Evolution of IP practices & the emergence of new business models for IP firms in Europe

Speakers

• Andreas Beyer, Wuesthoff & Wuesthoff

• Phil Jeffrey, Dehns

• Patrice Durand, Valipat
Agenda

1. Current business models of IP firms in Europe

2. Ongoing trends and change factors

3. Emerging new business models for IP firms in Europe
Current business models of IP firms in Europe

Attorneys advising work vs. administrative work

“Large IP Firms” vs. “Small/Medium IP Firms”

Differences in main activities?

<table>
<thead>
<tr>
<th>Main activities</th>
<th>Large Firms</th>
<th>Small/medium Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Educational advising</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Strategic advising</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Patent drafting</td>
<td>Medium</td>
<td>High</td>
</tr>
<tr>
<td>Dealing with prosecution substantive issues (Office Actions, Office hearings)</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Opposing patents</td>
<td>High</td>
<td>Medium/Low</td>
</tr>
</tbody>
</table>
### Main activities

<table>
<thead>
<tr>
<th>Activity</th>
<th>Large Firms</th>
<th>Small/medium Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Litigation</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Renewal fees payments</td>
<td>Medium/Low</td>
<td>Low</td>
</tr>
<tr>
<td>Monitoring deadlines</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Translations</td>
<td>Medium/Low</td>
<td>Medium/Low</td>
</tr>
<tr>
<td>Docketing</td>
<td>Medium</td>
<td>High</td>
</tr>
</tbody>
</table>

### Current use of IT in IP (1/3)

**Tools for supporting Attorney’s activities**

- IP docketing softwares and online filing
- Accounts and E-billing
- Renewal fees payments
- Online databases
- Patent searching
- Competitor analysis
- Patent budgeting tools
**Current use of IT in IP (2/3)**

Tools for creating high value services

- Patent landscaping
- IP valuation
- Patent brokerage
- Case law access and analysis
- Litigation document management and discovery

**Current use of IT in IP (3/3)**

From IT to LPO (Legal Process Outsourcing)

Author Richard Susskind predicted transformation of legal services by IT

- IT enables work to be performed more efficiently, cheaper and to a higher quality
- Market unlikely to tolerate high legal fees for routine tasks

Market pull towards commoditization of legal services
Ongoing trends - Make or Buy policies (1/2)

Traditional life cycle for a Patent and related allocation of resources

Ongoing trends - Make or Buy policies (2/2)

Candidates for outsourcing
Ongoing trends – Adding value

Case study

Dehns outsources to Valipat most of the European patent validations of its clients

Wuesthoff uses Valipat on a case by case basis

- Significant efficiency improvements
- Reduction in staff costs
- Improvements in cost estimates for clients
- Improvements in billing and cash flow
- Dehns exploring using IT to help provide other (high value) legal services

Change factors in Europe

- Financial crisis and cost cutting
- Focus upon quality rather than quantity
- Fixed price patent prosecution
- Competitive tenders
- Difficulties of achieving economies of scale
- Changing client expectations and new requests
- Harmonisation of patent law and procedures
- Patent Prosecution Highway
Change factors in Europe

- EU Unitary patent
- Convergence of opposition and litigation work
- Merger patent prosecution & litigation firms
- Demands of US Corporations
- IP firms offering one-stop shop
- Technologies maturing and becoming commodities
- Separation into commodities and value added
- IP firms need to decide which way to go

Consequences on IP Firms

- Ongoing trends and change factors are stress testing traditional operating models & profit margins
- New entrants are reducing IP firm’s traditional monopolies
- Necessity for continual IT investment and development to maintain competitive edge
- Need to adapt to survive
The future

• Factors for change (and innovation) are leading to emergence of new business models for IP firms
• IP firms will need to be very competent legally and to have adopted advanced IT systems in order to succeed
• Administrative work still controlled by IP firms but likely to be outsourced
• EU Unitary patent will alter IP landscape in Europe
• Filing EU, US & CN patent will cover > 55% world market by GDP

Concluding comments

• Innovative use of IT will enable provision of commoditized IP services at competitive prices
• Continual focus upon improving efficiency of workflows
• IP firms will be forced to reduce costs in order to maintain profit margins
• IT will open up new opportunities to provide new high value IP services
IP firms need to “innovate or die”!