

2015 Report of the Economic Survey

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Report of the Economic Survey 2015

Prepared Under Direction of the
American Intellectual Property Law Association
Law Practice Management Committee

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INTRODUCTION

The AIPLA Economic Survey, developed and directed by the Law Practice Management Committee of the American Intellectual Property Law Association (AIPLA), reports the annual incomes and related professional and demographic characteristics of intellectual property (IP) law attorneys and associated patent agents. Conducted every other year by AIPLA, this survey also examines the economic aspects of intellectual property law practice, including individual billing rates and typical charges for representative IP law services. All AIPLA members were invited to participate.

The Law Practice Management Committee took an active role in reviewing the Economic Survey with a goal of improving the usefulness and value of the data that are collected and analyzed.

DATA COLLECTION

An e-mail invitation to participate in the 2015 AIPLA Economic Survey was sent to a list of 8,860 AIPLA members; accounting for bounces and requests to be removed from the database, the actual sample surveyed was 8,485. The e-mail included an individualized direct link to the Web-based questionnaire along with an attached letter requesting additional participation in the Firm portion of the Economic Survey. The initial e-mail was followed up by several e-mail reminders. This year, additional efforts were made to collect the Firm Survey data. Contact information was collected directly from the Individual Survey respondents that was then used for distributing Firm Survey links directly to the appropriate people identified at each firm by the Individual Survey respondents.

A total of 1,366 individuals responded by completing some or all of the Individual questionnaire, yielding a 16.1% response rate, slightly higher than 2013. This is the fifth time the survey has been conducted online. The additional efforts to gather data for the Firm portion of the survey garnered 223 responses—only slightly lower than in 2013, when 244 firm representatives completed the firm questionnaire.

All data submitted by respondents were reviewed and evaluated for reasonableness and consistency; data anomalies and outliers were analyzed and corrected or deleted.

In many cases, respondents did not answer every question, so the total counts for each table may vary.

CHANGES TO THE SURVEY

A number of enhancements were made to the 2015 Individual Survey instrument. The committee worked to streamline the survey while still including new questions that explored important new areas of interest to the profession. The following demographic type questions were removed from the Individual Survey this year: percent of time devoted to IP practice, change in employment, and change in the current employer status. Also removed were questions about employer contribution to all pension and capital accumulation plans, as well as gross income from the practice of law that was not included in the [previous] gross income question.

The question about the percentage of time devoted to various types of work was revised which also allowed the question about time spent training new associates to be removed. In Part II, a follow-up question was added regarding the reasons for increases/decreases to the corporate budget. Also in this section, the question for the allocation of the annual corporate IP budget was revised to include more detail.

In Part III (Private Practitioners), the percent of billable hours actually billed to clients was removed, and the question about business development was revised.

In Part IV (Typical Charges), there was a slight change in the headings to the prosecution and client counseling questions that clarified that the data collected were charges in 2014. There were questions added to the litigation and related matters to collect mediation data, (the cost of the action up through mediation) for each of the at risk categories. Additional questions were added after the various litigation at risk questions, which required individuals to indicate if there was a strong correlation between the amount at risk and the overall attorney hours required to litigate the action. Individual respondents were also asked to report how the total cost of asserting various actions compared to the total cost of defending the actions. Two-Party Interference and Inter Partes Reexamination were removed, and data requests for Inter Partes Proceedings was added. Two questions at the end of the Individual Survey were added regarding arbitration. One compared the cost of resolving a dispute through arbitration to resolving a comparable dispute through litigation, and the other asked for the percentage of frequency that various means were initiated for mediation/arbitration.

Finally, the business development section was swapped out from the 2015 Firm Survey instrument, and two new sections on training and marketing were added. The question about minor offices was removed this year as well from the Firm Survey instrument. The questions about the report format (paper vs. electronic) were removed this year from both surveys, however, new write-in questions were added that asked respondents to explain which data have been most useful, and what else could be added to future surveys.

In the data tables in the report, a minimum of three responses was required to show composite values. **The term “ISD” is used in the tables to show insufficient data.** Similar to 2013, table rows with one or two respondents have been omitted to protect the anonymity of respondents and tables with no valid rows have likewise been omitted. Also, tables with less than 20 respondents overall were not shown in order to maintain statistical reliability of the data, however, the Corporate IP, Agent had only 15 respondents overall, so exceptions were made in this case. Additionally, for applicable tables, the 10th and 90th percentiles were added. These data could only be shown if there were 10 or more respondents.

DESCRIPTION OF STATISTICS AND FORMATTING CONVENTIONS

Quartiles: Quartiles are used to show distributions of real numbers, responses are described by three quartiles: the first quartile, the median, and the third quartile. Quartiles identify interpolated locations on a distribution of values and do not necessarily represent actual reported values. Another label for quartiles is percentiles; the first quartile is the same as the 25th percentile, the median is the 50th percentile, and the third quartile is the 75th percentile. For example, when all reported values are listed from highest to lowest, the third quartile identifies the point on the list that is equal to or greater than 75 percent (three quarters) of the reported values and equal to or less than 25 percent (one quarter).

10th Percentile: Also used to show distributions of real numbers, ninety percent of respondents reported this amount or more.

90th Percentile: Ten percent reported this amount or more. If there are fewer than 10 values, the 90th percentile cannot be calculated.

Median (midpoint): The median identifies the point in the distribution of reported values that is equal to or larger than one-half of reported values and equal to or smaller than one-half—that is, the mid-point.

A median is reported when three or more values were reported by respondents. The first and third quartiles are reported when five or more fee values were reported by respondents. Quartiles and medians based on values reported by survey respondents are estimates of the quartiles and medians that could be determined if the

characteristics of the entire population represented by survey respondents were known. In general, the more values that are reported, the more accurately quartiles estimate the distribution of values among all AIPLA members.

Mean (average): The sum of all values divided by the number of values.

It should be noted that if the mean exceeds the median, it is because high values affect the calculations. It is also possible, especially with a small number of values, for the mean to exceed the third quartile.

Percentages in some tables and some graphs may not sum to exactly 100% due to rounding.

Other definitions useful in understanding tabular information presented in this report are:

Income: Defined as *“total gross income in calendar year 2014 from your primary practice...including any partnership income, cash bonus, share of profits, and similar income you received, and any deferred compensation in which you vested in 2014.”*

Typical Charges: Respondents were instructed to respond *“only if you have been personally responsible for a representative sample of the type of work to which the question pertains, either as a service provider (an attorney in private practice) or as a purchaser of such services (corporate counsel).”* In thinking of a typical charge, respondents were directed to assume *“a typical case with no unusual complications,”* and asked *“what did you charge (or would have charged) or what were you charged (or would have expected to be charged), in 2014, for legal services only (including search fees, but not including copy costs, drawing fees or government fees) in each of the following types of US matters?”* Respondents were also asked to indicate the type of fee primarily used in 2014 (i.e., fixed fee, hourly, other).

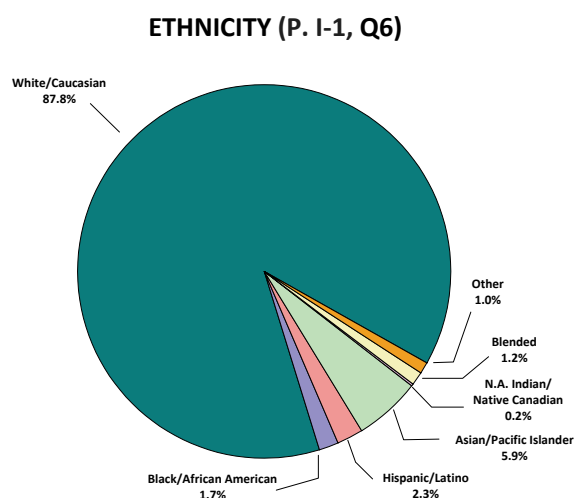
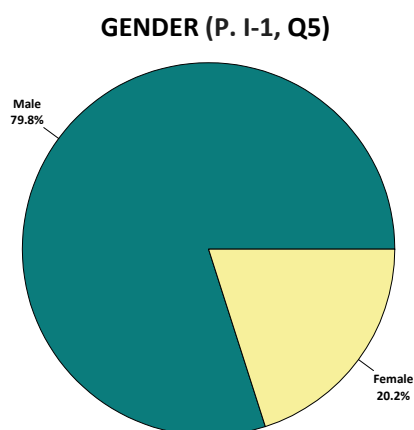
Estimated Litigation Costs: Respondents were instructed to respond to these questions *“only if you have personal knowledge either as a service provider (attorney in private practice) or as a purchaser of such services (corporate counsel) of the costs incurred within the relatively recent past, for the type of work to which the question pertains. In each of the questions, ‘total cost’ is all costs, including outside legal and paralegal services, local counsel, associates, paralegals, travel and living expenses, fees and costs for court reporters, photocopies, courier services, exhibit preparation, analytical testing, expert witnesses, translators, surveys, jury advisors, and similar expenses.”* Respondents were further instructed to estimate these based on a single IP asset, such as one patent at issue or one trademark.

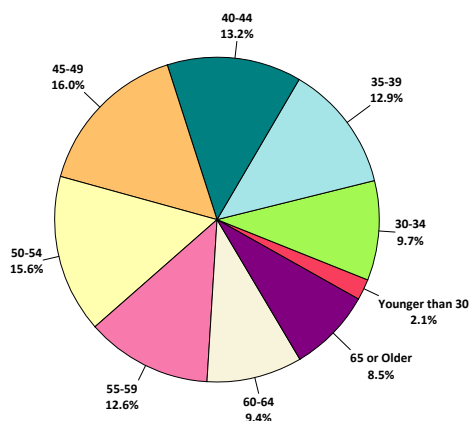
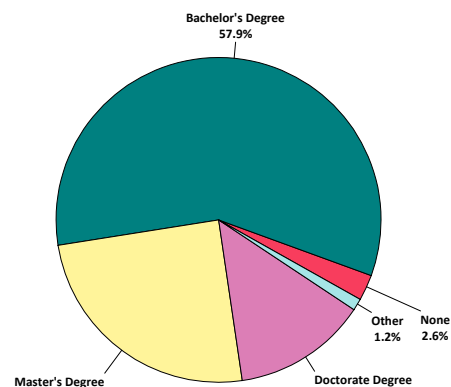
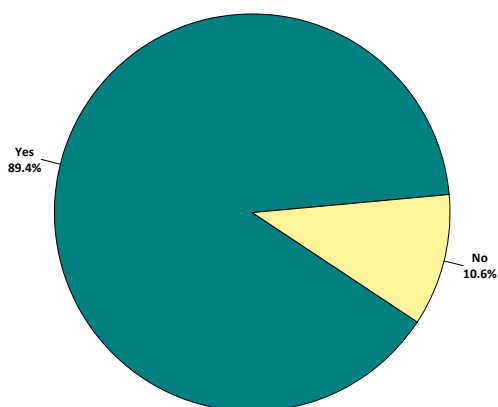
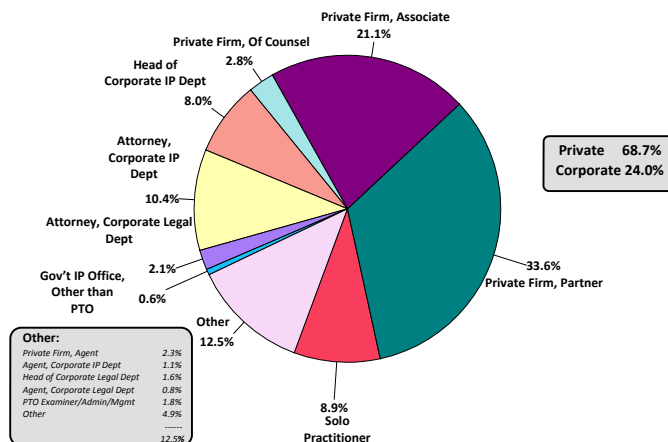
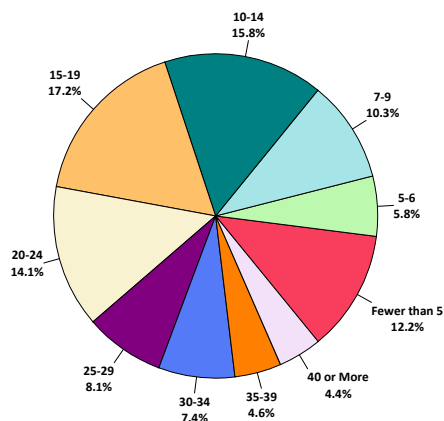
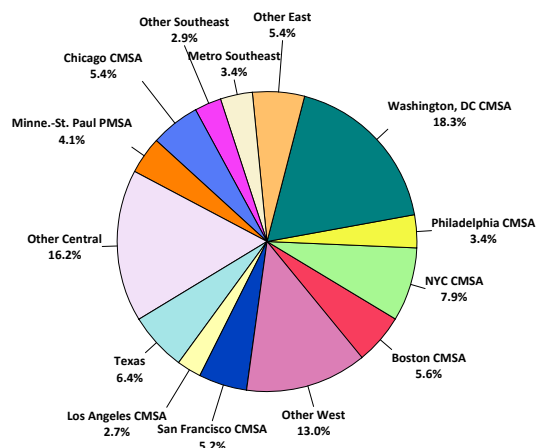
Location: The metropolitan areas of Boston, New York City, Philadelphia, Washington (DC-MD-VA), Chicago, and Minneapolis–St. Paul include all localities—central city and surrounding areas—within the primary metropolitan statistical area. One state—Texas—had sufficiently large numbers of respondents to be reported separately. There were sufficient responses to breakout Los Angeles and San Francisco separately; California firms outside of those metro areas were included in “Other West.” Other categories exclude those named metropolitan areas.

LOCATION		
METROPOLITAN AREAS	PERCENT	COUNT
Boston CMSA*	5.6%	77
New York City CMSA*	7.9%	108
Philadelphia CMSA*	3.4%	46
Washington, DC CMSA*	18.3%	250
Other East: Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Delaware, Maryland, Virginia, and West Virginia	5.4%	74
Metro Southeast: Raleigh–Durham, Greensboro–Winston-Salem, and Charlotte, NC; Atlanta, GA; and Miami–Ft. Lauderdale–West Palm Beach, FL	3.4%	47
Other Southeast: North Carolina, South Carolina, Georgia, and Florida	2.9%	40
Chicago CMSA*	5.4%	74
Minneapolis–St. Paul PMSA**	4.1%	56
Other Central: Minnesota, North Dakota, South Dakota, Wisconsin, Michigan, Ohio, Indiana, Illinois, Iowa, Nebraska, Kansas, Missouri, Kentucky, Oklahoma, Arkansas, Louisiana, Mississippi, Alabama, and Tennessee	16.2%	221
Texas	6.4%	87
Los Angeles CMSA*	2.7%	37
San Francisco CMSA*	5.2%	71
Other West: Montana, Wyoming, Colorado, New Mexico, Idaho, Utah, Nevada, Arizona, Washington, Oregon, California, Alaska, and Hawaii	13.0%	178
*CMSA: Consolidated Metropolitan Statistical Area— a metro area with a population of one million or more.		
**PMSA: Primary Metropolitan Statistical Area— a component of a CMSA.		

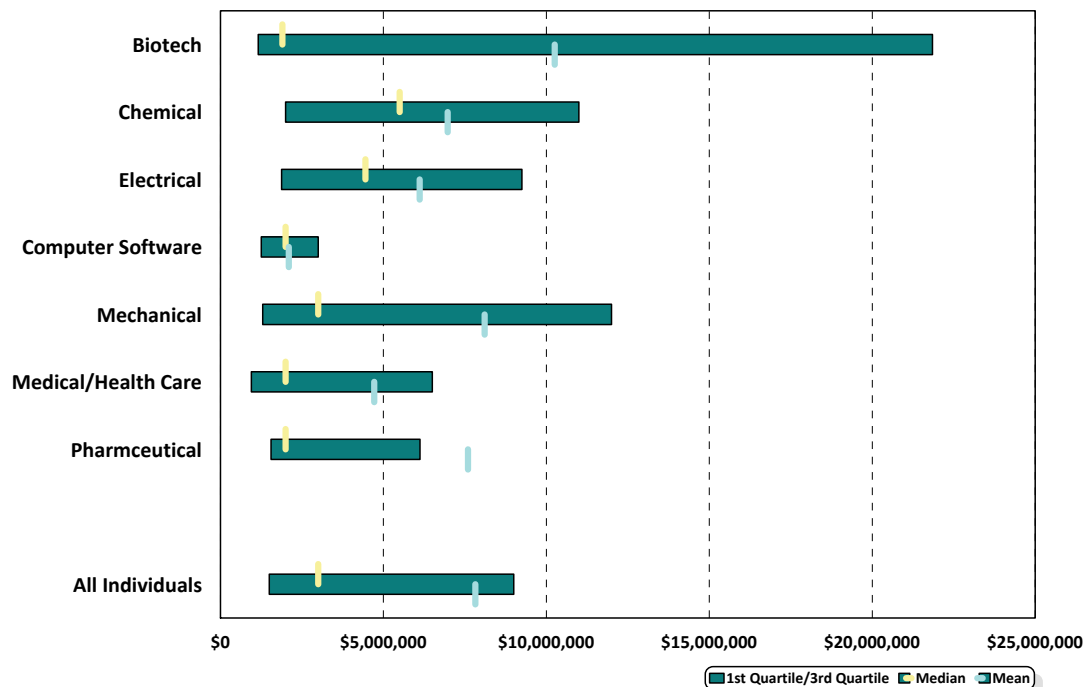
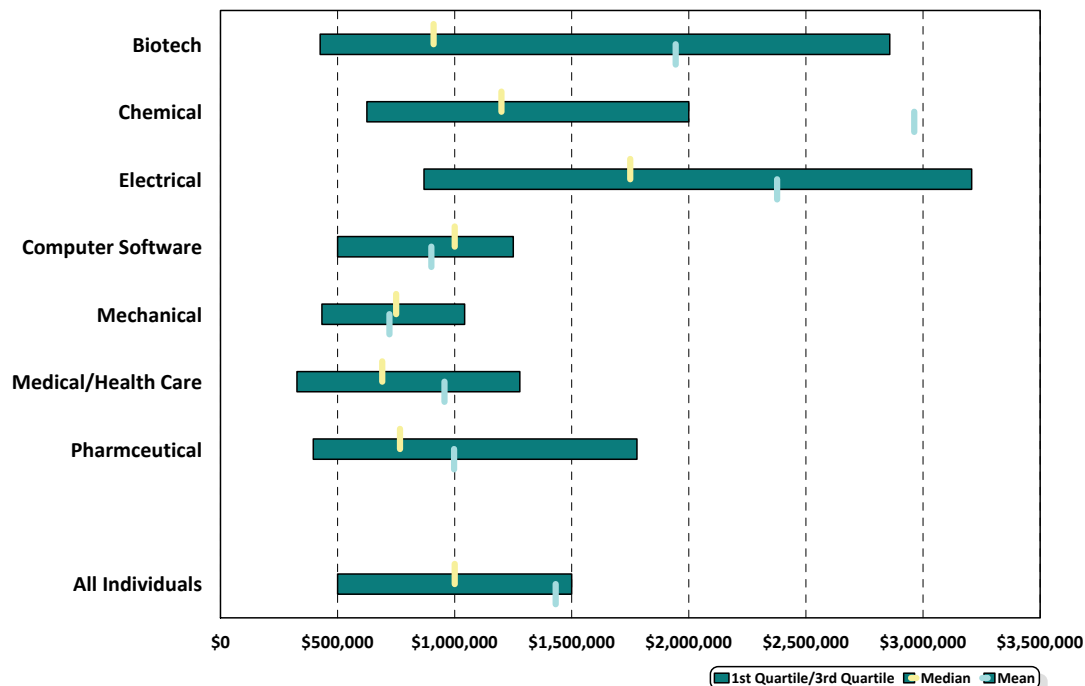
Respondent Background

- A total of 1,366 individuals participated in the survey.
- The majority of survey participants were male (79.8%) and white/Caucasian (87.8%).
- More than five in 10 respondents (53.9%) were under the age of 50, with nearly three in 10 (29.2%) ranging in age between 40 and 49. The proportion of respondents aged 60 or more was 17.9%, which has increased steadily over the past several years.
- Other than a law degree, more than one-third of all respondents (38.3%) reported holding an advanced degree such as a masters or Ph.D. A majority of respondents (57.8%) reported holding a bachelor's degree.
- Over half (54.7%) of all respondents were Private Firm, Partner and Private Firm, Associate, followed by Corporate IP Department, Attorney (10.4%), Solo Practitioner (8.9%), and Corporate IP Department, Head (8.0%). These percentages have all held steady over the past few surveys.
- An overwhelming majority (89.4%) of all respondents had been admitted to the patent bar.
- More than six in 10 respondents (61.3%) had fewer than 20 years' experience practicing Intellectual Property Law, a percentage which has decreased over the last few surveys. 12.2% reported having fewer than five years' of IP law experience in 2014, also a decline from proportions reported in previous years.
- Respondents were asked to report their percent of time spent in various areas of technical specialization. The most common IP technical specialization, representing over 50% of respondents' time, was mechanical (27.3%), followed by computer software (16.7%), chemical (15.5%), and electrical (15.1%).
- Four in 10 respondents (40.6%) practiced in the Mid-Atlantic or New England area, including 18.3% in the Washington, DC, Consolidated Metropolitan Statistical Area (CMSA). The Central region represented 25.7%, and one in five (20.9%) were located in the West—very similar to 2013.



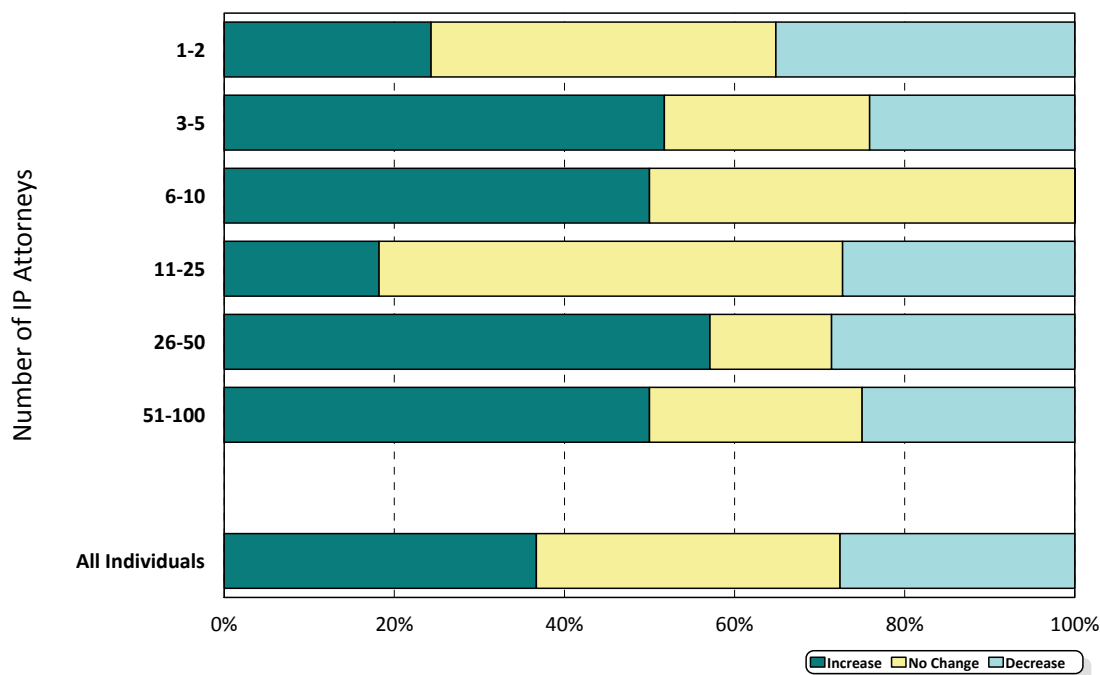
AGE (P. I-1, Q4)

HIGHEST EDUCATION OTHER THAN LAW (P. I-1, Q9)

ADMITTED TO THE PATENT BAR (P. I-1, Q3)

PRIMARY PRACTICE (P. I-1, Q2)
Background of All Respondents

YEARS OF INTELLECTUAL PROPERTY LAW EXPERIENCE (P. I-2, Q7)

LOCATION (P. I-2, Q1)


IP BUDGET FOR CORPORATE PRACTITIONERS

ANNUAL IP BUDGET FOR COMPANY (P. I-56, Q21)
CORPORATE IP, HEAD*By Technology Focus*ANNUAL IP BUDGET PER FULL-TIME IP ATTORNEY OR AGENT
(P. I-57, Q21) CORPORATE IP, HEAD*By Technology Focus*

CHANGE IN IP BUDGET FOR COMPANY: 2013-2014 (P. I-58, Q22)

Reported by Corporate IP, Head



- The median annual corporate IP budget for all respondents was \$3,000,000. The median IP budget per full-time IP lawyer or agent was \$1,000,000.
- The IP budget, as reported by Corporate IP Department Heads, increased most often among companies with 26-50 full-time IP lawyers and agents, with 57.1% saying so, followed by those with 3-5 full-time IP lawyers and agents (51.7%).
- Responding Corporate IP Heads at companies with 1-2 full-time IP lawyers and agents were most likely to report a decrease in IP budgets (35.1%).

