CIPHER

Patent Budgets in Recession: *Cutting not wounding*

June 2020

LEXOLOGY®

iam

Moderated by
Joff Wild, Editor in chief, IAM

Nigel Swycher

CEO, Cipher

Steve Harris

CTO, Cipher

Jared Engstrom

Head of Patent Development, Red Hat

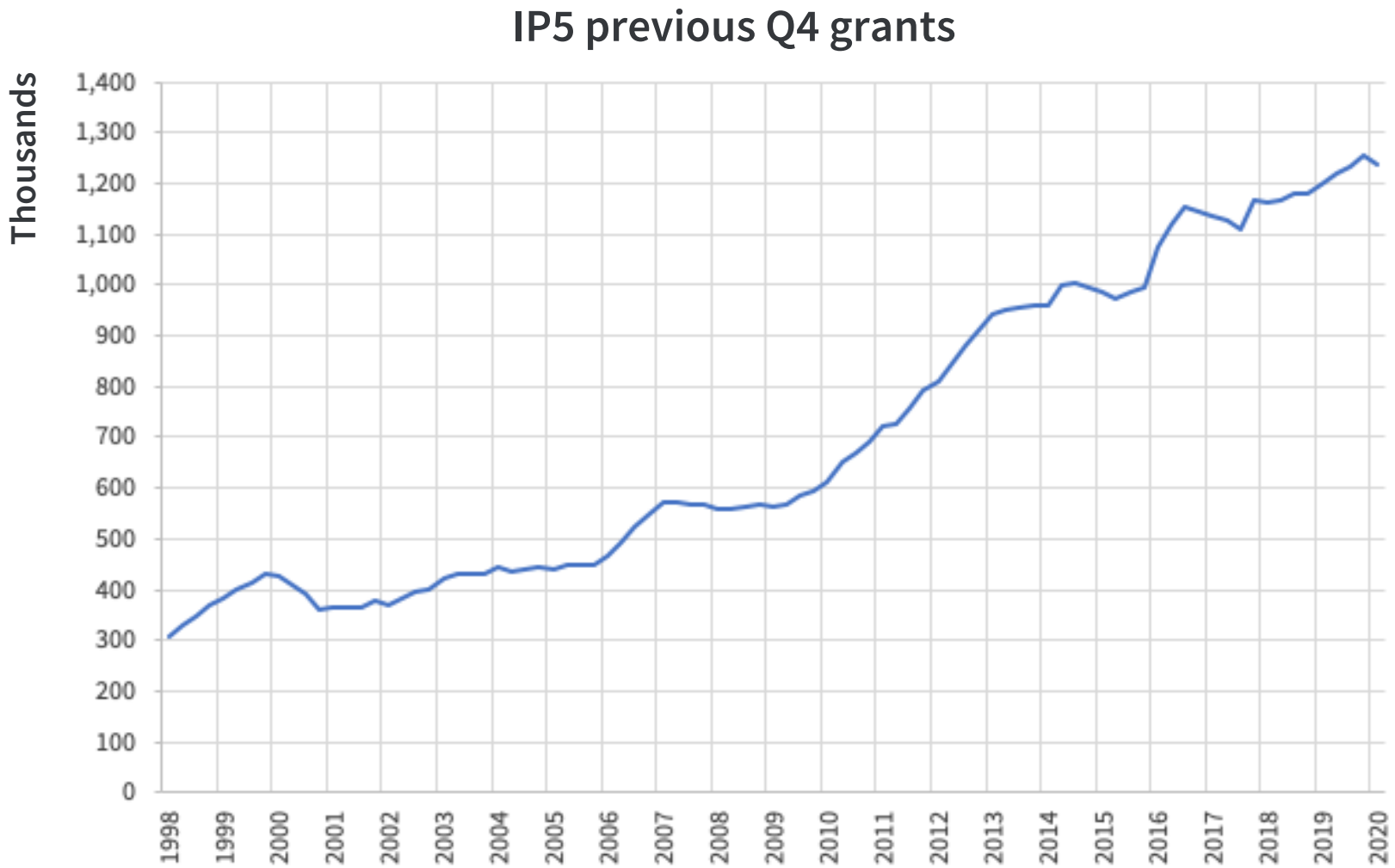
Niall McMahon

Head of Research, Cipher

Matt McBrien

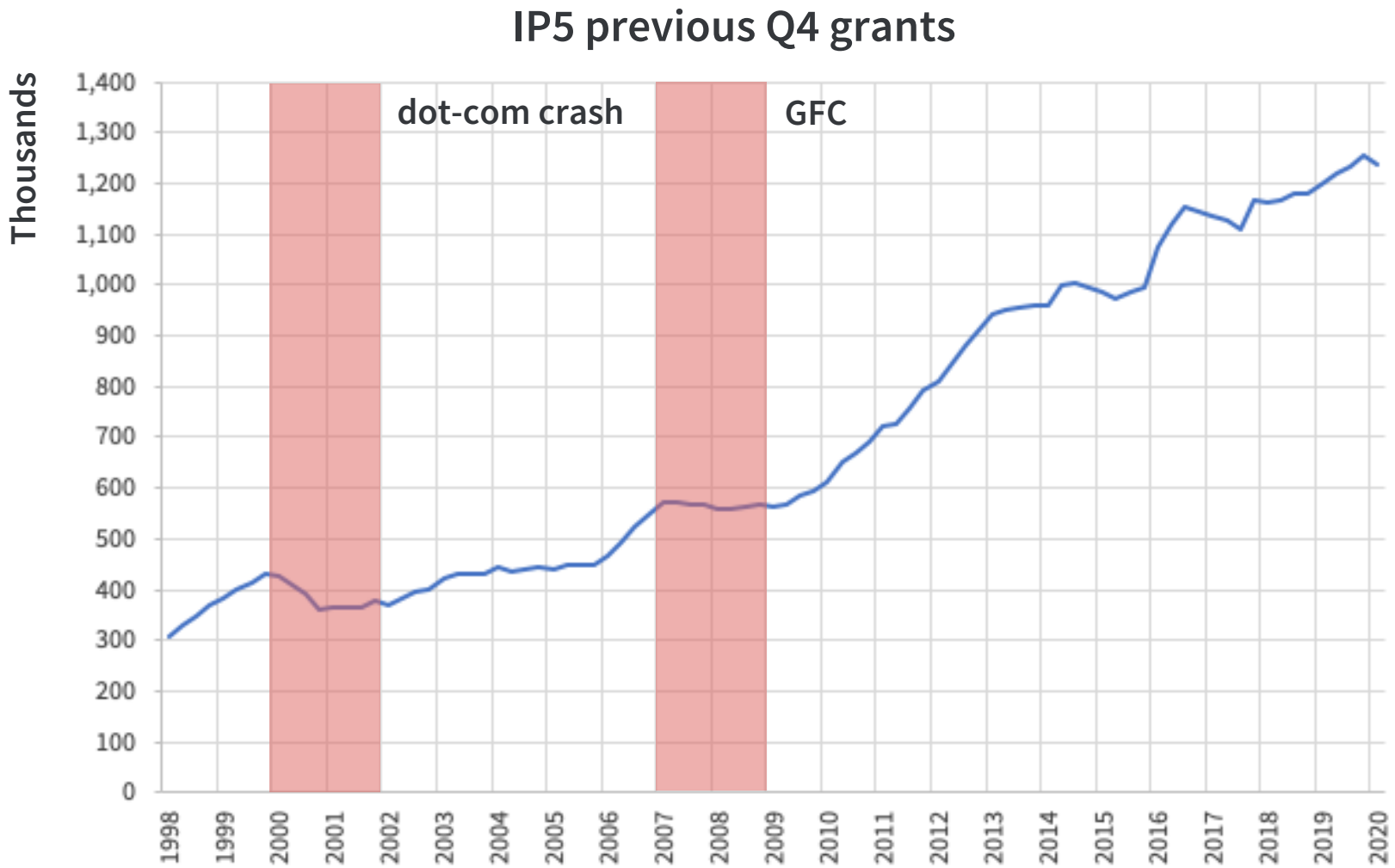
Head of Patents, BAE Systems

Patenting trends in recession



