

**Monday, September 15, 2008**  
**WIPO-ICC Intellectual Property Training Workshop | Geneva**

# **IP Value Funds**

## **A new Innovation Model**

**Julian Nolan,**

1. Introduction to IP Bewertungs AG and the Patent Value Funds
  - IP Bewertungs AG
  - Innovation Models
  - The Patent Value Fund Model

# IP Bewertungs AG (IPB)

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- One of Europe's leading consulting firms for intellectual property services such as patent evaluation, patent monetisation and patent management
- Access to international network with worldwide resources in commercial legal protection, in the financial services sector and in auditing and taxes
- More than 130 transactions with a total volume of € 2.5bn
- Bank independent spin-off from HypoVereinsbank Group
- Headquarter: Hamburg
- International representations in
  - United Kingdom
  - United States
  - Japan
  - Switzerland
  - India
  - China
  - Korea



- **Clients**
  - International blue chips
  - DAX-, MDAX-, STOXX 600 companies
  - SME
  - Universities
  - Research centres
  - Individual inventors
  
- **Background**
  - Investment bankers
  - Innovation managers
  - Engineers
  - Scientists
  - Lawyers
  - Patent attorneys

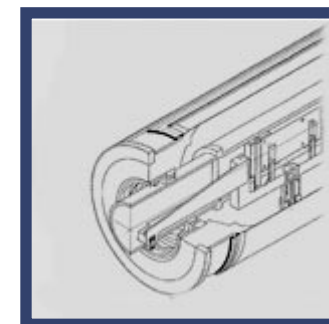
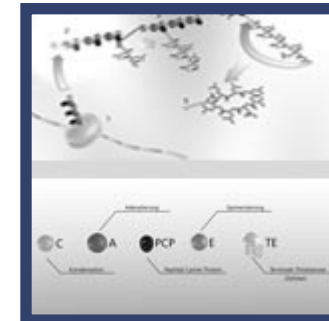
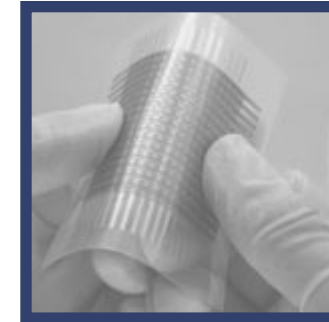


- **Solutions & services of IPB**
  - Patent and technology scouting
  - Patent evaluation & commercialisation
  - Patent evaluation
  - Patent & innovation management
  - Technology funding
  - Consulting
  - One step shop for intellectual property rights

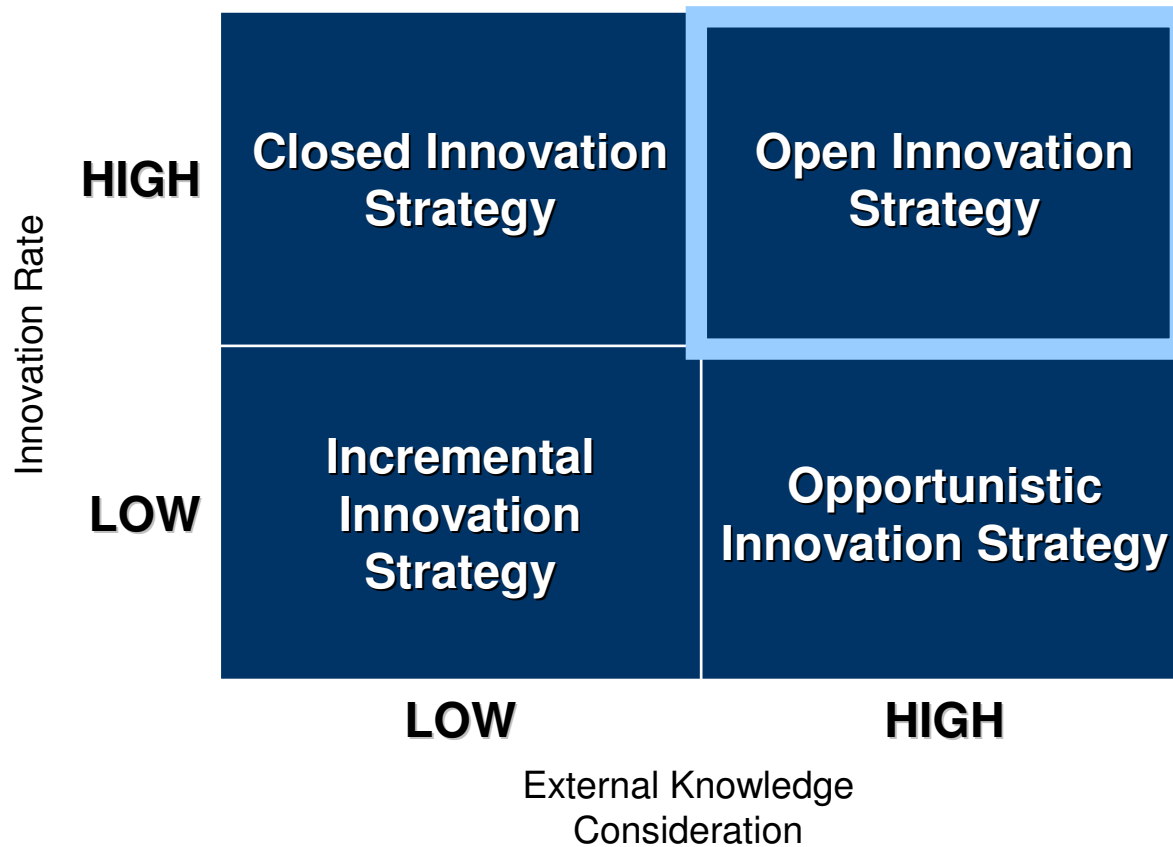


# Technology Areas

- Technology Area
  - Life Science / Biotech
  - MedTech
  - Pharma
  - Electronics
  - Industrial Engineering
  - Physics
  - Materials and Chemicals
  - Renewable energies



