



# From Recovery to Resilience

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A U.S. IP industry outlook report from NovumIP

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# Executive summary

**IP professionals in the U.S. have become accustomed to managing large and complex portfolios in diverse jurisdictions while navigating challenging budgets and focusing on global value creation. But since COVID-19 entered the world and spurred digital acceleration, these issues around complexity, budget considerations and an increasingly global marketplace have become even more complicated.**

Change is everywhere for IP decision-makers, and they are looking for the evolution of smart and cost-conscious IP solutions that provide strategic advice, data-driven insights and digital tools that drive efficiency and effectiveness.

To help stakeholders better understand and address this new environment, NovumIP is pleased to present its 2021 U.S. IP industry outlook, which combines quantitative data from U.S. participants of its global benchmarking survey with qualitative insights from in-house and law firm IP specialists.

## Capturing U.S. trends and challenges

The purpose of this research is to gain deeper insights into the current IP landscape in the U.S. when compared to other regions, trends in strategy, technology, budgeting and resource management, and what IP professionals want from their service providers.

We want to especially thank the IP professionals who provided invaluable feedback and insights for this report:

### Andrew Barger

Assistant General Counsel & Chief Intellectual Property Counsel,  
Roper Technologies, Inc.

### Carey Jordan

Partner, Vorys, Sater, Seymour and Pease LLP

### Karl Vick

Partner, Cantor Colburn LLP

### Laurence Rickles

Chief Trademark Counsel, Teva Pharmaceuticals

### Mark Mortenson

Chief Science Officer, Clene Nanomedicine

### Paul Ragusa

Partner, Baker Botts LLP

We hope you find the research a useful planning and benchmarking tool, but should you have any questions, please do not hesitate to get in touch with us by contacting [info@novumip.com](mailto:info@novumip.com).

## Key findings



### COVID-19 resiliency

U.S. IP professionals are generally confident in the health of their business despite the pandemic and appear to have a higher level of confidence than their global counterparts. They are also trying to leverage use of technology to stay more connected and up to date regarding their IP portfolios.



### Adapting to industry consolidation

The fragmented IP services industry is a major challenge for IP professionals, leading many to welcome consolidation in this space. This may usher in the dual effects of providing a more holistic approach to IP tasks, while reducing the cost and complexity of working with multiple service providers.



### IP protection concerns

Protecting and enforcing IP is the key challenge for U.S. IP professionals in 2021 and is viewed as both a risk and an opportunity. Budget cuts and the total costs of IP management/ownership are also major concerns, which have led to increased pressures for flat fees and other alternative fee structures from service providers.



### Reconsidering IP strategy

IP advisory and strategic services are the priority segments for investment from U.S. IP professionals in 2021. They are also looking to realign IP and business strategy, in order to have more effective conversations with executive leadership about how IP strategy ties into the long-term goals of the company.



### Communicating value

Nearly four in ten U.S. survey participants said they struggle to communicate the value of IP to internal stakeholders. They are increasingly being tasked to show the significance of the company's IP investments and are looking to service providers for strategic counsel and data-driven insights to help them make their case to these stakeholders.



### Tech challenges

Only about a quarter of U.S. participants said their current technology meets their needs and just under half said their IP tech is no longer up to date. There is a need for more advanced technology, such as software-as-a-service and cloud platforms, to help manage complex IP portfolios.



### Role of IP service providers

IP service providers appear to be staying ahead of the needs of IP professionals, who in turn expressed the importance of receiving strategic guidance and best practices. They also are looking for an effective mix of both global reach and local depth to help navigate nuances in the various jurisdictions in which they manage complex IP portfolios.

# Resiliency in the face of a pandemic

Overall, many U.S. IP professionals have shown incredible resilience in the face of COVID-19. Despite the fact that the health crisis saw U.S. GDP shrink 3.5%<sup>1</sup> in 2020 and the unemployment rate remains higher than 6%<sup>2</sup>, more than two-thirds (68%) of IP professionals are very confident their businesses will emerge from the pandemic in good shape. Only 4% are not confident.

