# The Market for Buying and Selling Patents – 2019 Update

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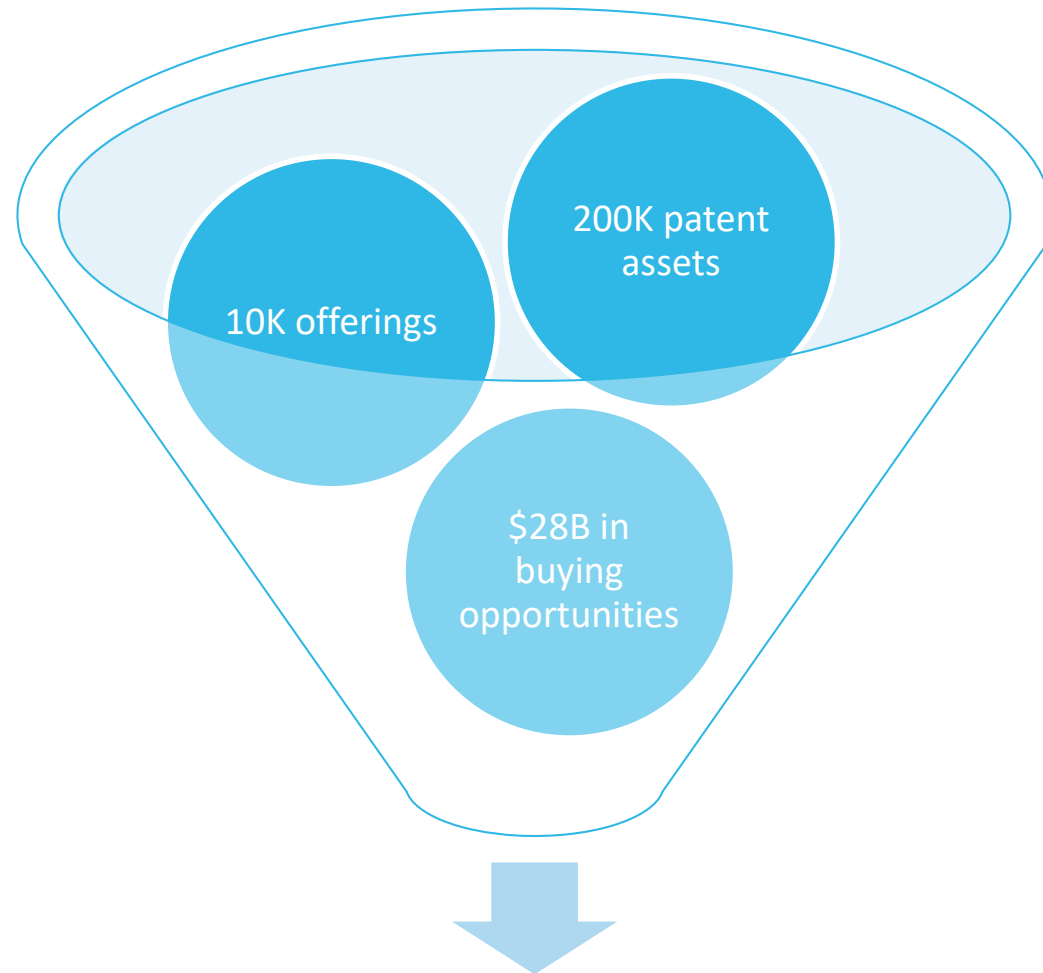**RICHARDSON OLIVER INSIGHTS**

