

## Succeeding With Market Facilitators: How Buyers And Sellers Meet

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### Abstract

Market facilitators play an important role in facilitating IP (intellectual property) transfers. This article reviews the advantages and limitations of the different types of market facilitators and provides guidance on how and when to involve them.

### Market Facilitators and Their Roles

Most technology companies are keen on implementing patent strategies that can help them release the untapped value of their IP. One way to do so is to license or sell their patent portfolio to other companies. However, many companies miss this opportunity. According to Forrester Research, U.S. firms alone “annually waste one trillion dollars in underused intellectual property assets by failing to extract the full value of that property through partnerships.”<sup>1</sup> Even major research powerhouses do not fare much better. After 45 years and 10,000 invention disclosures by faculty and students at Stanford University, just three have generated multimillion-dollar licenses. Another 77, which is less than one percent of all disclosures, have generated one-million-dollar license agreements.<sup>2</sup>

However, because of the rapid pace of digitization, countless companies in all industries now need to close technology gaps to compete. For instance, automotive companies have started to invest heavily in mobile communication, software and the electrification of cars due to rapid changes in the industry. Therefore, technology transfer is on the rise. Cross-border licensing of IP increased from \$27 billion in 1990 to approximately \$180 billion in 2009, which corresponds to an annual growth rate of approximately 10 percent for this trend continuing through the last decade.<sup>3</sup>

### How Do Buyers and Sellers Meet?

A successful transaction requires three steps: (1) evaluating the technology assets, (2) identifying potential partners and (3) approaching and negotiating the cooperation with one or more potential partners: See Figure 1.



1. Daniel Fisher, “The Real Patent Crisis Is Stifling Innovation,” 2014, [forbes.com/sites/daniefisher/2014/06/18/13633/#17ae1c96f1c0](https://forbes.com/sites/daniefisher/2014/06/18/13633/#17ae1c96f1c0) (accessed 01.04.2020).

2. Dave Merrill, Blacki Migliozi & Susan Decker, “Billions at Stake in University Patent Fights,” 2016, [bloomberg.com/graphics/2016-university-patents/](https://bloomberg.com/graphics/2016-university-patents/) (accessed 01.04.2020).

3. WIPO, World Intellectual Property Report, “The Changing Face of Innovation,” 2011.

Therefore, technology is always at the heart of the transaction. There is a company or a research institution that owns it. At the same time, there could be one or several potential buyers that could take out a license on the technology, develop it or commercialize it in partnership with the seller. The difficulty often lies in how to bridge the gap between the buyer(s) and the seller. In the ideal case, the technology seller knows who its customers and potential partners are. The seller might meet them at a conference, or maybe the potential partners approach the seller.

However, often the technology seller does not have the network or the possibility to contact potential buyers directly. This is when market facilitators or intermediaries can bridge the gap and facilitate transactions.

According to the EPO’s Patent Commercialization Scoreboard (2019), one of the biggest challenges that technology-focused small and medium-sized enterprises (SMEs) face when commercializing their patented inventions is how to identify potential partners and evaluate if they are the “right” ones.<sup>4</sup> Identifying the right partners and the cost and complexity of negotiations were reported as the biggest challenges by European companies interested in licensing transactions.<sup>5</sup>

### Landscape of Market Facilitators

There are different types of market facilitators, according to their role in the interaction between buyers and sellers, as can be seen in Table 1. Some facilitators provide personal relationships, *i.e.*, facilitate human-to-human interactions. These include brokers, lawyers, patent attorneys and IP consultants. Their main strength is often their personal networks. But this can also be their weakness if they do not have the right contacts in the industry in question or in potentially interested companies.

4. EPO, Patent commercialization scoreboard: European SMEs, November 2019, [documents.epo.org/projects/babylon/eponet.nsf/0/981A954C6D692D4DC125849A0054C147/\\$File/Patent\\_commercialization\\_scoreboard\\_European\\_SMEs\\_2019\\_en.pdf](https://documents.epo.org/projects/babylon/eponet.nsf/0/981A954C6D692D4DC125849A0054C147/$File/Patent_commercialization_scoreboard_European_SMEs_2019_en.pdf) (accessed 01.04.2020).