Contrast these numbers with the global results of our survey, which show that 61% of respondents worldwide are very optimistic their companies will be successful post-pandemic and 6% are not confident.

In the U.S., optimism is even higher among IP/law firm executives, with 77% of them feeling confident about a rebound, while 67% of in-house/corporate professionals express positivity in the future after COVID-19. Among industry sectors, IP professionals in several key verticals are particularly confident their companies will emerge in good shape, namely professional/financial services (84%), automotive/aviation (82%) and electronics/semiconductors (67%).

This positive outlook expressed by many IP professionals suggests they have been able to sustain the critical role they play in their firms. Moreover, they seem well-positioned to leverage opportunities in the coming year and beyond. For example, the pandemic has made everyone more aware of the need for smart and efficient technology to better connect colleagues, clients and partners and to link businesses with their IP portfolio needs.



## Will your organization emerge from the pandemic in good shape?



<sup>1</sup> <https://www.bea.gov/news/2021/gross-domestic-product-4th-quarter-and-year-2020-advance-estimate>

<sup>2</sup> <https://www.bls.gov/news.release/empsit.nr0.htm>

# Looking forward to the benefits of industry consolidation

Various factors have accelerated in recent years to drive industry consolidation. An influx of private equity investment has provided the rocket fuel to a general upswing in M&A activity. At the same time, clients are seeking more holistic, strategic solutions that not only offer a “one-stop-shop” of IP services and counsel, but also reduce the cost and complexity of managing multiple service provider relationships.

U.S. IP professionals are sanguine about the impact of industry consolidation. Our survey reveals that 65% feel it will have positive effects, and only 11% predict negative consequences. Across the globe, 68% of respondents see consolidation having constructive effects for the future. Among the least optimistic groups are professionals in the United Kingdom and Germany, with 57% and 54% of respondents, respectively, viewing consolidation as positive.

In the U.S., 78% of IP/law firm professionals and 73% of in-house/corporate executives see consolidation as beneficial. Some of the optimists that stand out among specific verticals include those who work in automotive/aviation (100%), energy/utilities (75%) and technology/media (73%).

The tendency toward consolidation appears to be a long-term trend in the IP space, much to the satisfaction of many professionals. To that point, a large number of them cite the fragmented IP industry as one of their top challenges (see next section). Typical of these decision-makers is Andrew Barger, Assistant General Counsel & Chief Intellectual Property Counsel, Roper Technologies, Inc. “We value having full-service IP providers with the complete package of expertise,” he said.

**“We value having full-service IP providers with the complete package of expertise.”**

**Andrew Barger**

Assistant General Counsel & Chief Intellectual Property Counsel, Roper Technologies, Inc.



How will consolidation impact the future of the IP industry?

**65 %**

Positively or extremely positively

**24 %**

Will make little difference

**11 %**

Negatively or extremely negatively



# IP protection and enforcement lead list of challenges

When we asked U.S. IP professionals to identify their key challenges for 2021, their primary concern was crystal clear: protecting and enforcing their IP. Domestic enforcement was cited as a challenge by 42% of respondents and international enforcement by 40%. Indeed, patent litigation rose in the first half of 2020, with some observers citing the financial damage wrought by the COVID-19 pandemic as one reason for the increase.

While IP protection is job one for many professionals, it is seen as both a risk and an opportunity. “Patent lawyers are in a unique position because they are protecting corporate assets, so they have an opportunity to impact the business revenue stream,” said Karl Vick, Partner, Cantor Colburn. “Protecting innovation is a core business strategy. We need to make a stronger case for that to our business leaders.”