# Innovation Models



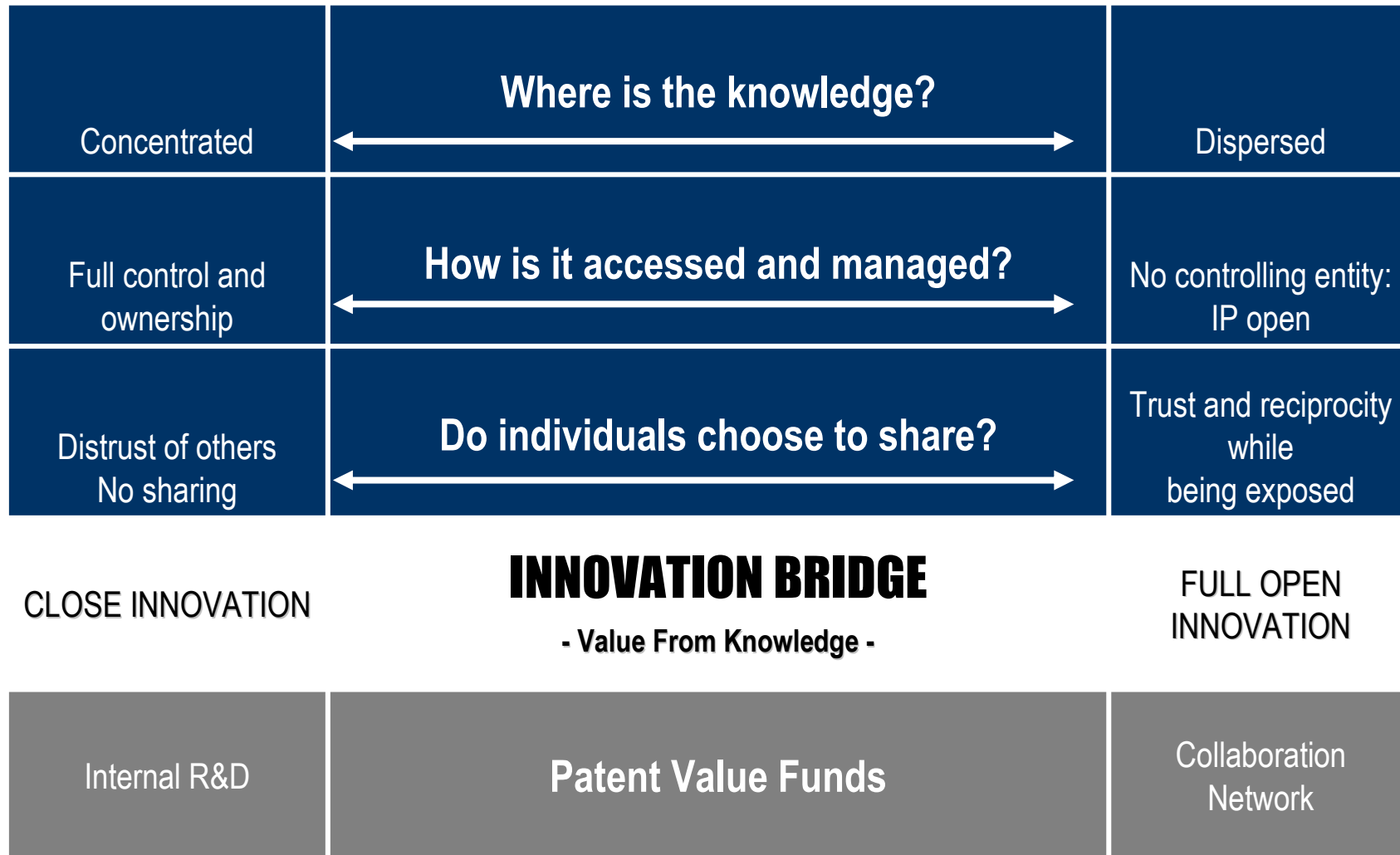
## OPEN INNOVATION

Companies, by looking outside their boundaries, can gain better access to ideas , knowledge, and technology than they would have if they relied solely on their own resources