# Deal Flow

Sellers

Buyers

Direct Sales

~1000 deals per year hit the market

# The ROI Patent Market Report

**RICHARDSON OLIVER INSIGHTS**

200K patent assets

10K offerings

$28B in buying opportunities
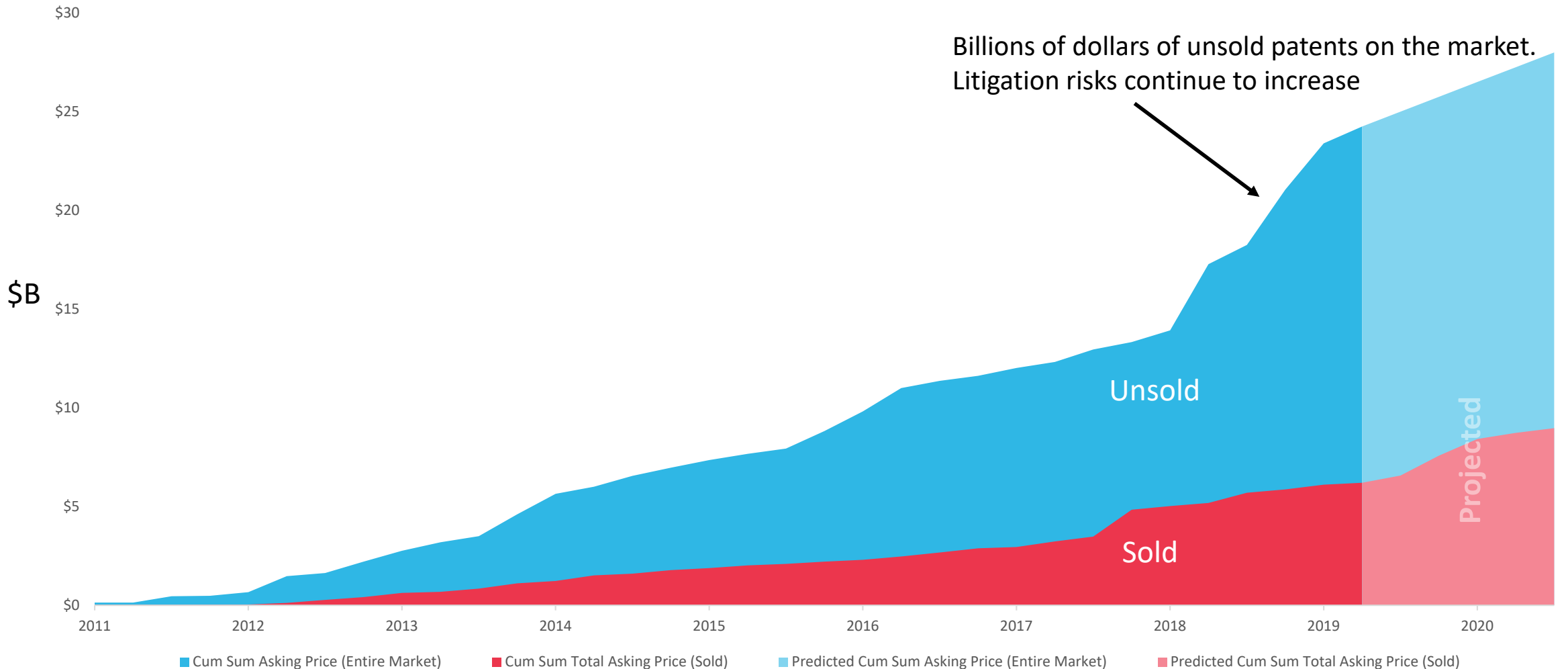
ROI Patent Market Report

9th annual report

"ROI's brokered patent market report continues to be one of the year's most read and anticipated pieces amongst IAM's subscriber base of global IP executives and professionals"

- Joff Wild, Editor in Chief of IAM

# $25B in Patents Offered on the Secondary Market

Cumulative sum of asking prices ($B) - brokered and private market



Billions of dollars of unsold patents on the market. Litigation risks continue to increase

Unsold

Sold

Projected

Legend:
- Cum Sum Asking Price (Entire Market)
- Cum Sum Total Asking Price (Sold)
- Predicted Cum Sum Asking Price (Entire Market)
- Predicted Cum Sum Total Asking Price (Sold)

