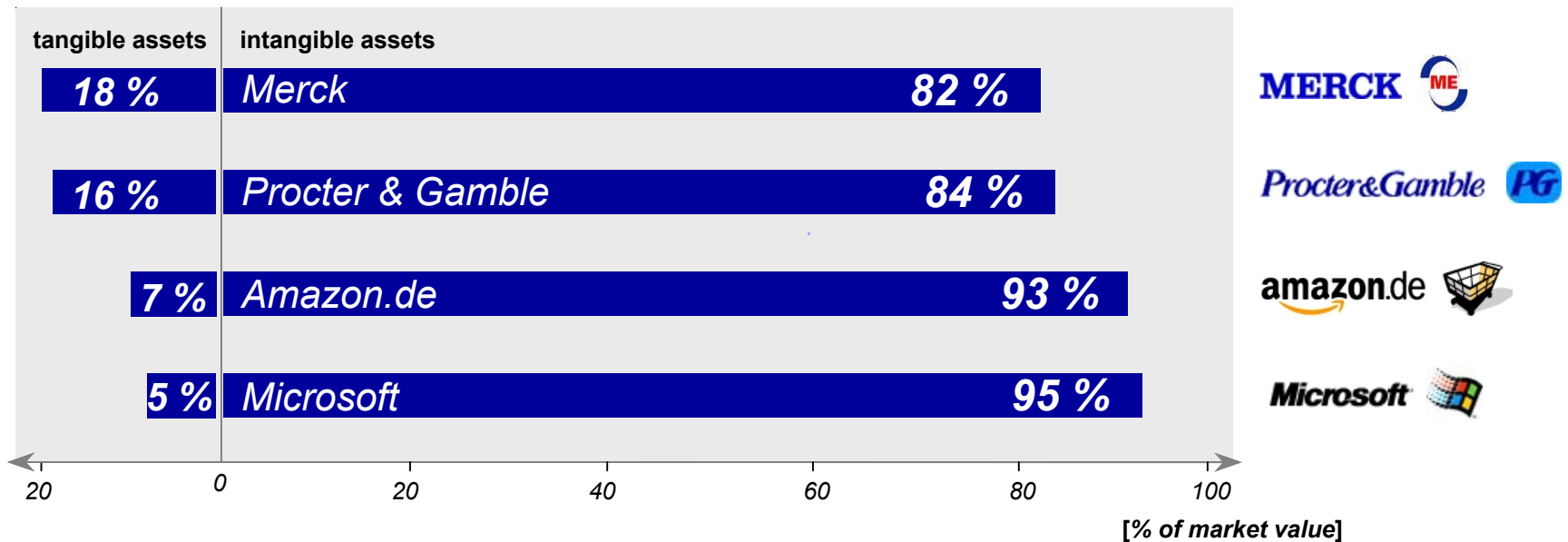






Indirect / deductive – book-to-market Ratio

Share of Intangible Assets and Industrial Property Rights in Corporate Market Value