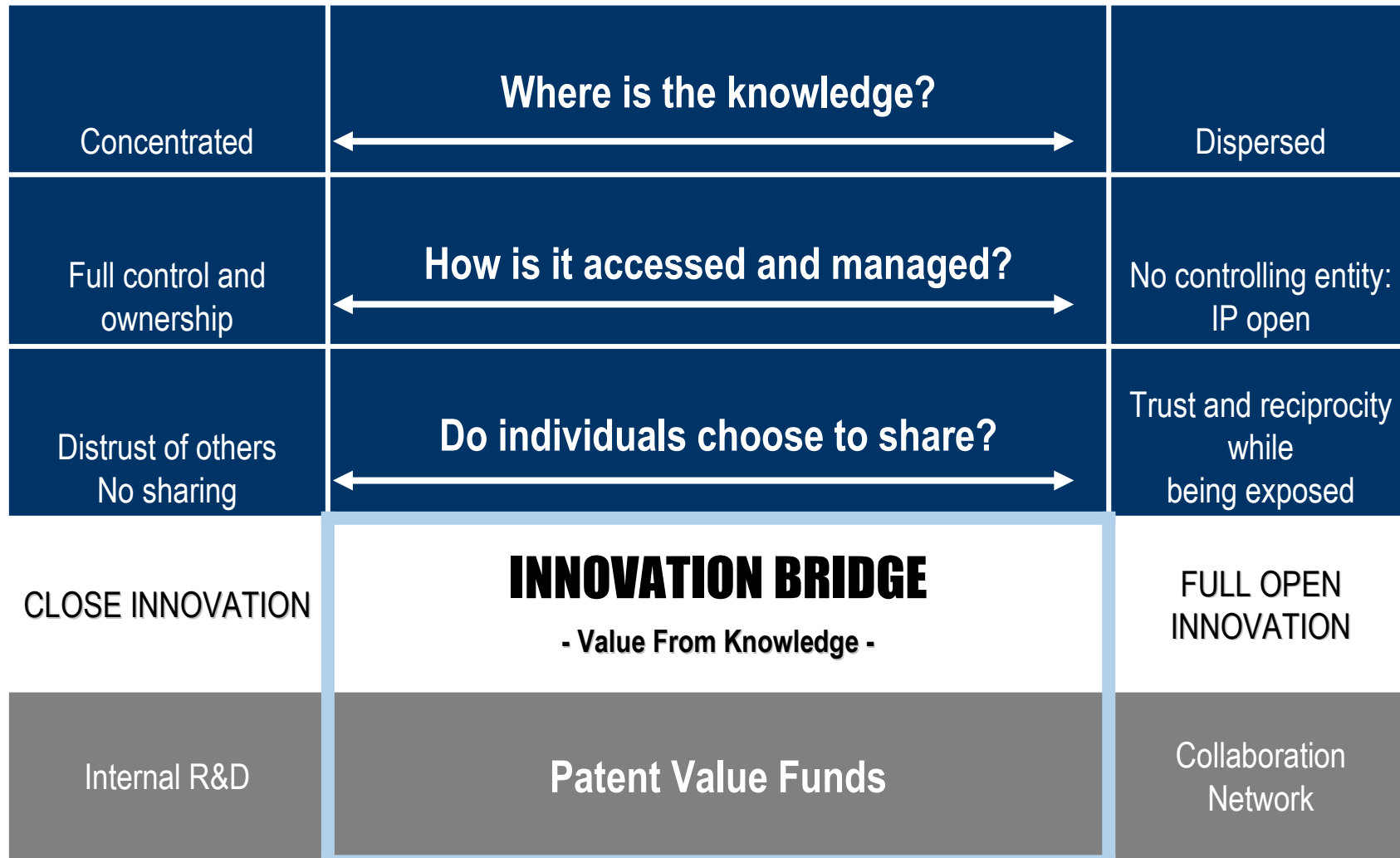
- increasing the use of inflow of knowledge
- increasing the use of outflows of knowledge
- accelerating the rate of internal innovation
- expanding the markets for external use of innovation