## Doing more with less

Cost-related issues rank next on the list of challenges for IP professionals, with 36% pinpointing budget cuts as an issue and 33% citing the total cost of IP management and ownership. The catchphrase for many businesses in 2021 is, “do more with less.” On the buy side, corporates are requesting both more flexibility and certainty in fee structures. “We are seeing flat-fee pressure for patent application drafting,” said Carey Jordan, Partner at Vorys, Sater, Seymour and Pease. “Clients are looking for more creativity and predictability.”

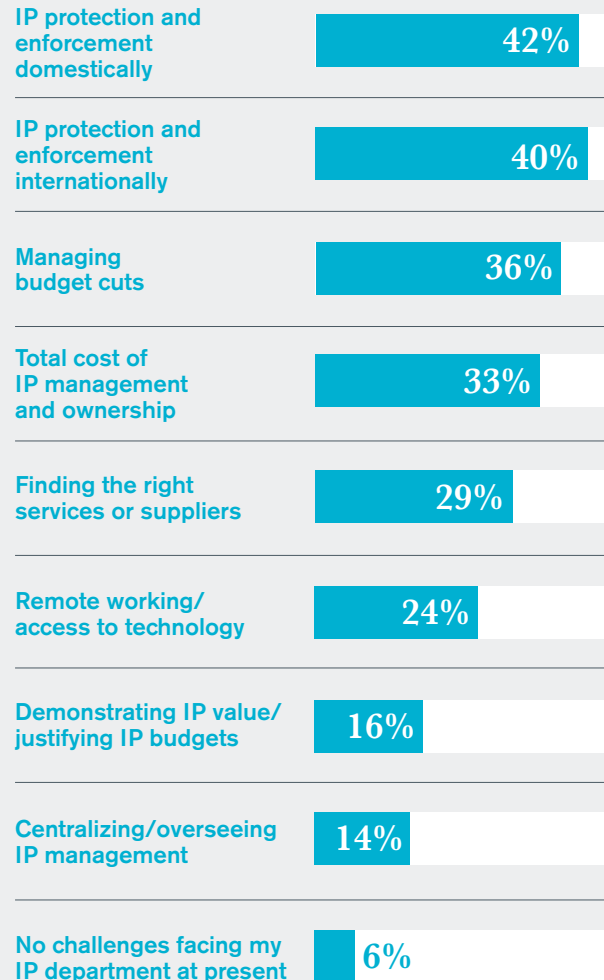
Some in-house IP professionals, however, caution their peers against being penny wise and pound foolish in terms of their investments in outside experts. “Some people are afraid to talk to the lawyer because they feel the meter is always running. That’s a short-term view,” said Mark Mortenson, Chief Science Officer at Clene Nanomedicine. “Having those thought leaders and strategists is so important. If you can’t truly partner, then you are wasting your time and money.”

**“Clients are looking for guidance on patent filing strategy to balance the need for prompt filing with realistic development timelines.”**

Paul A. Ragusa

Partner  
Baker Botts

## What are the biggest challenges facing your IP department or firm?



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Mark Mortenson

Chief Science Officer at  
Clene Nanomedicine Partner

# IP professionals leaning heavily into strategy

U.S. IP professionals highlighted a number of areas in which they feel they need to invest more time and money. IP advisory and strategic services ranked first, highlighted by 40% of respondents. This focus was particularly important to IP/law firm professionals, with 46% citing this as an area for investment.

Ranking a close second was the need to realign IP and business strategy, chosen by 37% of respondents. This indicates the growing importance of IP portfolios – and the people who manage them – in businesses of all types, a trend that seems poised to continue expanding in importance. “IP professionals will need to accelerate the process of developing greater business acumen so we can have business-based conversations with our executive leaders about the company’s IP strategy,” Vick noted. “The industry is gravitating toward this more today because it’s become more of a necessity, and it’s changing the skillset that IP professionals need in order to be successful.” This priority is especially important in automotive/aviation and healthcare, with 73% and 60% of professionals, respectively, hoping to invest.