# Quick Summary

Sales $300 million, down from $353 million last year

Asking prices rebounded up 56% from last year's staggering drop of 30%

Software sales continue to dominate, accounting for 52% of sales

Old deals still sell

NPEs are buying a larger share of the sold brokered deals

Litigation threats from sold packages continue to rise

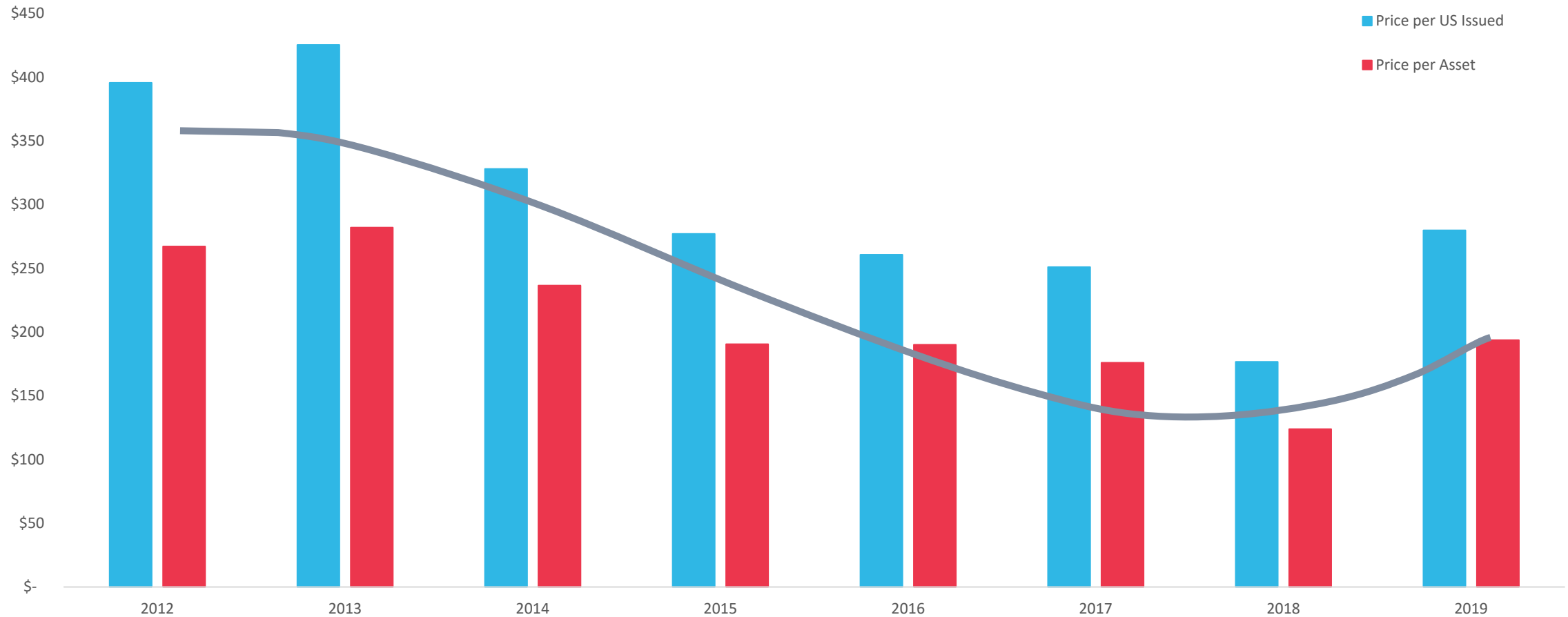# What's the Average Asking Price for a US Patent?
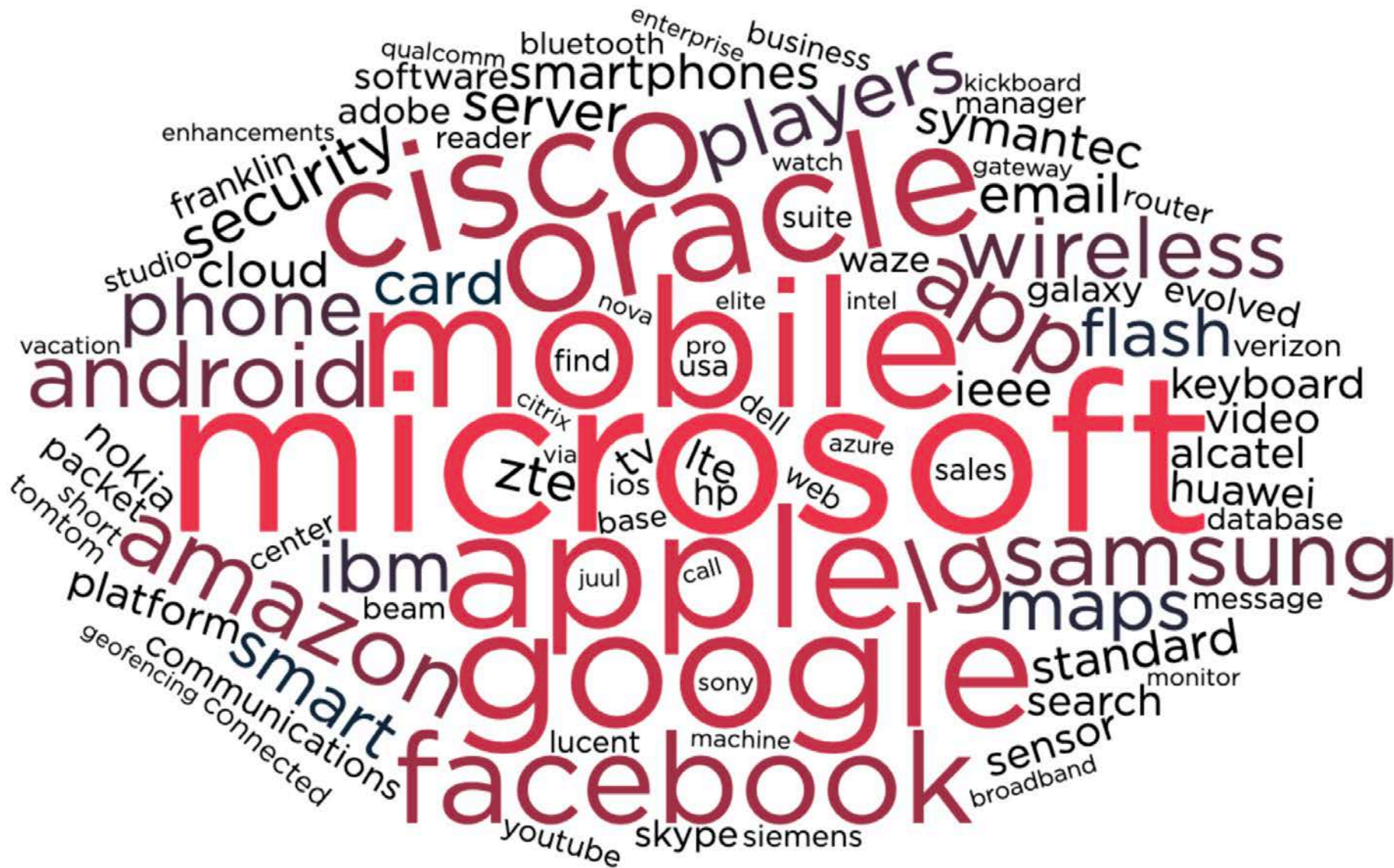
# $280,000