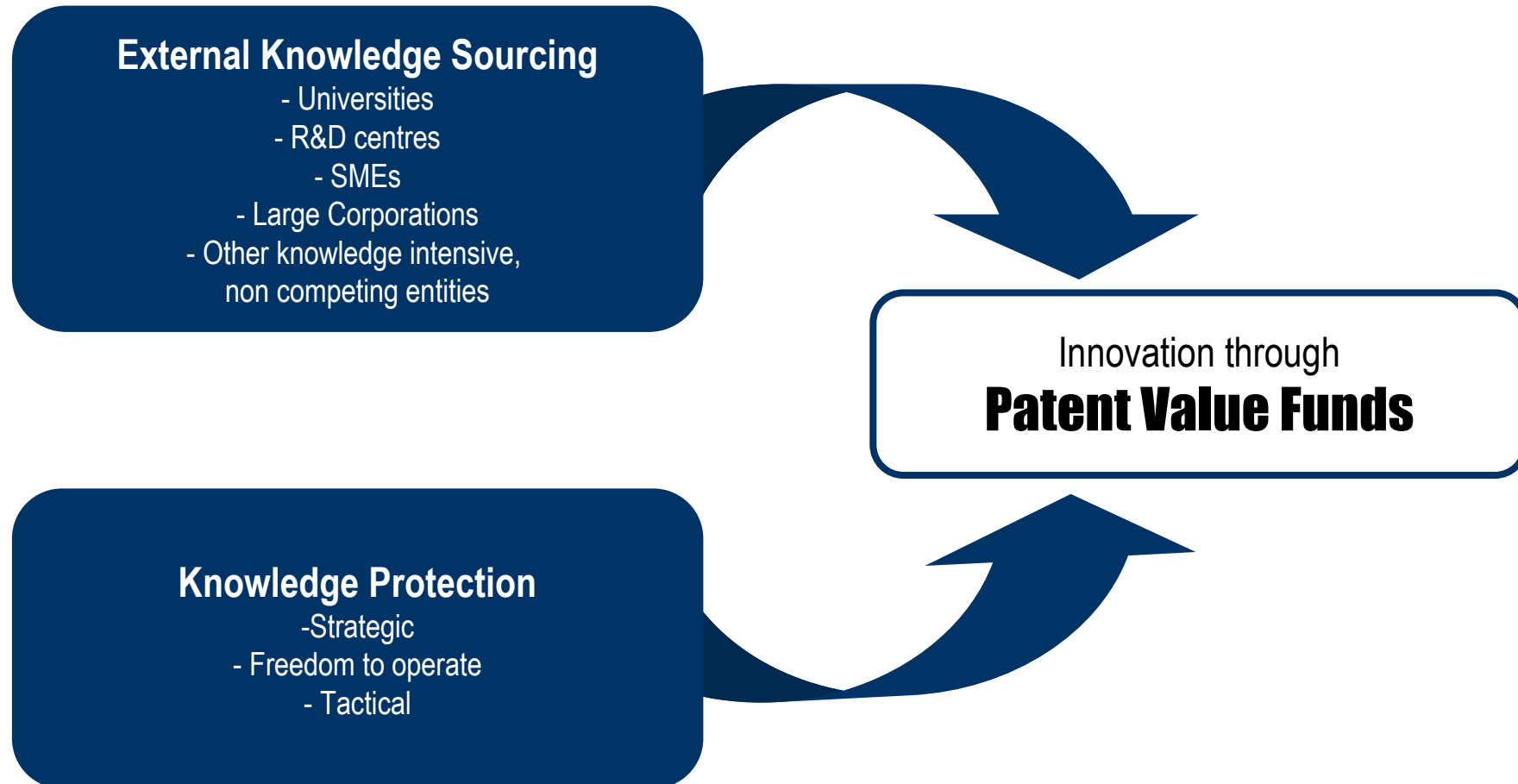
# Open Innovation by Patent Value Funds



# Open Innovation by Patent Value Funds



# How to combine external knowledge and protection?



# Patent Value Funds: a compelling value proposition

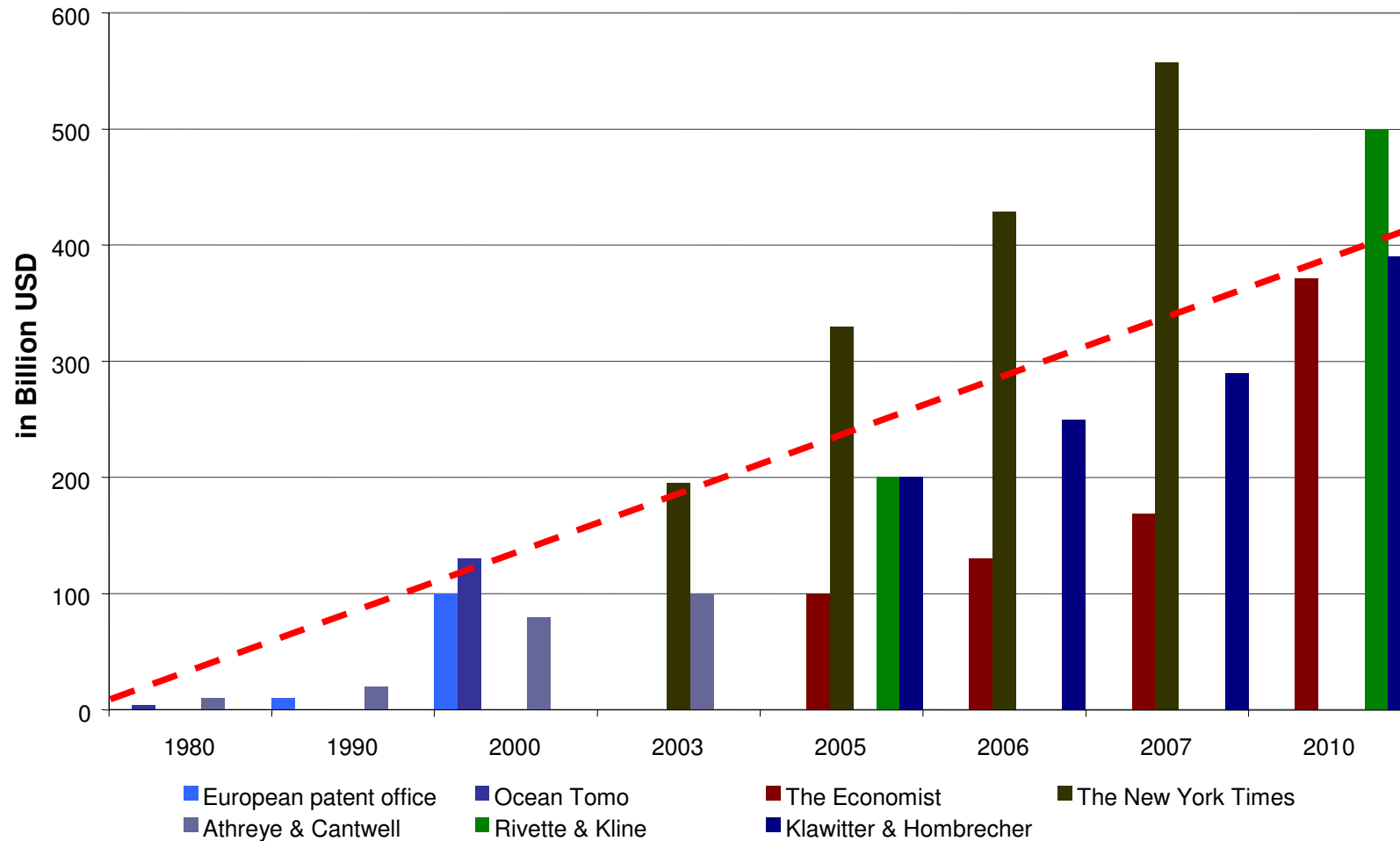
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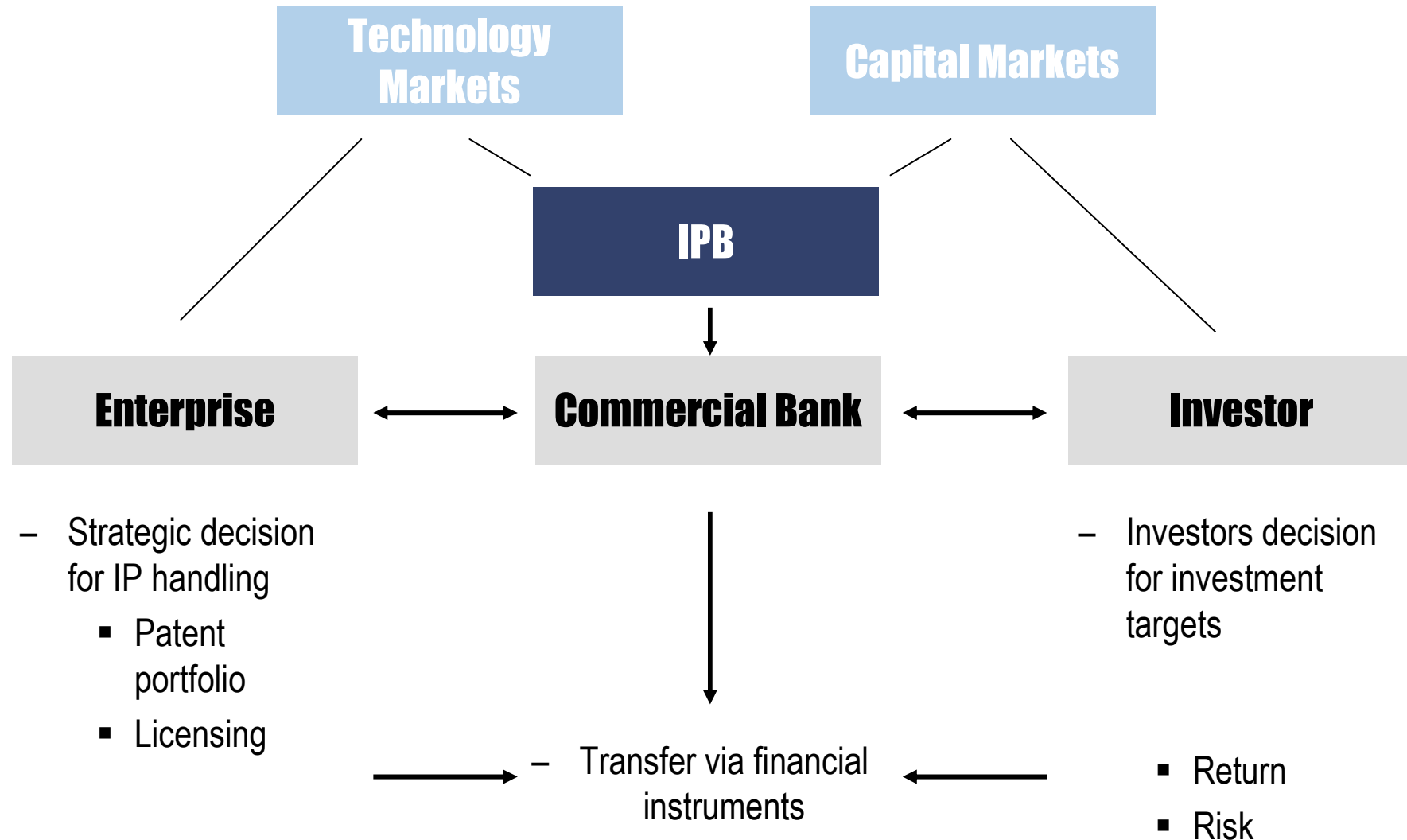
- Accessing the Open Innovation Model without bearing its costs
- Financing the “Death Valley”
- Solving the False Positive Problem – you don’t invest in R&D directly: no opportunity cost –
- Solving the False Negative Problem – you can access excellent R&D otherwise not selected –
- Bridging from Base Research to Development
- Bridging from Invention to Innovation
- Developing Technologies towards specific industry needs/applications
- Enlarging companies’ R&D base
- Eliminating the R&D Opportunity Cost
- Realizing the value of unexploited technologies
- Stimulating the Markets for Technology

