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PATENTING - A COST MANAGEMENT PERSPECTIVE**Abstract:**

Purpose: Patenting continues being a growing market, yet critics see significant inefficiencies between the cost spent on protecting inventions and their economic returns. The purpose of this paper is to examine the value of patenting from a cost management point of view and lay out in detail all costs related to it. This approach is intended to support inventors in deciding whether patenting is the right solution for them.

Methodology: Utilising a quantitative approach, a comprehensive literature review and analysis of scientific research has been undertaken. Together with secondary literature, further economic resources have been reviewed, both on the topic of patenting, as well as cost management, using here specifically the approach of Life Cycle Cost (LCC). Furthermore, interviews with experts have been conducted to verify results.

Findings: Sources prove that a significant amount of patents never recover their cost, yet the annual growth of in force patents reach above 5%. Looking at a business case of patenting an invention from an LCC perspective, the cost for the patent application process and the maintenance of the patent are clear and can be incorporated. Strategic patent management leads to the optimisation of costs, cost reductions and consequently to an increased efficiency of a patent.

Practical implication: Patenting is not always the most cost effective or profit maximising solution. The review laid out in this paper should serve those considering the financial aspect of protecting their IP rights while providing an insight about what type of costs are involved in patenting and how these can be optimised.

Originality/value: This study is meaningful as it details the related costs of patenting, providing a basis for decision making. Costs laid out include those related to the application or filing process, the periodic financial maintenance, as well as the management and administration of handling these processes and partnerships. Costs related to R&D of the invention, opportunity costs and possible risks are further defined, providing a holistic view of the costs of patenting.

Keywords:

Cost management, Life cycle cost, Patent management, Intellectual property

JEL Classification: A22, A23