



Market Reaction to Patent Events – Event Study –

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[Innovation for Financial Services](#)

Plan:

Introduction

Aim of our study

Sample

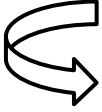
Methodology

Resultats



Introduction:

Importance of intangibles in knowledge economy and era of open innovation

 Intangibles assets represent an average of 80% of companies' market valuation.*

Different academics have been focusing in particular on the relation between:

- Intangibles assets and price return index,
- Investment on intangibles and operating income,
- Intangibles resources and strategic advantage / disadvantage.

Aim of Our Study

The purpose of our study is to examine thoroughly the impact of different events associated to patents occurring during their life cycle on the financial valuation of holding companies.

Assumption 1 :

No correlation between patents belonging to the same intangible portfolio.

Assumption 2 :

There is no strategic added value of patents.

Assumption 3 :

No inter-correlations between returns.

Sample :

* 16.406 patents of 264 companies listed in NASDAQ:

- 81,38 % of International patents,

- 18,62 % of European patents.

* Daily stock market valuation till December 31, 2012.

Methodology :

Methodology : Event Study

Estimation window

90, 120 and 150 days before event.

Event window

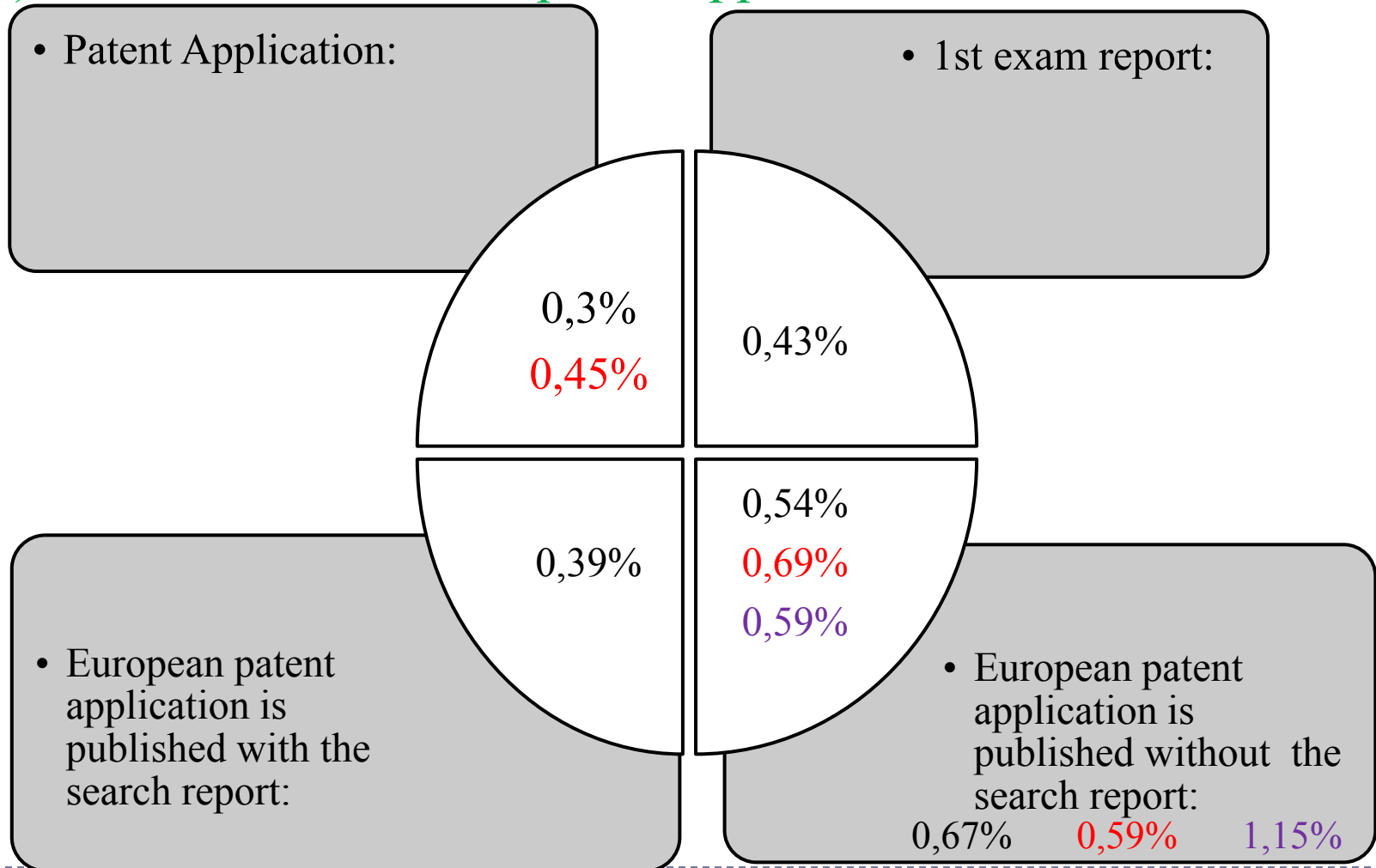
Weekly publication of EPO [-1,5].