# Worldwide Licensing Revenues, 1980 to 2010

## Development of Worldwide Licensing Revenues



# Where is IPB positioned ?



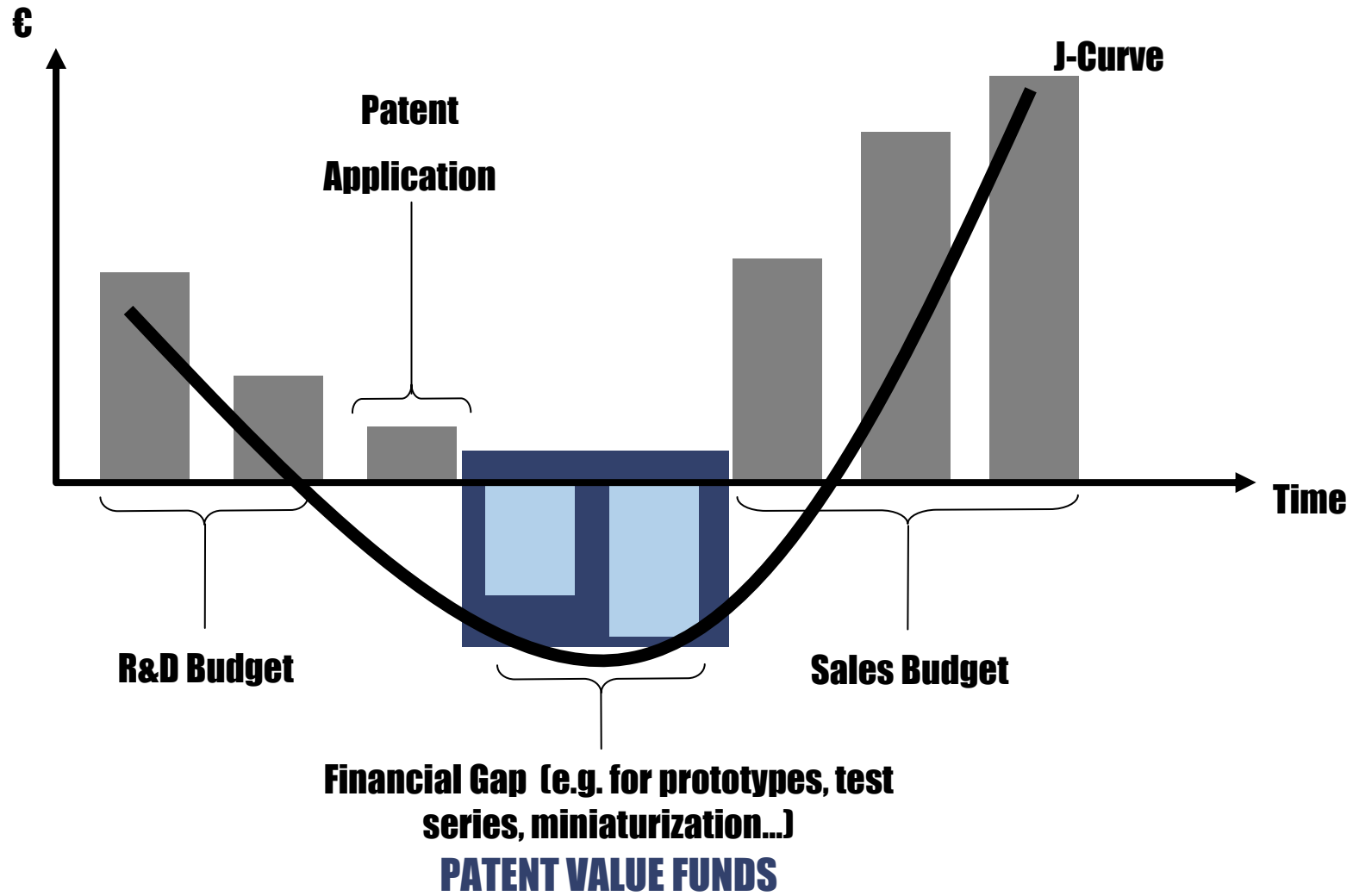
- Strategic decision for IP handling
  - Patent portfolio
  - Licensing

- Investors decision for investment targets

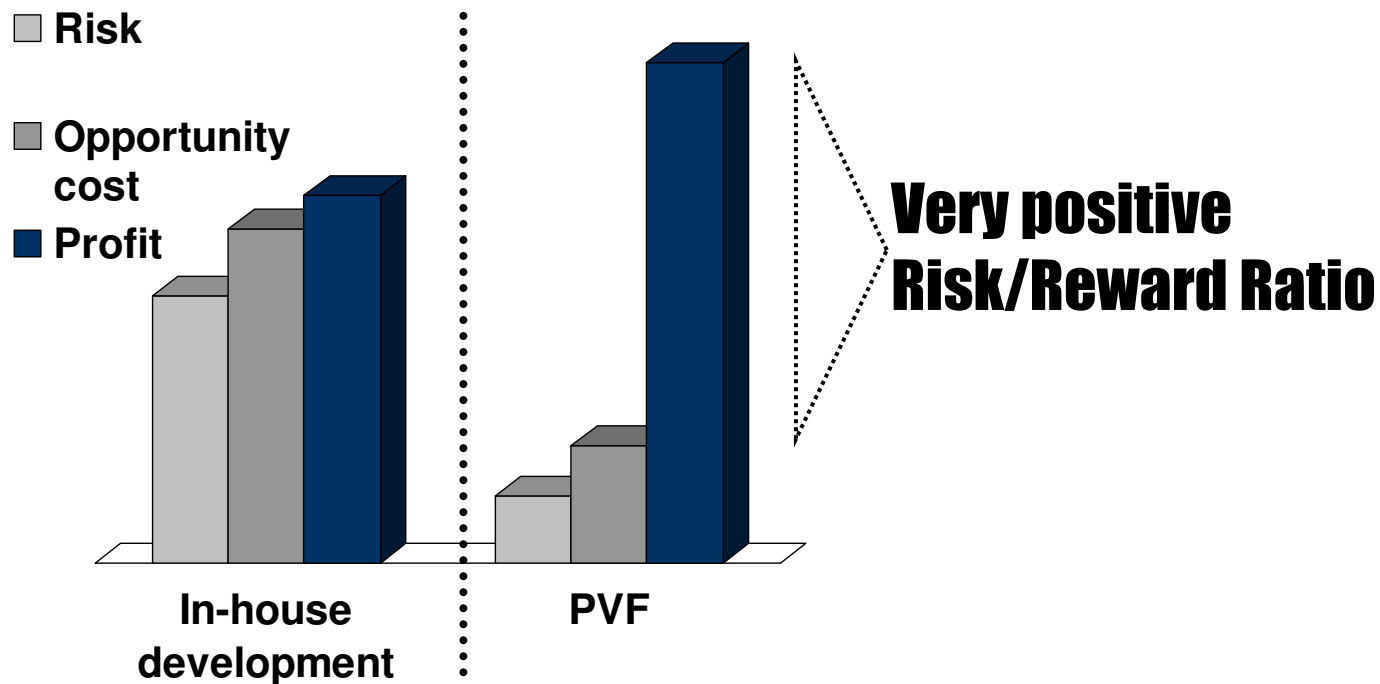
→ - Transfer via financial instruments ←

