

Using company's technological knowledge: corporate value creation through patents

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One does not need to look far for a proof of the importance of patents in today's economy. The evidence is everywhere.

Davis (2004) argues that there are four main reasons why the role of patents has changed. First of all this is due to the fact that intangible assets are now more often recognized as sources of competitive advantage. The other reasons for patents becoming more important are: the globalization of business activities, advances in digital technologies in terms of easier replicability and transferability and changes in the IPR regulatory framework.

It is important to note, that despite the increasing propensity to patent, a lot of companies still do not recognize the value embedded in patents unfortunately do not benefit from this value. We, however, believe that patents provide companies with the opportunity to codify their technological knowledge and to subsequently use patents to create corporate value.

The main aim of this article is to show the importance of patents for corporate value creation and to investigate where this value resides. In doing so, we will combine approaches within evolutionary and institutional economics, entrepreneurship, strategic management and theories of the firm, and apply them in regard to value creation from patents. Our other goal is to show that the value created by patents is present in four value dimensions (i.e. market and non-market; individual and systems and structures).

Overall, this paper is of essential importance for patent managers, industrialists, and policy makers, as it provides deep insight to the possibilities and problems underpinning how value from patents can be created and extracted.