

# Dos and don'ts of using patent valuation commercial tools

*a shortened version of a presentation given by Severin de Wit, Managing Partner, Intellectual Property Expert Group (ipeg), The Hague, Netherlands at the conference:*

## Patent valuation and commercialisation

Making the most of patents for business

### Programme

20 - 21 March 2014  
Athens, Greece

### European Patent Academy

An EPO European Patent Academy  
and OBI joint initiative,  
organised by OBI



This PDF is a shortened version of the full presentation made in PREZI format (www.prezi.com) and can be found at IPEG's Prezi webpage

<http://bit.ly/1nvDOvS>



Europäisches  
Patentamt  
European  
Patent Office  
Office européen  
des brevets

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HELLENIC  
INDUSTRIAL  
PROPERTY  
ORGANISATION



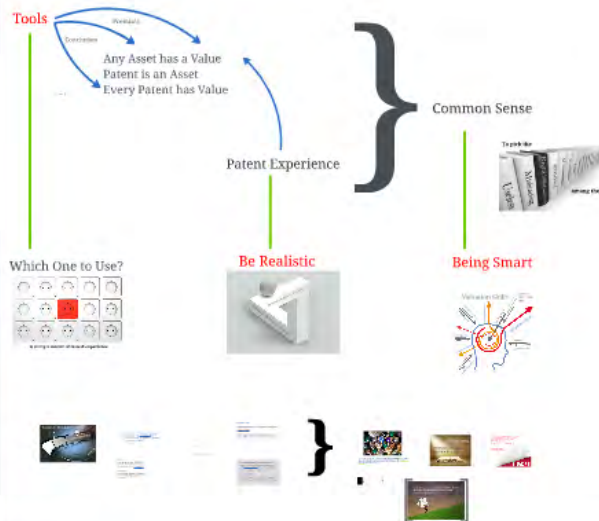
Dos and Don'ts of using commercial Patent Valuation Tools  
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The Art of Using Valuation **Tools**

The Science of Being **Realistic**

The Practise of Being **Smart**

### The Three Parts of Reaching a Patent Value



# Dos and Don'ts of using commercial Patent Valuation Tools

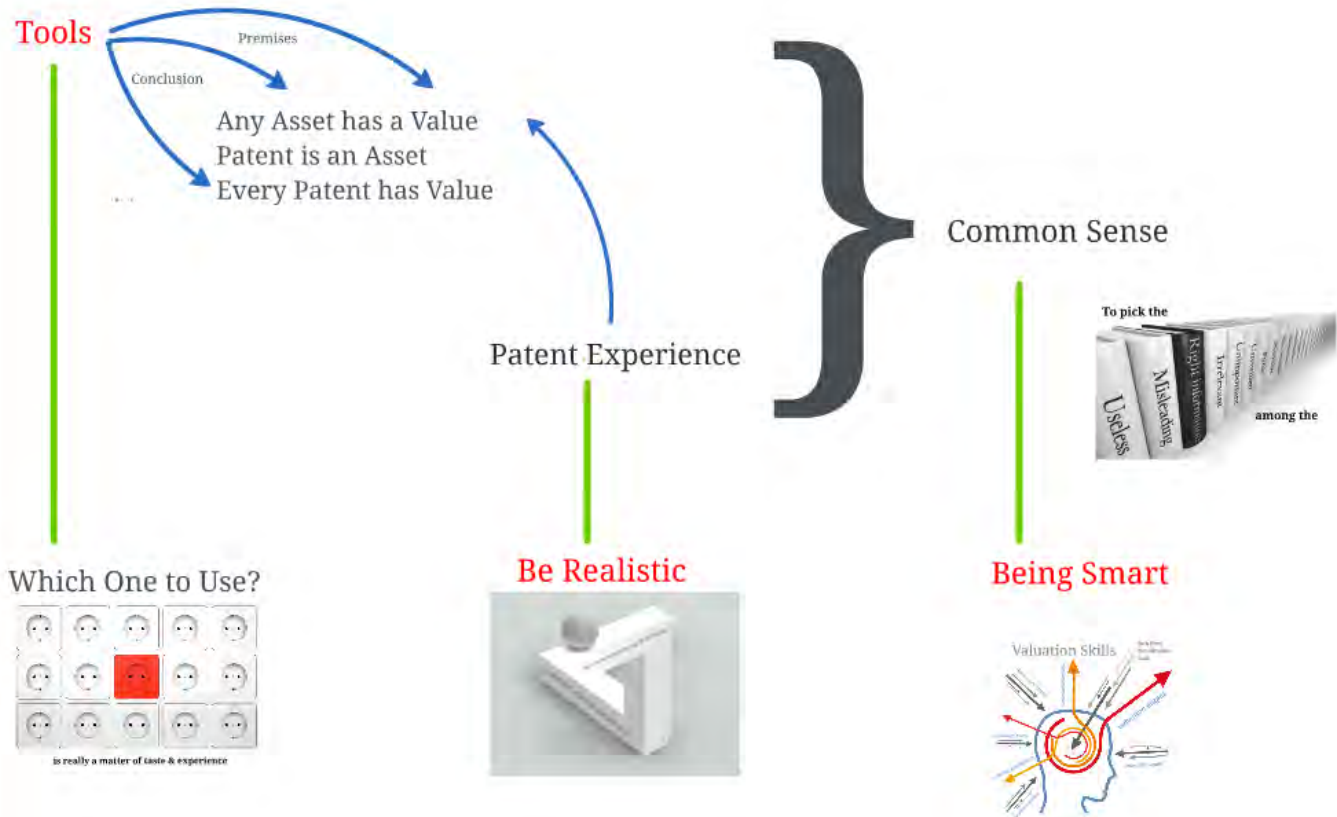
*by Severin de Wit, IPEG, Intellectual Property Expert Group  
The Hague, Netherlands*