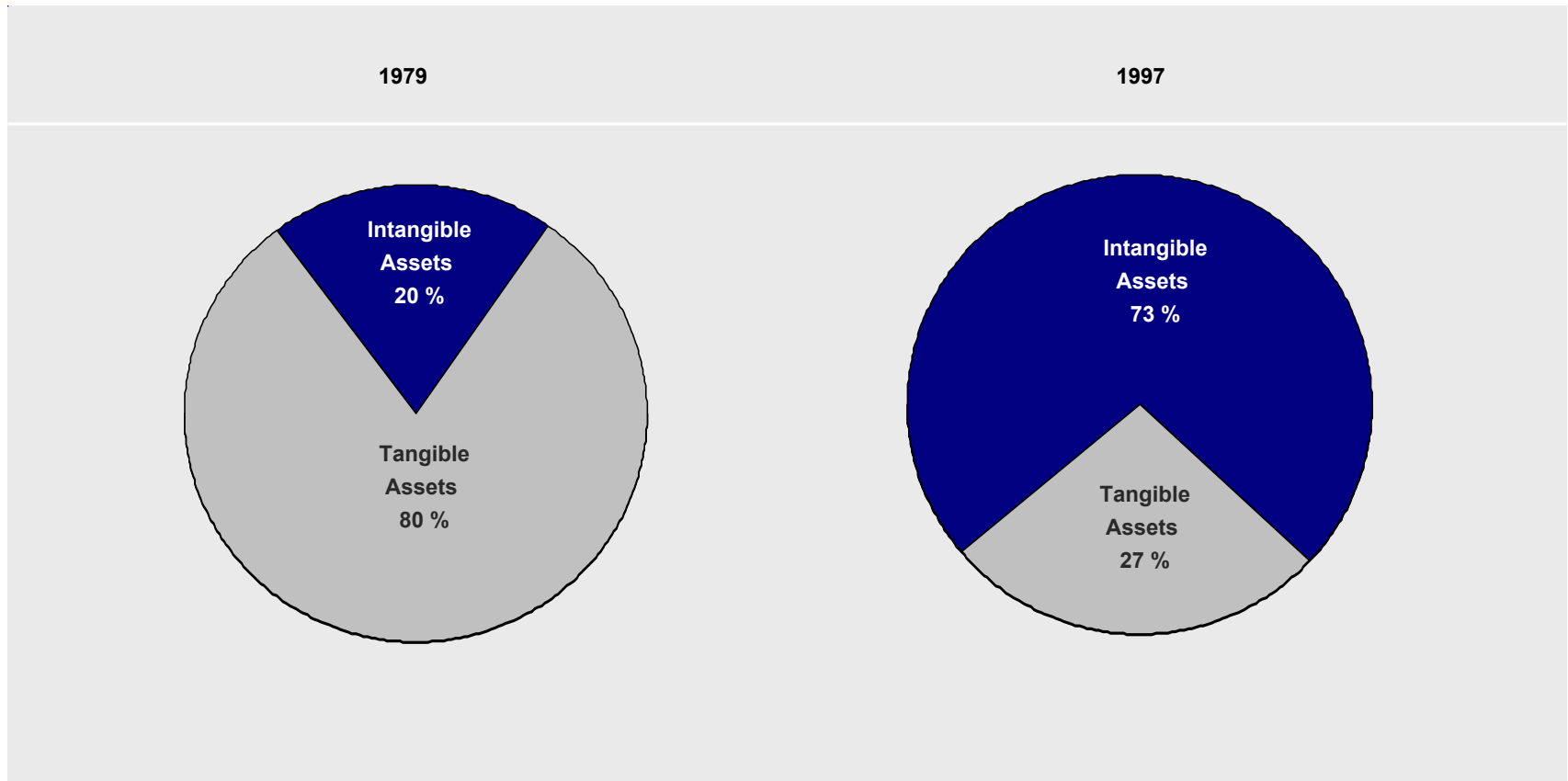


[Anson, W., les Nouvelles, September 1999, p. 133]

