Understanding the Patent Strategies of Companies
WIPO Conference on Statistics
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U.S. Patents 1802-2002

Patent Boom
What is the reason for this explosion in patents?
• More innovation?
• Changes in patent laws?
• Convergence of technologies?
  \[
  \text{Patents have become a strategic weapon in competition}
  \]

Global changes in the last 20 years
• Globalization in marketing and manufacturing:
  – More companies
  – More competition, lower margins
  – Shorter product life cycles
  – Increased price erosion
  – Cost of R&D increases
• Return on your R&D investment more difficult

Global changes in the last 20 years
• Originally manufacturing created competitive edge
  – mass production
  – miniaturization
• Now manufacturing has become a commodity
  – outsourcing
  – low wage countries
• Competitive edge of companies shifts from production-based to knowledge-based

"Everything that can be invented has been invented."
Charles H. Duell, Commissioner, U.S. Patent Office 1889

"7 x acceleration in the last decade"
Business redefined

Return on investments

Technology
Patents

R&D

Manufacturing

Marketing & Sales

Products

Phils’ Intellectual Economy

Products licensing

Innovations

Technology licensing

R&D

Products to Market

Revenues

Philips’ Intellectual Economy

Building a strong IP/IPR portfolio

IP / IPR

Creation

Value Extraction

Philips Patent Filings

Philips Patent Filings

Current IPR portfolio

- 95,000 patents
- based on 20,000 inventions
- approx. 3,000 new filings per year
- 22,000 trademarks
- 6,000 designs
- 2,000 domain names

Invented by Philips

- Rotating dry shaving (Philishave)
- QL induction lighting, metal halide car lamps
- Audio Compact Cassette
- Compact Disc system
- DVD+RW
- 3D Heart Imager
- One-chip TV
- Portable defibrillator
IP&S: Activating the Value of Philips

**Pro-active**
- IP/IPR is used as a product
- Direct licensing
- Consumers get faster access to new products

**Exchange**
- IPR is used to get access to third party technology
- Cross licensing
- Creating freedom of action for Philips

**Exclusivity**
- IPR is a means to create an exclusive position for unique products in the market place

Examples Licensing Programs
- CD-Audio
- Optical Recording Technology
- CD-ROM
- CD-Video
- MinDisc
- CD-R/RW
- DVD-Video/ROM
- DVD-R/RW
- SACD
- Digital cameras
- MP3 players
- Set top boxes
- Car navigation systems
- Digital audio broadcasting

Examples Licensing Programs
- GSM / UMTS/PDC/PHS
- Xenon Car Lamps
- UHP Lamps

Interconnectivity
Asset

- IPR is regarded as capital
- Creating advantage
- Partnerships

IP&S activates the value of Philips' intellectual property