INCOME RECEIVED IN 2014 AND PROJECTED FOR 2015, BILLING RATES, AND BILLABLE HOURS

Compensation was measured broadly by gross income, which includes salary, partnership income, bonuses, shares of profits, and deferred compensation. Also covered were retirement and savings plans as well as expected total cash income for 2015. In addition, for private practitioners, data were collected for billable hours, rates and the amount billed for legal services. Findings are summarized below:

- Primary practice median gross income for 2014 was \$237,000 for all participants, up from \$210,000 for 2012, and at a historical high. Among the highest earners was private firm partner with a median income of \$400,000, a figure that is flat when compared with that reported for 2012, and still below the level reported for 2008 (\$415,000).
- Median income in 2014 for those in private practice was \$250,000, growing from \$225,000 reported for 2012, an 11.1% increase. Corporate practitioners also experienced an increase in income, rising from \$211,000 in 2012 to a historical high of \$240,000, a 13.7% change.
- For 2014, the average employer contribution to 401(k) and 403(b) retirement & savings plans was \$15,442. The average reported by private firm partners was highest among solo practitioners (\$24,802), followed closely by private firm partners (\$23,112).
- Anticipated total cash income (median) for 2015 for all respondents was \$245,311, a 3.5% increase over the actual level reported for 2014. Private firm partners reported the highest median anticipated income for 2015, \$400,000 reflecting no change from actual income reported for 2014.
- Median billable hours recorded for all individuals in 2014 was 1,580, down from 1,650 reported for 2012. Private firm, associates billed the most hours, 1,750 (median), down from 1,805 in 2012 and is at a historical low. There was also a decrease for partners, from 1,650 in 2012 to 1,500 in 2014, which also represents a record low for that segment.
- The median billing rate for all attorneys increased from \$350 per hour in 2012 to \$380 per hour in 2014. The highest median attorney billing rate was for private firm, partners (\$425) and the lowest for solo practitioners (\$300), similar to rates reported in 2012.
- For 2014, the median dollar amount billed for legal services was \$500,286, up from \$493,000 reported for 2012. The highest median dollar amount was generated by private firm, partners (\$600,000), followed by private firm, of counsel (\$551,000); the lowest median was generated by solo practitioners (\$215,001).
- Hourly billing continues to be the predominant billing basis for 2014, used by 71.0% of all respondents, followed by predetermined fee (26.1%). However, solo practitioners' bill on an hourly basis 59.6% of the time and use a fixed or predetermined fee 38.4% of the time, very similar to the pattern observed for 2012.

TREND OF MEDIAN INCOMES: 1996-2014 (P. I-3, Q10)

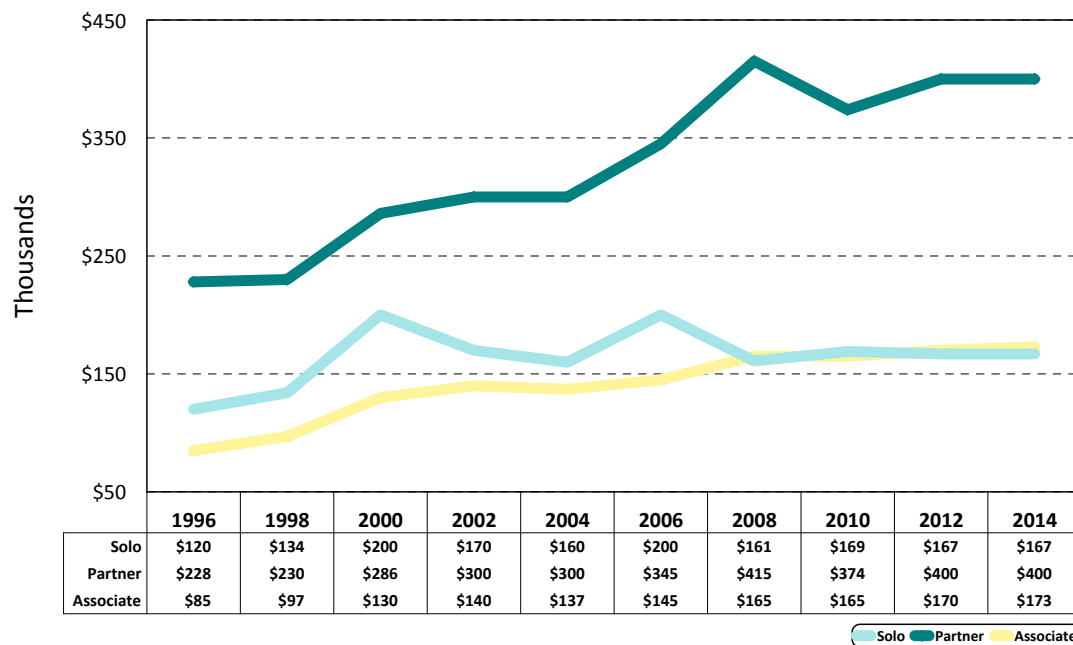
All Private Practice, All Corporate Lawyers, and All Survey Respondents



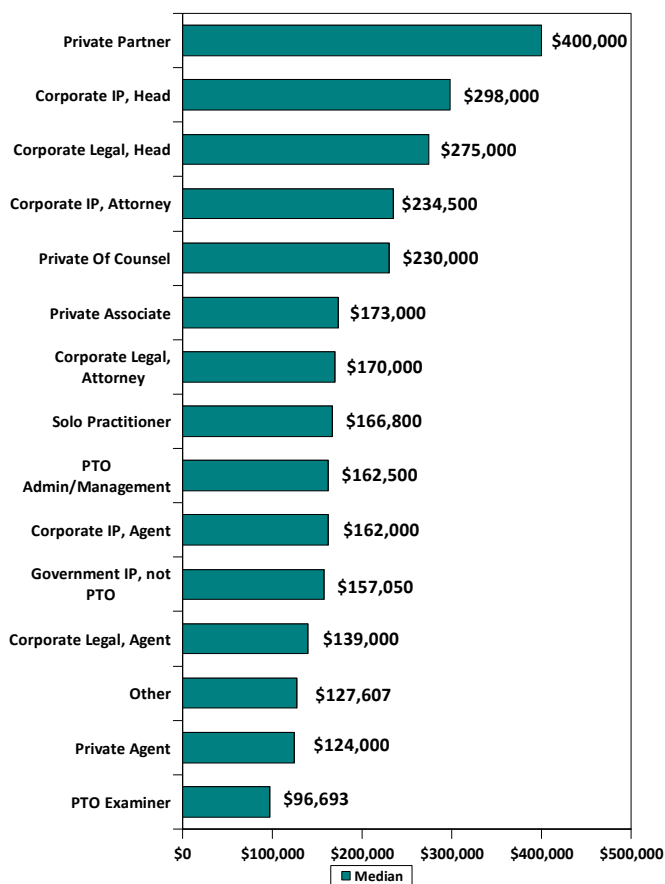
* Income includes Partner income, cash bonus, share of profits and deferred comp.

TREND OF MEDIAN INCOMES FOR PRIVATE PRACTICE ATTORNEYS: 1996-2014 (P. I-3, Q10)

Private Solo Practitioners, Private Partners, and Private Associates

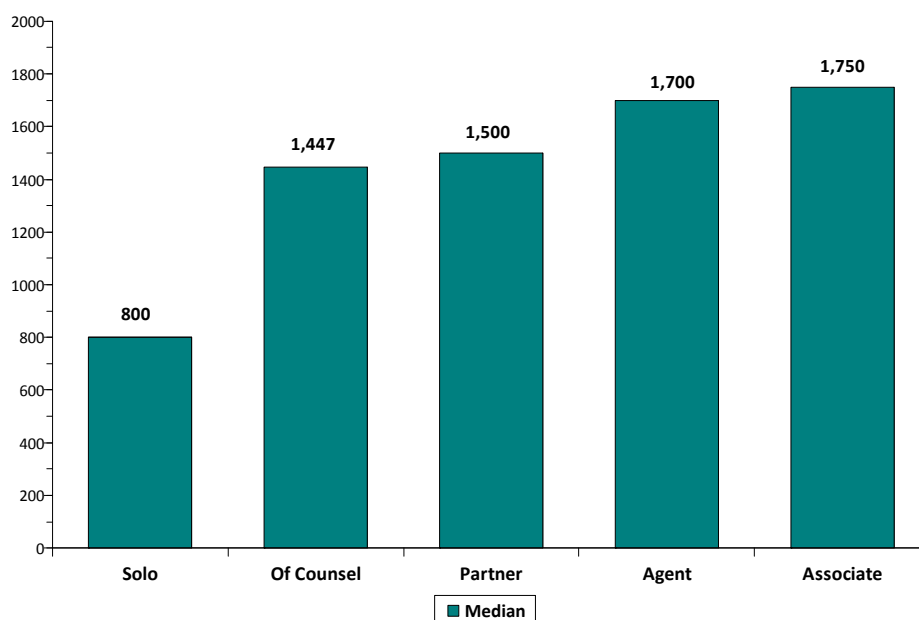


GROSS INCOME (2014) BY PRIMARY PRACTICE (P. I-3, Q10)



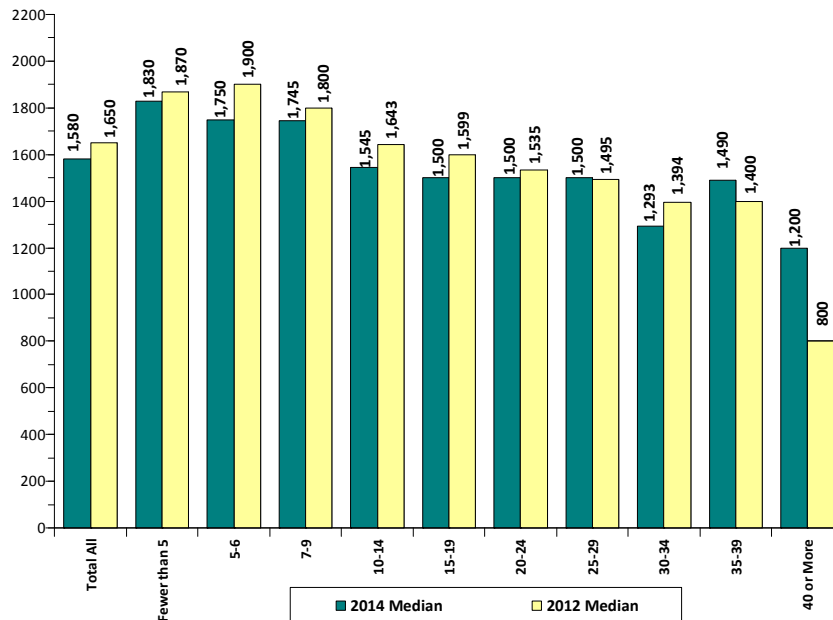
BILLABLE HOURS (2014) (P. I-6, Q28)

By Practice Type



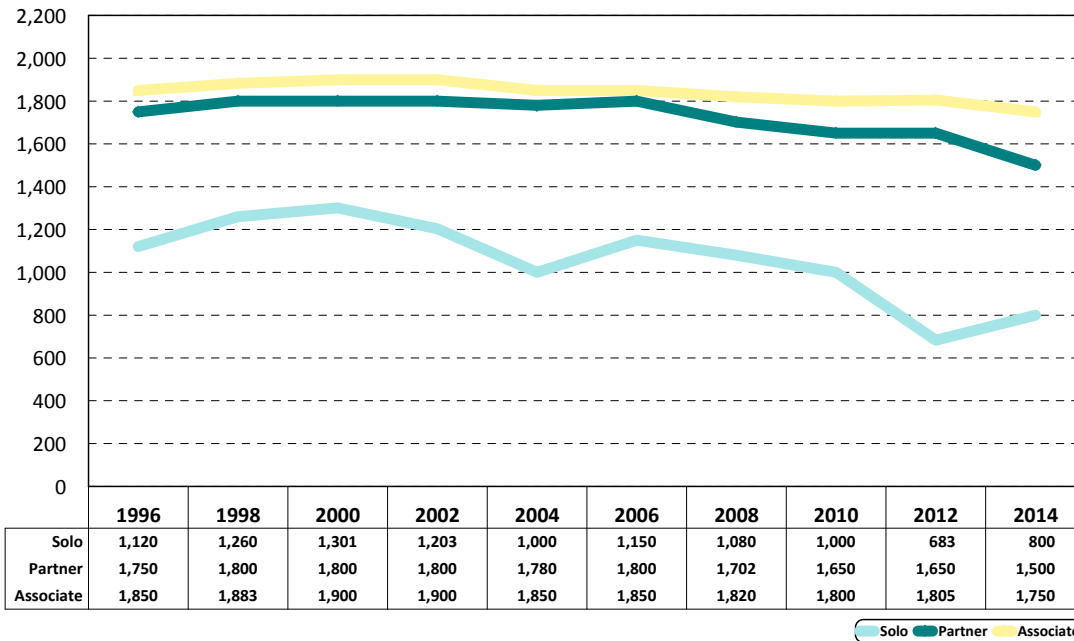
BILLABLE HOURS FOR ALL FULL-TIME PRIVATE PRACTICE ATTORNEYS (P. I-6, Q28)

By Years of IP Experience



TREND OF MEDIAN BILLABLE HOURS FOR PRIVATE PRACTICE ATTORNEYS: 1996-2014 (P. I-6, Q28)

Private Solo Practitioners, Private Partners, and Private Associates



SUMMARY OF SURVEY RESULTS BY PRACTICE TYPE

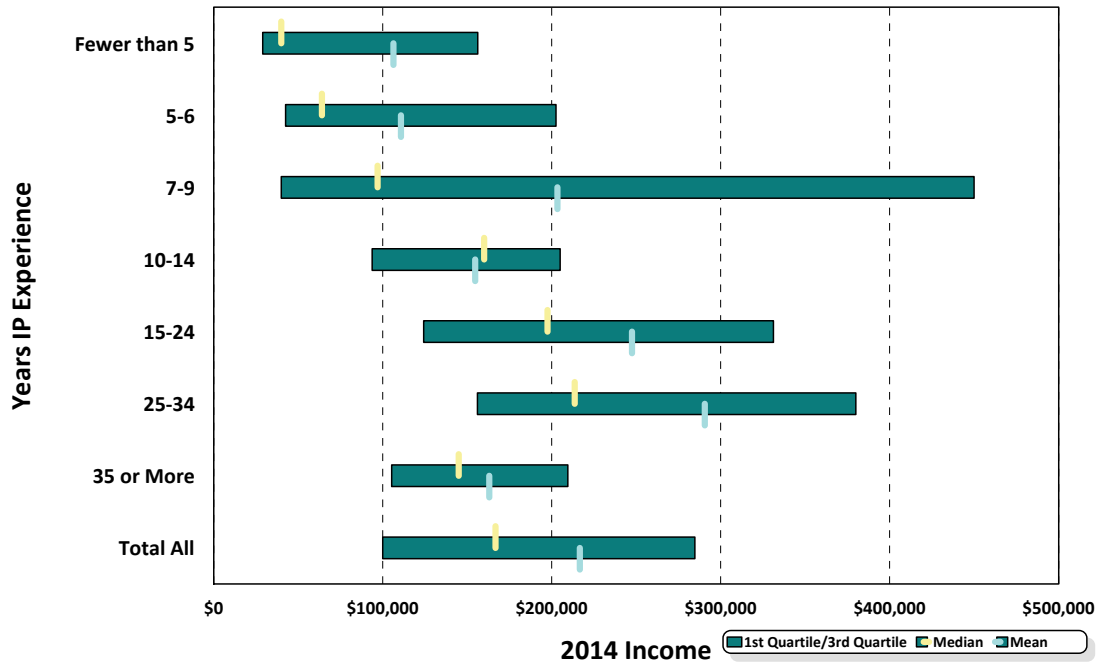
The survey findings reported in aggregate for all respondents are also broken down and summarized for eight major practice types covered—solo practitioner, private firm partner, private firm associate, private firm of counsel, corporate IP department head, corporate IP department attorney, private firm patent agent, and corporate IP department patent agent.

SOLO PRACTITIONER

- 122 solo practitioners responded to the 2015 survey and reported an average of 21.2 years of IP attorney experience. Just over half (50.8%) held a bachelor's as their highest degree (other than their law degree), while 36.9% held a master's degree.
- The mean (average) gross income for solo practitioners was \$216,692 for 2014, up nine percent from \$198,436 in 2012; the median was \$166,800 dipping slightly from \$167,500 two years ago. The highest median income was reported for the Minnesota-St. Paul PMSA and Other East—\$300,000—followed by Los Angeles at \$275,000. The lowest median income was reported for Other Southeast—\$87,000.
- Solo practitioner 401(k)/403(b) employer contributions averaged \$24,802 with \$25,000 as the median.
- Expected median total cash income for 2015 was \$150,000, 10.1% below the median actual gross income reported for 2014.
- Solo practitioners spent an average of 53.3% of their time engaged directly in IP prosecution work, down somewhat from 56.3% in 2012.
- Patent work was the dominant IP area measured in time spent (61.6%), also dropping from 65.0% in 2012.
- The average number of new priority US and PCT Patent applications prepared and filed by solo practitioners in 2014 was 19.2, up from 14.3 in 2012. Solo practitioners specializing in computer software reported the highest median number of new US and PCT Patent applications prepared and filed 21.0, up from 15.0, reported two years ago. Medical/Health Care IP specialization was close behind with a median value of 20.0 new priority US and PCT patent applications prepared and filed in 2014.
- The median number of billable hours recorded in 2014 by solo practitioners was 800, up from 683 hours in 2012. Billable hours varied by experience, climbing to 1,200 among those with 25-34 years of experience. However, billable hours drop off to 600 hours for those who are likely closer to retirement (those with 35 years or more experience). Billable hours were the highest for those in the Minnesota-St. Paul area at 1,440 (median) hours.
- The average hourly billing rate was \$321 per hour in 2014, up from \$295 in 2012 and 2010.
- More than half (59.6%) of services billed were on an hourly basis while 38.4% were based on a predetermined fee, fairly similar to the past two surveys.
- The median dollar amount a solo practitioner billed for legal services performed in 2014 was \$215,001, up from \$180,000 in 2012.
- Solo Practitioners indicate that they spent an average of 5.4 hours per week on business development.

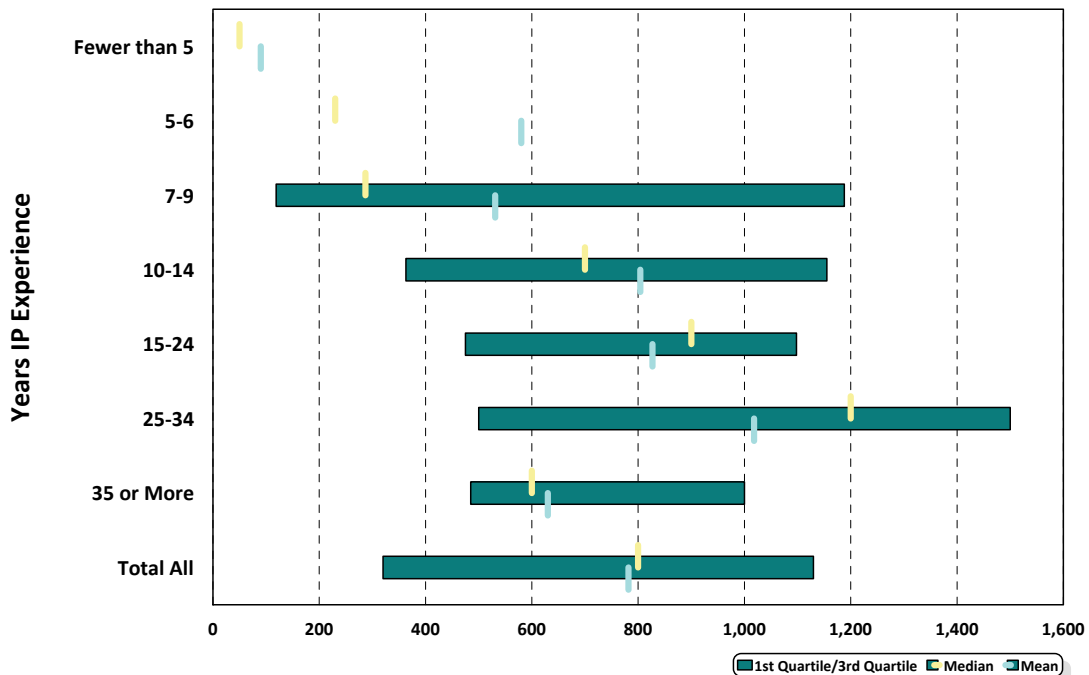
2014 GROSS INCOME (P. I-9, Q10) SOLO PRACTITIONER

By Years of IP Experience



2014 BILLABLE HOURS (P. I-14, Q28) SOLO PRACTITIONER

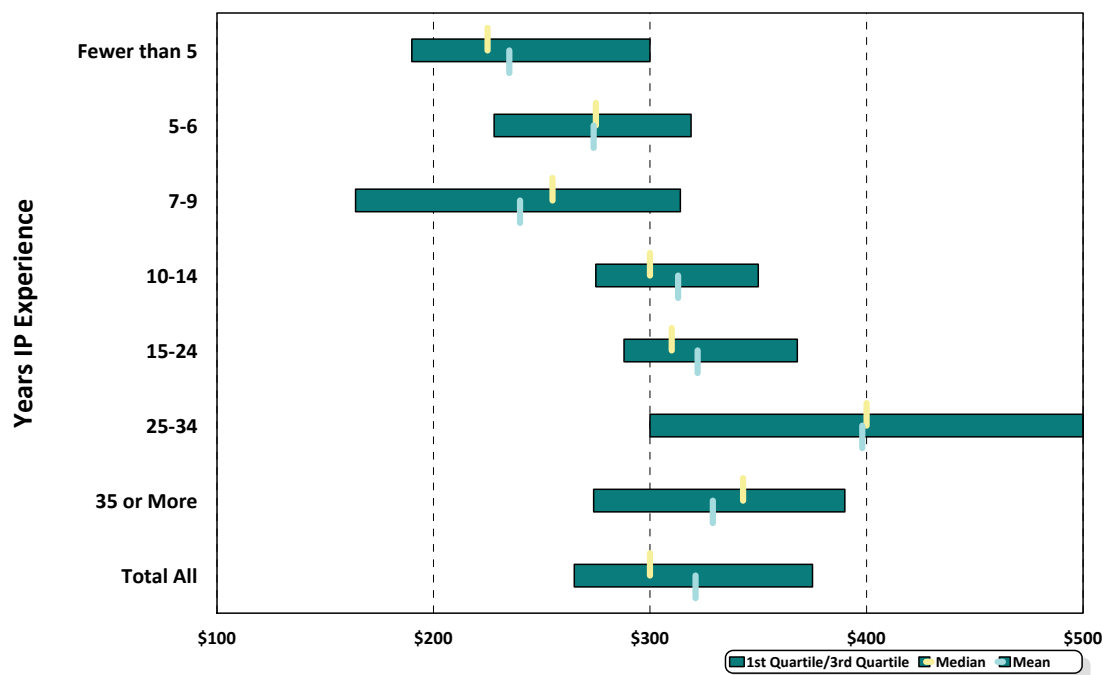
By Years of IP Experience



AVERAGE HOURLY BILLING RATE (P. I-15, Q29)

SOLO PRACTITIONER

By Years of IP Experience



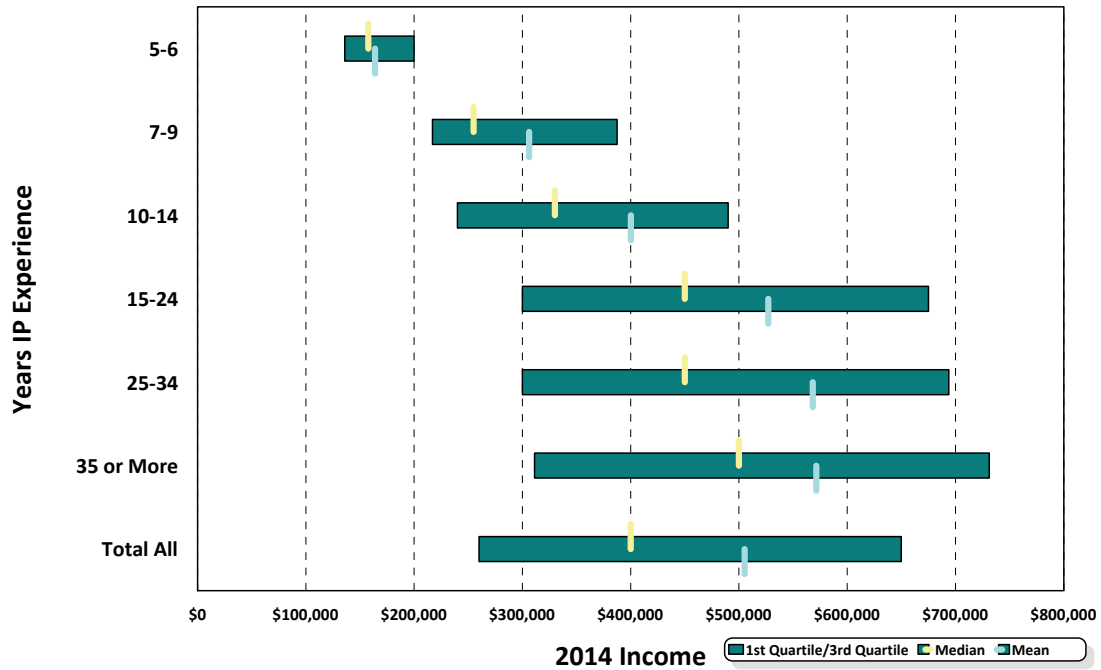
PRIVATE FIRM, PARTNER

- On average, the 458 private firm partners had 22.2 years of IP attorney experience, with 66.5% holding a bachelor's degree as their highest education aside from their law degree.
- Gross income for private firm partners averaged \$505,316 for 2014, down 1.4% from \$512,557 reported for 2012. The median for all participants was \$400,000; the highest reported location was the San Francisco CMSA, where the median was \$661,000, followed by Texas at \$510,000.
- Employer contributions to 401(k)/403(b) retirement and savings plans averaged \$23,112 with \$20,000 as the median, rising 23.1% from \$16,250 (median) reported in 2012.
- Private firm partners expected their total cash income in 2015 to be a median value of \$400,000, and an average of \$500,925.
- Private firm partners on average spent 42.1% of their time engaged in IP prosecution work, up from 34.4% reported for 2012. In contrast, they spent an average of 15.5% of their time on IP litigation, down from 20.6% two years ago.
- The predominant IP work area was patent work, accounting for 68.9% of responding partners' time.
- The mean number of IP lawyers and patent agents employed at all locations reported by the private firm partners responding to this survey was 42.5, a drop of 22.9% from 55.1 reported in 2012.
- The number of new priority US and PCT Patent applications prepared and filed by private firm partners in 2014 averaged 26.5, rising from 19.4 in 2012. The median was 15.0 for both surveys.
- The typical partner billed 1,500 hours (median) in 2014. This number has been on an overall decline for the last few surveys, and is down 9.9% from 1,650 hours in 2012.
- The median average hourly billing rate in 2014 was \$425, the same as reported for 2012. The highest rates were in the Los Angeles CMSA and San Francisco CMSA, with medians of \$575 and \$530 per hour, respectively.
- Partner's billings are done primarily on an hourly basis (70.7%), with 25.8% on a pre-determined fee.
- The median dollar amount billed for legal services by private firm partners in 2014 was \$600,000, slipping from \$610,000 in 2012 (a 1.6% decline).
- Private firm partners spent an average of 6.7 hours per week on business development.