The

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# The Three Parts of Reaching a Patent Value



Which One to Use?



is really a matter of taste & experience

**Be Realistic**



**Being Smart**



# The Art of Using Valuation Tools

*"Price is what you pay. Value is what you get." (Warren Buffett)*

10/10/2023

# *Difference between Methods and Tools*

**Methods** are the procedures used to gather and analyze data related to answering specific questions (i.e. leading to Patent Valuation)

**Tools** are the instruments used while undertaking these procedures



# *Tools and Methods*

- Important: differentiate between *Methods* and *Tools*
  - Question which valuation methods are available is dealt with earlier in this program (by Malte Köllner)
  - Tools:
    - (i) Patent analytics and portfolio review
    - (ii) Market and financial information
    - (iii) Landscaping tools (dealt with by Irene Kitsara)
  - (i) and (iii) are mostly software application, free or proprietary
-





Final Report from  
the Expert Group on

# Intellectual Property Valuation





what's in your  
**TOOLBOX?**



Europäisches  
Patentamt  
European  
Patent Office  
Office européen  
des brevets

# ***IPscore<sup>®</sup>***

**Patent Portfolio Management  
with IPscore 2.2**

February 2010



## PLATO "Patent Landscape Analysis Tool"



Citation from: *"Improving statistical patent valuation models using citation data"* by Tommy van der Vorst (Master Study TU/e, Department of Industrial Engineering and Innovation Sciences, Eindhoven, Netherlands (2011))

software tool called 'Plato' (short for 'Patent Landscape Analysis TOol'). This tool assists in combining information from several patent data providers and creating patent landscapes.

Plato ranks patent families by combining different patent indicators scores, which are in turn based on patent metadata. The algorithm was calibrated using the work of Gambardella et al. (2008) and subsequently improved upon by implementing recent insights from academia as well as internal studies. Some of the indicators are generic (e.g. number of citations received, number of jurisdictions in which a patent family has granted patent rights, legal status, average age of patent family) while others are specific to Philips (for instance the number of times a patent is cited by Philips).

Although Plato can automatically export a report displaying various quantitative findings, a separate report is often written with a more qualitative analysis. The patent value scores are used to rank search results for relevance and importance and sometimes to compare portfolio value, but are never used 'upstream' and do not directly relate to financial value.