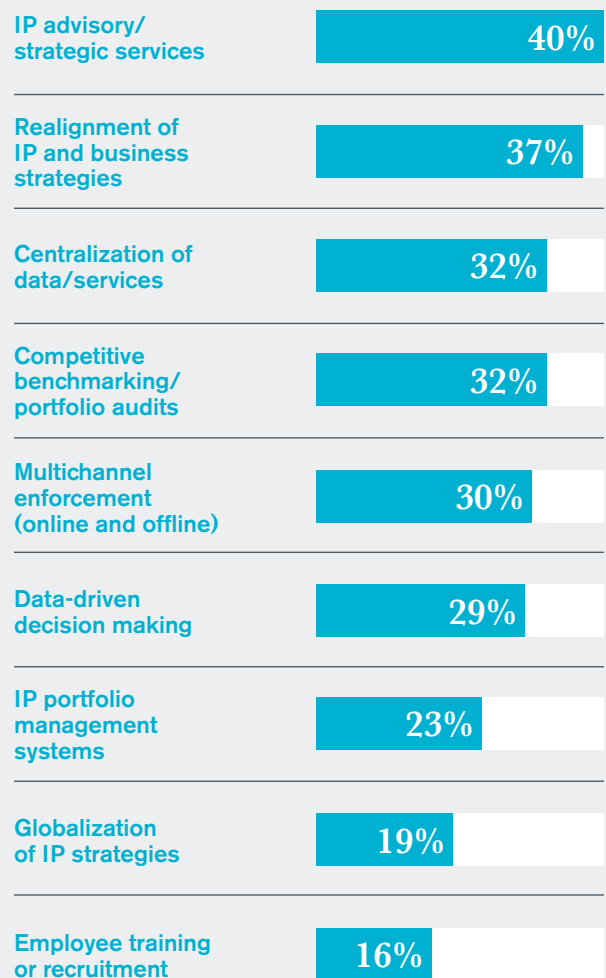
Their other top priorities include central data/services, competitive benchmarking and portfolio audits, and data-driven decision making. With the pandemic accelerating connectivity and the global marketplace, IP professionals have become more aware of technology and the need to leverage data more effectively for making strategic decisions. Lutgarde Liezenberg, CEO of Novagraaf, a NovumIP company added: “We’re beginning to see greater transparency in the ROI of managing IP. That’s why it’s essential for IP service providers to have clear, predictive outcomes.”

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Karl Vick

Partner,  
Cantor Colburn LLP

## Where do you need to invest more time and money?



# Many professionals struggle to convey value

Perhaps one of the key reasons U.S. IP professionals are so focused on investing in strategy is that a surprisingly high number of them said they struggle to communicate the value of IP to internal stakeholders. Our survey showed that nearly four in 10 (36%) of respondents confront this challenge.

Simultaneously, many in-house professionals continue to be pushed to show the significance of their firm's IP investments. They are looking to law firms and service providers to move with their needs and provide more strategic counsel and data-driven insights. "We value promptness and responsiveness from IP service providers, and the ability to provide realistic, practical advice, not just theoretical," said Laurence Rickles, Chief Trademark Counsel, Teva Pharmaceuticals.

It's interesting to note more that U.S. IP professionals battle to prove the value of IP investments more than their counterparts in France (12%), the UK (14%) and Germany (25%).



**“We value promptness and responsiveness from IP service providers, and the ability to provide realistic, practical advice, not just theoretical!”**

