

Network Patent Analysis: Putting the “due” into patent due diligence



Investors often approach patent ‘due diligence’ as a checking of the patent details, and a review of the drafting and examination status of the patents. All very important for sure, but does it tell you how dominant the patents are relative to other patents in the area?

Approaching patent due diligence in the usual way is a bit like assessing a sprinter by his size, heart rate performance, nationality, weight, age etc; being careful to double check this data, but then not asking the most important questions which might include:

- What race is the sprinter running in?
- Who is he running against?
- Who are his teammates?
- Is there is a risk that he is not allowed to race due to legal reasons?
- **Is he faster than his competitors?**
- How much faster will your relay team be with the sprinter in?

Network Patent Analysis is a new and highly unique method that uses the citation linkages between patents to both **group** and **rank** patents. Patents are directly compared to the most similar patents in the same field. An NPA study is fast and objective.

Using NPA we:

- obtain a list of all patents owned by the company;
- add in all citationally linked patents, and other similar patents if needed to ensure a proper data set;
- run an NPA study on the expanded data set, grouping the patents into clusters and ranking the DD company’s patents against other patents in the cluster,
- show the effect of combining the target patents with your existing patent portfolio;
- produce a report summarising the relative influence of the DD company’s patents, and highlighting any potential patent infringement risks that are visible in the patent data.

Adding NPA to a due diligence can add around \$30,000 to the due diligence cost. But if you consider the millions to hundreds of millions that can be spent on a technology company, and particularly if the patents form a key or core asset, it’s a very small price to obtain a whole new level of insight into the quality of the patent assets.

Put the due back into patent due diligence and run a full analysis with NPA.

Want to know more?



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