

A Multivariate Analysis of Patent Price Variations in the Emerging United States Patent Auction Market: Role of Patent, Seller, and Bundling Related Characteristics

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Abstract : Transaction of patents in emerging patent markets is gaining momentum. Pricing patents for a transaction say patent sale remains a challenge. Patents vary in their pricing with some patents fetching higher prices than others. Sale of patents in portfolios further complicates pricing with multiple patents playing a role in pricing a bundle. In this paper, a set of 138 US patents sold individually as single invention lots and 462 US patents sold in bundles of 120 portfolios are investigated to understand the dynamics of selling prices of singletons and portfolios and their determinants. Firstly, price variations when patents are sold individually as singletons and portfolios are studied. Multivariate statistical techniques are used for analysis both at the lot level as well as at the individual patent level. The results show portfolios fetching higher prices than singletons at the lot level. However, at the individual patent level singletons show higher prices than per patent price of individual patent members within the portfolio. Secondly, to understand the price determinants, the effect of patent, seller, and bundling related characteristics on selling prices is studied separately for singletons and portfolios. The results show differences in the set of characteristics determining prices of singletons and portfolios. Selling prices of singletons are found to be dependent on the patent related characteristics, unlike portfolios whose prices are found to be dependent on all three aspects - patent, seller, and bundling. The specific patent, seller and bundling characteristics influencing selling price are discussed along with the implications.

Keywords : auction, patents, portfolio bundling, seller type, selling price, singleton

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