

How to strategically allocate your IP budget

A General Approach And Worldwide View

a public talk given by Martin Schweiger
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Basic Knowledge

- IP is territorial
- Basic thought #1: how many of my products do I need to sell in order to earn the money that I need for protecting it?
- Start with a budget over time
- „Protect Your Blue Ocean“ IP Filing Tactics: Market – Competitors – Purpose
- ABC triage of countries
- 20/80 Pareto Principle: 1-2, 6, 30 countries
- Example: market strategy and GDP

IP is Territorial

- There are roughly 190 countries in this world (check Wikipedia)
- Each country has its own patent, trademarks and design laws
- There is one single link between 178 of these countries: the Art. 4 Paris Convention priority right
- There are very few true regional IP rights, e.g. for the European Union and for the USA. These regional rights often co-exist with national rights

Each country/region has its own application, prosecution, grant, and renewal regime. That means that each country/region comes with its own costs.

Think like a dog that marks its territory

No-brainer: file in your home country

Foreign countries: „You cannot pee at every tree“: proper planning is required

Start with an IP budget over time and synchronize that with your business plans

- IP = Cost of Sales. IP does not produce income by itself (almost never)
- Basic thought #1: how many of my products do I need to sell in order to earn the money that I need for protecting it?
- A rule of thumb is that you spend 2% - 5% (initially 25%) of the total product innovation costs into IP, followed by 1% - 2% of the ongoing revenues
- Comparison: your marketing costs are often 20% - 30% of the revenues

„Protect Your Blue Ocean“ IP Filing Tactics: Market – Competitors – Purpose

- No brainer: file in your home country
- Market-driven IP filing: file IP where your targets are
- Filter #1: Competitors-driven IP filing: file IP where your competitors are located
- Filter #2: Purpose-driven IP filing: file where you are able to use your IP. Criterias that often play a role: enforcement, licensing, selling to governments.

Check out my course:
„17 Motives for Filing Patent
Applications“

Budgeting: ABC Triage of Countries

Class A (the no-brainers): **your home country**, and the country of your biggest market, if that is not your home country

Class B (must-have): **the most important 6 countries**

Class C (model „deep pockets“): as many countries that you can afford after having done class A and Class B, but **less than 30 countries**

20/80 Pareto Principle for 150 countries:

20% of the countries = 30 countries provide 80% of the effect of IP

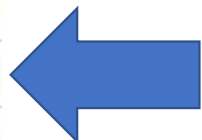
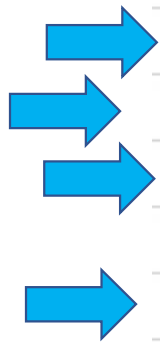
20% of 20% of the countries (= 6 countries) provide 80% of 80% (= 64%) of the effect of IP

20% of 20% of 20% of the countries (= 1.2 countries) provide 80% of 80% of 80% (= 51%) of the effect of IP

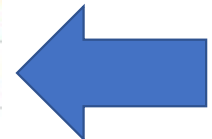
Patent Filing Criteria „Target Market“

as of 2022

	Country	Nominal GDP (in trillions)	PPP Adjusted GDP (in trillions)	GDP Per Capita (in thousands)
1	United States	20.89	20.89	63413
#	<i>European Union</i>	<i>17.08</i>	<i>21.52</i>	<i>44203</i>
2	China	14.72	24.27	10434
3	Japan	5.06	5.25	40193
4	Germany	3.85	4.52	46208
5	United Kingdom	2.76	3.08	41124
6	India	2.66	8.97	1927.7
7	France	2.63	3.15	39030
8	Italy	1.89	2.49	31714
9	Canada	1.64	1.83	43258
10	South Korea	1.64	2.24	31631



#1 market



home