

Common misconceptions of interpreting patent data and what they actually mean

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There is a growing consensus among economists that “innovation” is a key driver of productivity and economic growth. Innovation occurs away from the public eye, behind closed doors and in the minds of the entrepreneurs and academics of the future. This makes understanding innovation difficult, as there is no definitive measurement or data that allows business or Government to determine what is being created, where it is being created and the impact it might have upon the future economic landscape.

This has forced the research community to seek alternative measures to proxy for innovation; one of the most popular is the application and ownership of Intellectual Property Rights, specifically patents. The concept of a patent is simple to understand, the underlying legal and procedural process is not.

This creates a contradiction for the analysis of patent data. Patent datasets can be relatively straightforward, proving easy to use for the experienced and inexperienced analyst alike. What is not as straightforward or forthcoming is the actual meaning and significance of the data. This results in importance being placed on findings that have been misinterpreted and/or are wholly incorrect.

In the past unconscious errors have been made by those using patent data. How is a widespread misinterpretation possible? As with any complex matter, it is usually due to a disconnect between those that understand the data and those that use it.

This work bridges this disconnect by detailing and correcting some common misconceptions. It is the beginning of a glossary or rulebook for the appropriate use of patent data for analysis.

Some of the common misconceptions we discuss are:

- What are the implications of a patent as a unit of measurement?
- What is the value of a patent?
- What is the significance of the applicants'/inventors' nationality?
- What is the significance of the jurisdiction within which the patent is filed?
- What do citations actually disclose?
- What are the difficulties of analysing linked patent and firm data?

The aim is to promote a lively debate, where some of the widespread misconceptions of patent analysis are explored and corrected.