- Return
- Risk

# IP commercialisation is an Investment



# Patent Value Funds: an alternative to in-house R&D



- Single field of use/application
- Utilization of internal resources
- Higher opportunity cost & higher risk)
- Limited by R&D resources
- No investment in seed-stage techs

- Exploitation of every possible application
- R&D outsourcing opportunity
- Lower opportunity cost & lower risk
- Not limited by R&D resources
- Investment in seed-stage techs



# Patent Value Funds ARE NOT Patent Trolls

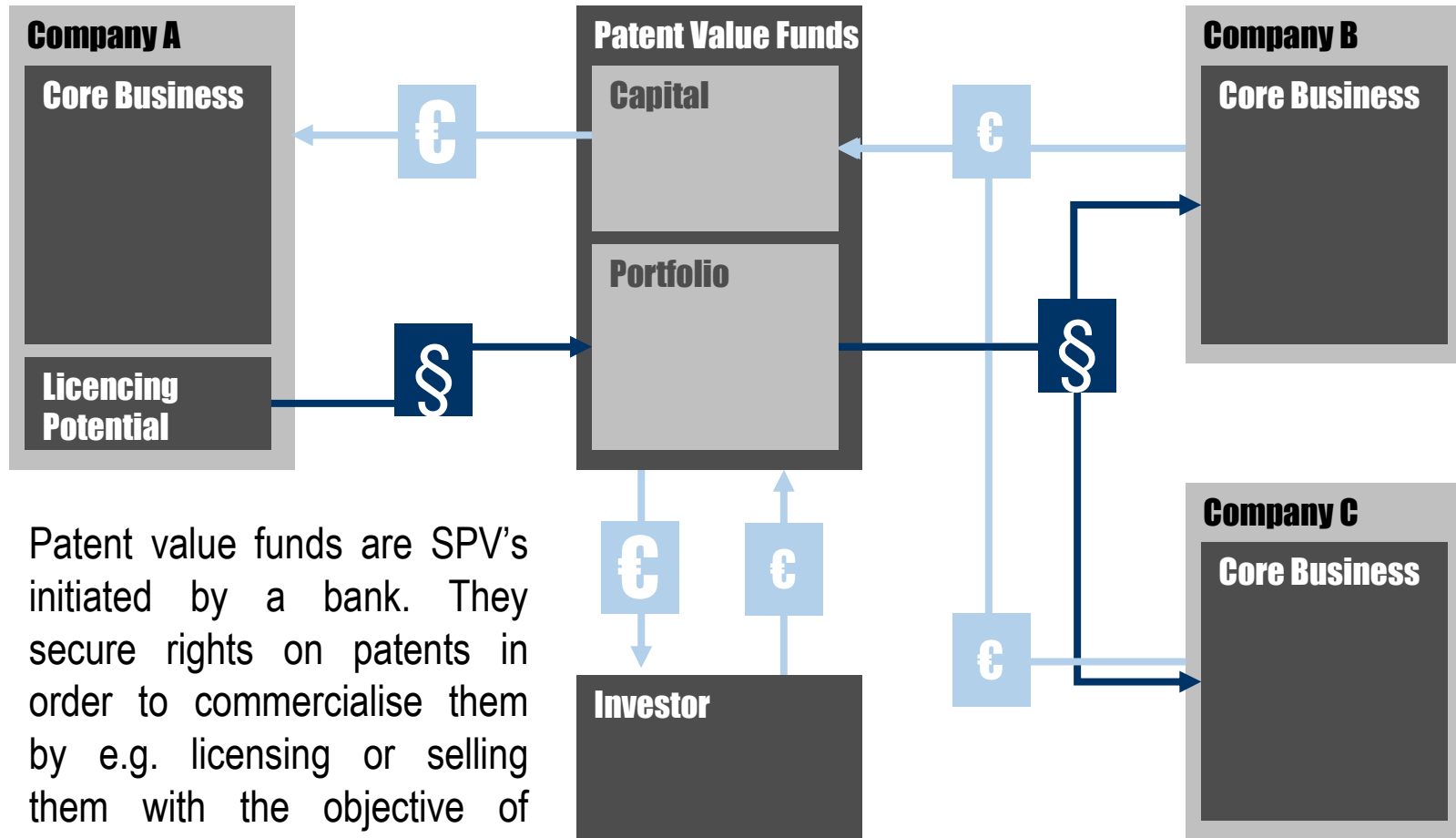
## Patent Value Funds

- Young / High potential Technologies
- Market distance -> further development
- Value adding process
- Value realization through partnering with potential licensees
- Stimulating the development of the Markets for Technology

