

# Patent Valuation and Due Diligence in Negotiation

Advanced Patent Law Institute, November 3, 2017



## General Topics

- Building Strategic Value
- Creating Optimal Portfolios
- Start-up Strategy
- Buying IP
- Selling IP
- Creating New Business Units
- M&A Value: Assets v. People v. IP Value

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## Building Strategic Value

### Reasons to Patent

- Ensure Retention of Market Share and Margin
- Derive Offensive Revenue
- Ensure a Defensive Stance
- Drive Standards
- Enable IP R&D / Partnerships
- Expand into a New Market
- Expand into a New Geography
- Prevent Piracy / Copying / Theft
- Improve Public Relations

$$\text{Value} = \text{PRV} + \text{IPLD} + \text{BMP} + \text{DR} - \text{Costs}$$

PRV = Public Relations Value

IPLD = IP Lawsuit Defense

BMP = Business/Margin Protection

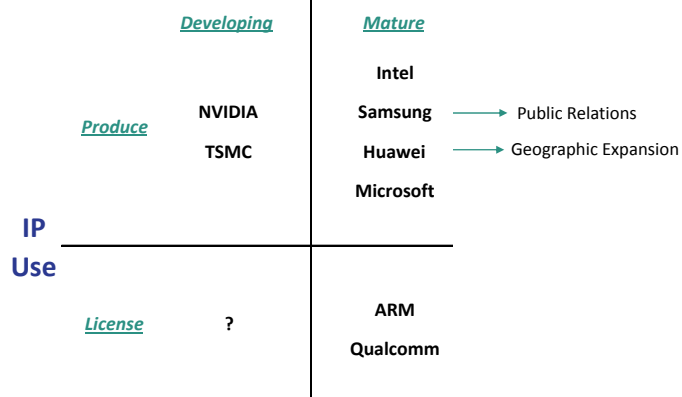
DR = Direct Revenue

Costs = Costs to innovate, file, maintain portfolio

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## Building Strategic Value

### Technology Life Cycle



How do broad cross-licensing activities affect value?

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## Creating Optimal Portfolios

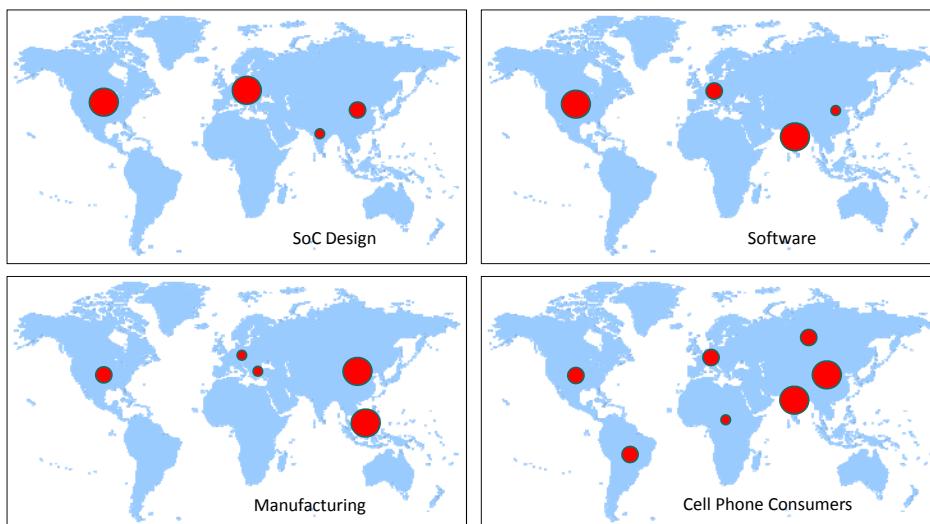
### Typical Drivers

- Type of Technology
- Location of Competitors
- Location of Key Ecosystem Partners
- Location of Consumers / Sales
- Strength of Local IP Laws
- Cost Constraints

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## Creating Optimal Portfolios

### Semiconductor Market



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