## Highest since 2014

## 58% increase from 2018 but it's complicated

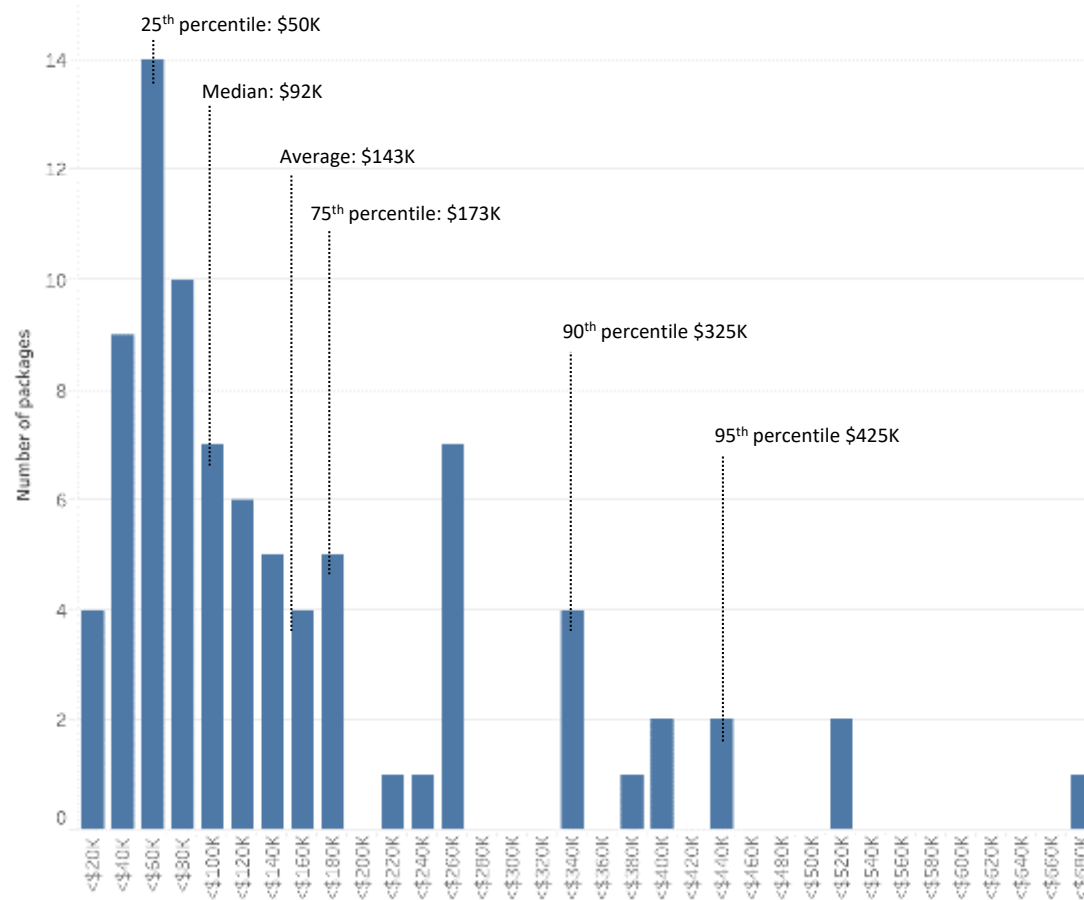# What's the New Average Asking Price?

Average Asking Prices ($K)