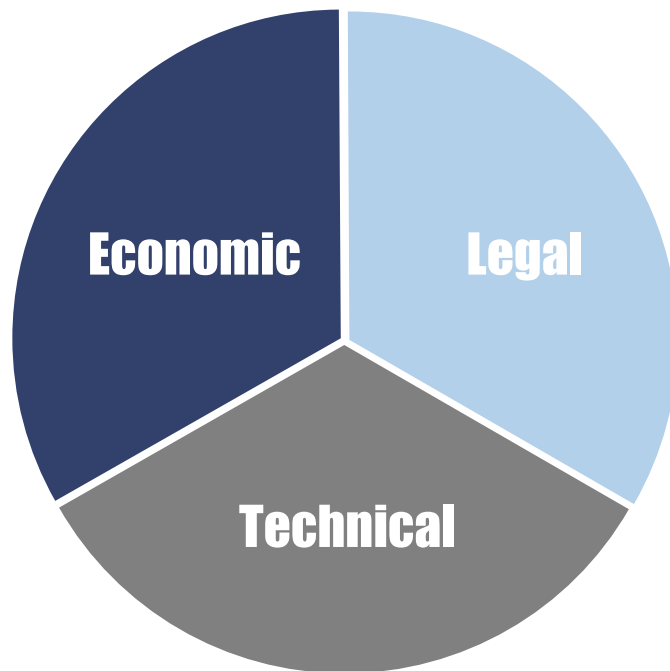
## Patent Trolls

- Already commercialized Technologies
- Presence on the MKT
- Value extraction process
- Value realization through infringement causes
- Hindering the development of the Markets for Technology

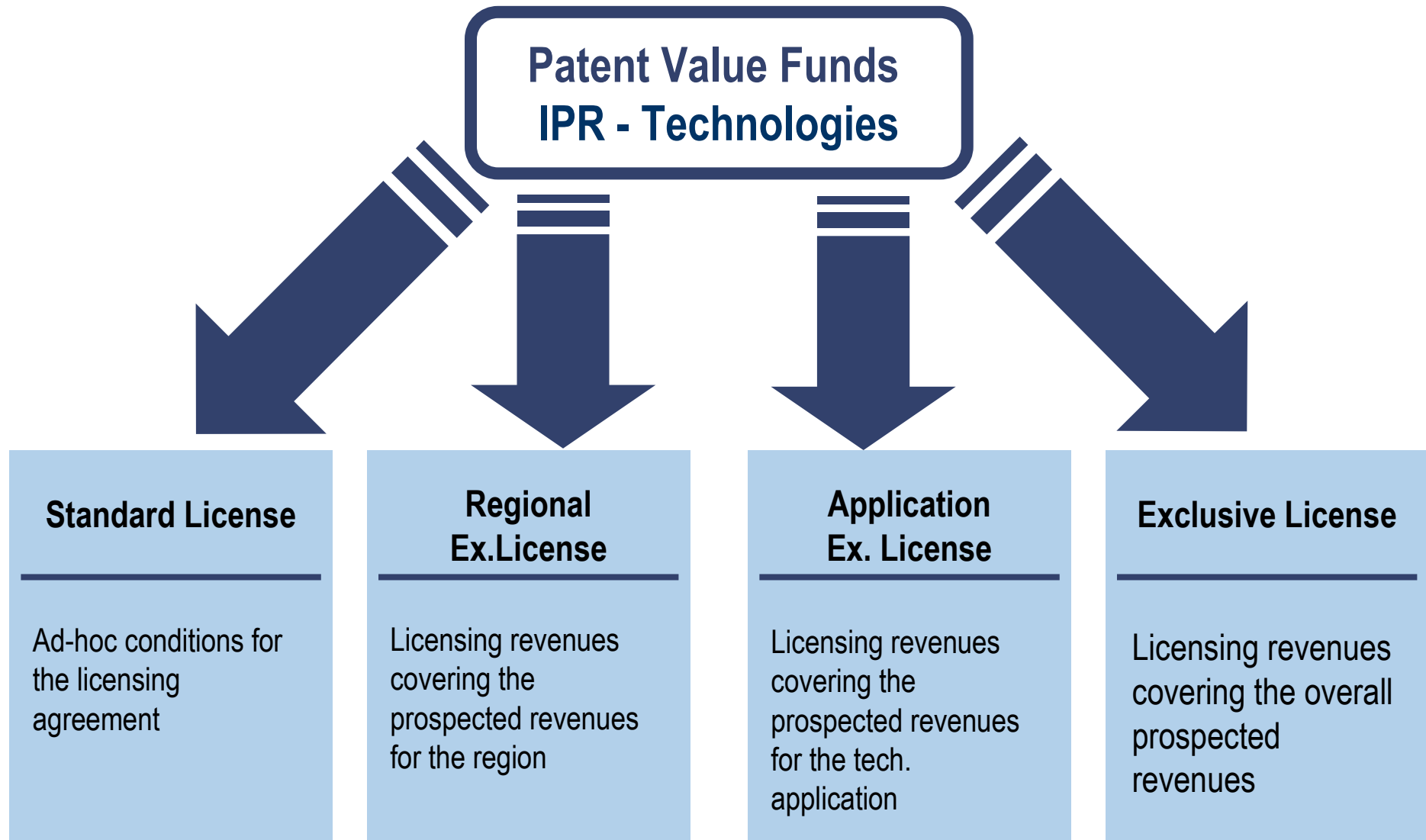
# Patent Value Funds



Patent value funds are SPV's initiated by a bank. They secure rights on patents in order to commercialise them by e.g. licensing or selling them with the objective of obtaining the maximum rate of return for both, the patent owner and the investor.



- **IP Sources from:** Mittelstand Cies, R&D Institutions, Cy restructuring, ...
- **Quantitative valuation** (IPB's valuation method)
- **Qualitative audits:** Attribute, constancy, prior art, realization and opposition/claim analysis
- **Realization analyses:** target clients, infringement analysis
- **Realization strategy:** Licensing, sale, JV,...



## JV / R&D agreements:

- For further development for incubation of technology
- For creating new application
- For adapting the technology to the need of some geographical / technical areas

## Trade Sales:

Direct sale of the technology (conditions should meet the revenues expected from the exclusive license agreement)



**Thank You for Your Attention !**

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