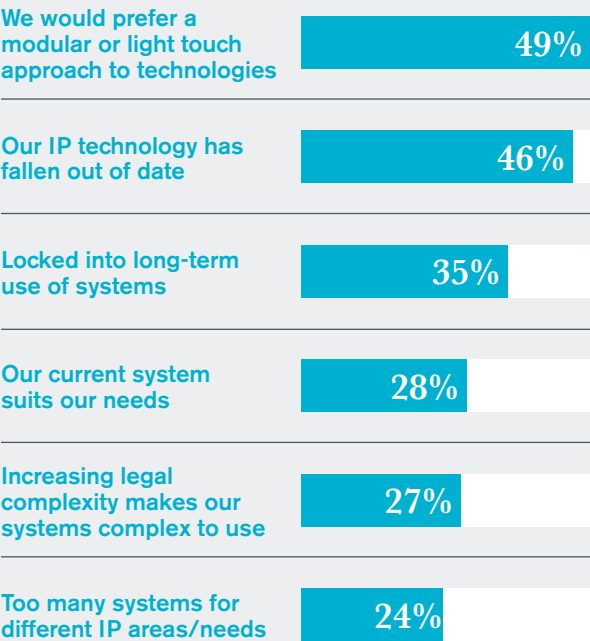
Laurence Rickles  
Chief Trademark Counsel,  
Teva Pharmaceuticals

## Technology challenges

IP professionals seem intensely focused on the benefits of advanced technology and the need to upgrade their existing systems as IP portfolio management becomes more complex. In fact, only 28% of survey respondents said that their current technology meets their needs; for in-house/corporate professionals, that figure is just one in five. These numbers align with the large number of professionals (46%) who told us their IP technology is no longer up to date.

What do users want? Their answer was evident, with nearly half (49%) explaining they would prefer technology that leverages a modular approach or requires a “light touch.” This is clearly a reaction from the 27% of professionals who said their systems were too complex to use. Service providers are responding with more solutions built on software-as-a service and cloud platforms as they strive to make technology management more efficient.

### How do you feel about your IP management technologies?



# The changing role of IP service providers

The vast majority (70%) of respondents are satisfied with their service providers, a testament to the work these organizations have done to stay ahead of the needs of IP professionals.



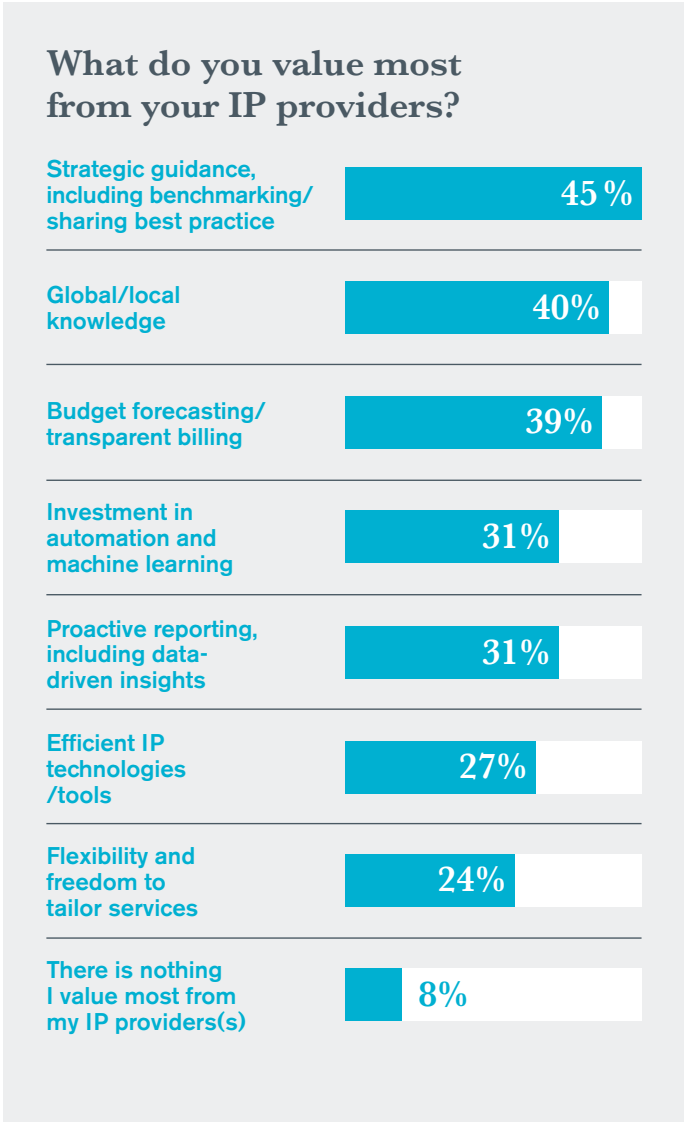
When asked what they value most from their service providers, U.S. professionals ranked strategic guidance, including benchmarking/sharing best practices, above all else. This aligns with the area they most want to invest in, mentioned above.