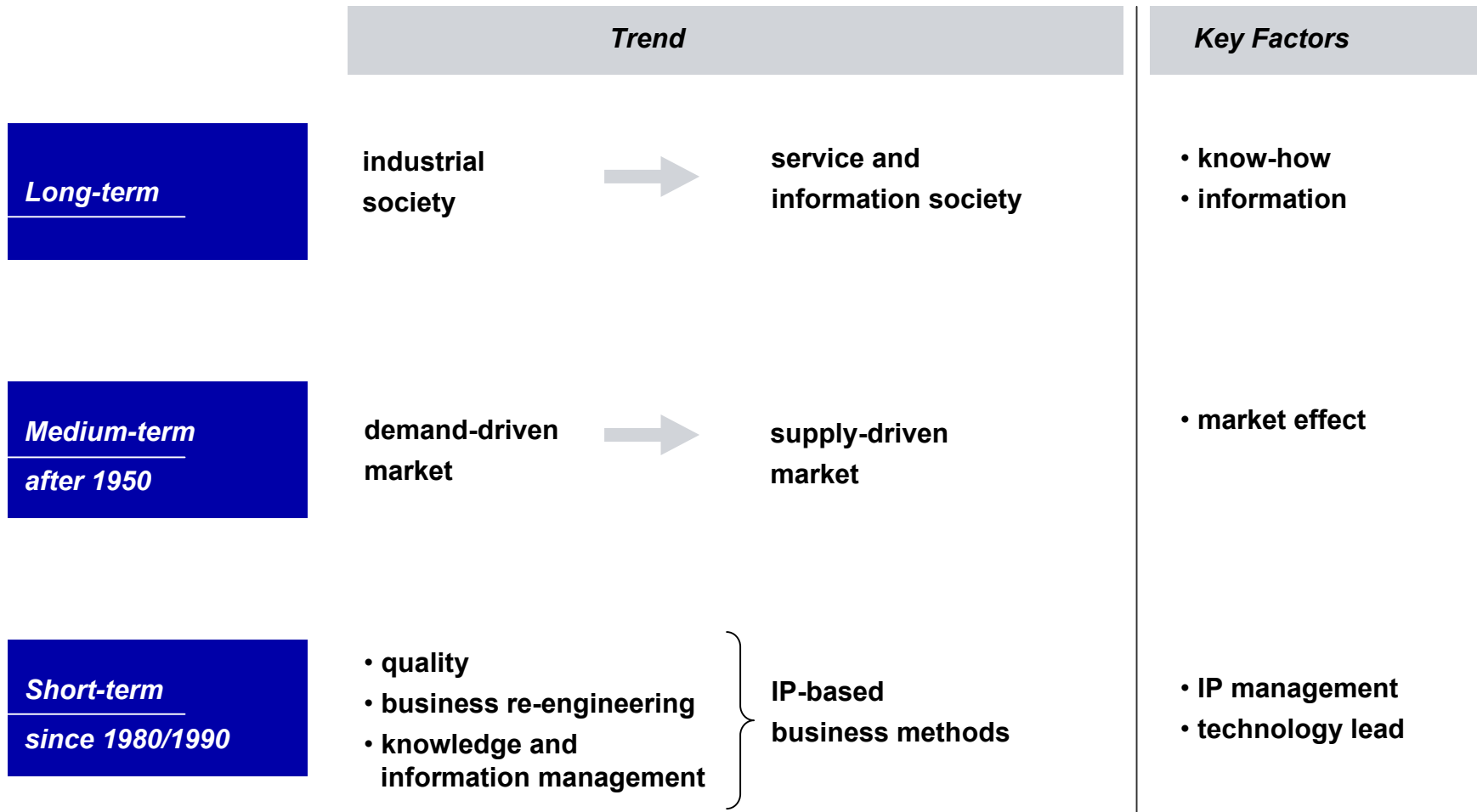


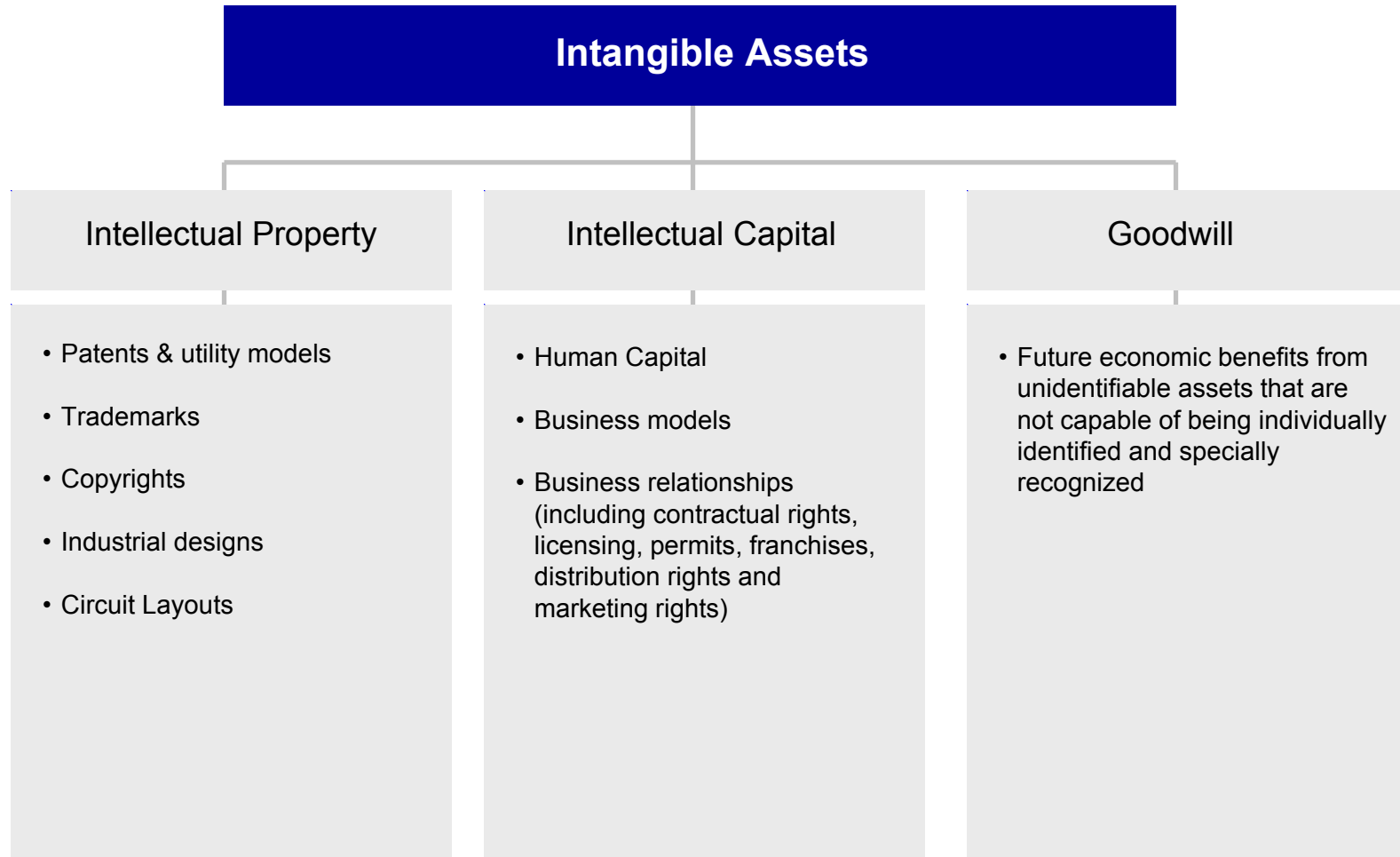
■ *Intangible Assets*

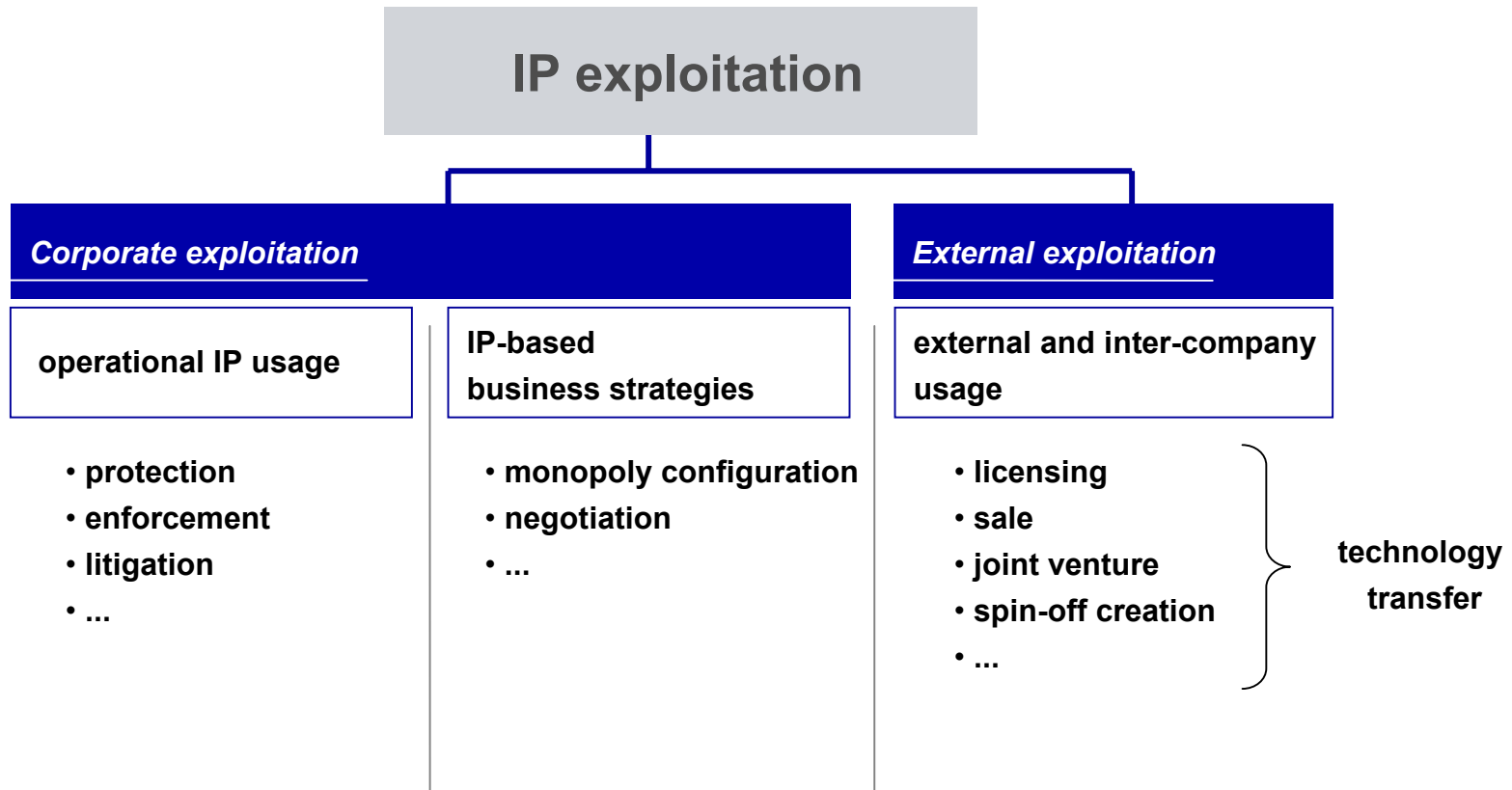
Increase of 73% corporate value of intangible assets in S&P 500 active index-companies



Source: Les Nouvelles, 03/03, S. 33









1. Operational IP Usage



Passive Patent Strategy

patent portfolio for protection

- patent division as a legal department
- protecting innovation = product protection
- patents are part of business units
- patent decisions are product oriented and short term
- no assignment of license (fear of know-how loss)

Active Patent Strategy

patent portfolio for future business opportunities

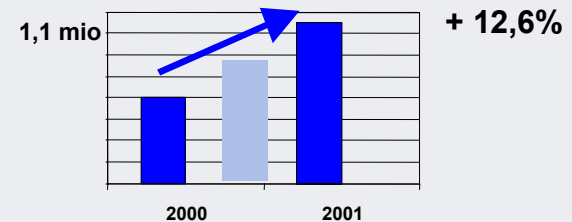
- patent division as a business unit
- patent strategy is business strategy
- patents are corporate assets
- patent decisions are market oriented and long term
- licenses are competition structured and neutral



Diesel passenger vehicle registrations in Germany



- Magneti Marelli CDI



- Pfizer Viagra

1,5 billionn \$ revenues in 2001
action against - Bayer/GSK
- Eli Lilly/Icos



- Bosch ABS

launched in 1978 80 million
systems sold fitted to 40%
of all new vehicles in 1998