5. European Commission, Survey on patent licensing activities by patenting firms, 2013, [ec.europa.eu/research/innovation-union/pdf/patlice-survey.pdf](https://ec.europa.eu/research/innovation-union/pdf/patlice-survey.pdf) (accessed 01.04.2020).

**Table 1. Landscape Of Market Facilitators**

Personal	Digital	Hybrid
Brokers	Web Marketplaces	Digital Marketing
Lawyers & Patent Attorneys	Matching Platforms	Auctions
IP Strategists & Consultants	Patent Databases	Patent Pools
IP Scouts	Open Innovation Websites	Technology Transfer Offices

Then there are the digital facilitators. In this case, buyers and sellers do not interact through a person but rather on web marketplaces or matching platforms that try to attract technology sellers and buyers to a platform and create a match through an algorithm or otherwise. A digital facilitator's main strength is its objectivity. In contrast to a personal facilitator, no fee (or only a small fee) or evaluation is necessary to list a technology on a web marketplace. But this can also be its greatest weakness. If potentially interested companies do not visit the web marketplace, the technology will not get the necessary attention.

And, of course, there are hybrid market facilitators. These try to combine digital solutions with more personal and direct solutions, such as digital marketing, auctions or patent pools. This combination of technology evaluation, networks and digital marketing taps into the advantages of both personal and digital facilitators. Technology transfer offices that take care of innovations from universities and government-funded research centers are also often associated with this type of market facilitator. Examples of market facilitators:<sup>6</sup>

- In-part: [www.in-part.com](http://www.in-part.com) (university technologies).
- KTI: [www.knowledgetransferireland.com](http://www.knowledgetransferireland.com) (research partners in Ireland).
- Innoget: [www.innoget.com](http://www.innoget.com) (open innovation).
- Ipnexus: [www.ipnexus.com](http://www.ipnexus.com) (start-ups, patents & technologies).
- IAM market: [www.iam-market.com](http://www.iam-market.com) (patents of large corporations).
- Patent auction: [www.patentauction.com](http://www.patentauction.com) (independent inventors).
- Patent auction: <https://www.oceantomo.com/services/intellectual-property-auctions/> (patents from corporations).

6. This non-exhaustive list was created for the EPO-LESI "High-growth Technology Business Conference," 2019 in Dublin to give the audience examples of currently active market facilitators and does not imply an endorsement of the facilitators mentioned.

- IP marketplace: [www.ip-marketplace.org](http://www.ip-marketplace.org) (independent inventors).
- GoodIP: [www.goodip.io](http://www.goodip.io) (platform powered by digital marketing).
- Overviews: [www.greyb.com/marketplaces-buy-sell-patents.7](http://www.greyb.com/marketplaces-buy-sell-patents.7)
- Enterprise Europe Network: [een.ec.europa.eu/content/international-partnerships-0](http://een.ec.europa.eu/content/international-partnerships-0).

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## Case study

GoodIP is an example of a hybrid market facilitator. The company helped a German university to promote its proof of concept for a self-learning sensor network. During this project GoodIP's business team evaluated the business case of the technology. Its expert team, together with the inventors, reviewed the technology readiness level as well. GoodIP organized workshops with its community network to identify the most promising market applications for the self-learning sensor network. Supported by this additional knowledge, GoodIP used digital channels and personal networks to introduce the technology to the most likely buyers. These efforts paid off and the technology is now set to be acquired by a company specialized in Internet of Things applications.

