

Patent law dimension

7 criteria

e.g. regional validity of patent, remaining patent term, document status

Technology dimension

14 criteria

e.g. technological uniqueness, technological advantage, known patent breaches, marketing value of technology

Market dimension

11 criteria

e.g. marketing options, substitution products, achievable selling price, market growth rate

Financial dimension

6 criteria

e.g. development costs, production costs, profit contribution

Qualitative valuation

Uncovering hidden treasures, trimming the fat

Steinbeis Transfer Center develops an innovative system for evaluating patents

Patents can be used by their owners, or sold, or licensed to others. Alternatively, they can be used as a credit guarantee. Patents exist not just to protect companies against competitors. They are also a suitable instrument for generating sales or simplifying access to much needed funding. But it is important to ascertain whether the costs of upholding patent protection outweigh tangible benefits. So it is important to place a value on patents. The Technology Evaluation and Innovation Consultancy (TIB) is a Steinbeis Transfer Center now offering a patent evaluation system that makes it possible to place concrete value on a patent in a clear and understandable manner.

Just like the "network for market and technology assessment system" already offered by the TIB, which began operating 16 years ago, the newly developed patent evaluation system can also be used for company financing purposes. In fact, it can actually open the door to funding. It is important that people with little or no knowledge of patents are given a clear and understandable assessment of a company's property rights and that they gain appreciation of their true value. The new system draws on the experience gained by the Steinbeis Transfer Center while working on projects for the DIN 77100 standards committee ("Patent Evaluation – Principles of Monetary Patent Evaluation"). The aim is to achieve the best possible quality when assessing patents.

The following example shows how the system works in practice. Adaptronics International asked the TIB Steinbeis Transfer Center to assess part of its patent portfolio. The company develops and produces innovative adaptive systems used to reduce structural vibration and noise. Its solutions are used in places like airplanes, aerospace systems, tooling machines and cars. The company required a quick patent evaluation by an objective expert to make it easier to gain access to funding. After a detailed initial consultation and assessment of the patent, the TIB was asked to conduct an official evaluation.

The patent evaluation experts carried out detailed research and added their own information on patents, drawing on available data from companies. After sifting through the information and structuring it, the TIB Steinbeis Transfer Center made use of its specially developed patent evaluation system. A patent evaluation is broken down into two parts. In the first part, the quality of the patent is determined by assessing four dimensions. In the second part, the monetary value of the patent is determined using suitable evaluation techniques, which typically involve qualitative aspects, as these are an important part of patent value.

The results of the evaluation were handed to the client in a comprehensive report. Close collaboration with the Steinbeis experts allowed Adaptronic International to ascertain the value of its patent portfolio quickly

through an independent source, and this became part of the funding application. According to Harald Breitbach, CEO of Adaptronic International, collaboration with Steinbeis went extremely well: "The feedback from banks and funding providers on the patent evaluation provided by the TIB Steinbeis Transfer Center was consistently positive. It is clear, well laid out and easy to understand."

Apart from using patents to secure credit or gain access to funding, a company can use patents as a clear indication of its ability to innovate – given an independent assessment, patents say a lot about a company's dynamism. A patent evaluation is also useful for defining or checking the suitability of licensing arrangements during contract negotiations. It also makes it possible to monitor patents and gain an independent estimate of the cost-benefit ratio. This can help hedge against the risk of using urgently required resources to keep patent protection going, even though it is actually no longer needed – resources that would otherwise be unavailable to develop new products or business interests. The patent evaluation system offered by the TIB Steinbeis Transfer Center is therefore a useful instrument for companies to uncover hidden treasures and can help pinpoint out-dated property rights – and thus trim the fat.



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