2014 GROSS INCOME (P. I-19, Q10)

PRIVATE FIRM, PARTNER

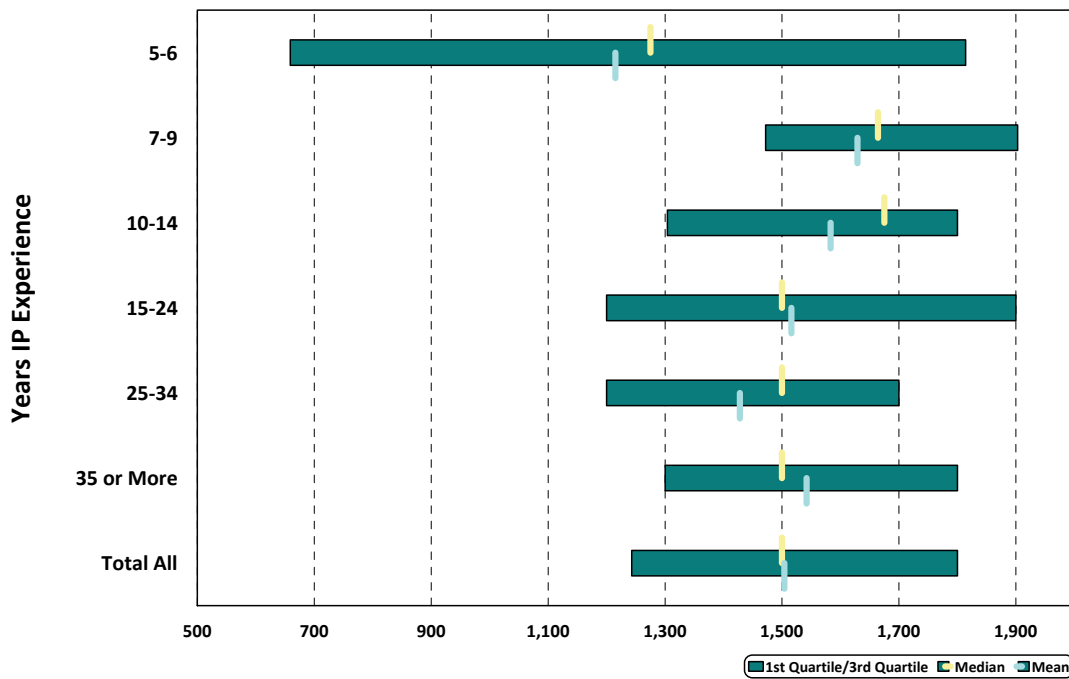
By Years of IP Experience



2014 BILLABLE HOURS (P. I-24, Q28)

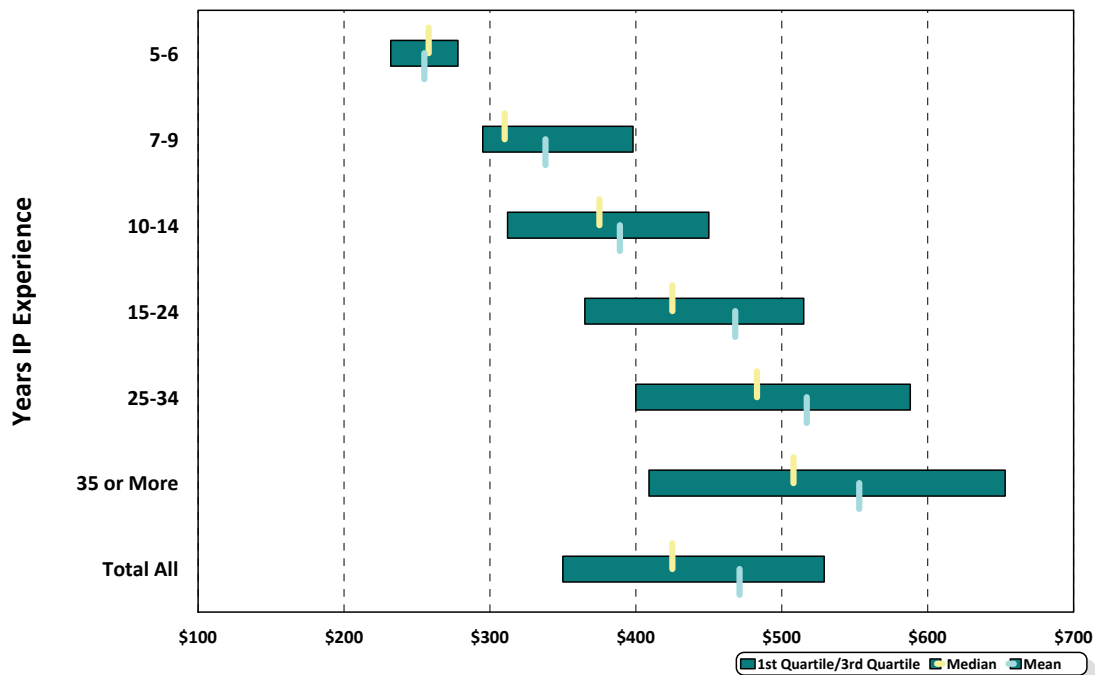
PRIVATE FIRM, PARTNER

By Years of IP Experience



AVERAGE HOURLY BILLING RATE (P. I-25, Q29) PRIVATE FIRM, PARTNER

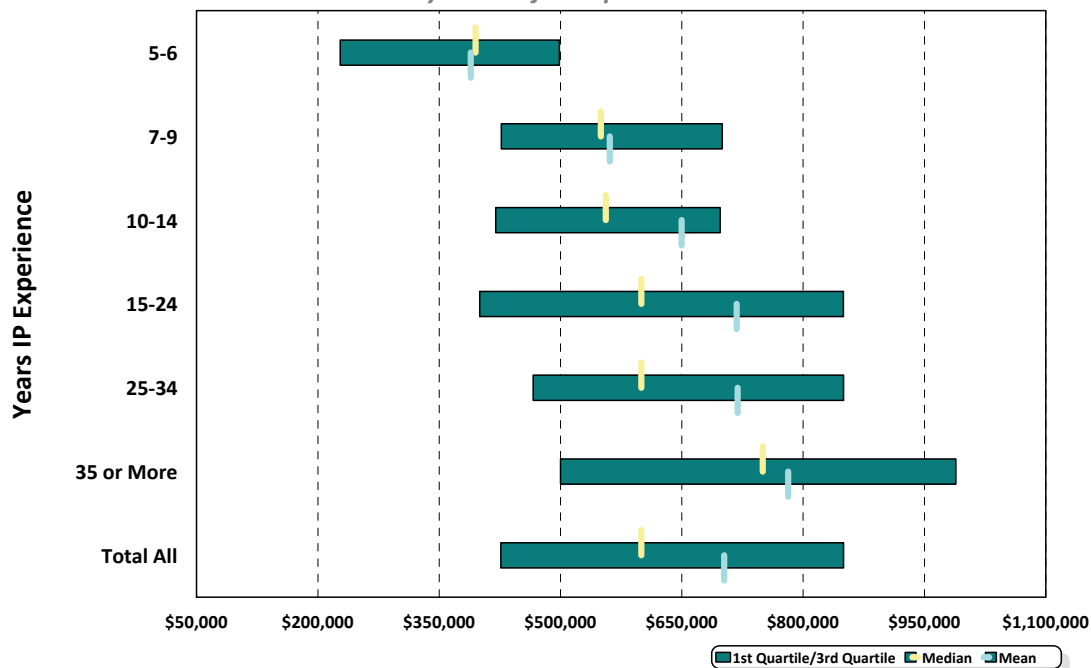
By Years of IP Experience



DOLLAR AMOUNT BILLED FOR LEGAL SERVICES PERFORMED IN 2014 (P. I-27, Q26)

PRIVATE FIRM, PARTNER

By Years of IP Experience

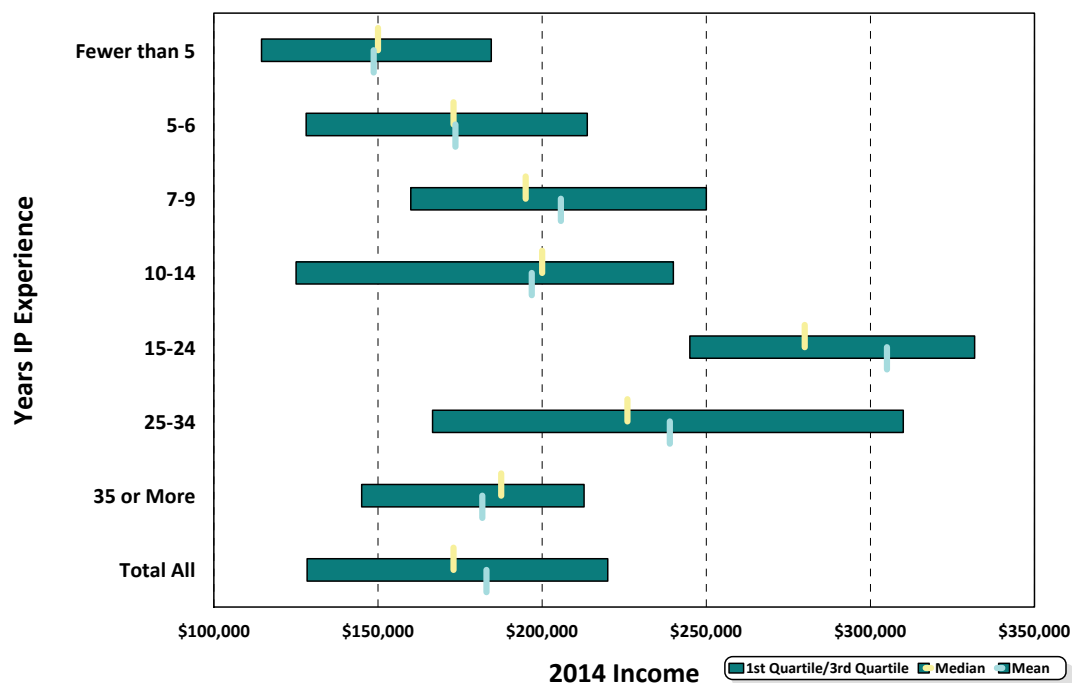


PRIVATE FIRM, ASSOCIATE

- There were 288 private firm associates who participated in the 2015 survey, and averaged 7.9 years of IP attorney experience. The highest education degree held (other than a law degree) was a bachelor's, held by 62.5% of private firm associates.
- The average total gross income for private firm associates was \$183,021, dipping slightly from \$188,093 in 2012. The 2014 median is at \$173,000, inching up from \$170,000 reported in 2012.
- Employer contributions to private firm associates' 401(k)/403(b) retirement and savings plans averaged \$7,828 with \$6,000 as the median, very similar to what was reported in 2012.
- The expected median cash income for associates in 2015 was \$175,000. Respondents in NYC CMSA had the highest median expected cash income of \$255,000.
- Private firm associates spent over half (56.1%) their time directly on IP prosecution work.
- Patent work was the predominant IP work area, accounting for an average of 77.0% of associates' time.
- The mean number of full-time IP lawyers and patent agents employed at all private firm locations represented by the associates responding to this year's survey was down sharply, from 74.3 in 2012 to 59.6 in 2014.
- New priority US and PCT patent applications prepared and filed by private firm associates averaged 18.0 in 2014, similar to 17.8 in 2012.
- Median billable hours reported for associates for 2014 was 1,750, dropping from 1,805 hours in 2012.
- The median average hourly billing rate for private firm associates increased from \$305 in 2012 to \$315 in 2014. In 2014, the rate ranged from \$250 for firms with 3-5 IP attorneys and agents, up to \$425 for those with more than 150.
- Hourly billing was used most often by private firm associates, averaging 75.6% of all billings. A predetermined fee option was the second most often used, 22.8% of the time.
- The median dollar amount billed for legal services by private firm associates in 2014 was \$465,000, up from \$455,000 in 2012 but short of the \$467,335 observed in 2010. The median amount billed for legal services increased with the number of IP attorneys, ranging from \$273,400 for 1-2 IP attorneys, up to \$715,000 for firms with more than 150 IP lawyers and agents.
- Private firm associates spent an average of 4.2 hours per week on business development.

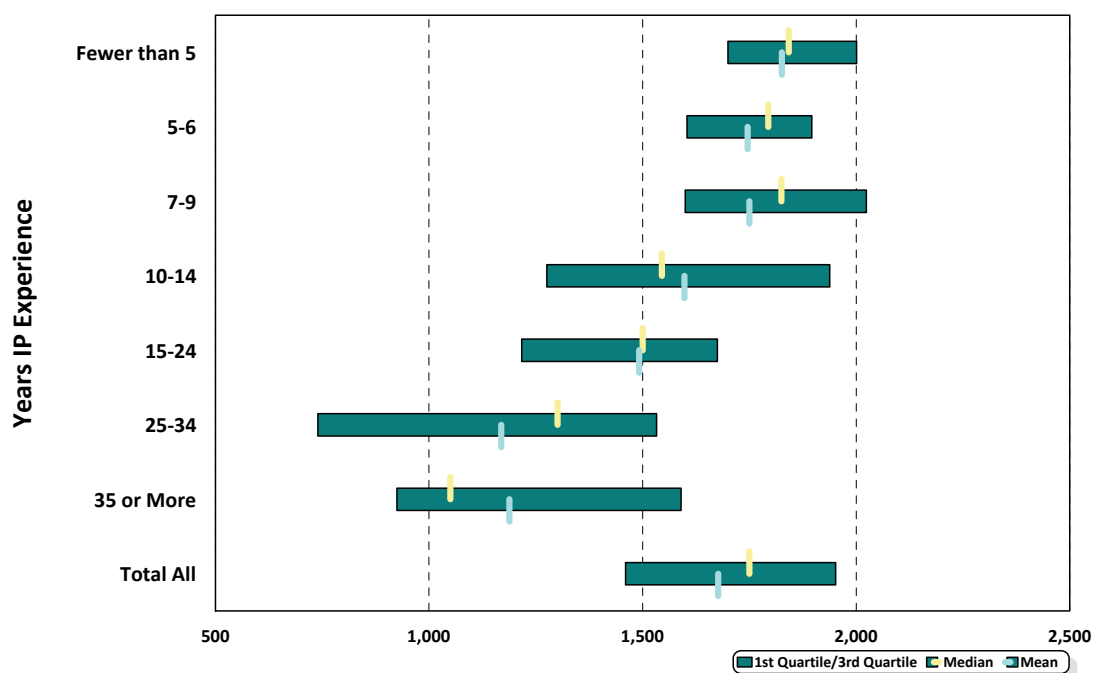
2014 GROSS INCOME (P. I-29, Q10) PRIVATE FIRM, ASSOCIATE

By Years of IP Experience



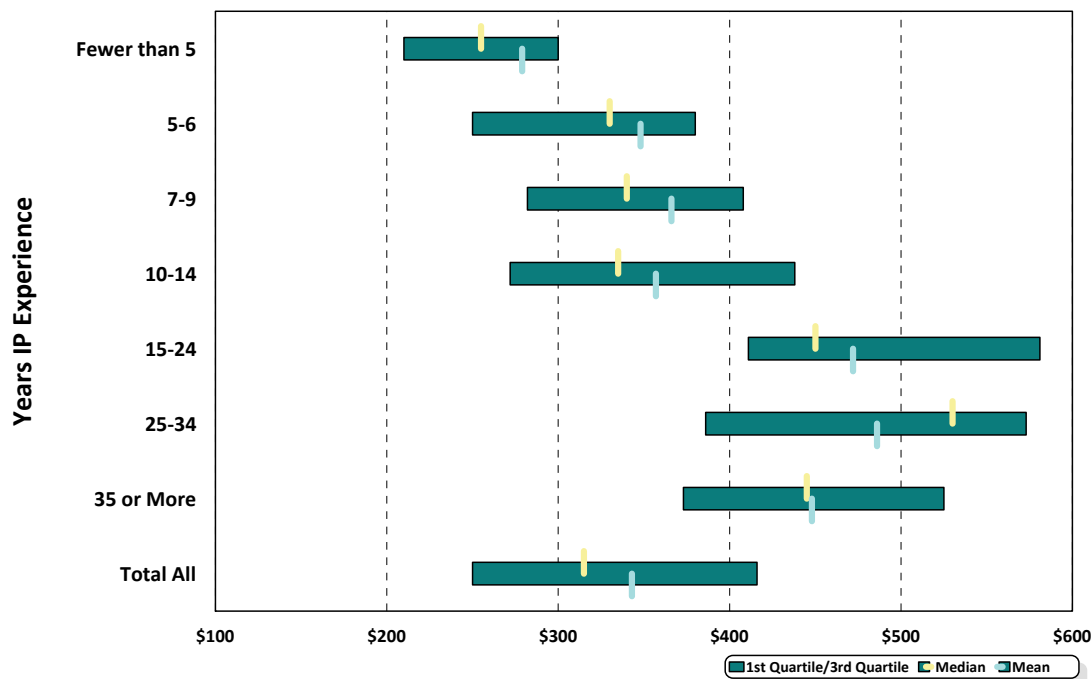
2014 BILLABLE HOURS (P. I-35, Q28) PRIVATE FIRM, ASSOCIATE

By Years of IP Experience



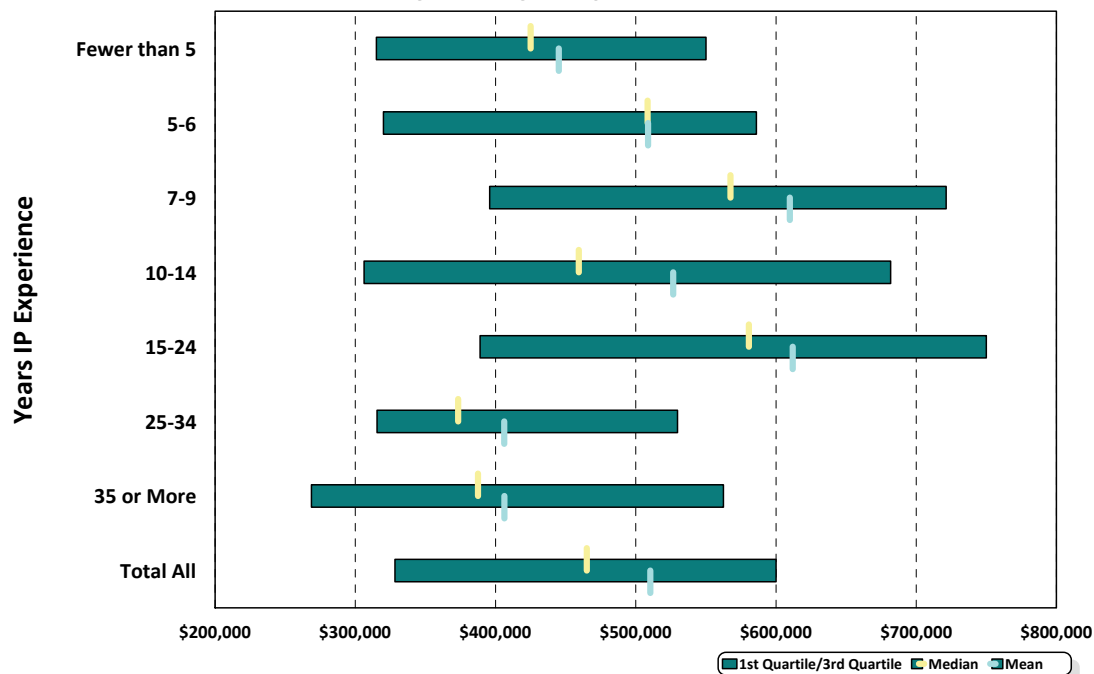
AVERAGE HOURLY BILLING RATE (P. I-36, Q29) PRIVATE FIRM, ASSOCIATE

By Years of IP Experience



DOLLAR AMOUNT BILLED FOR LEGAL SERVICES PERFORMED IN 2014 (P. I-39, Q26) PRIVATE FIRM, ASSOCIATE

By Years of IP Experience



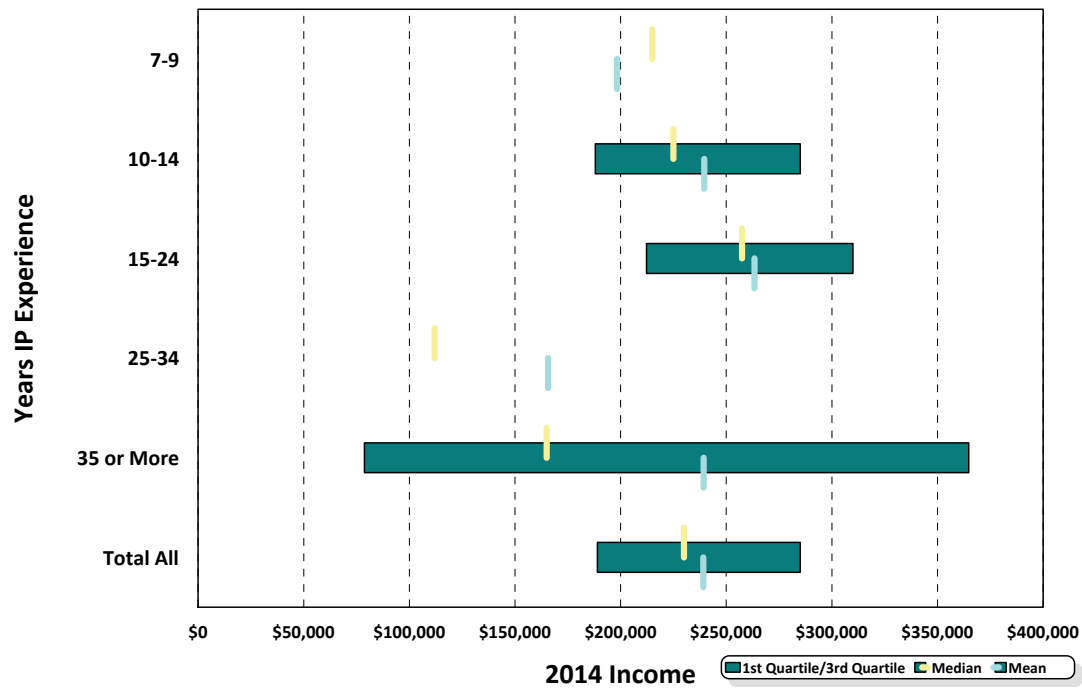
PRIVATE FIRM, OF COUNSEL

- The 38 of counsel private firm attorneys who participated in the 2015 survey averaged 22.2 years of IP attorney experience. The highest educational degree held most often, other than a law degree, was a bachelors (50.0%).
- The average total gross income for of counsel attorneys was \$239,153, with a median of \$230,000.
- Employer's median 2014 contribution to the of counsel responding attorneys' 401(k)/403(b) was \$7,486.
- Of counsel attorneys reported expecting median cash income in 2015 to be \$240,000, an increase of 4.3% from the median actual income received in 2014.
- More than two-fifths (43.8%) of private firm of counsel attorneys' time is spent directly on IP prosecution work, and slightly less than one-fifth (19.4%) of their time is spent on IP litigation.
- Patent work was the predominant IP work area, accounting for an average of 77.7% of all of counsel attorneys' time.
- The mean number of full-time IP lawyers and patent agents employed at all private firm locations represented by the of counsel attorneys responding was 76.8, continuing an increase observed in 2012 (71.6), and up from the 66.1 reported in 2010.
- New priority US and PCT patent applications prepared and filed by private firm of counsel averaged 24.4 in 2014, moving up from 16.4 in 2012, which had been an increase from 13.6 reported in 2010.
- Median billable hours recorded in 2014 by of counsel respondents were 1,447, up from 1,400 hours reported in 2012.
- The median average hourly billing rate for private firm of counsel attorneys was \$420, up 20.0% from \$350 reported in 2012.
- Hourly billing was used most often by private firm of counsel attorneys, averaging 82.6% of all services billed. A predetermined fee option was the second most often used, but it was only used 14.8% of the time.
- The median dollar amount billed for legal services by private firm of counsel attorneys in 2014 was \$551,000.
- Of the responding firm of counsel attorneys, the average number of hours spent per week on business development was 5.7.