IP5 includes US, EPO, China, Japan and Korea

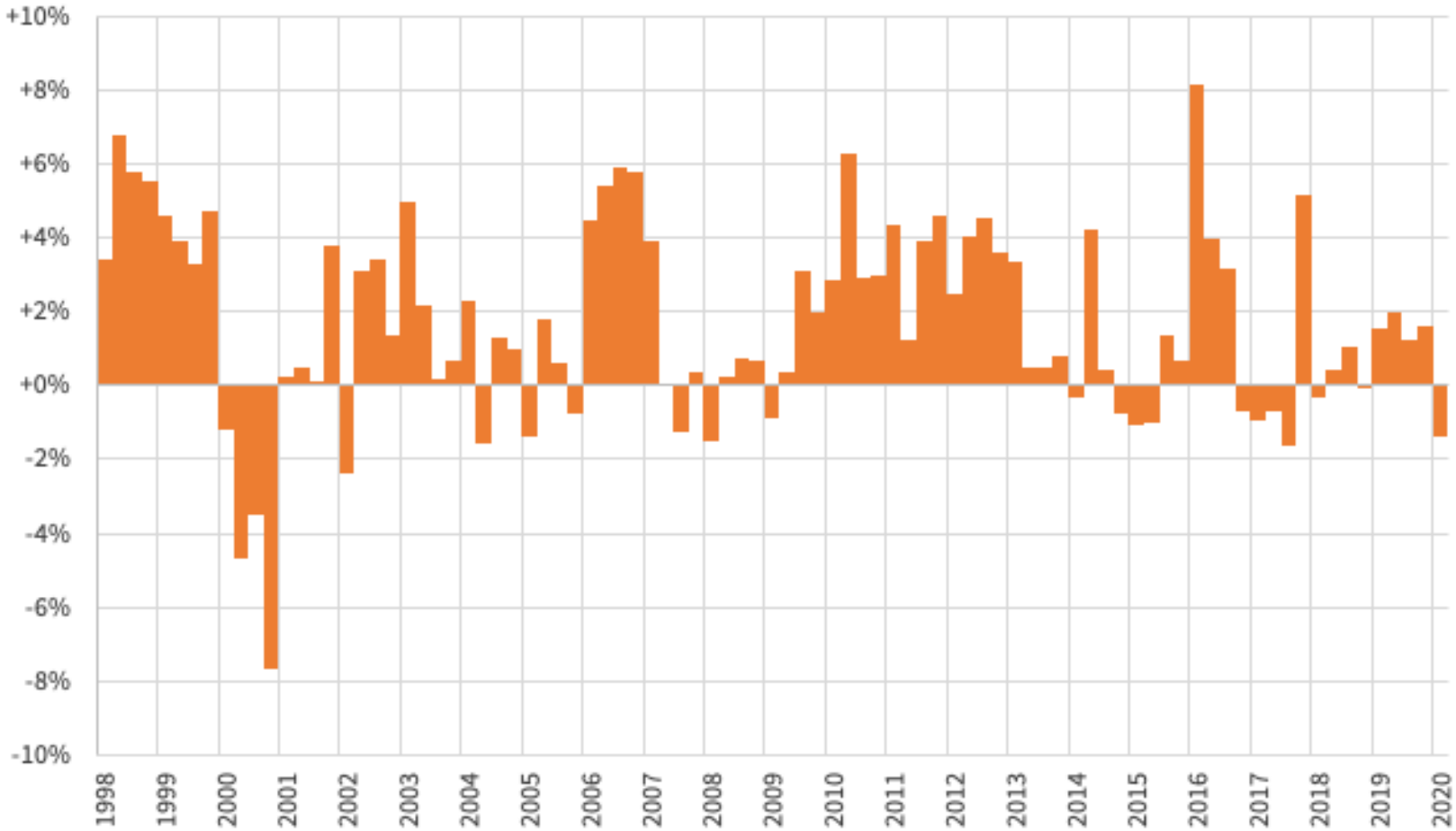
Patenting trends in recession



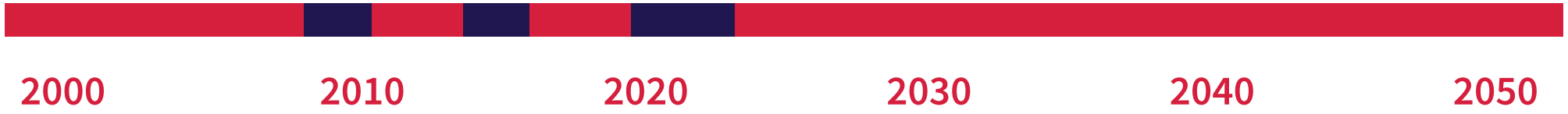
IP5 includes US, EPO, China, Japan and Korea