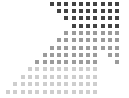


2. IP-Based Business Strategies



<i>IP strategy</i>	<i>typical strategy user</i>	<i>typical sectors</i>	<i>exploitation</i>	<i>inherent problem</i>
<ul style="list-style-type: none"> • Fortress Monopoly - large portfolios - market barriers - consistent action against infringements 	<ul style="list-style-type: none"> • Pfizer • Merck • Astra Zeneca • Xerox 	<ul style="list-style-type: none"> • pharmaceutical • chemical 	<ul style="list-style-type: none"> • premium price 	<ul style="list-style-type: none"> • patent expiry problem • antitrust law
<ul style="list-style-type: none"> • Value-Added Monopoly - protection of user relevant features - strategic patents to obstruct competitors - fast documentation and protection 	<ul style="list-style-type: none"> • Baidersdorf • Nestlé 	<ul style="list-style-type: none"> • consumer products • automotive 	<ul style="list-style-type: none"> • costs benefits • user benefits 	<ul style="list-style-type: none"> • time trap
<ul style="list-style-type: none"> • Hub Monopoly - standard-setting proprietary rights - rights pooling - IP holding organization 	<ul style="list-style-type: none"> • Sony • Philips • Matsushita • Siemens • Telekom 	<ul style="list-style-type: none"> • consumer electronics • IT / telecommunication 	<ul style="list-style-type: none"> • entry license 	<ul style="list-style-type: none"> • technology shift
<ul style="list-style-type: none"> • Monopoly in-a-box based on: - well-defined portfolio - good technology coverage - enforceable rights 	<ul style="list-style-type: none"> • Cambridge Antibody • Powderject • Hoffmann La Roche • Shimano • Intel 	<ul style="list-style-type: none"> • biotechnology • mechanical devices • consumer products 	<ul style="list-style-type: none"> • entry license 	<ul style="list-style-type: none"> • technology shift

*following: Pike, C.Y.:Virtual Monopoly, London: 2001



3. external and inter-company usage



- The NEC case - *Information on patent marketing to investors*

 - *Increase in revenues from patent sales and licensing
 from 85 to 427 million € within 3 years*

- The IBM case *Increase in royalty income from 30 million US \$ in 1990
 to 1,5 billion US \$ in 2000*