Cumulative Abnormal Return

“...The market model was found to be an acceptable simplification of the general model in all cases...” (Cable & Holland (1999)).

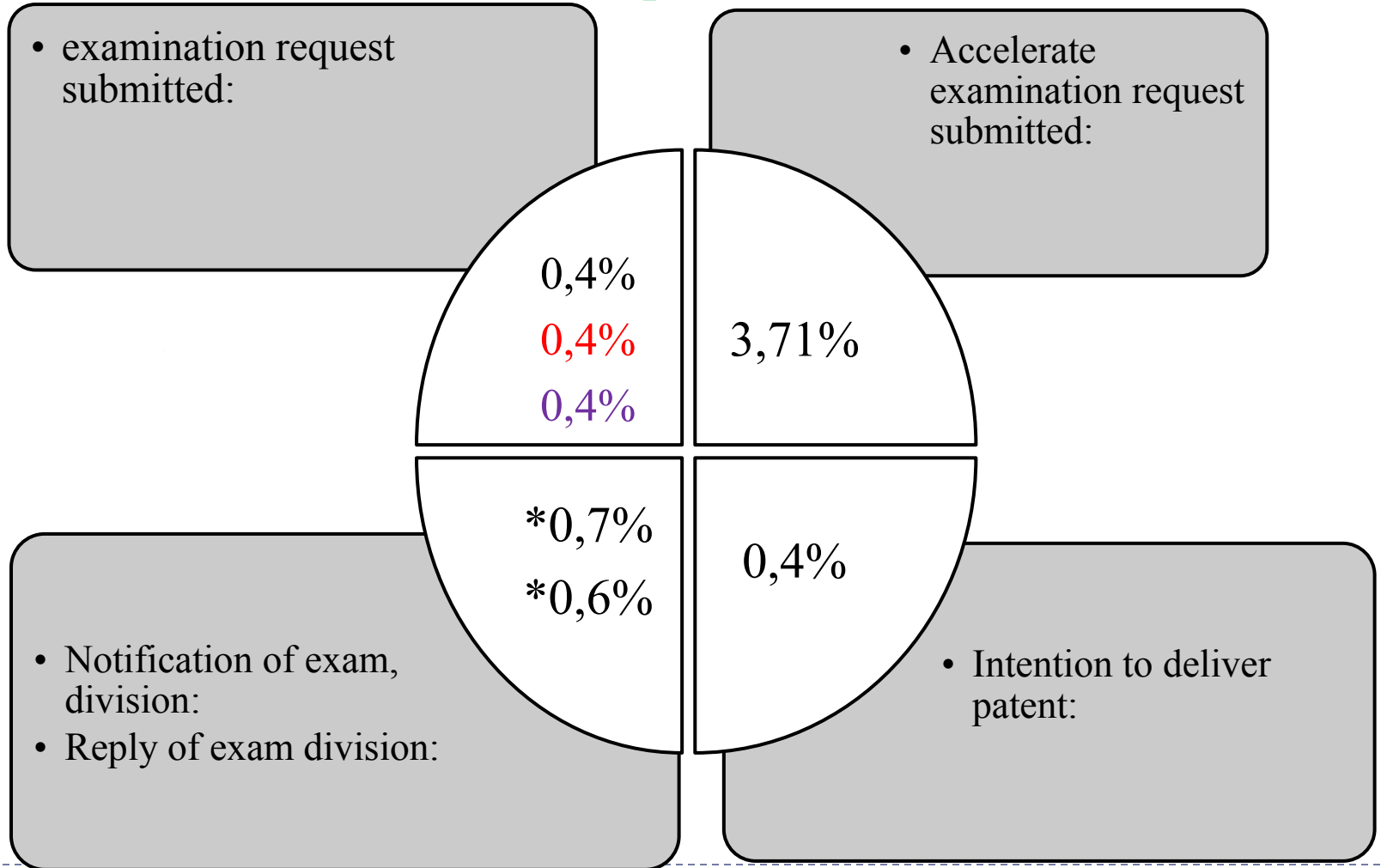
Results