Legend:
- Price per US Issued
- Price per Asset

# What's Hot in the 2019 Market?

# Challenge: Right Skewed Distribution – Long Tail of Pricing



Averages and medians are helpful, but distributions matter

# Example Distribution of Pricing in Software

**RICHARDSON OLIVER INSIGHTS**

Figure 10. 2018-2019 Application Software price per asset distribution



25th percentile: $50K

Median: $92K

Average: $143K

75th percentile: $173K

90th percentile $325K

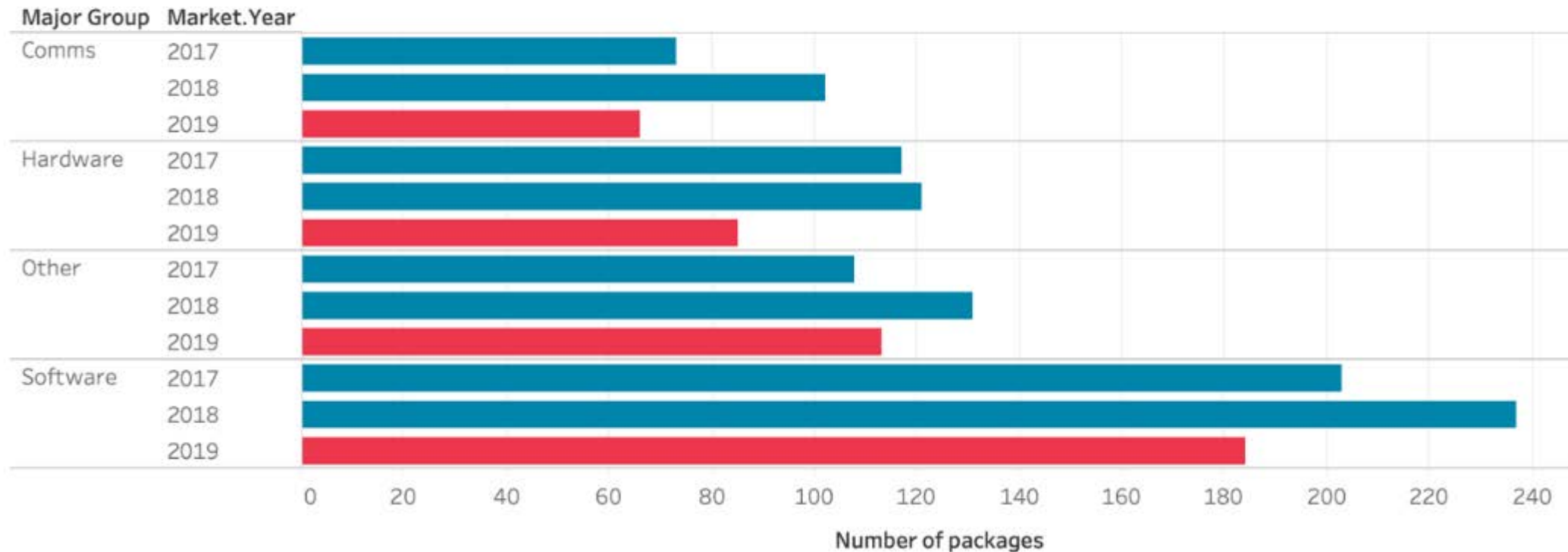95th percentile $425K

$20K to $680K per asset

Long tail distribution is common in pricing

Same applies in both asking prices and closing prices

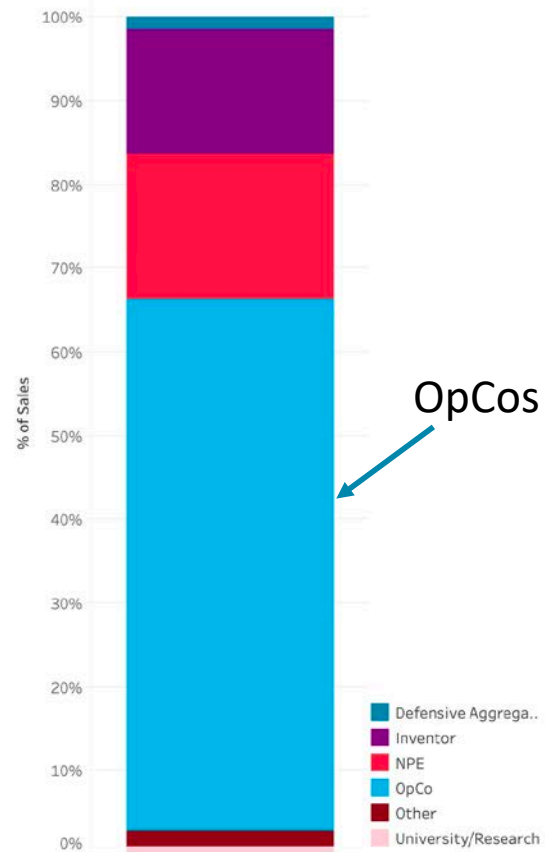YoY prices of sold deals is more consistent