Their secondary priority is global/local knowledge, underscoring the increasingly global nature of IP portfolios and the need for IP professionals to provide comprehensive, global reach as well as local depth. This helps them reduce the number of firms they need to manage.

Ranking third was budget forecasting and billing, which highlights the need to manage costs that they also cited as a key challenge.

**“We’re beginning to see greater transparency in the ROI of managing IP. That’s why it’s essential for IP service providers to have clear, predictive outcomes.”**

Lutgarde Liezenberg  
CEO, Novagraaf,  
a NovumIP company







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Carey Jordan  
Partner, Vorys, Sater,  
Seymour and Pease LLP

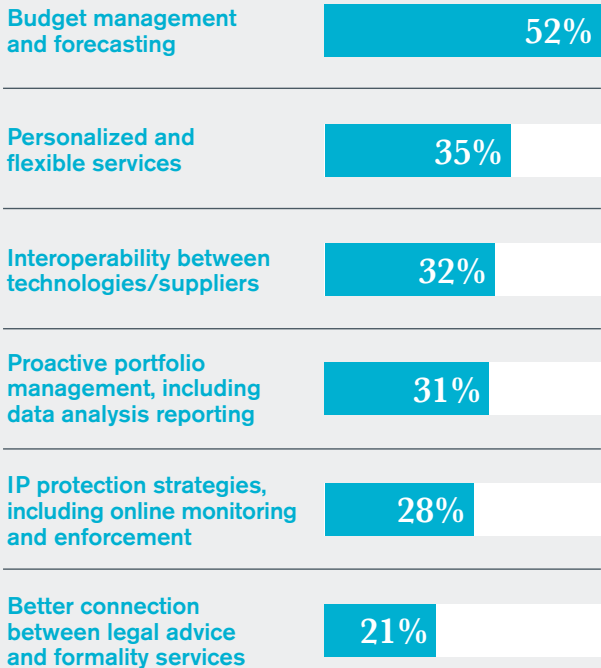
The type of work that U.S. IP professionals appreciate from their service providers aligns closely with the areas in which they feel they need greater efficiency and support. While most IP professionals told us that they expect their businesses to emerge from the pandemic in good shape, financials remain a key concern. Their crystal-clear focus is on the need for budget management and forecasting, which was cited by 52% of respondents, almost a full 16 percentage points higher than global respondents overall.

Their second-most-important need is for personalized and flexible services, followed closely by interoperability between technologies/suppliers. Service providers need to be flexible and work with existing client systems rather than enforce their own. “One of the key challenges for IP attorneys is ensuring the law firm software and vendor software programs speak to each other,” Barger explained. “We need to bring the legal communication ecosystem up to speed.”

### Data to drive decisions

Thirty-one percent of U.S. IP professionals rank proactive portfolio management, including data analytics and reporting, as a critical need from their service providers. Professionals need enhanced client dashboards they can use to improve outcomes, so service providers will need to react with more transparency into the ROI of managing IP. “We need to provide analytics that are helpful and create meaning to enable businesses to make more educated and justifiable filing decisions,” said outside counsel Carey Jordan.

### Where do you need greater efficiency or support from your suppliers?



## What's next?

These compelling findings denote that there is much at stake in the current IP market in the U.S. From the impact of the COVID-19 pandemic to the new U.S. presidential administration, IP owners and their external advisers look set to face further changes and challenges this year.