1) Events issued from patent application



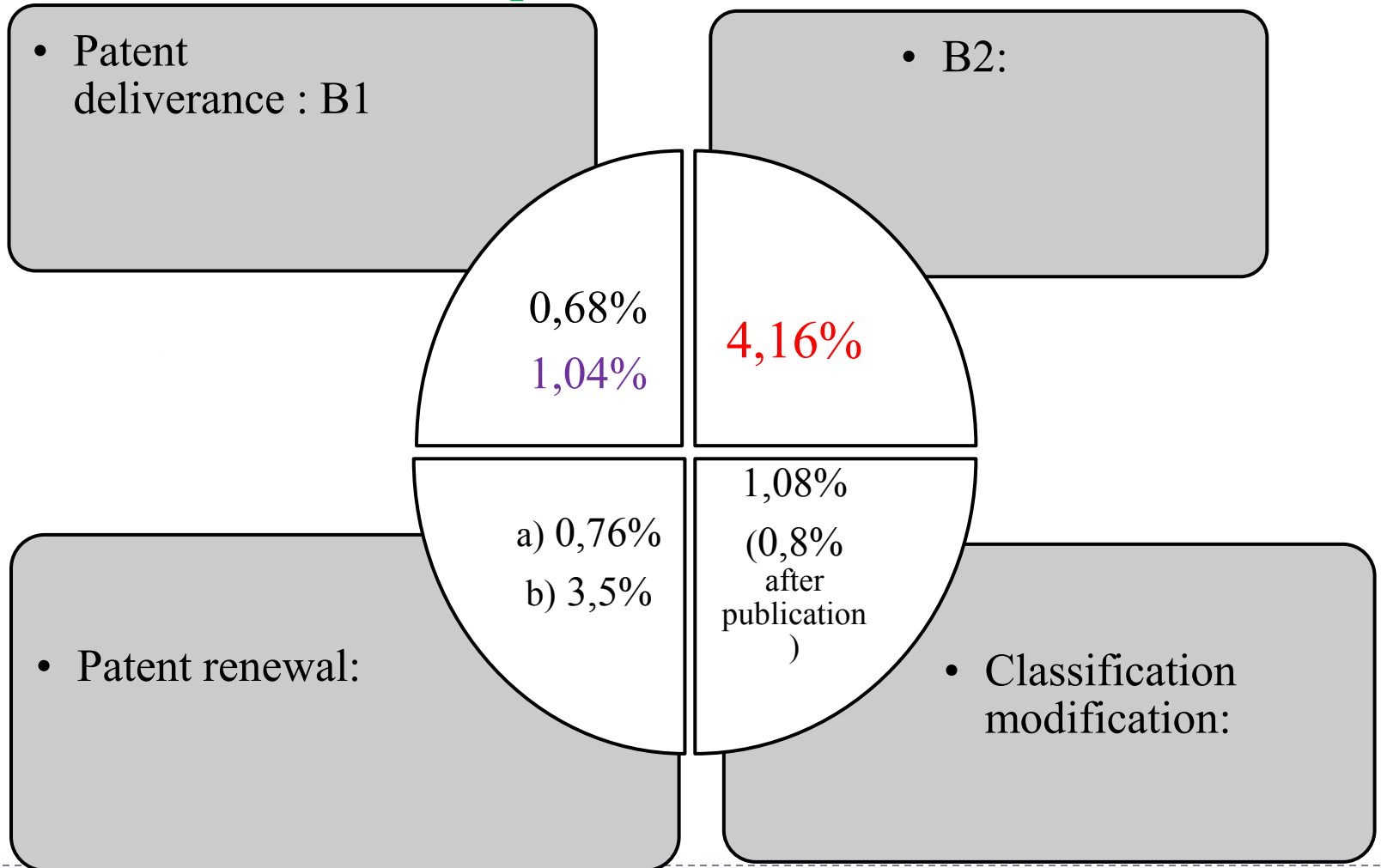
Results

2) Events issued from exam procedure



Results

3) Events issued from patent deliverance and renewal



Thank you