## When to Use Market Facilitators?

According to EPO's Patent Commercialization Scoreboard (2019), European SMEs prefer to use their personal networks, such as prior business partners, or find potential partners through business fairs and conferences. Only in about one-fifth of the cases were market facilitators actually involved.<sup>8</sup>

However, since increasing numbers of SMEs are now trying to engage partners outside of their local market, the use of market facilitators should be considered as ear-

7. Additional lists of IP brokers and marketplaces can be found in the study on a collaboration system for commercialization of intellectual property in the EU, European Commission, final report 15 October 2019, [op.europa.eu/es/publication-detail/-/publication/4aebf66a-05c7-11ea-8c1f-01aa75ed71a1/language-en/format-PDF/source-108734297](http://op.europa.eu/es/publication-detail/-/publication/4aebf66a-05c7-11ea-8c1f-01aa75ed71a1/language-en/format-PDF/source-108734297) (accessed 01.04.2020).

8. EPO, "Patent commercialization scoreboard: European SMEs," November 2019, [documents.epo.org/projects/babylon/eponet.nsf/0/981A954C6D692D4DC125849A0054C147/\\$File/Patent\\_commercialization\\_scoreboard\\_European\\_SMEs\\_2019\\_en.pdf](http://documents.epo.org/projects/babylon/eponet.nsf/0/981A954C6D692D4DC125849A0054C147/$File/Patent_commercialization_scoreboard_European_SMEs_2019_en.pdf) (accessed 01.04.2020).

# How Buyers And Sellers Meet

ly as possible to achieve this goal. Right after technology development, a market facilitator can help to evaluate the commercialization potential of the technology and identify potential partners.

The main advantage of personal market facilitators is their ability to give technology sellers access to a very specific detailed network in a particular industry or country. What a technology seller looks for in a personal market facilitator is, obviously, somebody who understands the market very well. The intermediary should have a network in the relevant market. The intermediary should also know the right people in the market and inside relevant organizations.

Another option, which should always be considered as complementary, is to reach outside the networks of the technology seller and the personal network of a broker. This is where digital marketing comes in.

Why is digital marketing so important? First, it is cost-effective. It is not like an expensive trade fair at which there are no guarantees anybody will visit your booth.

Second, it is easily scalable. It reaches far outside existing networks and unearths unexpected interest.

Third, it is instructive. You learn very quickly what works and what does not. For example, using A/B testing, two versions (A and B) can be sent out through digital channels such as LinkedIn, WeChat and YouTube. Both versions are identical, except for one variation that might affect a recipient's behavior. Through a quick digital marketing campaign, you can learn which of the two variants is more effective for engaging the target audience of potential technology buyers. Nowadays, you have less than 30 seconds to get someone's attention, generate interest and make them want to learn more.

To sum up, digital marketing works best when you want to reach outside personal networks and effectively get

feedback from the market. Digital facilitators may not be best if you need to reach very specific people. Using hybrid solutions that combine personal networks and digital marketing can be a technology seller's best choice to tap into personal networks while also casting a wide net outside personal networks. See Figure 2.

## How to Work with Market Facilitators

If you want to work with a market facilitator to sell or license out a technology, first consider all types of market facilitators, as there is an entire landscape of them, and each has their advantages and disadvantages (see the examples above).

Second, think carefully about what you want to accomplish, because this will inform the type of market facilitators you should use.

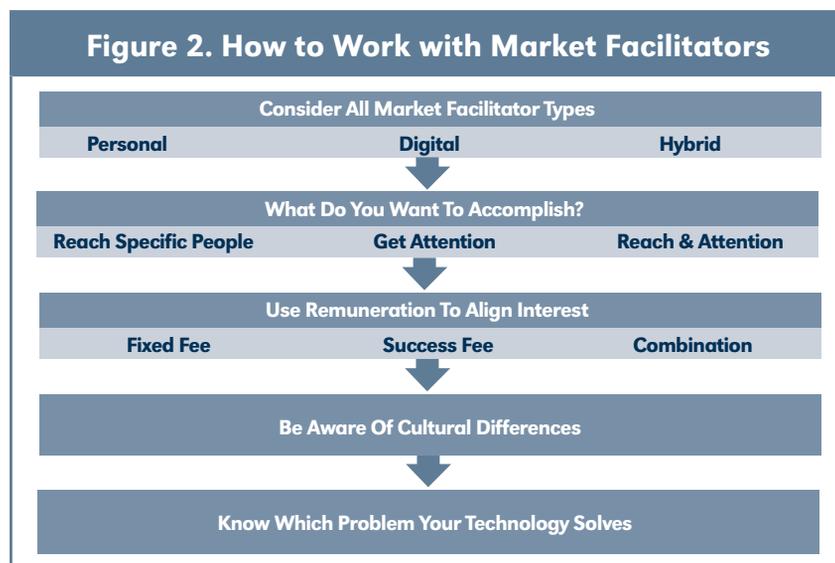
Third, use remuneration to align interest because this is an important lever to make sure that your goals are also reached. You can propose a fixed-fee rate basis, a success fee payment scheme or a combination of the two. This way you can provide incentives to succeed in your project and manage costs.