2014 GROSS INCOME (P. I-41, Q10)

PRIVATE FIRM, OF COUNSEL

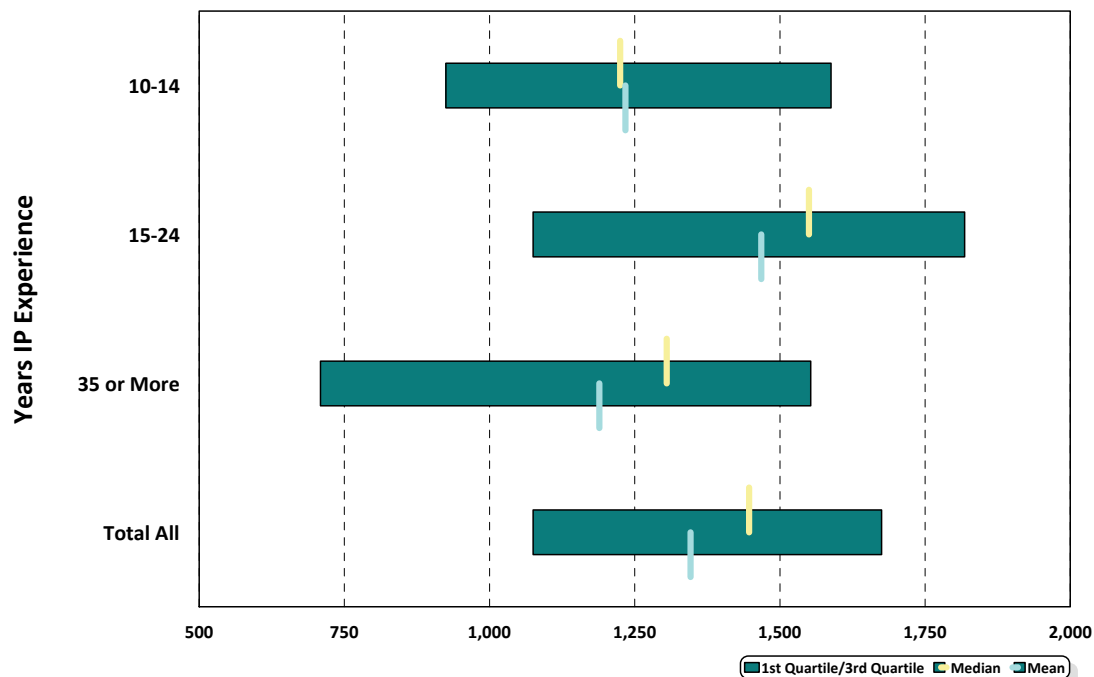
By Years of IP Experience



2014 BILLABLE HOURS (P. I-44, Q28)

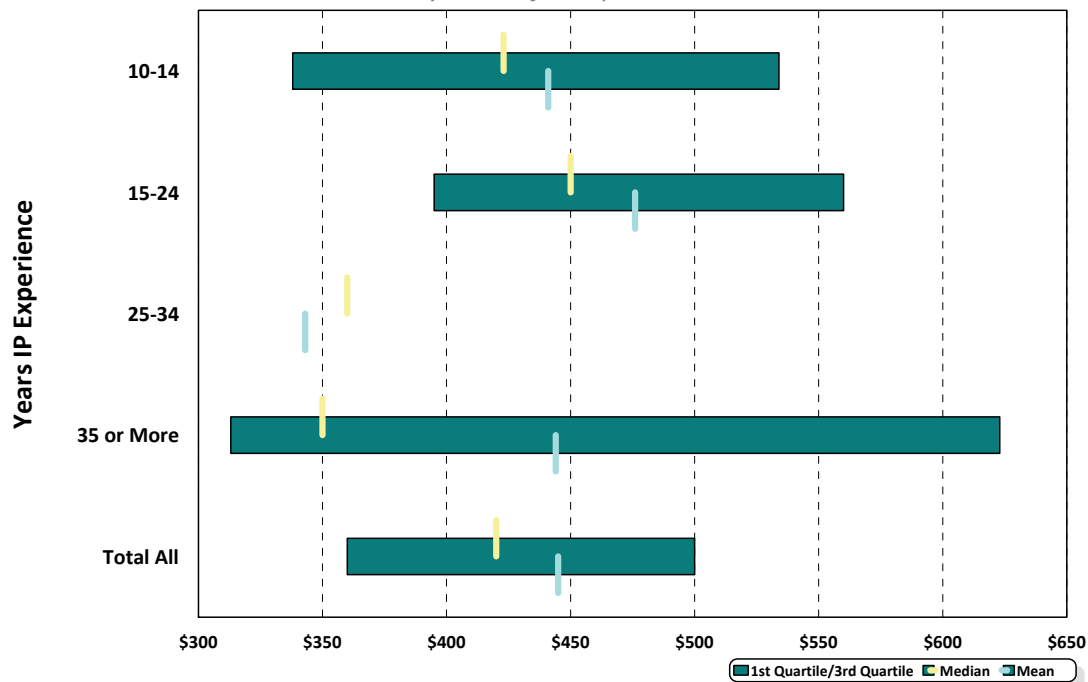
PRIVATE FIRM, OF COUNSEL

By Years of IP Experience



AVERAGE HOURLY BILLING RATE (P. I-45, Q29) PRIVATE FIRM, OF COUNSEL

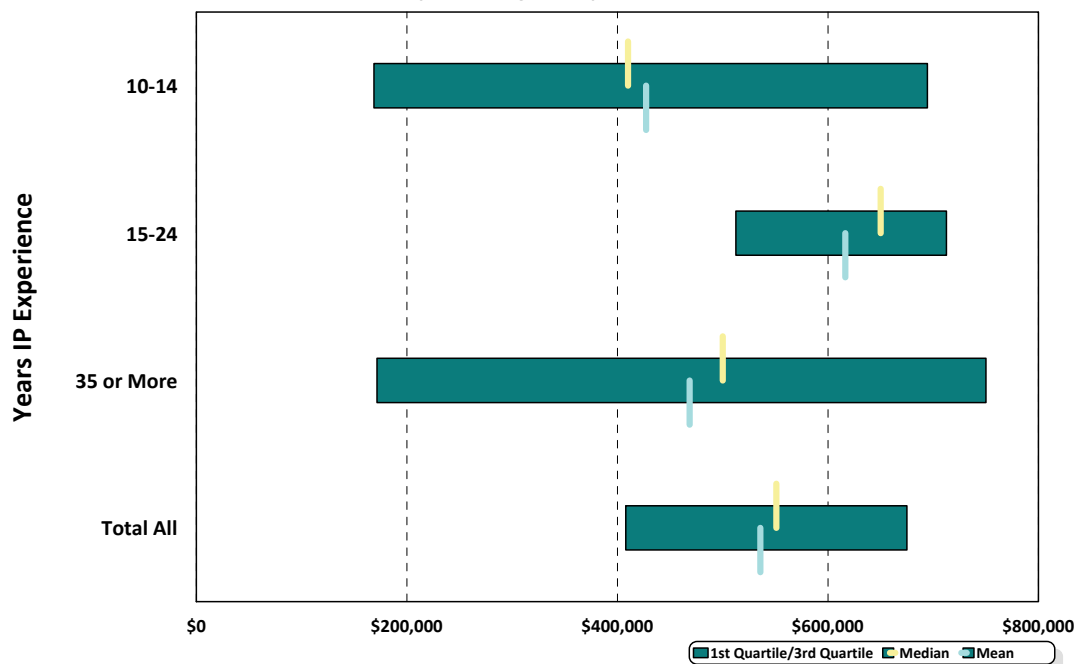
By Years of IP Experience



DOLLAR AMOUNT BILLED FOR LEGAL SERVICES PERFORMED IN 2014 (P. I-47, Q26)

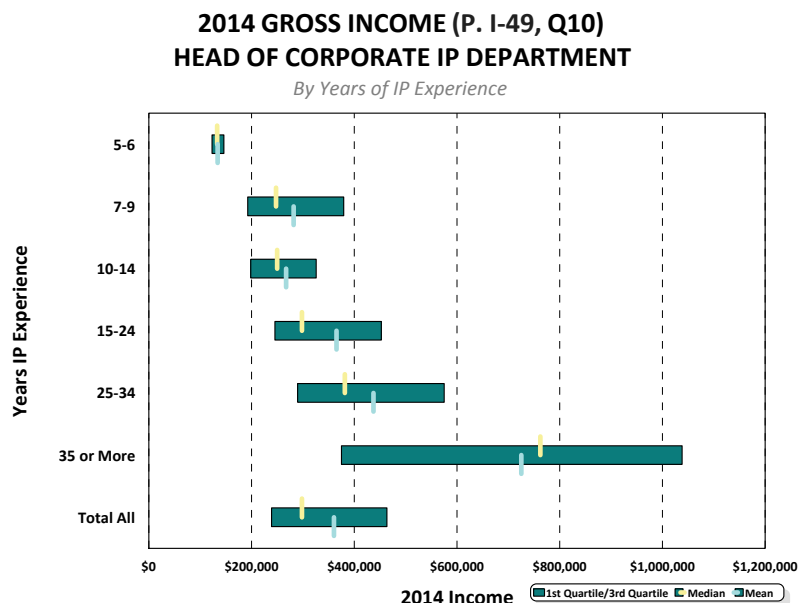
PRIVATE FIRM, OF COUNSEL

By Years of IP Experience



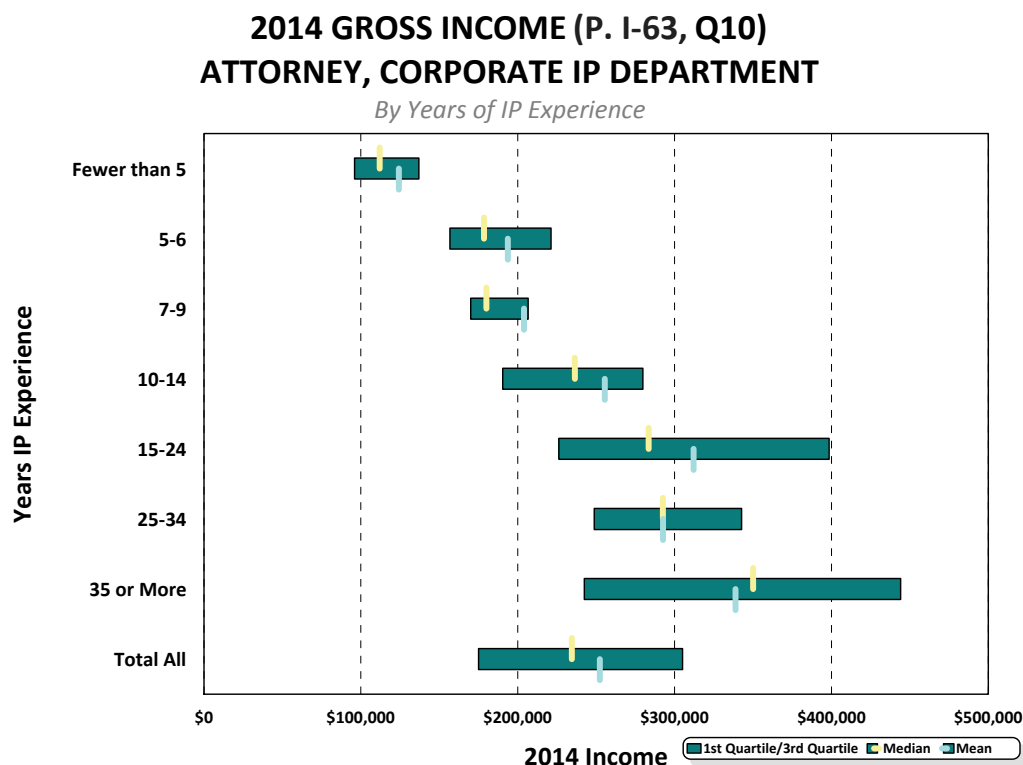
HEAD OF CORPORATE IP DEPARTMENT

- The average number of years of IP experience of the 109 responding heads of corporate IP departments was 19.6 years.
- Average total gross income in 2014 was \$360,435; the median was \$298,000, an 8.4% increase in the median reported in 2012 (\$275,000). The heads of corporate IP departments with no subordinates reported a median income of \$240,000, while those with 1-5 subordinates reported a median income of \$285,000.
- Employer contributions to 401(k)/403(b) retirement and savings plans averaged \$14,550 with \$12,000 as the median.
- Median cash income expected for 2015 was \$300,000, unchanged from what was expected for 2013, and just slightly higher than the actual \$298,000 reported for 2014.
- The typical corporate IP head primarily devoted their time to IP prosecution work (18.5%), but also spent 11.6% of their time on supervision and training of other attorneys or agents within the organization, 11.0% on managing outside counsel for IP prosecution work, and 10.1% on office management and administration.
- On average, patent work accounted for 52.6% of IP time spent by corporate IP department heads.
- The average number of IP lawyers and patent agents employed by the respondents' companies at all locations was 13.6, continuing the downward trend observed in 2012, when the average fell to 15.1, down from 18.3 lawyers and agents employed in 2010.
- New priority US and PCT patent applications prepared and filed by heads of corporate IP departments in 2014 averaged 14.4, up from 9.9 reported for 2012.
- More than half (53.9%) of responding corporate IP department heads have 1-5 IP lawyers and patent agents reporting directly or indirectly.
- The average corporate IP budget per full-time IP lawyer or agent as reported by the heads of corporate IP departments was \$1,431,644.
- Approximately one-third (36.7%) of corporate IP heads reported an increase in their annual IP budget, with an average change of 1.3%. Economic growth was cited by 38.7% of these respondents as the reason for the budget change.



CORPORATE IP DEPARTMENT, ATTORNEY

- Corporate IP department attorneys who participated in the 2015 survey (142) had an average of 15.1 years of IP experience.
- Average total gross income for 136 corporate IP department attorneys in 2014 was \$252,411. The median for 2014 was \$234,500, an 11.7% increase over the median gross income reported for 2012. Overall, gross income rose with experience, as well as by an increase in the number of direct and indirect reports.
- Employer contributions to 401(k)/403(b) retirement and savings plans for corporate IP department attorneys averaged \$12,183, up 18.9% from \$10,243 in 2012. The median also reflected an increase from \$8,957 in 2012 to \$10,000 in 2014.
- The average expected cash income for 2015 was \$266,332, which is 5.5% higher than what was reported to be earned on average in 2014.
- On average, corporate IP department attorneys spent 33.9% of their time on IP prosecution work, 15.2% managing outside IP prosecution, and another 10.3% on opinions counseling prior to litigation or formal ADR.
- Patent work was the predominant IP work area, accounting on average for 64.5% of time spent by corporate IP department attorneys.
- The average number of IP lawyers and patent agents employed by the respondents' companies at all locations was 29.0, down from 38.6 in 2012.
- New priority US and PCT patent applications prepared and filed by corporate IP department attorneys in 2014 averaged 24.1, nearly double the number reported in 2012 (12.9). The median values, however, were much more similar – 8.0 in 2014 and 9.0 in 2012.
- More than six in 10 responding corporate IP department attorneys reported having no direct or indirect reports, and 29.5% had 1-5 reports.

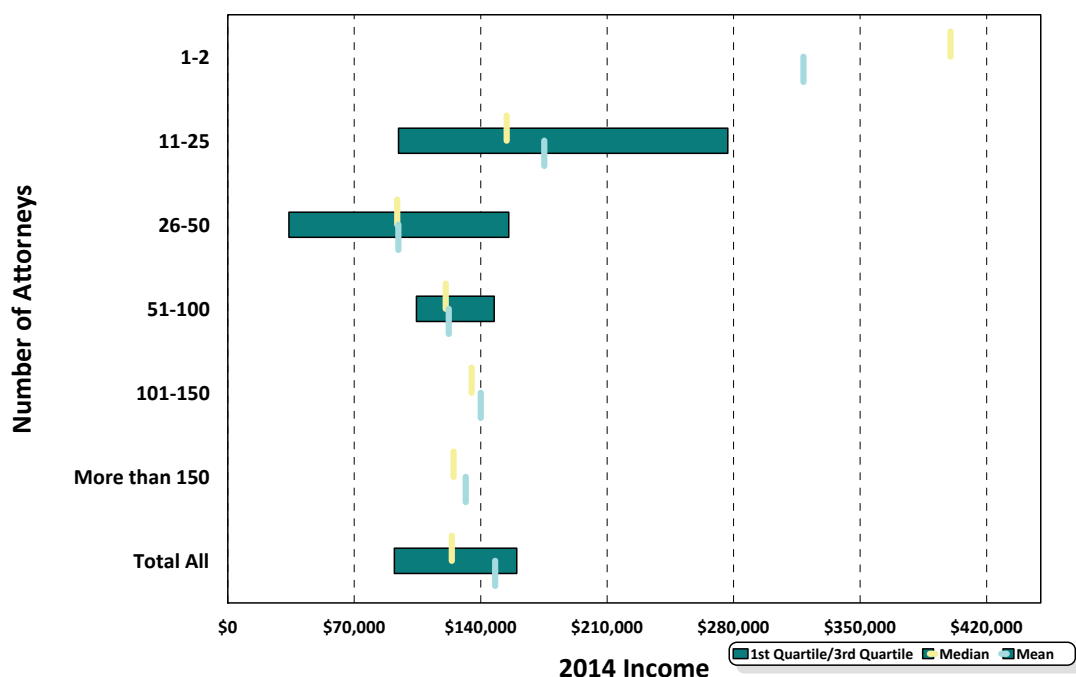


PRIVATE FIRM, PATENT AGENT

- Nearly five in 10 of the 32 private firm patent agents responding (48.4%) had a doctorate while 32.3% had a master's degree, and an average of 15.9 years of IP experience.
- The median total income from 2014 for responding private firm patent agents was \$124,000, rising 12.7% from \$110,000 reported for 2012.
- Based on median values, agents with a bachelor's degree (\$142,500) out-earned those with a master's degree (\$112,000) or those with a doctorate (\$123,000).
- The median expected total cash income for 2015 was \$130,000, 4.8% higher than 2014 reported median gross income.
- Private firm agents spent 64.1% of their time on IP prosecution work and 11.0% on IP litigation. Patents took up most of the private firm agents' IP time (85.7%).
- The average number of IP lawyers and patent agents employed by the respondents' firms at all locations was 84.8.
- New priority US and PCT patent applications prepared and filed by private firm agents in 2014 averaged 47.3. The median, however, was 9.0 for 2014 and 10.0 for 2012.
- The median billable hours reported by private firm agents for 2014 was 1,700 and the median billing rate was \$285 per hour, compared to 1,543 hours billed in 2012 and a rate of \$238.
- The median dollar amount billed for legal services in 2014 by private firm agents was \$400,608, up from \$338,000 reported for 2012.

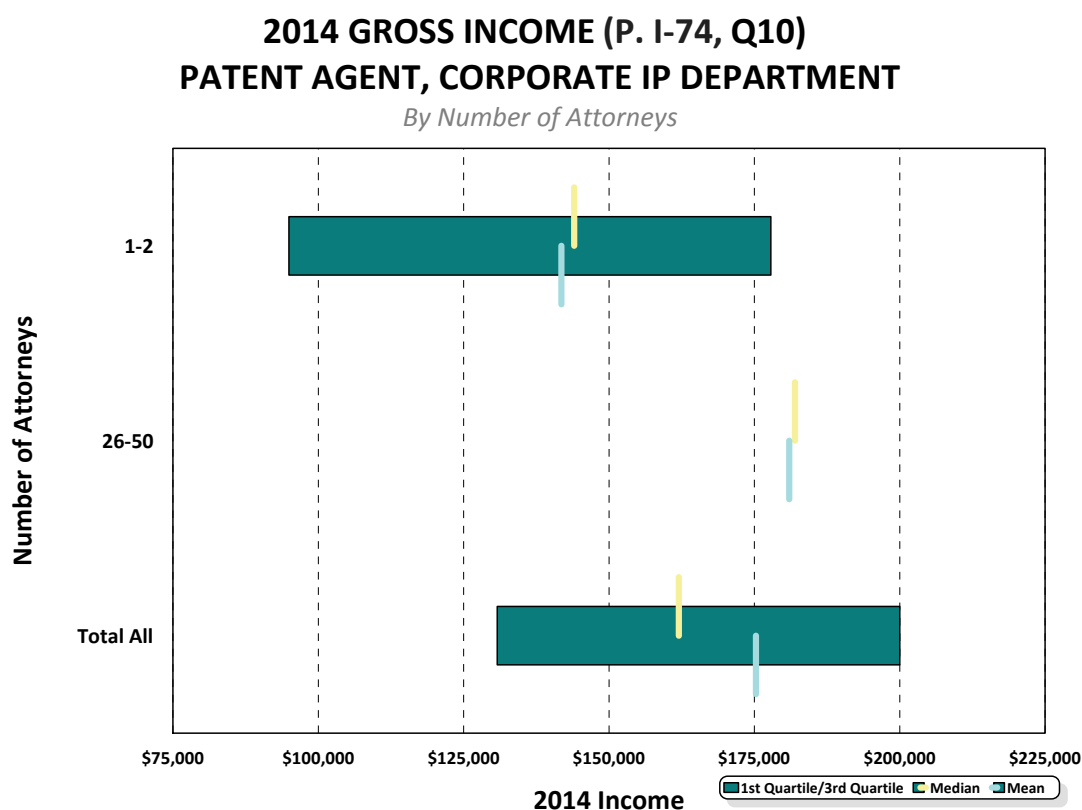
2014 GROSS INCOME (P. I-70, Q10) PATENT AGENT, PRIVATE FIRM

By Number of Attorneys



CORPORATE IP DEPARTMENT, PATENT AGENT

- Only 15 agents who worked in a corporate IP department participated in the 2015 survey and averaged 9.2 years of IP experience.
- A doctorate was the most prevalent degree held by 73.3% of all respondents.
- Median gross income for 2014 equaled \$162,000 based on 15 participants, compared to a median gross income of \$132,500 in 2012, based on 30 participants.
- Expected median total cash income for 2015 was \$165,000.
- More than half (51.3%) of the corporate patent agent time was devoted to IP prosecution work.
- The average number of IP lawyers and patent agents employed by the respondent's firm at all locations was 29.6.