etc

PIUG

Espresso

IPScore

Innography

Dolcera

Intellixer

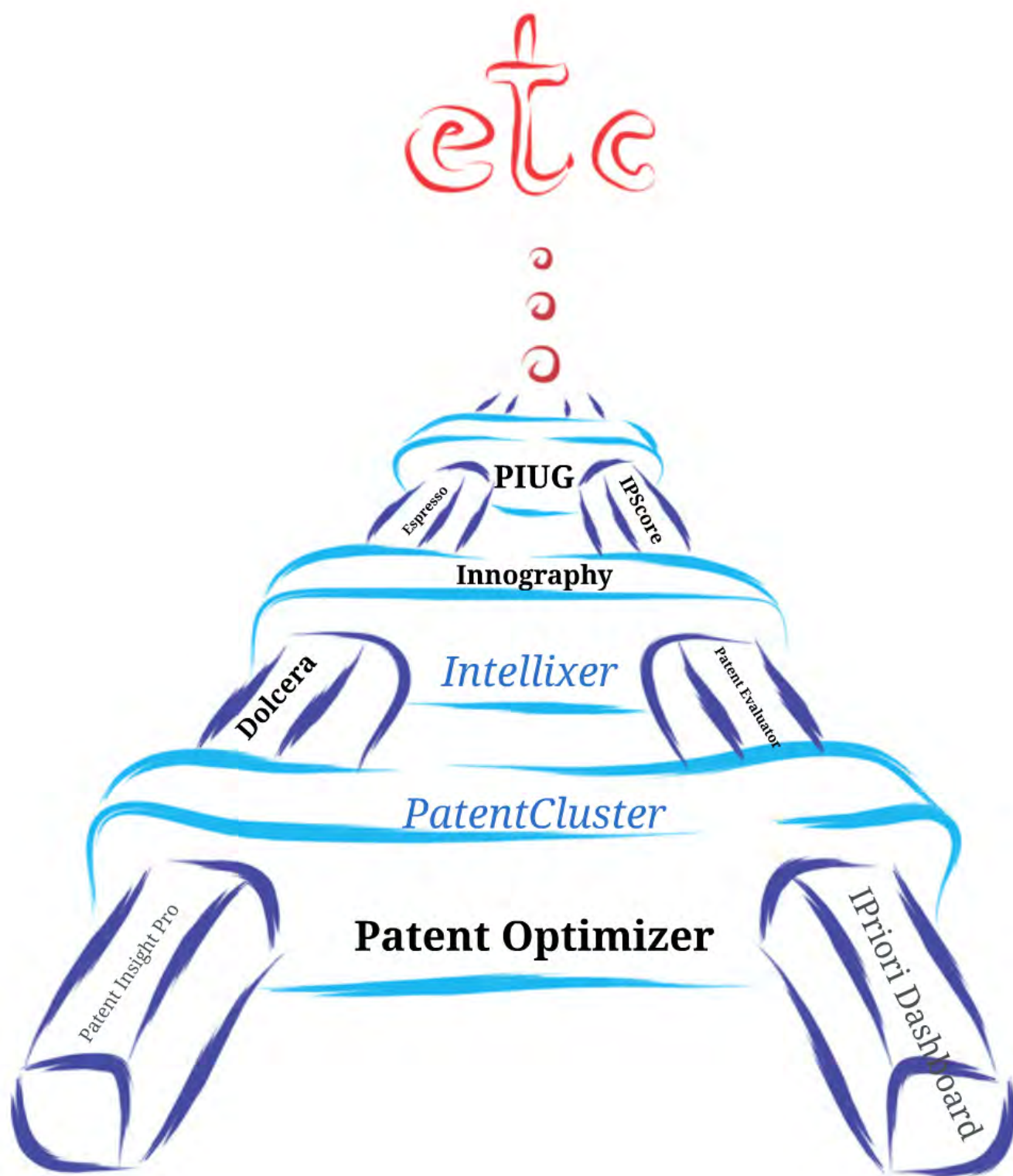
Patent Evaluator

PatentCluster

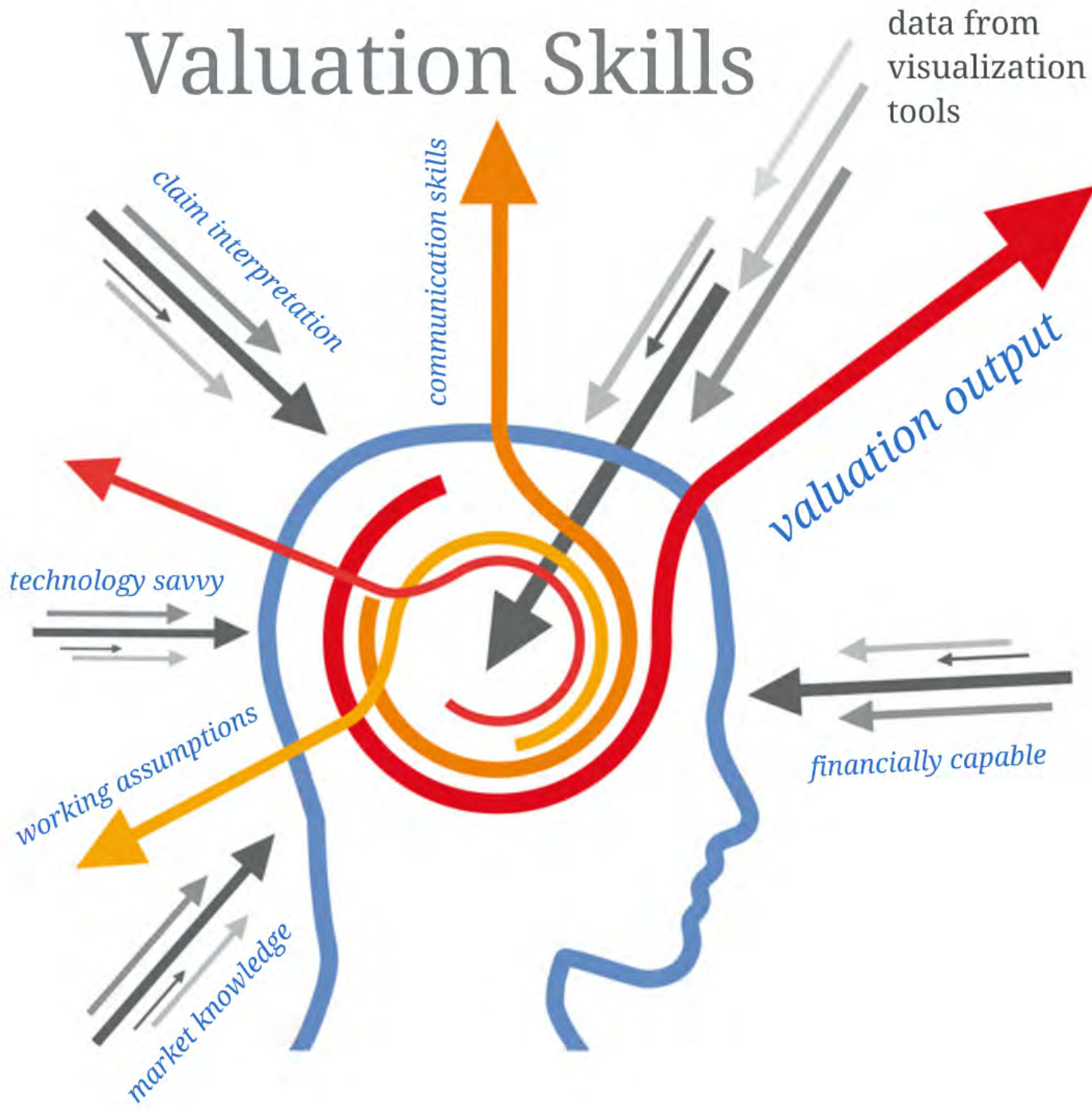
Patent Optimizer

Patent Insight Pro

IPriori Dashboard



# Valuation Skills



# Be Realistic



# Example of a Unrealistic Valuation

φ77mm

The KODAK Story



Kodak

16-35mm 1:2.8 L





*Ken Luskin of IVAM puts value on Kodak's patent portfolio of 4,5 billion US\$ due to "potential blocking of competitors' products (smartphones & tablets)"*

*July 2011*

**284 Partners**, a valuation firm hired by Kodak, puts potential price tag on patent portfolio of 2.4 billion US\$

*January 2012*

Kodak files for Chapter 11 bankruptcy succumbed to a digital revolution in photography



remaining 20,000+ patents licensed to a consortium of technology companies for only US\$ 433 million, severely restricting future earnings from the patents

*September 2013*

Kodak out of bankruptcy. Standard & Poor gives the slimmed down "Kodak-B" junk status rating

source: "The Lowballing of Kodak's Patent Portfolio" by Mark Harris (Jan. 31, 2014), IEEE Spectrum



**It's easy to say "*be realistic*", but what if you were a Nestle patent valuator and were asked in 1991 what the Nespresso patent would be worth?**

Nestle Patent was **revoked** by the Board of Appeal EPO on October 10, 2013, based on issue of "added matter" (Article 123(2) EPC)

So the value of the patent is:



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**THANK YOU**