- Companies such as *Dow Chemical*

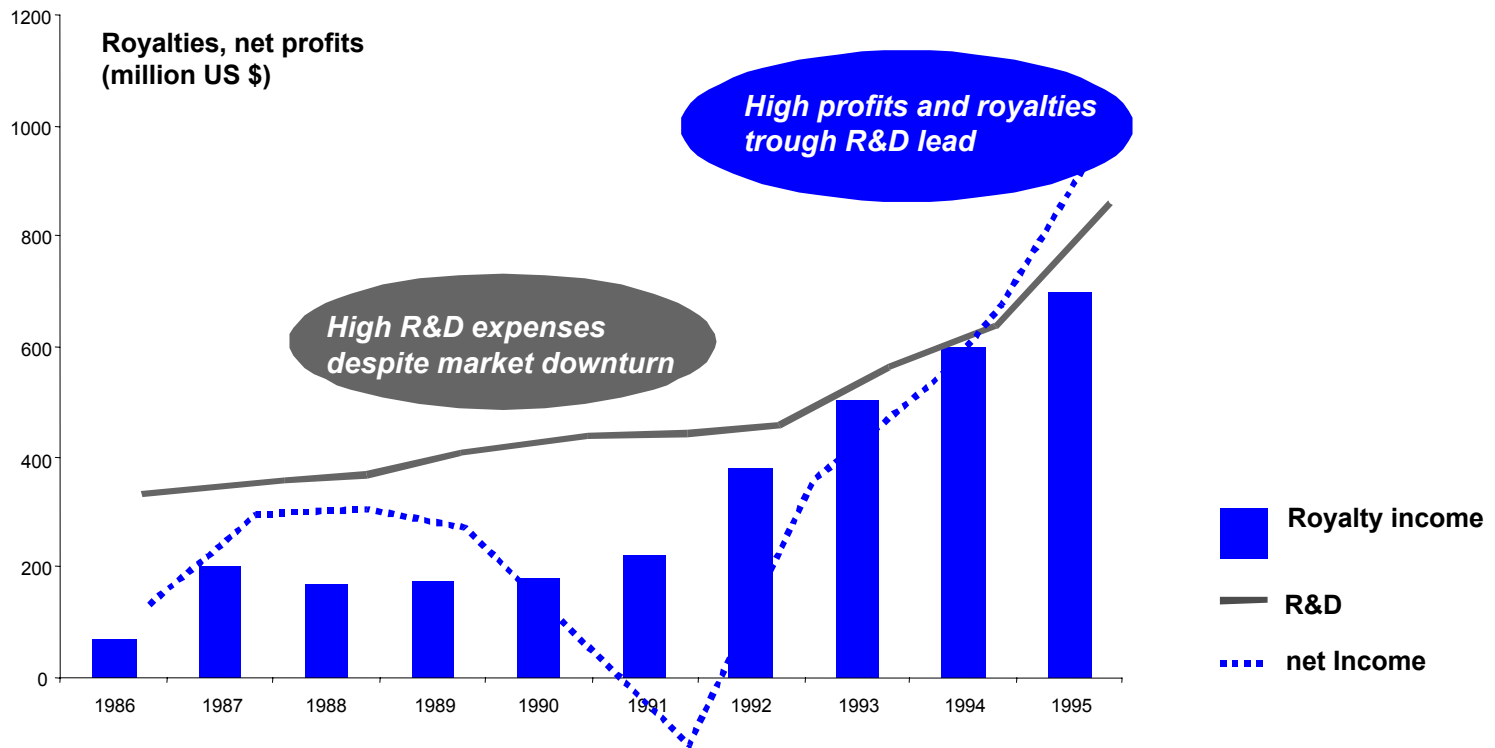
 Honeywell

 annual royalty income approx. 100 million US \$

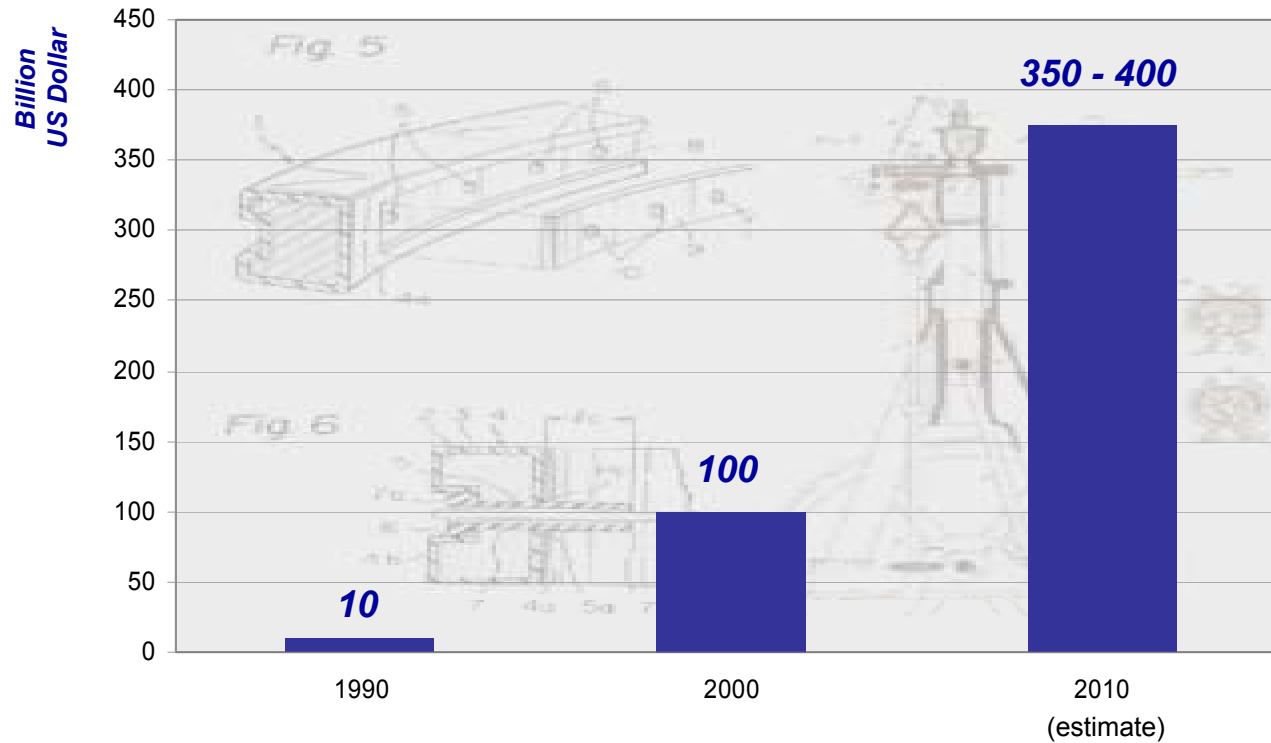
* see Storn, A.: Die Zeit, No. 25 2002; Rivette, K.G.; Kline, D.: Rembrandts in the attic, 2000



Royalty income allowed Texas Instruments to maintain R&D projects in spite of operating losses