TYPICAL CHARGES FOR IP LAW SERVICES

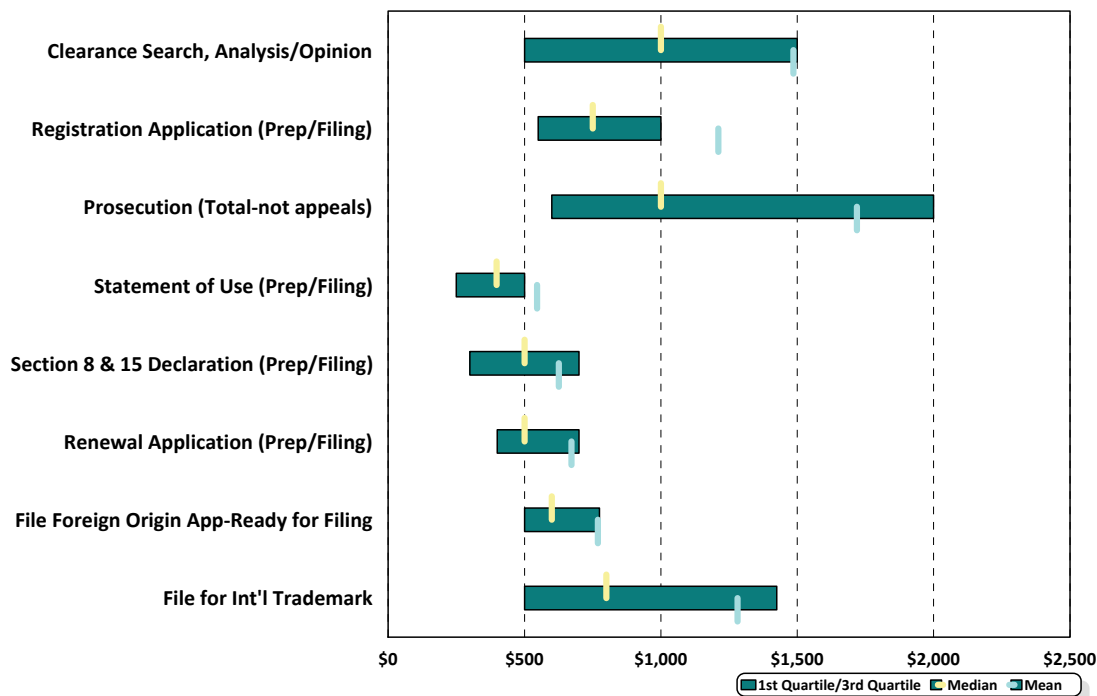
Survey respondents were asked to report typical charges for 38 IP law services—but only if they had been personally responsible for a representative sample of the work involved either as a service provider or as a service purchaser. Charges were to be based on cases with no unusual complications and were to include legal services only (no copy, drawing, or government fees). The 38 services were grouped under four headings: Trademarks (including Service Marks) (11 services), US Utility Patents (18 services), Foreign Origin and Foreign Patents (six services), and US Design Patents, Plant Patents, and Copyrights (three services). The median charge for each service in 2004, 2006, 2008, 2012 and 2014 is provided below.

Median Charges for Services	2004	2006	2008	2010	2012	2014
TRADEMARKS						
Clearance search	\$950	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Registration application	650	673	700	700	700	750
Prosecution	1,000	1,000	1,200	1,000	1,000	1,000
Statement of use	300	300	350	350	350	398
Appeal to the Board	3,000	3,000	3,500	3,000	2,500	3,000
Section 8 and 15 declaration	400	400	450	450	463	500
Renewal application	500	500	500	500	500	500
Filing foreign origin registration application received ready for filing	500	500	500	500	500	600
Filing for an international trademark	700	700	800	750	700	800
Preparing for a UDRP petition	N/A	N/A	N/A	2,400	2,400	3,000
Responding to a UDRP petition	N/A	N/A	N/A	2,000	1,500	2,750
US UTILITY PATENTS						
Original (not divisional, continuation, or CIP) non-provisional application on invention of minimal complexity	\$6,000	\$6,500	\$7,000	\$7,000	\$6,500	\$7,000
Provisional application	3,000	3,500	3,500	3,500	3,500	4,000
Original application, relatively complex—biotech/chemical	12,000	12,000	12,000	10,500	10,000	10,250
Original application, relatively complex—electrical/computer	10,000	10,000	10,000	10,000	10,000	10,000
Original application, relatively complex—mechanical	8,000	8,600	9,000	9,000	8,500	9,000
Application amendment/argument of minimal complexity	1,500	1,600	1,850	1,800	1,800	2,000
Application amendment/argument, relatively complex—biotech/chemical	3,000	3,000	3,200	3,000	3,000	3,200
Application amendment/argument, relatively complex—electrical/computer	2,800	3,000	3,000	3,000	3,000	3,000
Application amendment/argument, relatively complex—mechanical	2,500	2,500	2,500	2,500	2,500	2,900
Appeal to Board without oral argument	3,600	4,000	4,500	4,000	4,000	4,000
Appeal to Board with oral argument	6,500	6,500	8,000	7,500	7,000	9,000
Issuing an allowed application	500	500	500	500	500	600
Ex parte re-exam	7,500	9,500	10,000	10,000	15,000	12,000
Paying a maintenance fee	200	250	250	250	250	250
Novelty search	1,500	2,000	2,000	2,000	2,000	2,000
Validity/invalidity only opinion per patent	10,000	13,000	12,000	10,000	10,000	10,000
Infringement/non-infringement only opinion per patent	10,000	10,000	10,000	10,000	10,000	10,000
Combination validity and infringement per patent	15,000	20,000	18,000	15,000	15,000	15,000
FOREIGN ORIGIN AND FOREIGN PATENTS						
Filing in USPTO, received ready for filing	\$900	\$1,000	\$1,000	\$1,000	\$950	\$1,000
Filing non-PCT application abroad, per country	800	900	900	875	800	800
Filing previously prepared US application as PCT application in US	900	1,000	1,000	1,000	998	1,000
Entering National Stage in US Receiving Office from foreign origin	800	900	1,000	1,000	1,000	1,000
Entering National Stage in each foreign receiving office from US origin	606	750	800	800	760	750
Paying an annuity or maintenance fee	200	250	250	250	250	250
US DESIGN PATENTS, PLANT PATENTS, AND COPYRIGHTS						
US design patent application	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
US plant patent application	2,000	2,000	2,000	2,300	1,500	3,500
Copyright registration application	300	300	350	395	350	400

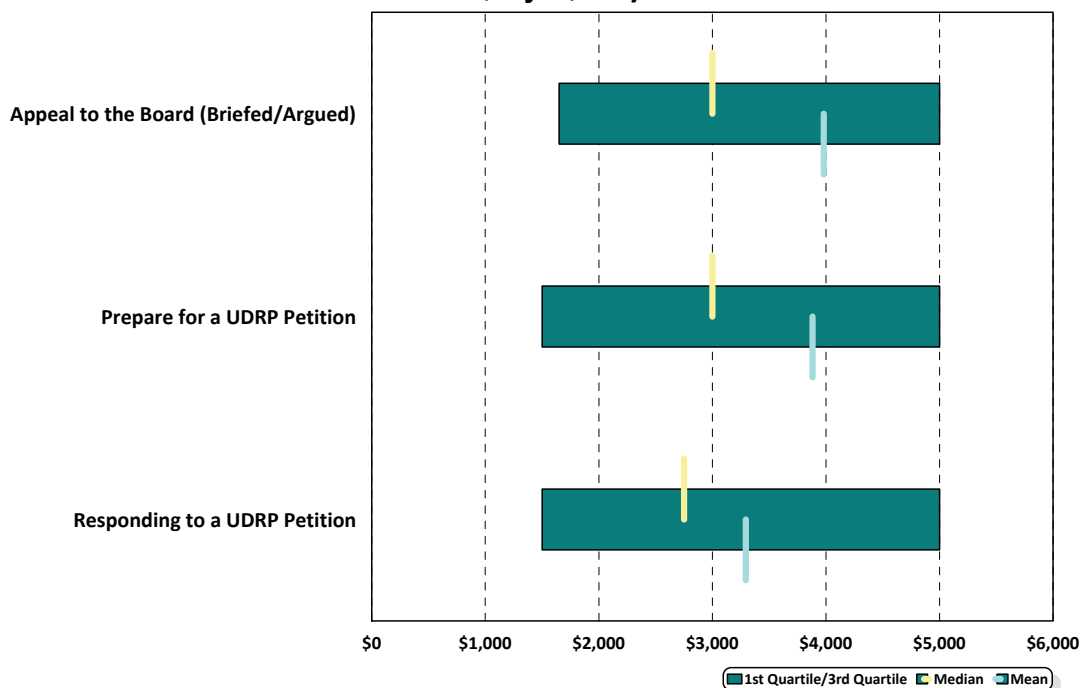
Survey respondents were also asked to indicate the type of fee primarily used for each of the 38 services. The data this year are displayed based on the answer to these questions. A number of the reported median fees charged are the same whether it be primarily fixed fee or hourly. Median hourly fees are otherwise likely to be higher than the median fixed fees. However, Trademarks, filing foreign origin registration application received ready for filing, and US Utility Patents, ex parte re-exam fees recorded hourly median fees that were lower than the median fixed fees. The largest difference in fees was \$3,500 for US Utility Patents, original utility application, relatively complex – biotechnology/chemical (preparation and filing).

Median Charges for Services	FIXED FEE	RESPONDENT COUNT	HOURLY	RESPONDENT COUNT
TRADEMARKS				
Clearance search	\$883	152	\$1,200	125
Registration application	750	219	850	79
Prosecution	1,000	36	1,000	199
Statement of use	365	175	500	77
Appeal to the Board	2,475	10	3,000	95
Section 8 and 15 declaration	498	164	500	71
Renewal application	500	153	500	61
Filing foreign origin registration application received ready for filing	600	100	525	39
Filing for an international trademark	800	77	800	57
Preparing for a UDRP petition	2,500	27	3,000	59
Responding to a UDRP petition	1,500	11	3,500	51
US UTILITY PATENTS				
Original (not divisional, continuation, or CIP) non-provisional application on invention of minimal complexity	\$7,000	205	\$7,000	303
Provisional application	3,500	158	4,500	292
Original application, relatively complex—biotech/chemical	8,500	67	12,000	141
Original application, relatively complex—electrical/computer	9,000	135	10,100	188
Original application, relatively complex—mechanical	8,000	120	9,000	220
Application amendment/argument of minimal complexity	2,000	123	2,000	315
Application amendment/argument, relatively complex—biotech/chemical	2,825	54	3,500	160
Application amendment/argument, relatively complex—electrical/computer	2,500	109	3,250	212
Application amendment/argument, relatively complex—mechanical	2,500	102	3,000	245
Appeal to Board without oral argument	3,500	74	4,500	236
Appeal to Board with oral argument	6,000	20	9,000	106
Issuing an allowed application	500	180	600	190
Ex parte re-exam	15,000	13	12,000	79
Paying a maintenance fee	250	174	270	99
Novelty search	1,650	100	2,500	202
Validity/invalidity only opinion per patent	10,000	39	10,000	215
Infringement/non-infringement only opinion per patent	9,000	42	10,000	216
Combination validity and infringement per patent	15,000	27	15,000	177
FOREIGN ORIGIN AND FOREIGN PATENTS				
Filing in USPTO, received ready for filing	\$945	190	\$1,200	115
Filing non-PCT application abroad, per country	800	146	1,000	113
Filing previously prepared US application as PCT application in US	1,000	178	1,000	133
Entering National Stage in US Receiving Office from foreign origin	945	164	1,100	120
Entering National Stage in each foreign receiving office from US origin	750	144	750	126
Paying an annuity or maintenance fee	250	174	250	74
US DESIGN PATENTS, PLANT PATENTS, AND COPYRIGHTS				
US design patent application	\$1,500	126	\$2,000	162
US plant patent application	2,500	6	4,750	16
Copyright registration application	400	106	450	69

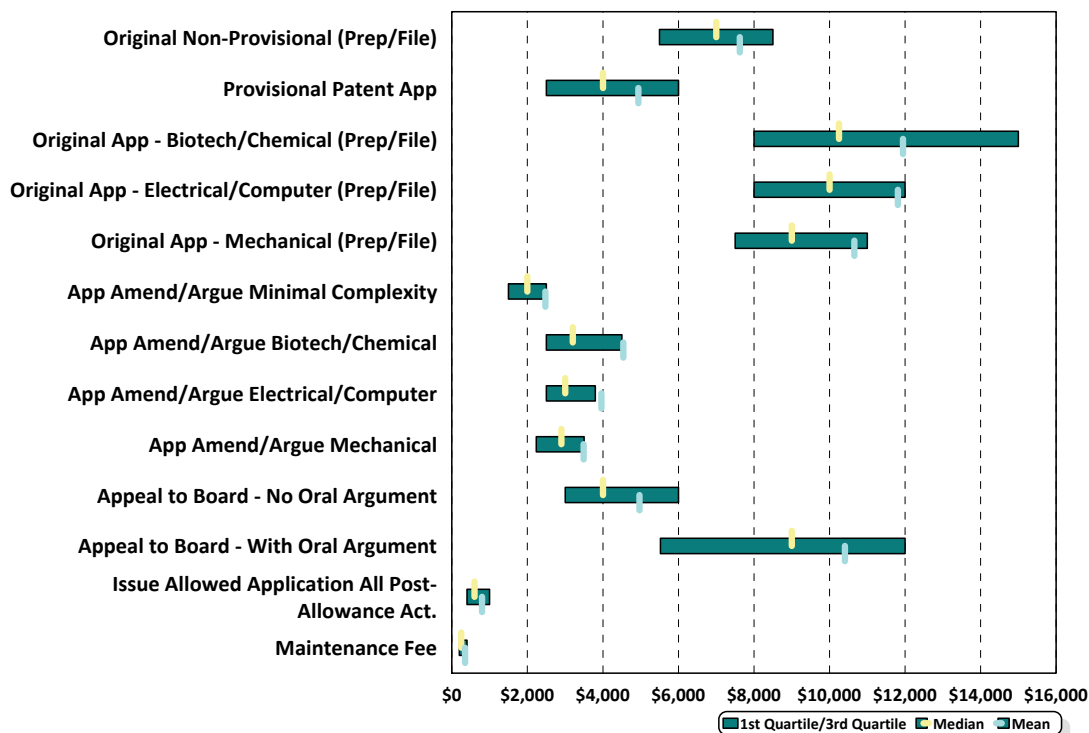
TYPICAL CHARGES AND COSTS FOR TRADEMARKS (INCLUDING SERVICE MARKS) (P. I-76 to I-83, Q31a-Q31d & Q31f-Q31i)



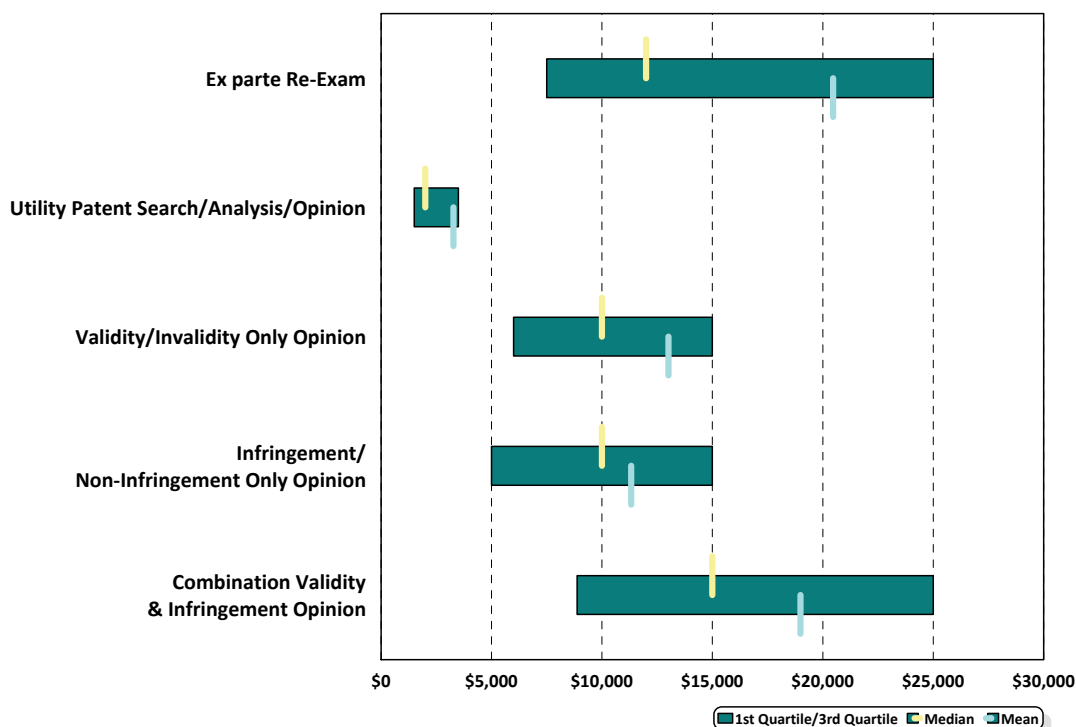
TYPICAL CHARGES AND COSTS FOR TRADEMARKS (INCLUDING SERVICE MARKS) (P. I-77, I-79, I-81 & I-83, Q31e & Q31j-Q31k)



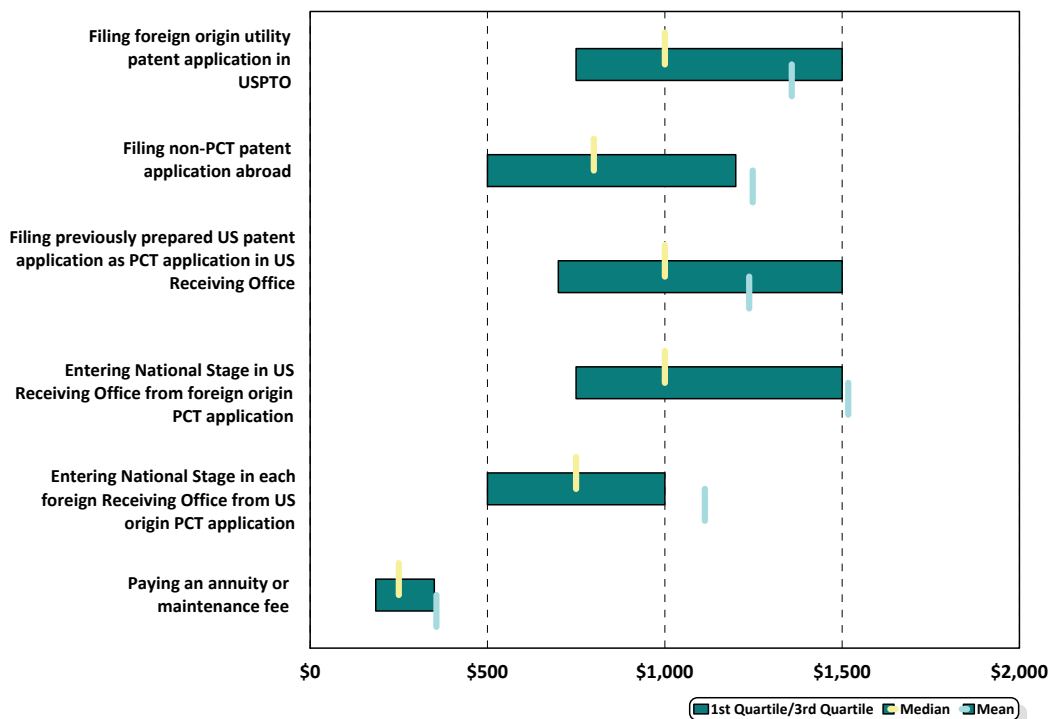
TYPICAL CHARGES AND COSTS FOR US UTILITY PATENTS (P. I-84 to I-87, I-88 & I-90 to I-93, I-94 Q32a-Q32l, Q32n)



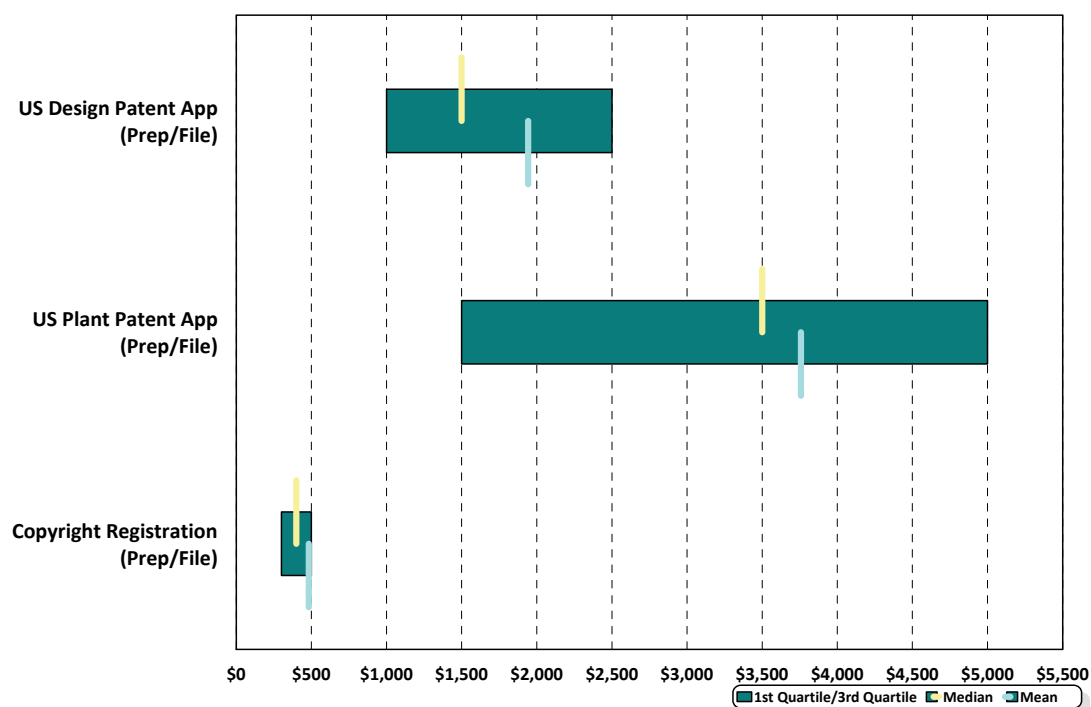
TYPICAL CHARGES AND COSTS FOR US UTILITY PATENTS (P. I-88 to I-89 & I-94 to I-95, Q32m, Q32o-Q32r)



TYPICAL CHARGES AND COSTS FOR FOREIGN ORIGIN AND FOREIGN PATENTS (P. I-96 to I-99, Q33a-Q33f)



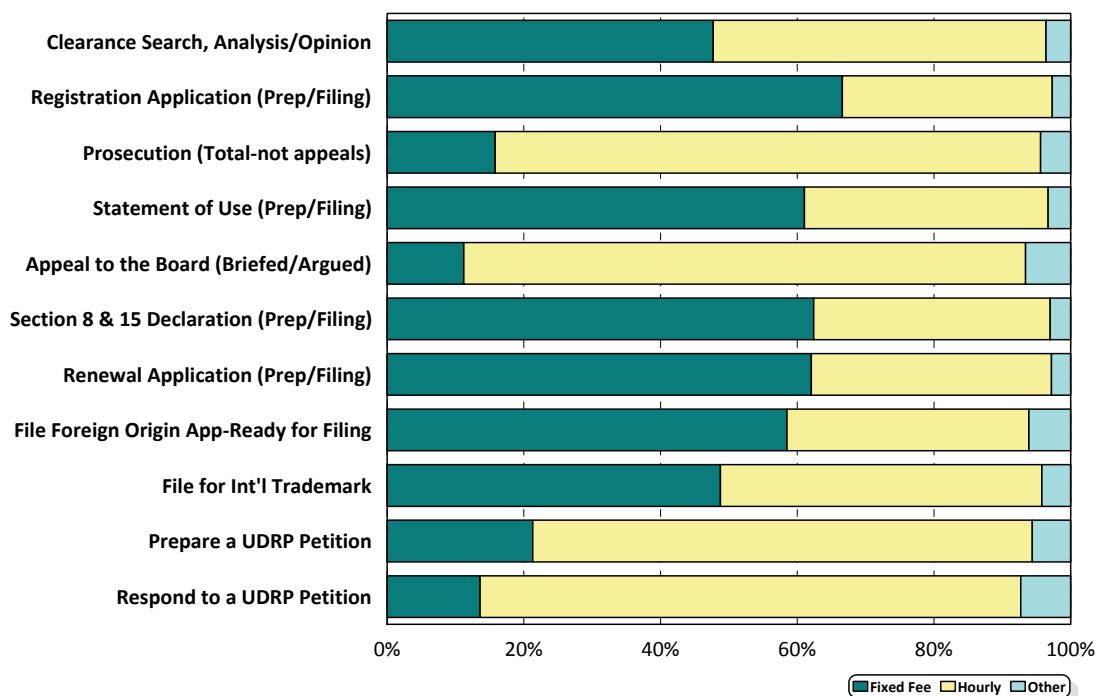
TYPICAL CHARGES AND COSTS FOR US DESIGN AND PLANT PATENTS AND COPYRIGHTS (P. I-100 to I-101, Q34a-Q34c)



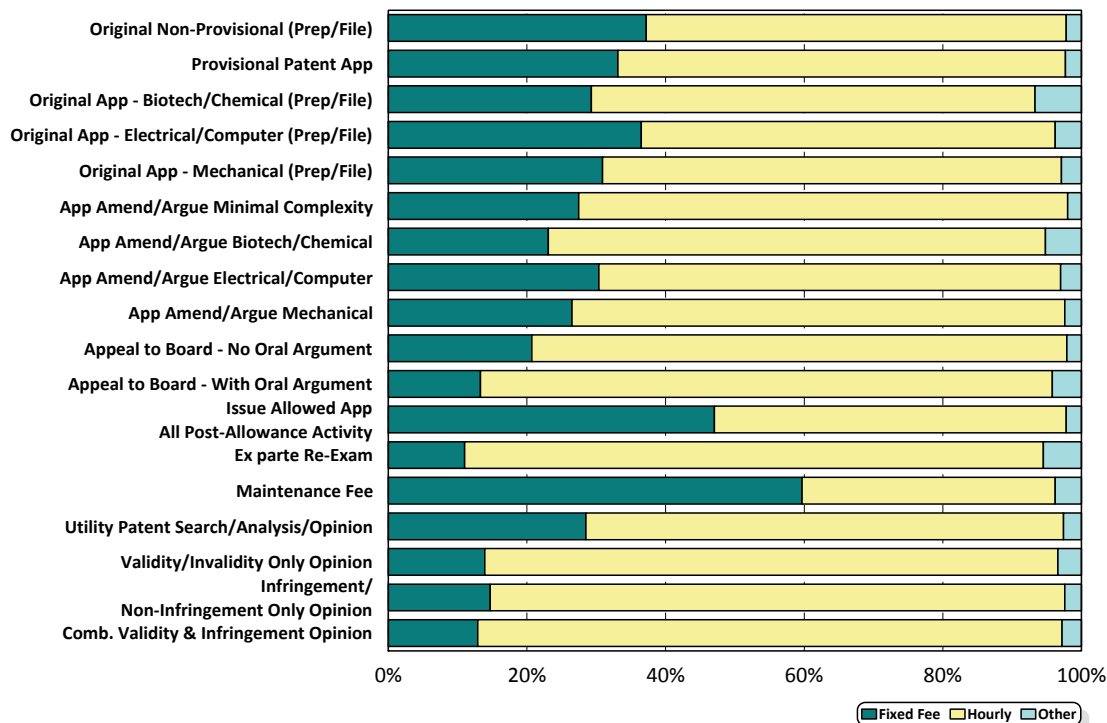
TYPICAL TYPE OF FEE FOR IP LAW SERVICE CHARGES

For a Trademark Prosecution (total, including amendments and interviews but not appeals), 79.8% of respondents primarily billed hourly, this is down slightly from the 83.1% reported in 2013. Trademark Appeal to the Board (Briefed and Argued) was primarily billed hourly by 82.2% of respondents. US Utility Patents charges were primarily billed hourly (by more than 80% of respondents) for the following: Appeal to the Board in utility patent application with oral argument, Ex parte re-exam, Validity/Invalidity Only Opinion, per patent, Infringement/ Non-Infringement Only Opinion, per patent, and Combination Validity and Infringement, per patent. Issuing an allowed application (All post-allowance activity) is billed primarily by 47.0% of respondents as a fixed fee. For most Foreign Origin and Foreign Patent fees, respondents are split evenly with approximately half using fixed fees and the other half using hourly fees. The exception was paying an annuity or maintenance fee—63.4% of respondents reported fixed fees primarily. US plant patent application preparation and filing was reported as being billed on an hourly basis by 66.1% of respondents, while 12.8% reported using an “other” method primarily.