Patenting trends in recession

IP5 previous Q4 grants change



Budget cuts: knives and forks



71% of budget
Portfolio filing and maintenance

CUT

New Filings

Abandon existing rights

Taking a holistic approach

Economic Modelling

Can be as simple or sophisticated as you like

Traditional models

- Patents per $ R&D spend
- Patents per $ revenue
- Patents per R&D headcount

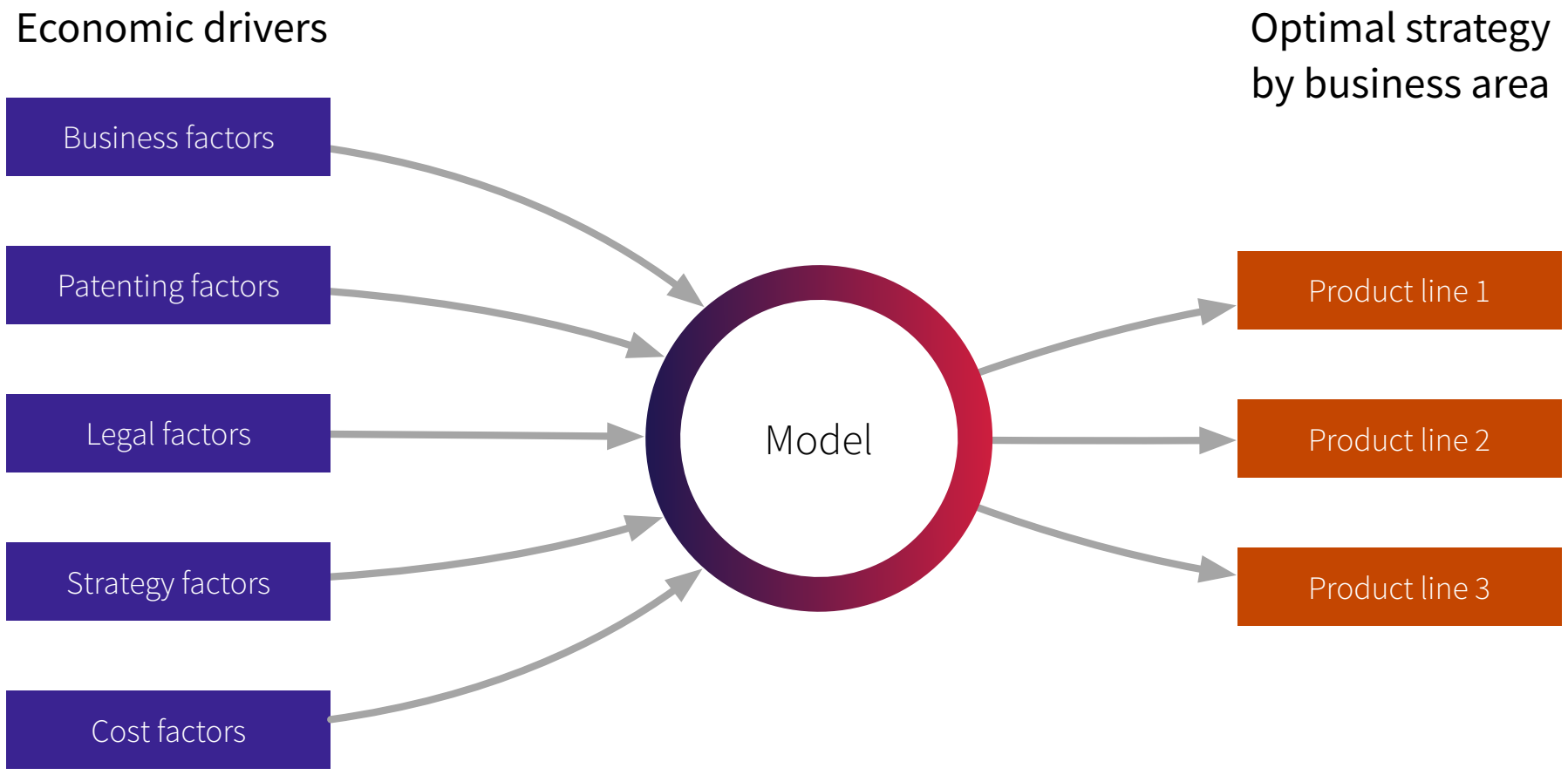
Easy to build and explain, but have well-understood flaws

Modern approaches

- Portfolio Optimization models

More complex to construct, but can also be used to explain value of portfolio, drive more strategic insight, don't have intrinsic bias

Applying models



Factors to consider

Business

- Current product revenue
- Future product revenue
- R&D investment by technology area
- Revenue by country
- Revenue mapping

Patenting

- Acceptance rate in each technology
- Patenting intensity by technology
- Product centrality
- Patent quality/strength

Legal / contractual

- Who do you have existing cross-licenses with
- Defensive aggregators
- Relationship in supply chain

Strategy

- The threat list
- Who has a history of being assertive
- Who could be assertive, post COVID

Cost

- Savings to be achieved
- Filing and annuities in each jurisdiction / technology

CIPHER