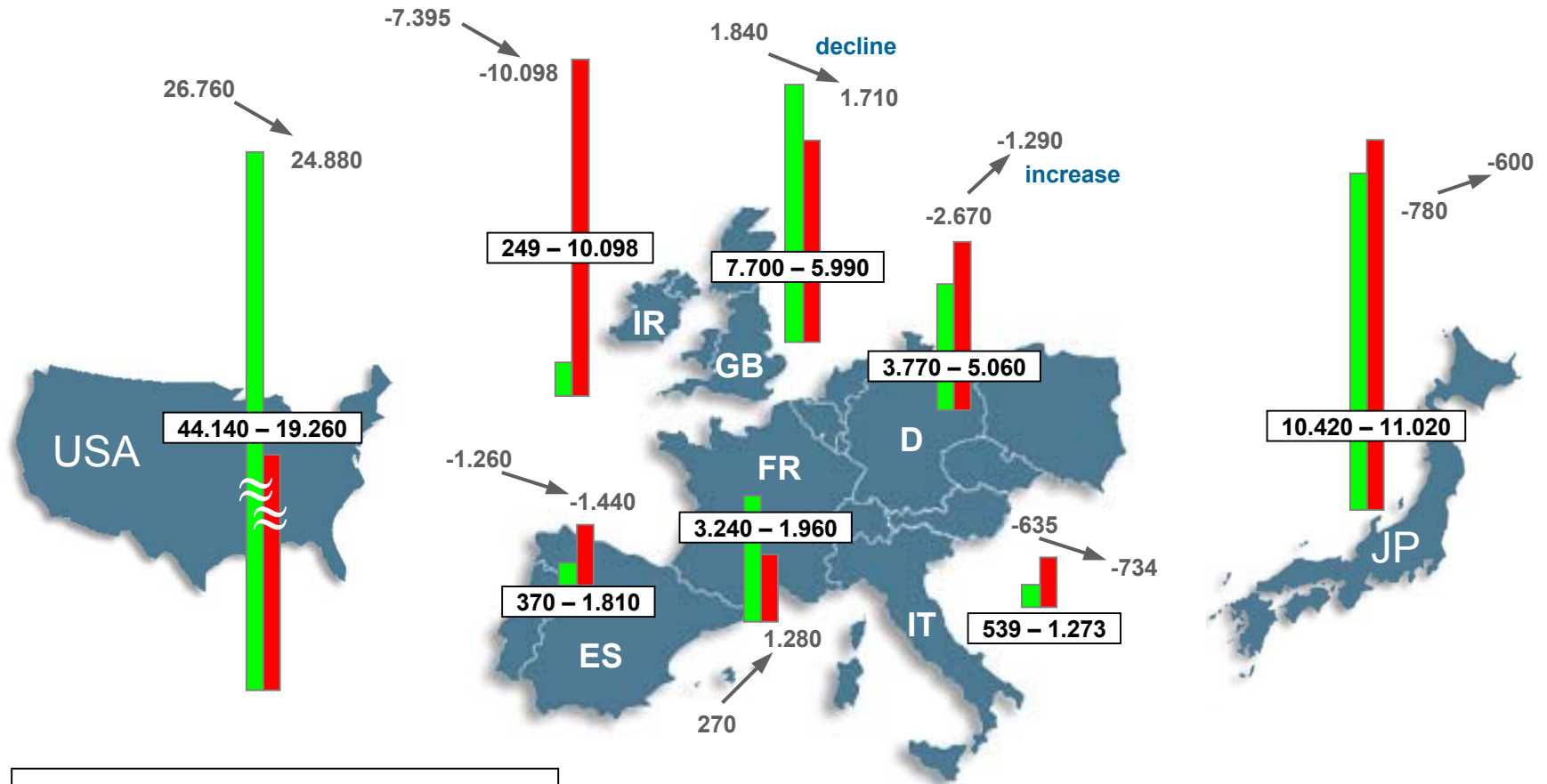


Source: Grindley P.C.; Teece, D.J.: Managing Intellectual Capital: Licensing and Cross-Licensing in Semiconductors and Electronics, California Management Review 39 (1997) 8-41.

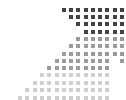


See: European Patent Office, Facts and Figures 2001, page 6;
Lenz, K.-F.: Grenzen des Patentwesens – Konkrete Maßnahmen gegen die Patentinflation, 2002

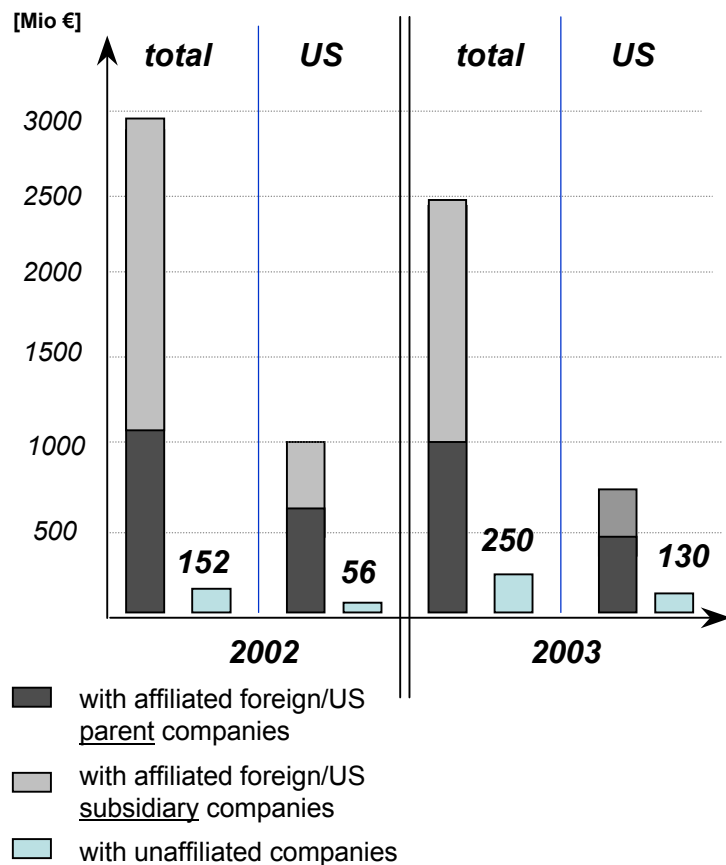
Cross-border payments for patents and licenses