# Software is the Biggest Category of New Assets



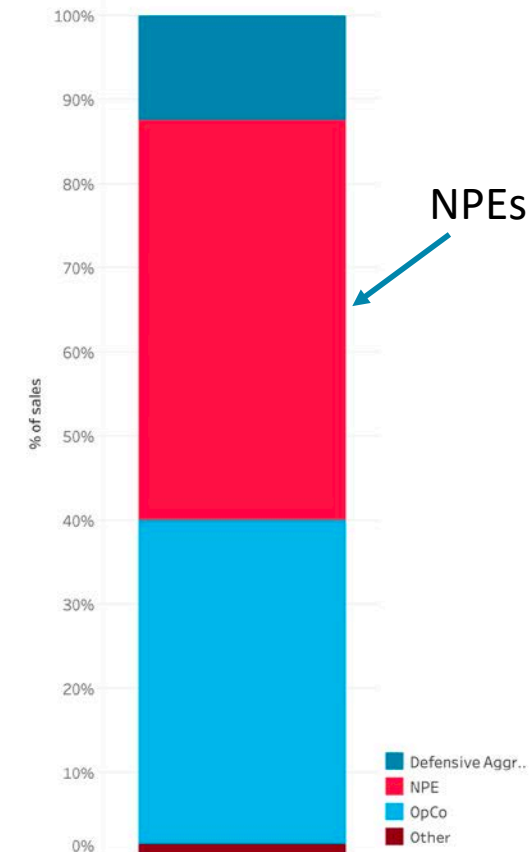Figure 4. Package distribution by technology group

# Corp Selling the Most – NPEs Buying Most

## Sellers Are Corps



OpCos

Legend:
- Defensive Aggrega..
- Inventor
- NPE
- OpCo
- Other
- University/Research

## Buyers are NPEs



NPEs

Legend:
- Defensive Aggr..
- NPE
- OpCo
- Other

# Litigation Analysis: You Can Model Your Risk

| Package Type | Litigations (2012-2019 market year packages) | | | Interpartes reviews (2014-2019 market year packages) | | |
|---|---|---|---|---|---|---|
| | Before listing date | After listing date | Ever | Before listing date | After listing date | Ever |
| Sold packages | 7.1% | 17.6% | 22.8% | 1.1% | 6.6% | 7.6% |
| Unsold packages | 3.7% | 4.6% | 7.5% | 0.4% | 1.4% | 1.8% |
| All packages | 4.6% | 8.0% | 11.5% | 0.6% | 2.7% | 3.3% |

17.6% of sold packages are litigated – time to update models?

6.6% of sold packages are IPRed after listing – very few before they are listed

Both sold and unsold packages are litigated post listing

Defensive aggregator value may be greater than anticipated

# Predictions

More private deals

No big shifts in pricing, asset count, sales rates

NPEs buy more, litigate more

# Learning More – Further Resources

**Richardson Oliver Insights**

New data-business, increasing patent market transparency

Home page has updated market data

roipatents.com

**Hosts reports and analysis on the market**

"The 2019 Brokered Patent Market" Richardson et. al. IAM Magazine (December 2019)

"An Empirical Look at the 'Brokered' Market for Patents." Love et. al. SSRN (October 2017)

"Patent Purchases and Litigation Outcomes." Lemley et. al. 2016 Patently-O Patent L.J. 15 (December 2016)

roipatents.com/publications/