NovumIP was created specifically to address some of these major challenges in the IP industry, including providing greater transparency and custom solutions to IP owners, both from a global and regional perspective. The focus on global value creation requires a new approach to IP service delivery, as Thomas Gruber, CEO of PAVIS, a NovumIP company, explained:

"Today's IP professionals need an IP partner that delivers legal guidance, administrative prowess and digital tools across the entire IP value chain. Only by reducing the time and money spent on portfolio administration and supplier management can we free up IP professionals to focus on serving stakeholders strategically. While this requires a centralized approach to IP data, services and technology, in our view, it doesn't have to come at the cost of flexibility or customization."

### New solutions for a new era

As industry consolidation continues, IP professionals are becoming more attuned to the role their service providers play to help make their jobs easier and increase their value to their companies. However, working with multiple service providers to meet a variety of specialized needs can prove costly in terms of time and resources. NovumIP expects to see a growing need for greater transparency and tailored solutions so that IP professionals can solve their portfolio management issues and focus on the long-term strategic value of IP.

As we look towards a post-pandemic future, we believe that IP departments will be better served by working with partners who can deliver smart IP and IT solutions while also providing legal and consulting expertise – all under one roof. This will allow IP professionals to streamline their operations and execute on their vision more effectively.

**"Only by reducing the time and money spent on portfolio administration and supplier management can we free up IP professionals to focus on serving stakeholders strategically."**

Thomas Gruber  
CEO, PAVIS, a NovumIP company



Find out more about NovumIP's vision for the IP industry in our manifesto: [Smart IP – Three priorities for value creation in the new global IP economy](#)



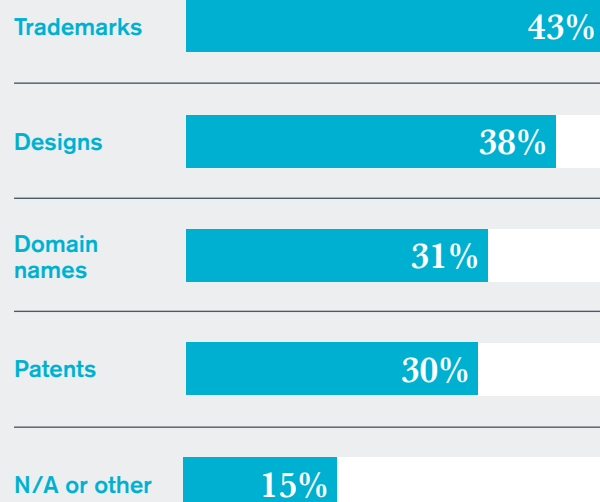




## Research methodology

Our research was carried out in collaboration with Censuswide and involved surveying 500 IP professionals from across the globe, including 182 in the U.S. We surveyed a combination of IP professionals from in-house counsel and law firms, as well as public sector organizations, start-ups and education/research institutes. Our respondents were sourced from a variety of industries, including professional and financial services; technology, media and telecom; retail, manufacturing and logistics; fashion and textiles; engineering and construction; energy and utility and others.

### Professional specialties



Find out more about our global IP industry benchmarking survey at: [www.novumip.com/en/benchmark](https://www.novumip.com/en/benchmark)





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## About NovumIP

NovumIP is an integrated, global IP provider that was formed in December 2019 as a joint venture by leading IP specialists Novagraaf and PAVIS. Drawing upon more than 380 IP specialists across 19 offices in Europe, the US, China and Japan, NovumIP combines business-focused consulting with tech-enabled services to help clients to achieve their strategic goals. Our modular 'smart IP solutions' extend across the complete life cycle of patent, trademark, design and associated IP rights, including legal & consulting services, online brand protection, patent annuities, EP validations and trademark renewals, as well as flexible IP management technologies and data management solutions. By combining legal expertise with highly efficient IP solutions, NovumIP informs and facilitates critical decisions that increase and protect IP value.

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