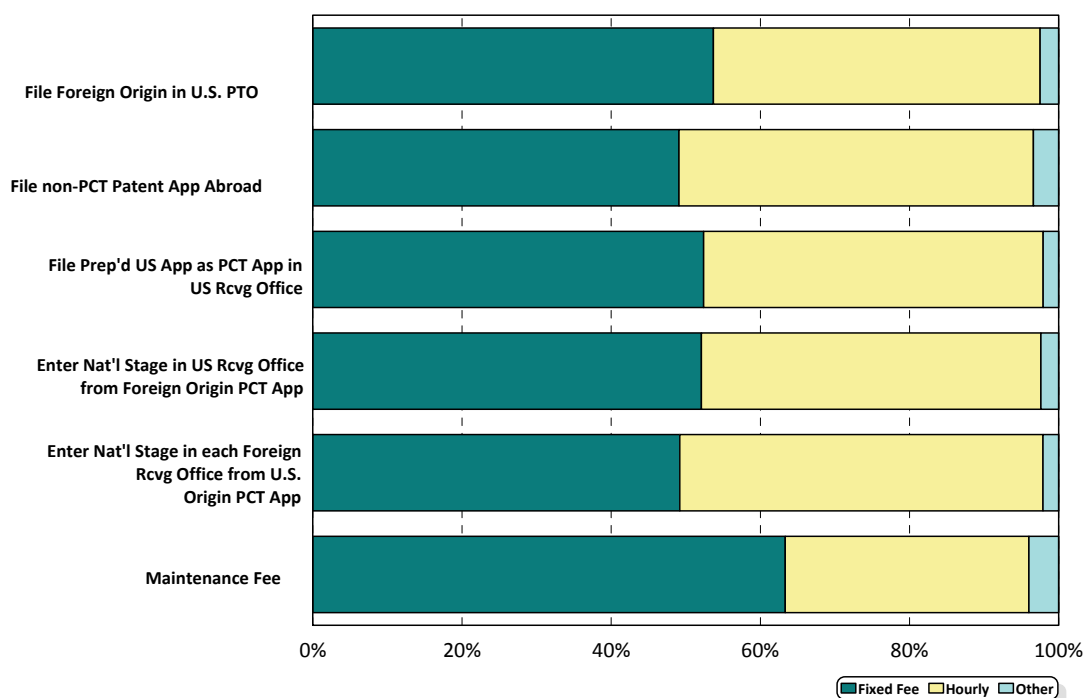
TYPE OF FEE PRIMARILY USED IN 2014 FOR TRADEMARKS: (P. I-102, Q31a-Q31k)



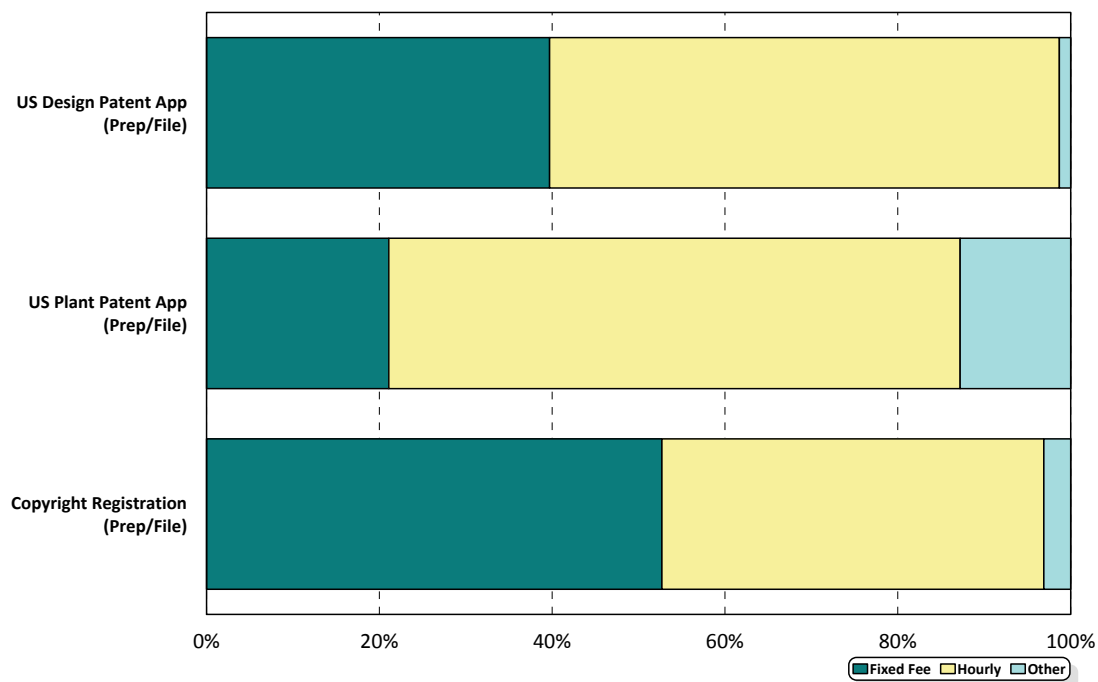
TYPE OF FEE PRIMARILY USED IN 2014 FOR US UTILITY PATENTS: (P. I-103, Q32a-Q32r)



TYPE OF FEE PRIMARILY USED IN 2014 FOR FOREIGN ORIGIN PATENTS: (P. I-104, Q33a-Q33f)



**TYPE OF FEE PRIMARILY USED IN 2014 FOR OTHER US PATENTS AND
COPYRIGHTS:
(P. I-104, Q34a-Q34c)**



TYPICAL COSTS OF LITIGATION

Survey participants were asked to provide cost estimates, *but only for the types of litigation they had personal knowledge of, either as a service provider (attorney in private practice) or as a purchaser (corporate counsel), and were engaged in recently*. "Total cost" was requested, including outside legal and paralegal services, local counsel, associates, paralegals, travel and living expenses, fees and costs for court reporters, photocopies, courier services, exhibit preparation, analytical testing, expert witnesses, translators, surveys, jury advisors, and similar expenses. Participants were also asked to estimate based on a single IP asset (i.e., one patent at issue, one trademark).

The following table reports median litigation costs for Patent Infringement, All Varieties, Patent Infringement Pursuant to the Hatch-Waxman Act, Patent Infringement by Non-Practicing Entity, Section 337 Patent Infringement Action in the International Trade Commission, Inter Partes Proceedings, Trademark Infringement, Trademark Opposition/Cancellation, Copyright Infringement, and Trade Secret Misappropriation. In this year's survey, the cost of the action up through mediation was collected for the various types of litigation costs.

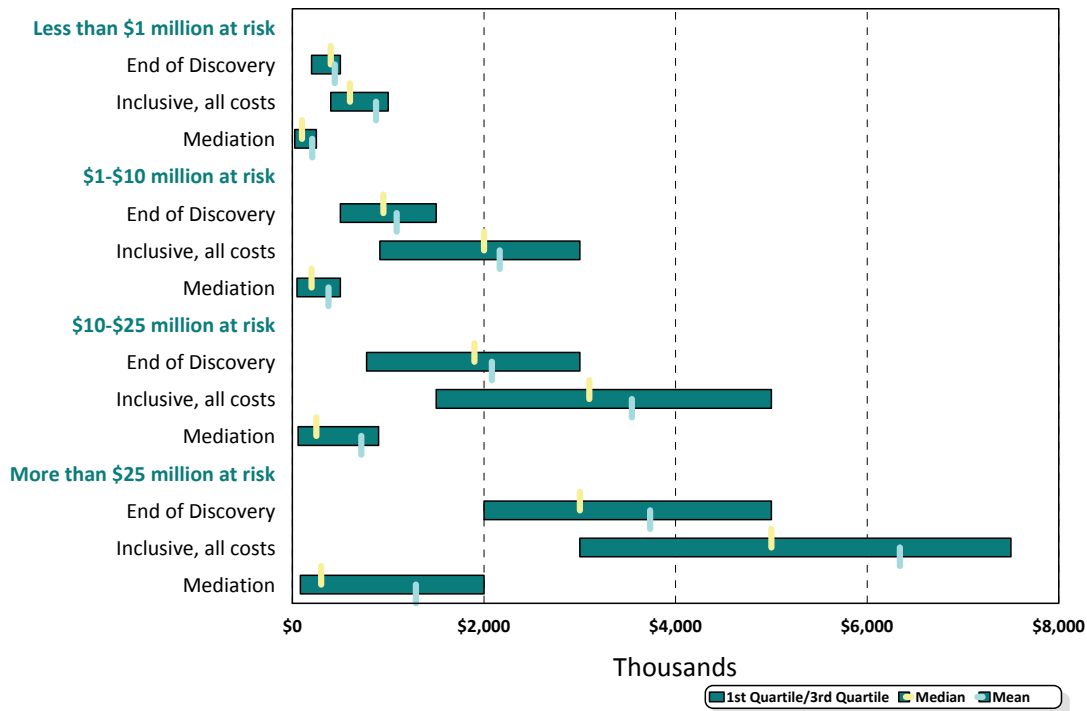
Within Patent Infringement Suits, All Varieties median costs have generally stayed the same or dropped slightly from 2013, with the exception of end of discovery for less than \$1 million at risk. For Patent Infringement Pursuant to Hatch-Waxman, the median decreased for all values at risk inclusive, all costs except for when there was less than \$1 million at risk. The median costs for Patent Infringement Suits, Defending Claims of Patent Infringement by Non-Practicing Entity was down from 2013 in most cases, while for Patent Infringement Suit, Section 337 litigation, the median cost is up from 2013 in nearly all cases. Median costs are also up in Trademark Infringement Suits inclusive of all costs for all values at risk except \$1-\$10 million. Most copyright infringement suit median costs are down from 2013, and the median trade secret misappropriation suit end of discovery costs have decreased or remained the same when compared to 2013. Mediation (median) costs, in general, rose as the value at risk rose.

MEDIAN LITIGATION COSTS		\$000s				
	2005	2007	2009	2011	2013	2015
PATENT INFRINGEMENT SUIT, ALL VARIETIES						
LESS THAN \$1 MILLION AT RISK						
End of discovery	\$350	\$350	\$350	\$350	\$350	\$400
Inclusive, all costs	650	600	650	650	700	600
Mediation	N/A	N/A	N/A	N/A	N/A	100
\$1-\$10 MILLION AT RISK						
End of discovery	N/A	N/A	N/A	N/A	\$1,000	\$950
Inclusive, all costs	N/A	N/A	N/A	N/A	2,000	2,000
Mediation	N/A	N/A	N/A	N/A	N/A	200
\$10-\$25 MILLION AT RISK						
End of discovery	N/A	N/A	N/A	N/A	\$2,000	\$1,900
Inclusive, all costs	N/A	N/A	N/A	N/A	3,325	3,100
Mediation	N/A	N/A	N/A	N/A	N/A	250
MORE THAN \$25 MILLION AT RISK						
End of discovery	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Inclusive, all costs	4,500	5,000	5,500	5,000	5,500	5,000
Mediation	N/A	N/A	N/A	N/A	N/A	300
PATENT INFRINGEMENT PURSUANT TO THE HATCH-WAXMAN ACT (I.E., "ANDA LITIGATION")						
LESS THAN \$1 MILLION AT RISK						
End of discovery	N/A	N/A	N/A	N/A	\$300	\$350
Inclusive, all costs	N/A	N/A	N/A	N/A	513	650
Mediation	N/A	N/A	N/A	N/A	N/A	75
\$1-\$10 MILLION AT RISK						
End of discovery	N/A	N/A	N/A	N/A	\$1,000	\$1,000
Inclusive, all costs	N/A	N/A	N/A	N/A	1,800	\$1,500
Mediation	N/A	N/A	N/A	N/A	N/A	200

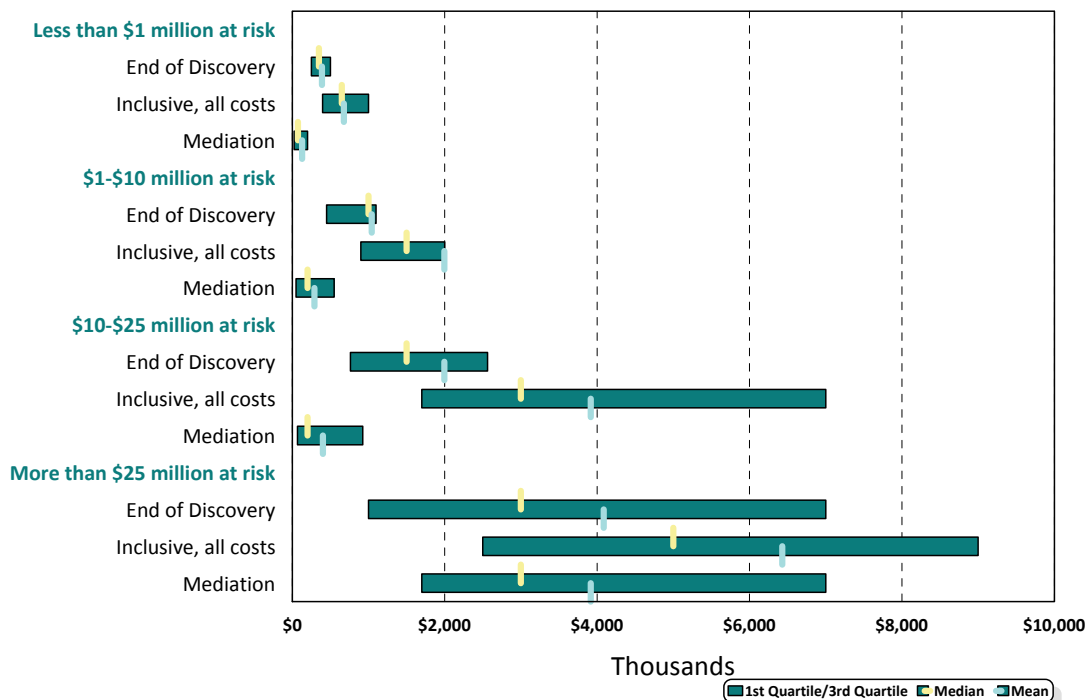
MEDIAN LITIGATION COSTS (CONTINUED)		\$000s				
	2005	2007	2009	2011	2013	2015
\$10-\$25 MILLION AT RISK						
End of discovery	N/A	N/A	N/A	N/A	\$2,500	\$1,500
Inclusive, all costs	N/A	N/A	N/A	N/A	4,000	3,000
Mediation	N/A	N/A	N/A	N/A	N/A	200
MORE THAN \$25 MILLION AT RISK						
End of discovery	N/A	N/A	N/A	N/A	\$3,250	\$3,000
Inclusive, all costs	N/A	N/A	N/A	N/A	6,000	5,000
Mediation	N/A	N/A	N/A	N/A	N/A	3,000
PATENT INFRINGEMENT SUIT, DEFENDING CLAIMS OF PATENT INFRINGEMENT BY NON-PRACTICING ENTITY						
LESS THAN \$1 MILLION AT RISK						
End of discovery	N/A	N/A	N/A	N/A	\$300	\$300
Inclusive, all costs	N/A	N/A	N/A	N/A	600	500
Mediation	N/A	N/A	N/A	N/A	N/A	100
\$1-\$10 MILLION AT RISK						
End of discovery	N/A	N/A	N/A	N/A	\$750	\$570
Inclusive, all costs	N/A	N/A	N/A	N/A	1,250	1,000
Mediation	N/A	N/A	N/A	N/A	N/A	113
\$10-\$25 MILLION AT RISK						
End of discovery	N/A	N/A	N/A	N/A	\$1,500	\$1,200
Inclusive, all costs	N/A	N/A	N/A	N/A	2,400	2,000
Mediation	N/A	N/A	N/A	N/A	N/A	200
MORE THAN \$25 MILLION AT RISK						
End of discovery	N/A	N/A	N/A	N/A	\$2,500	\$2,000
Inclusive, all costs	N/A	N/A	N/A	N/A	4,000	3,750
Mediation	N/A	N/A	N/A	N/A	N/A	213
PATENT INFRINGEMENT SUIT, SECTION 337						
LESS THAN \$1 MILLION AT RISK						
End of discovery	N/A	N/A	N/A	N/A	\$375	\$500
Inclusive, all costs	N/A	N/A	N/A	N/A	550	750
Mediation	N/A	N/A	N/A	N/A	N/A	100
\$1-\$10 MILLION AT RISK						
End of discovery	N/A	N/A	N/A	N/A	\$750	\$1,000
Inclusive, all costs	N/A	N/A	N/A	N/A	1,800	1,600
Mediation	N/A	N/A	N/A	N/A	N/A	113
\$10-\$25 MILLION AT RISK						
End of discovery	N/A	N/A	N/A	N/A	\$1,500	\$2,000
Inclusive, all costs	N/A	N/A	N/A	N/A	3,000	4,000
Mediation	N/A	N/A	N/A	N/A	N/A	150
MORE THAN \$25 MILLION AT RISK						
End of discovery	N/A	N/A	N/A	N/A	\$3,000	\$3,250
Inclusive, all costs	N/A	N/A	N/A	N/A	5,000	5,000
Mediation	N/A	N/A	N/A	N/A	N/A	250
INTER PARTES PROCEEDINGS						
Through filing petition	N/A	N/A	N/A	N/A	N/A	\$80
Through end of motion practice	N/A	N/A	N/A	N/A	N/A	200
Through PTAB hearing	N/A	N/A	N/A	N/A	N/A	275
Through appeal	N/A	N/A	N/A	N/A	N/A	350
TRADEMARK INFRINGEMENT SUIT						
LESS THAN \$1 MILLION AT RISK						
End of discovery	\$200	\$150	\$175	\$200	\$150	\$150
Inclusive, all costs	300	255	300	350	300	325
Mediation	N/A	N/A	N/A	N/A	N/A	50
\$1-\$10 MILLION AT RISK						
End of discovery	N/A	N/A	N/A	N/A	\$350	\$263
Inclusive, all costs	N/A	N/A	N/A	N/A	550	500
Mediation	N/A	N/A	N/A	N/A	N/A	75
\$10-\$25 MILLION AT RISK						
End of discovery	N/A	N/A	N/A	N/A	\$500	\$400
Inclusive, all costs	N/A	N/A	N/A	N/A	1,000	720
Mediation	N/A	N/A	N/A	N/A	N/A	100

MEDIAN LITIGATION COSTS (CONTINUED)		\$000s				
	2005	2007	2009	2011	2013	2015
MORE THAN \$25 MILLION AT RISK						
End of discovery	\$750	\$600	\$750	\$1,000	\$750	\$900
Inclusive, all costs	1,250	1,250	1,400	1,500	1,500	1,600
Mediation	N/A	N/A	N/A	N/A	N/A	100
TRADEMARK OPPOSITION/CANCELLATION						
End of discovery	\$50	\$50	\$50	\$50	\$50	\$50
Inclusive, all costs	80	75	80	90	80	95
COPYRIGHT INFRINGEMENT SUIT						
LESS THAN \$1 MILLION AT RISK						
End of discovery	\$138	\$150	\$150	\$200	\$150	\$150
Inclusive, all costs	250	290	300	350	300	250
Mediation	N/A	N/A	N/A	N/A	N/A	40
\$1-\$10 MILLION AT RISK						
End of discovery	N/A	N/A	N/A	N/A	\$350	\$250
Inclusive, all costs	N/A	N/A	N/A	N/A	563	500
Mediation	N/A	N/A	N/A	N/A	N/A	63
\$10-\$25 MILLION AT RISK						
End of discovery	N/A	N/A	N/A	N/A	\$600	\$500
Inclusive, all costs	N/A	N/A	N/A	N/A	1,000	750
Mediation	N/A	N/A	N/A	N/A	N/A	100
MORE THAN \$25 MILLION AT RISK						
End of discovery	\$550	\$550	\$750	\$ 750	\$775	\$750
Inclusive, all costs	975	1,000	1,100	1,375	1,625	1,200
Mediation	N/A	N/A	N/A	N/A	N/A	100
TRADE SECRET MISAPPROPRIATION SUIT						
LESS THAN \$1 MILLION AT RISK						
End of discovery	\$200	\$200	\$250	\$250	\$250	\$250
Inclusive, all costs	300	350	400	425	425	500
Mediation	N/A	N/A	N/A	N/A	N/A	50
\$1-\$10 MILLION AT RISK						
End of discovery	N/A	N/A	N/A	N/A	\$500	\$500
Inclusive, all costs	N/A	N/A	N/A	N/A	800	925
Mediation	N/A	N/A	N/A	N/A	N/A	50
\$10-\$25 MILLION AT RISK						
End of discovery	N/A	N/A	N/A	N/A	\$850	\$800
Inclusive, all costs	N/A	N/A	N/A	N/A	1,400	1,500
Mediation	N/A	N/A	N/A	N/A	N/A	100
MORE THAN \$25 MILLION AT RISK						
End of discovery	\$1,000	\$1,000	\$1,225	\$1,360	\$1,900	\$1,625
Inclusive, all costs	2,000	1,750	2,250	2,500	2,950	2,650
Mediation	N/A	N/A	N/A	N/A	N/A	113

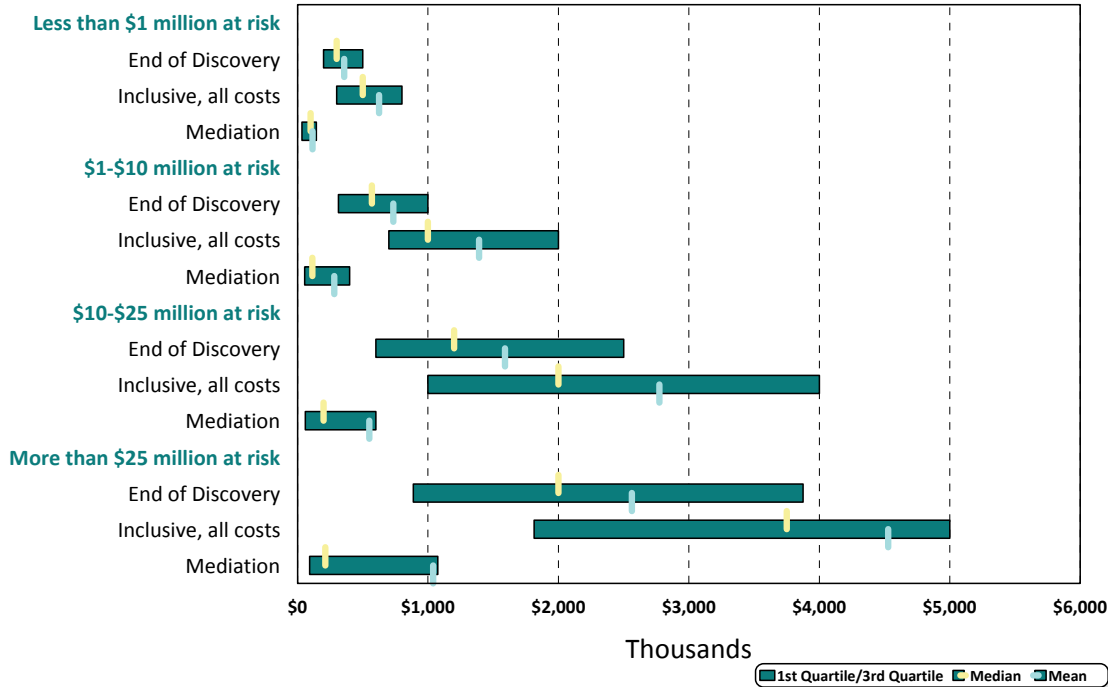
ESTIMATED TOTAL COST OF A PATENT INFRINGEMENT SUIT - ALL VARIETIES (P. I-105 to I-112, Q35Aa-Q35Al)