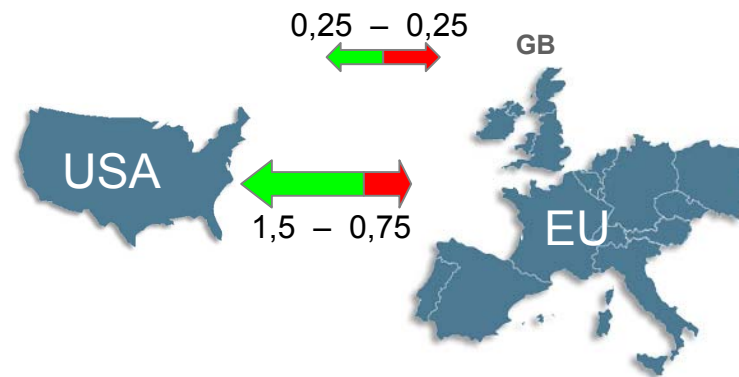
IP exploitation between affiliated and unaffiliated companies



German trade income from international transactions with intellectual property (patent, invention, process)



U.S. royalties and fees based on exchange of industrial processes between unaffiliated companies in selected countries/regions



[Billion U.S. Dollar]

- expenses (2002)
- income (2002)

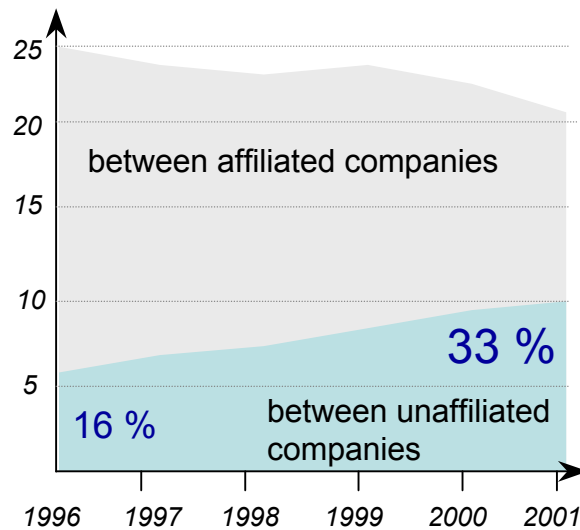
See Science and Engineering Indicators, 2004, Chapter 6;
U.S. Bureau of Economic Analysis, Survey of Current Business, 2002.

IP exploitation between affiliated and unaffiliated companies



U.S. trade balance of intellectual property (royalties and fees)

[Billion U.S. Dollar]



See U.S. Bureau of Economic Analysis,
Survey of Current Business, 2002.

Market for IP Exploitation

best practice approach



Company	royalty income (in mio. USD)	patent families (1998 till today)	revenue per patent
IBM	1,500*	5800	250,000 US\$
Texas Instruments	800**	4400	180,000 US\$



patent families in Europe: 609,000
 5% approximately available for licensing: 30,450
 => market for IP exploitation: 5,500 – 7,600 mio. USD

patent families in Germany: 401,000
 5% approximately available for licensing: 20,050
 => market for IP exploitation: 3,500 – 5,012 mio. USD

(Values smoothed)

* see Storn, A.: Die Zeit, No. 25 2002; IBM press release 13.01.2003

** see Rivette, K.G.; Kline, D.: Rembrandts in the attic, 2000

Types of IP and technology intermediaries (excerpt)



		Customer focus			involvement	
		multi-national enterprise	SME	University	active exploitation services	passive transfer services
Professional Intermediaries	BTG	○		○	○	
	PATEV	○	○		○	
	Scientific Generics	○			○	
Public Transfer Agencies	IPAL			○	○	
	EUREGIO			○		○
Open source platforms	tii (Eur. Asso. f. Transfer of technology, Innovation and industrial Knowledge)		○		○	○
	Patentcafe.com		○			○
	Patents2License.com		○			○
	Yet2.com	○	○		○	○
	UTEK-pax			○	○	



1. *Business utilisation of patents demands a value-oriented realisation process.*
2. *There are three different value-oriented realisation processes:*
 - **operational IP usage**
 - **IP-based business strategies**
 - **external and inter-company usage**
3. *The free trade volume for patent licenses has increased to 64% from 2002 to 2003.*
4. *The potential market for free license-trading in Germany is more than 3 billion USD and in Europe more than 5 billion USD.*
5. *There are two operative service options of intermediaries:*
 - **passive platform (B-to-B)**
 - **active exploitation services (B → intermediaries → B)**



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