Fourth, beware of cultural differences and language issues. Every country or industry has its specialties, and market facilitators can help you navigate through them.

Last but not least, prepare before engaging market facilitators. You need to understand what problem your technology solves for customers. Is the technology contributing to the bottom line? Is it saving significant costs? Is the technology helping to comply with new regulatory requirements?

You also have to know how the technology is unique, what differentiates it from competing technologies and what its technology readiness level is. It makes a lot of sense to prepare an "elevator pitch."<sup>9</sup> As you would pitch a start-up, you should also be able to pitch the unique selling proposition of a technology.

**Figure 2. How to Work with Market Facilitators**



## How to Connect with the Research Base

If you want to connect with universities or research centers to acquire innovative technologies, there are often national technology transfer platforms or offices set up to make it much easier to navigate.

9. For more information on elevator pitches: Elizabeth Schulze, "6 Tips For Putting Together The Perfect Elevator Pitch," 2017, [cnbc.com/2017/12/05/six-tips-for-perfecting-the-elevator-pitch.html](http://cnbc.com/2017/12/05/six-tips-for-perfecting-the-elevator-pitch.html) (accessed 01.04.2020) or Amy Saunders, "11 elevator pitch examples for entrepreneurs," 2020, [keap.com/business-success-blog/marketing/networking/11-elevator-pitch-examples-for-entrepreneurs](http://keap.com/business-success-blog/marketing/networking/11-elevator-pitch-examples-for-entrepreneurs) (accessed 01.04.2020).

This is helpful, as public research systems can be quite fragmented.<sup>10</sup> These national contact points aim to make it easy and simple for industry, investors and entrepreneurs to find what they need and, most importantly, to find who to talk to as quickly as possible.

Some of these contact points have published guidelines that help companies and investors understand what will happen when they are looking to engage with higher education and state-funded research, and oftentimes provide templates for putting agreements in place.<sup>11, 12</sup>

It is also important to think beyond just the buying and selling experience. Understand the value that each party can bring and be open to what else might be

available to you: resources, access to funding, etc.

As always, you need to know what it is that you want to achieve and be able to explain it. You also need to be flexible and realistic because you need to understand the context in which you are going to operate. And you may need to be a little bit flexible in how you craft the solution that you are putting together.

**Disclaimer:** Any opinions expressed in this article are those of the authors and not necessarily those of the European Patent Office. ■

Available at Social Science Research Network (SSRN): <https://ssrn.com/abstract=3583066>

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10. For example in France: *francebrevets.com* or in Germany: *transferallianz.de* (accessed 01.04.2020).

11. For guidance on what to expect when engaging with the research base, for example, in Ireland: *knowledgetransferireland.com/ManagingIP/National-IP-Protocol/Ip-protocol-made-simple.pdf* (accessed 01.04.2020).

To access template contracts to speed up negotiation and understand the clauses, for example, in Ireland: *knowledgetransferireland.com/Model-Agreements/* (accessed 01.04.2020).

12. T. Bereuter, D. Jerolitsch and P. Heimerl, "Models of Intellectual Property (IP) Related Contracts for Universities and Publicly-Funded Research Institutions." WIPO, 2016 *wipo.int/meetings/doc/doc\_details.jsp?doc\_id=331856* (accessed 01.04.2020).