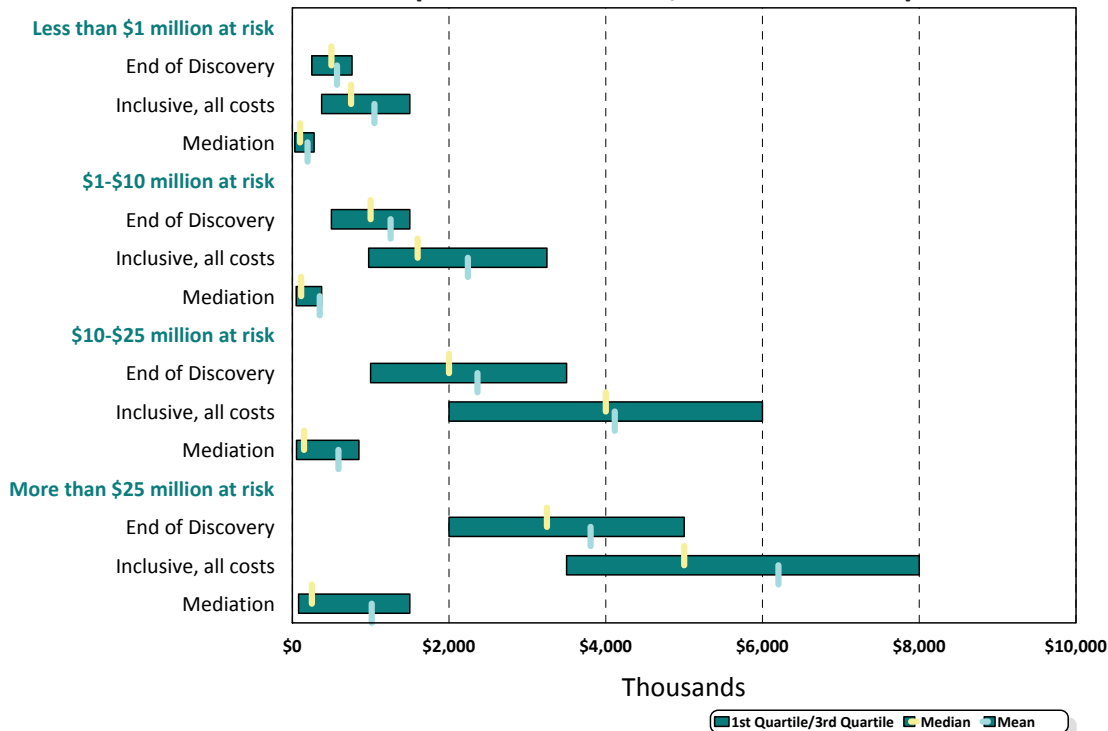
ESTIMATED TOTAL COST OF A PATENT INFRINGEMENT SUIT - HATCH WAXMAN ACT (P. I-113 to I-120, Q35Ba-Q35BI)



ESTIMATED TOTAL COST OF PATENT INFRINGEMENT-DEFENDING CLAIMS BY NON-PRACTICING ENTITY (P. I-121 to I-128, Q35Ca-Q35CI)

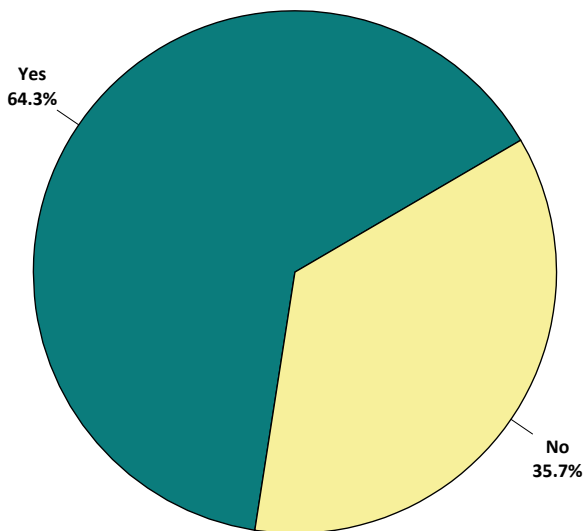


ESTIMATED TOTAL COST OF A PATENT INFRINGEMENT SUIT-SECTION 337 (P. I-129 to I-136, Q35Da-Q35DI)

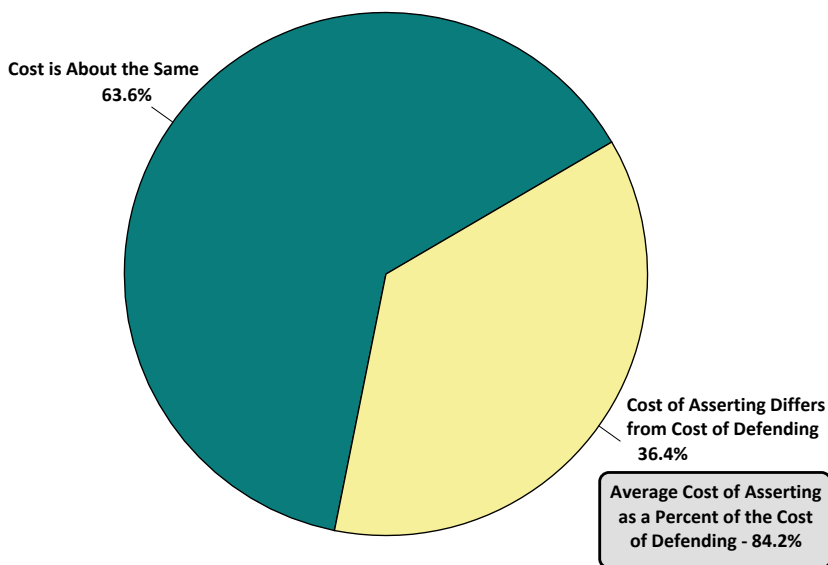


Nearly two-thirds of respondents (64.3%) indicate that, in their experience, there is a strong correlation between the amount at risk in a patent infringement action and the overall attorney hours required to litigate the action. 63.6% say the total cost of asserting a patent infringement action is about the same as the total cost of defending such an action. Of those that indicate it is not the same, on average the cost of asserting, in their experience, is 84.2% the cost of defending.

STRONG CORRELATION BETWEEN AMOUNT AT RISK IN PATENT INFRINGEMENT ACTION AND THE OVERALL HOURS REQUIRED TO LITIGATE THE ACTION (P. I-137, Q35E)

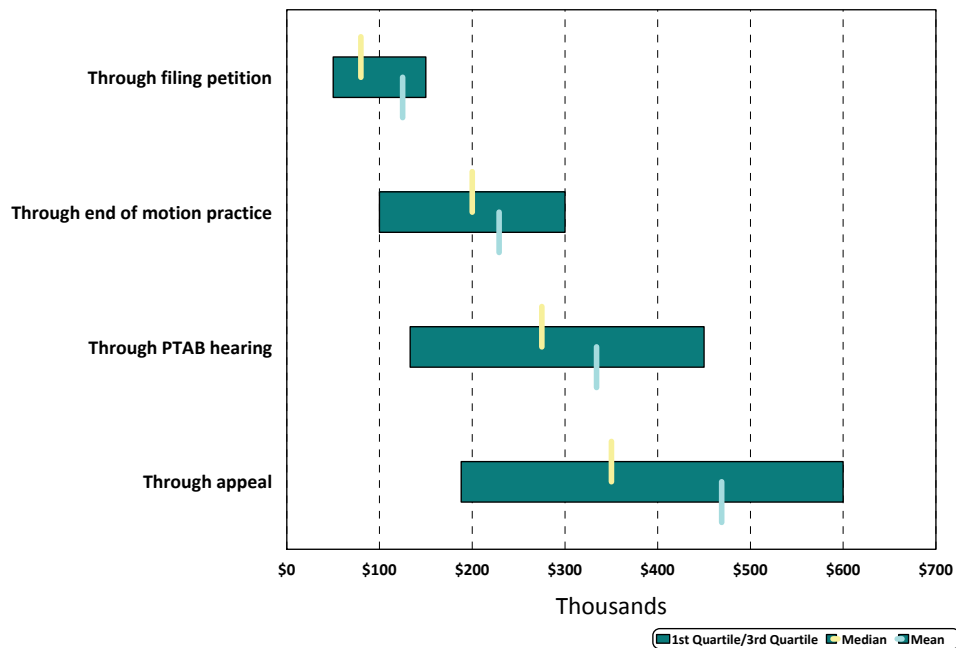


TOTAL COST COMPARISON OF ASSERTING PATENT INFRINGEMENT ACTION TO TOTAL COST OF DEFENDING (P. I-138, Q35F)

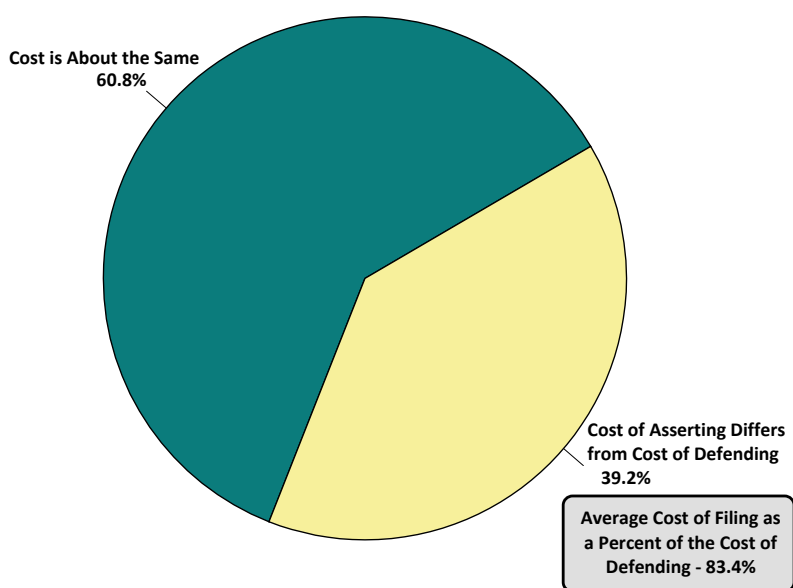


Six in 10 respondents say the total cost of filing a petition for inter partes proceedings (IPR, CMB or PGR) is about the same as the total cost of defending such an action. Of those that indicate it is not the same, on average the cost of filing is 83.4% the cost of defending.

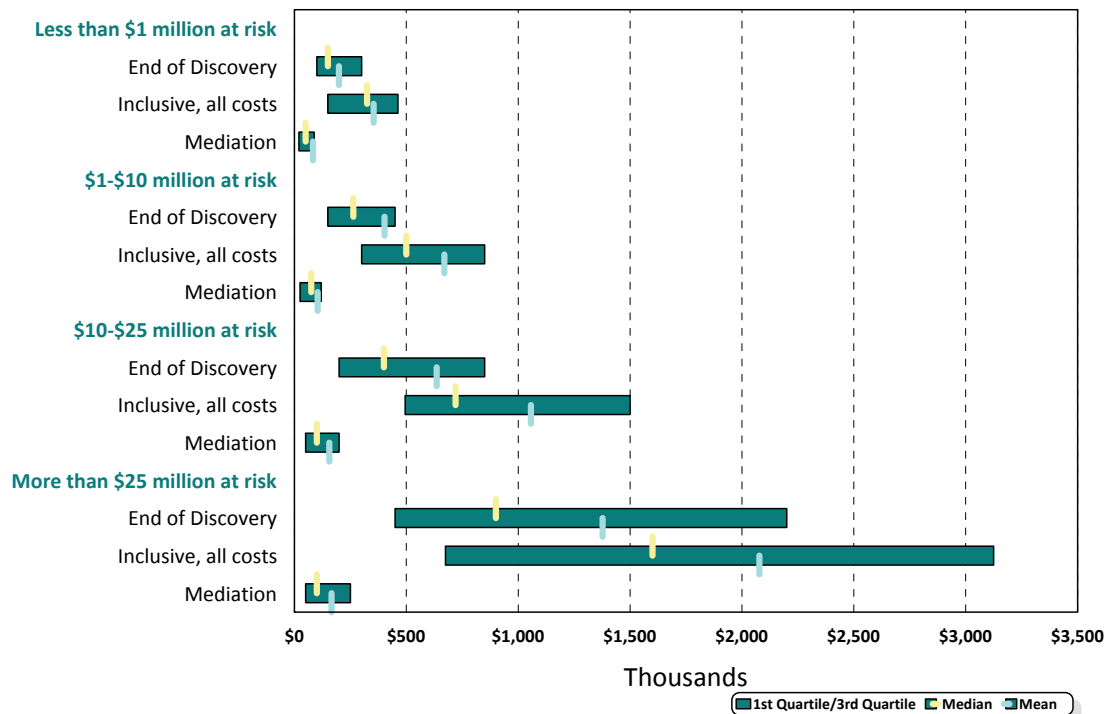
ESTIMATED TOTAL COST OF INTER PARTES PROCEEDINGS (P. I-139 to I-142, Q36i-Q36iv)



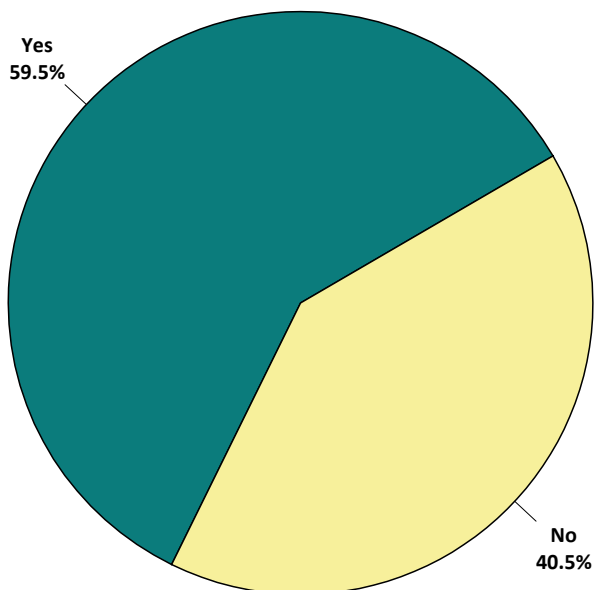
TOTAL COST COMPARISON OF FILING A PETITION FOR INTER PARTES PROCEEDINGS (IPR, CBM or PGR) TO TOTAL COST OF DEFENDING (P. I-143, Q36B)



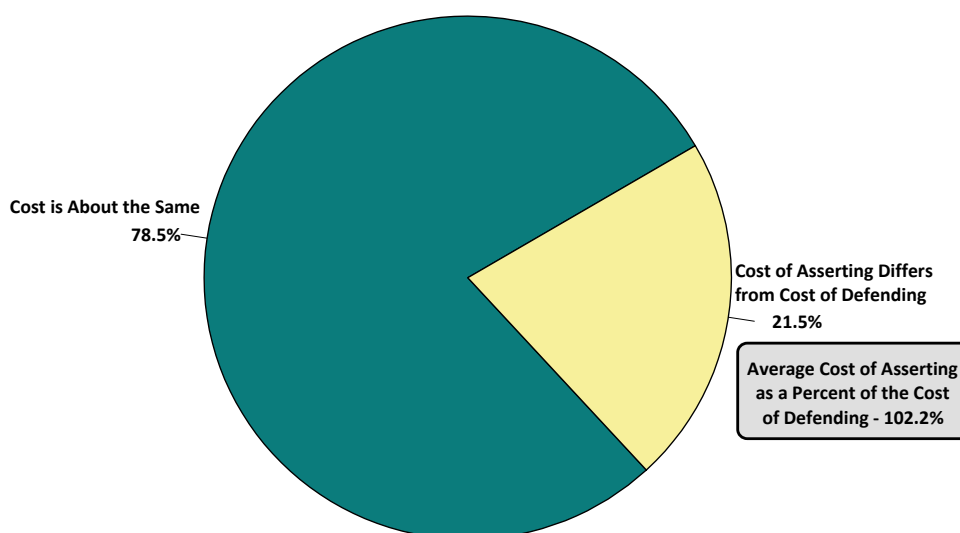
ESTIMATED TOTAL COST OF A TRADEMARK INFRINGEMENT SUIT (P. I-144 to I-151, Q37a-Q37l)



STRONG CORRELATION BETWEEN AMOUNT AT RISK IN TRADEMARK INFRINGEMENT ACTION AND THE OVERALL HOURS REQUIRED TO LITIGATE THE ACTION (P. I-152, Q37B)

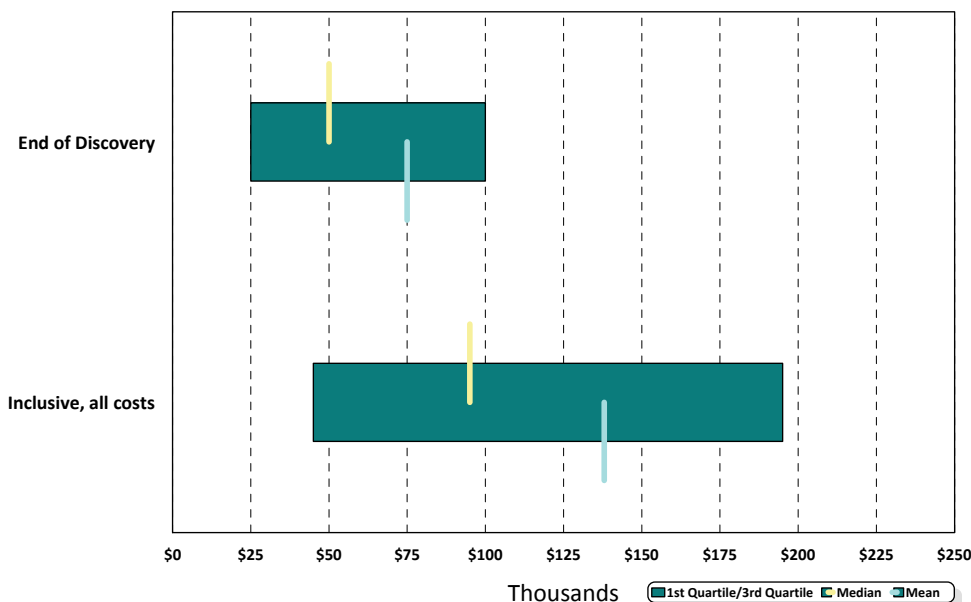


TOTAL COST COMPARISON OF ASSERTING TRADEMARK INFRINGEMENT ACTION TO TOTAL COST OF DEFENDING (P. I-153, Q37C)

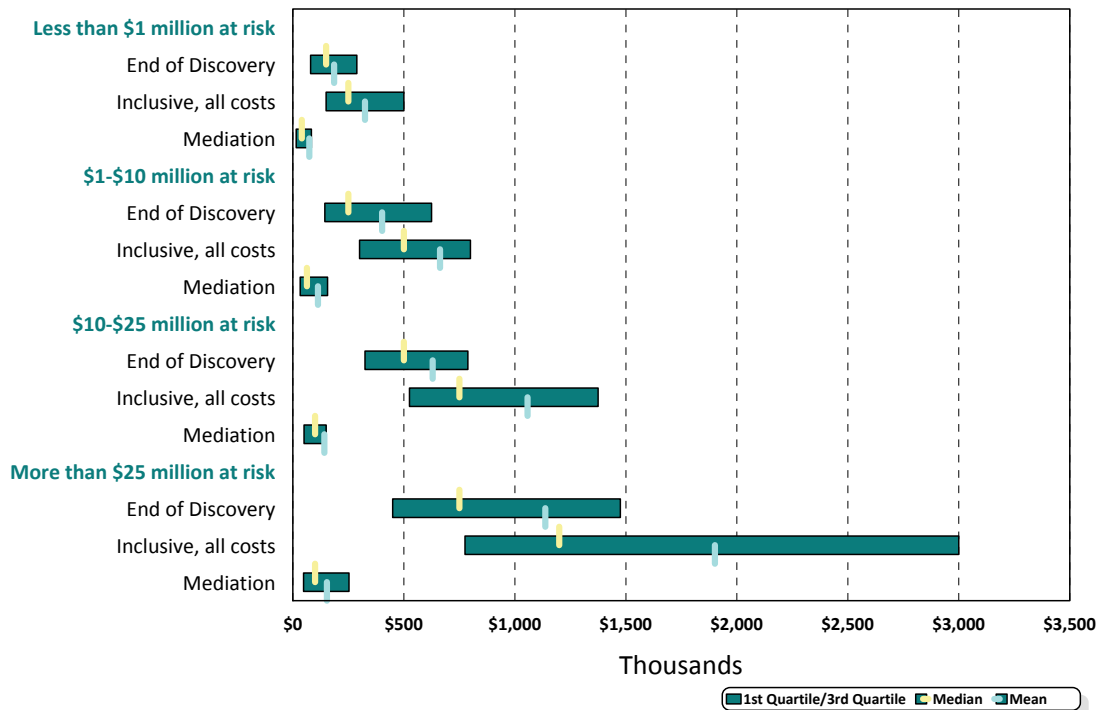


Approximately sixty percent (59.5%) indicate that, there is a strong correlation between the amount at risk in a trademark infringement action and the overall attorney hours required to litigate the action. Almost eight in 10 say the total cost of asserting a trademark infringement action is about the same as the total cost of defending such an action.

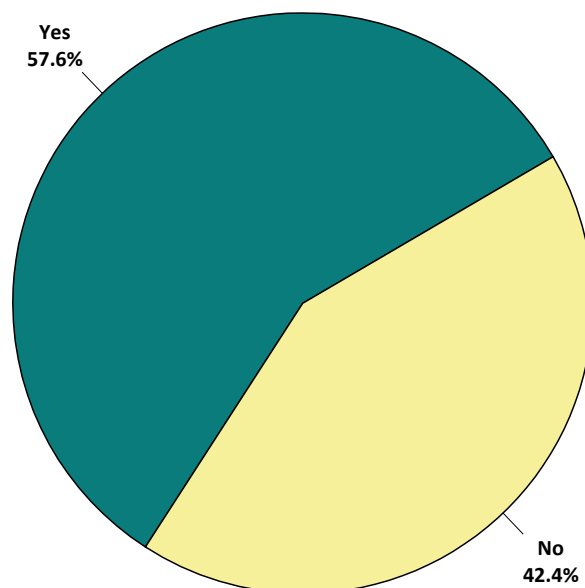
ESTIMATED TOTAL COST OF A TRADEMARK OPPOSITION/CANCELLATION SUIT (P. I-154 to I-155, Q38a-Q38b)



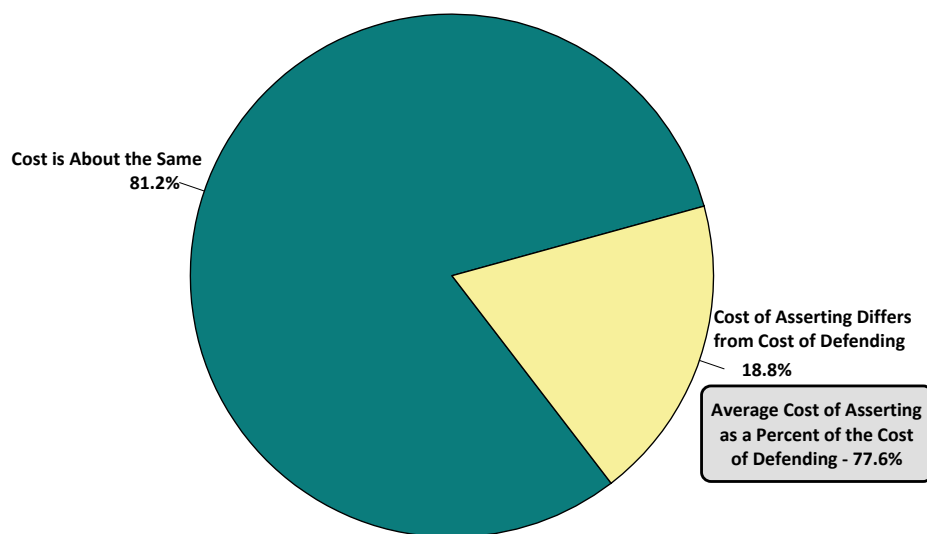
ESTIMATED TOTAL COST OF A COPYRIGHT INFRINGEMENT SUIT (P. I-156 to I-163, Q39a-Q39I)



STRONG CORRELATION BETWEEN AMOUNT AT RISK IN COPYRIGHT INFRINGEMENT ACTION AND THE OVERALL HOURS REQUIRED TO LITIGATE THE ACTION (P. I-164, Q39B)

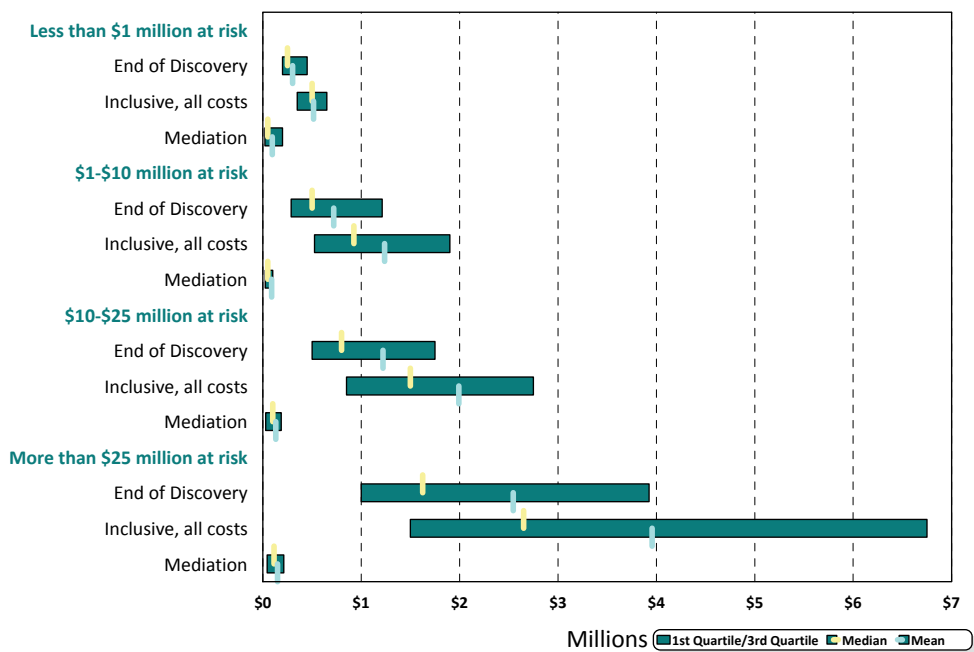


TOTAL COST COMPARISON OF ASSERTING COPYRIGHT INFRINGEMENT ACTION TO TOTAL COST OF DEFENDING (P. I-165, Q39C)

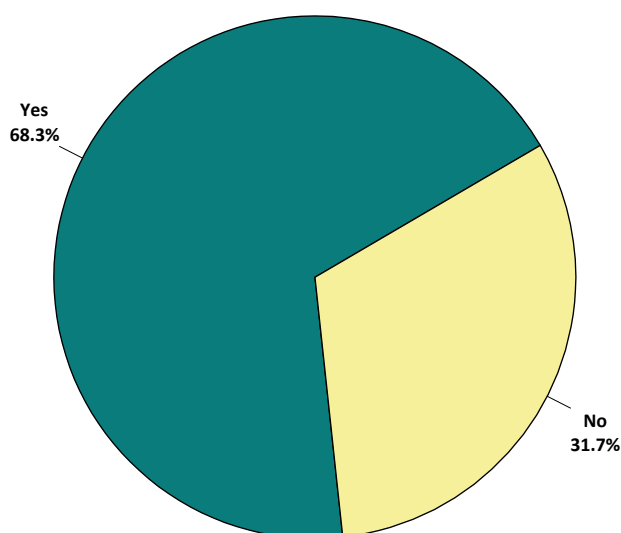


Nearly 60.0% reported that there is a strong correlation between the amount at risk in a copyright infringement action and the overall attorney hours required to litigate the action. Eight in 10 say the total cost of asserting a copyright infringement action is about the same as the total cost of defending such an action. Of those that indicate it is not the same, on average, the cost of asserting is 77.6% of the cost of defending such an action.

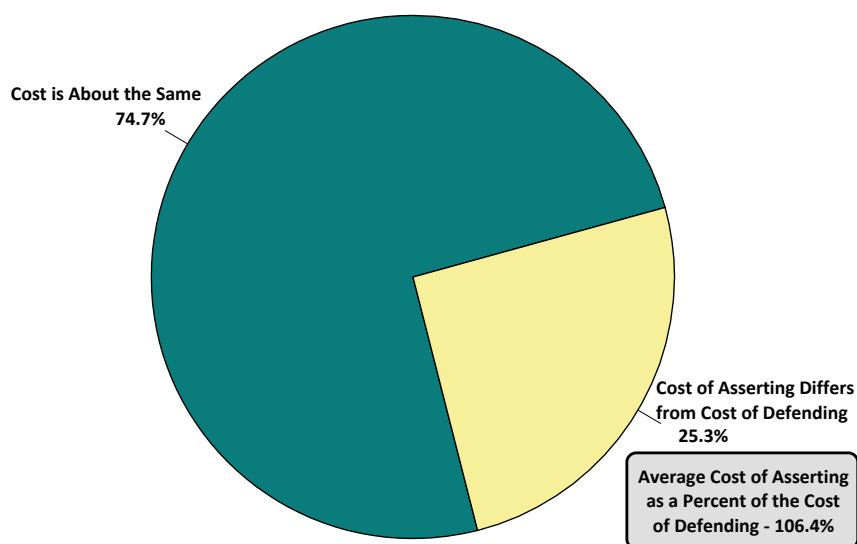
ESTIMATED TOTAL COST OF A TRADE SECRET MISAPPROPRIATION SUIT (P. I-166 to I-173, Q40a-Q40l)



STRONG CORRELATION BETWEEN AMOUNT AT RISK IN TRADE SECRET MISAPPROPRIATION ACTION AND THE OVERALL HOURS REQUIRED TO LITIGATE THE ACTION (P. I-174, Q40B)

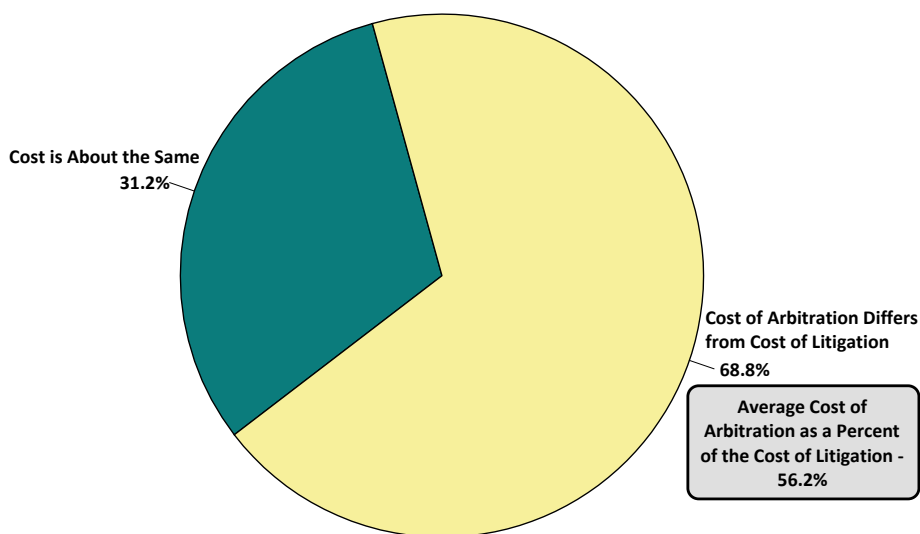


TOTAL COST COMPARISON OF ASSERTING TRADE SECRET MISAPPROPRIATION ACTION TO TOTAL COST OF DEFENDING (P. I-175, Q40C)

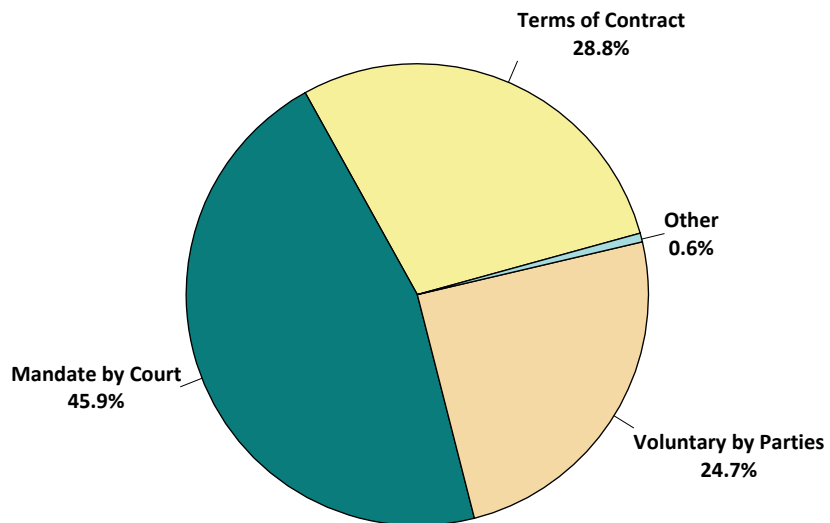


Close to 70.0% reported that there is a strong correlation between the amount at risk in a trade secret misappropriation action and the overall attorney hours required to litigate the action. Three-quarters say the total cost of asserting a trade secret misappropriation action is about the same as the total cost of defending such an action.

TOTAL COST OF RESOLVING DISPUTE THROUGH ARBITRATION COMPARED TO DISPUTE THROUGH LITIGATION (P. I-176, Q41)



FREQUENCY MEDIATION/ARBITRATION WAS INITIATED IN 2013 OR 2014 (P. I-177, Q42)



The total cost of resolving a dispute through arbitration compared to resolving through litigation is reported to be about the same by only 31.2% of respondents. The 68.8% that said it was not the same indicated, on average, that the cost of resolving through arbitration is about 56.2% of the cost of resolving through litigation. Mediation/arbitration was initiated most often when mandated by the court (45.9%).

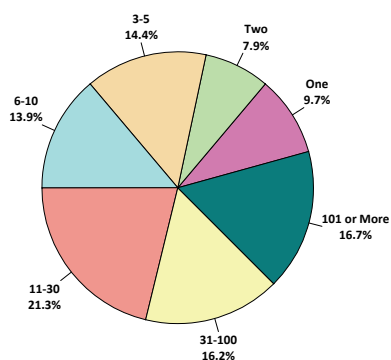
CHARACTERISTICS OF FIRMS

A separate questionnaire was used to obtain data on the characteristics of firms engaged in IP practice, including the number and type of attorneys, support staff employed, activities outsourced, billing rates and practices, and liability insurance issues. The source of this information was typically the managing partner/shareholder (50.2%). The information provided by 223 private firms is summarized and illustrated below.

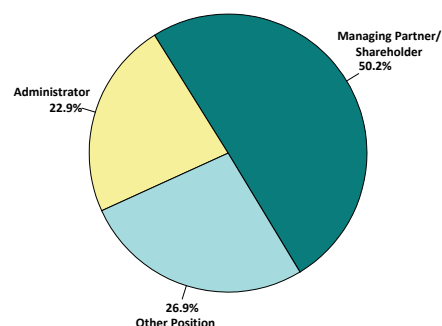
NUMBER AND TYPE OF ATTORNEYS

- Just over three of 10 responding firms (32.0%) had five or fewer attorneys. More than one-third of responding firms (35.2%) reported having six to 30 attorneys, a drop from 41.3% reporting the same in 2013.
- More than two-thirds (67.3%) reported having only one major office location, down from 73.5% reported in 2013.
- 82.7% reported that IP accounted for three-quarters or more of their practice, dropping slightly from the 83.2% reported in 2013.
- The median number of partners/shareholders for all firms in 2014 dropped from 5.0 in 2012 to 4.0 in 2014. More than three-quarters reported having associates in 2014, with a median number of 11.0; the same as reported for 2012. The median total number of attorneys whose practice is primarily IP in 2014 was 10.0.
- The typical fee paid to recruiters averaged 21.9% of the starting salary, similar to that reported in 2013 (21.5%).
- The vast majority of responding firms (85.4%) indicated that less than 25% of attorneys were hired through a recruiter.

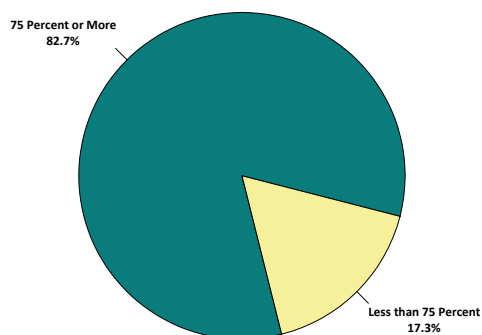
NUMBER OF ATTORNEYS IN FIRM IN 2014 (P. F-1, Q4)



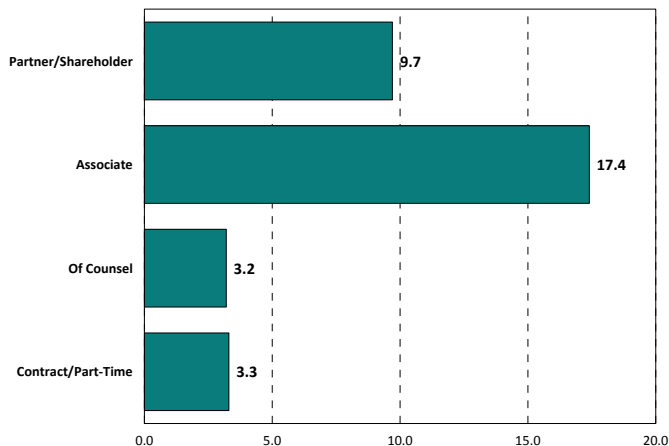
POSITION OF PERSON RESPONDING TO FIRM SURVEY (P. F-2, Q1)



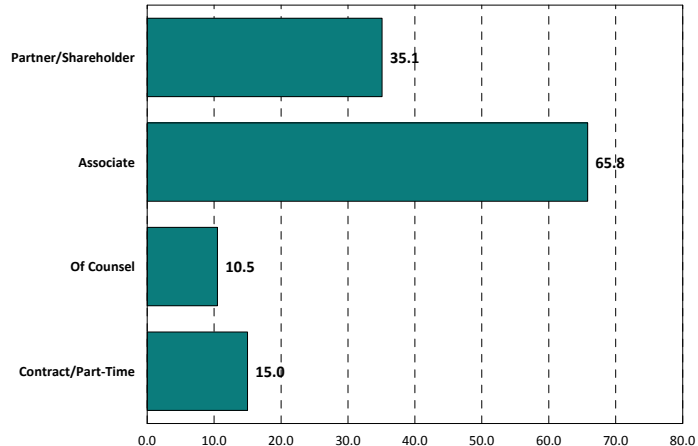
PERCENT OF PRACTICE THAT IS IP (P. F-1, Q20)



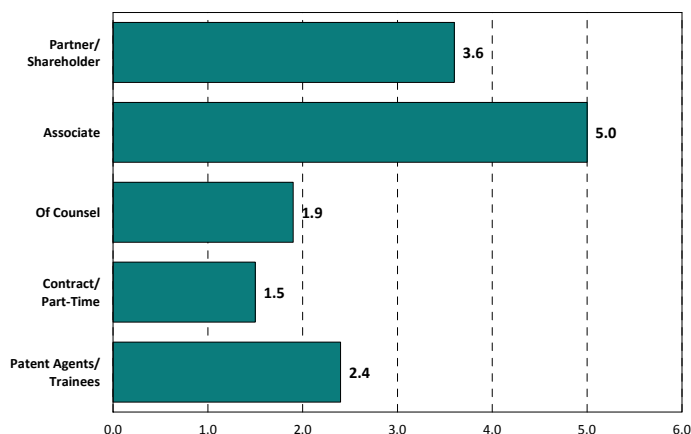
AVERAGE NUMBER OF ATTORNEYS WHOSE PRACTICE WAS PRIMARILY IP IN THE FIRM IN 2014 (P. F-4, Q5)



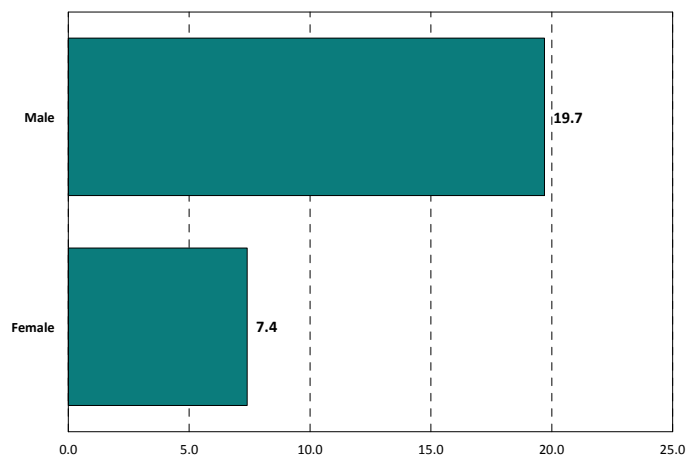
AVERAGE NUMBER OF ATTORNEYS IN FIRM IN 2014 BY TYPE OF ATTORNEY (P. F-3, Q4)



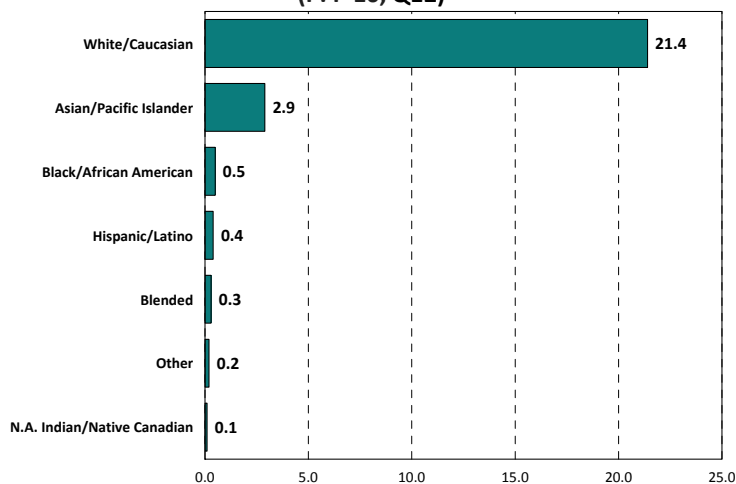
AVERAGE NUMBER OF ATTORNEYS WHOSE PRACTICE IS PRIMARILY IP LAW WHO BECAME ASSOCIATED WITH THE FIRM IN 2014 (P. F-6, Q7)



AVERAGE NUMBER OF ATTORNEYS AND AGENTS BY GENDER WHOSE PRACTICE IS PRIMARILY IP LAW IN THE FIRM IN 2014 (P. F-9, Q11)



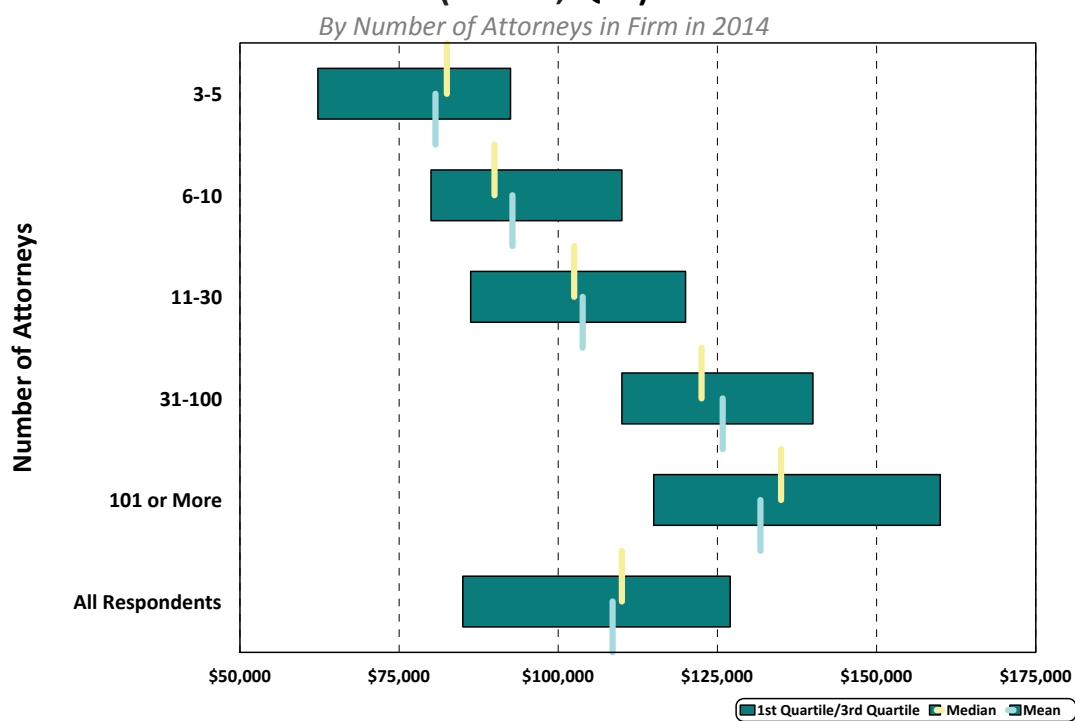
AVERAGE NUMBER OF ATTORNEYS AND AGENTS BY ETHNICITY WHOSE PRACTICE IS PRIMARILY IP LAW IN THE FIRM IN 2014 (P. F-10, Q12)



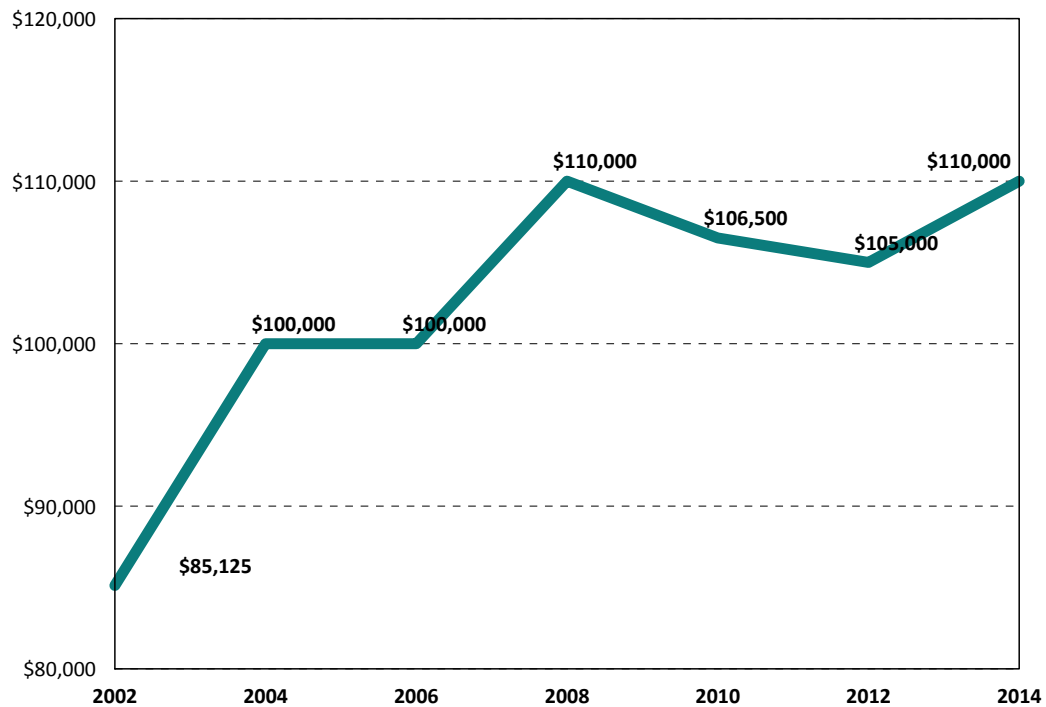
ASSOCIATE STARTING SALARY AND SUMMER MONTHLY PAY

- The median starting salary for first-year associates rose from \$105,000 in 2012 to \$110,000 in 2014. This level matches the previous high observed in 2008, after declining for the last two surveys.
- The typical firm in 2014 had two summer associates, unchanged from the median number of summer associates in 2012 and 2010. Offers were typically made to one summer associate in 2014, and they typically accepted the offers, same as the last two surveys. Median monthly summer pay for summer associates was \$8,000, an increase from \$6,000 reported for 2012.
- The largest firms (over 100 attorneys) reported a median of 15 summer associates, made offers to 12, and in general, had a 100% success rate in attracting individuals with these offers. The data from 2014 reflects a decline from 2012 in terms of number of summer associates at the largest firms (17.5), with offers extended to 16.5 at that time (with 15 individuals accepting).

CURRENT STARTING SALARY FOR FIRST-YEAR ASSOCIATE (P. F-23, Q31)

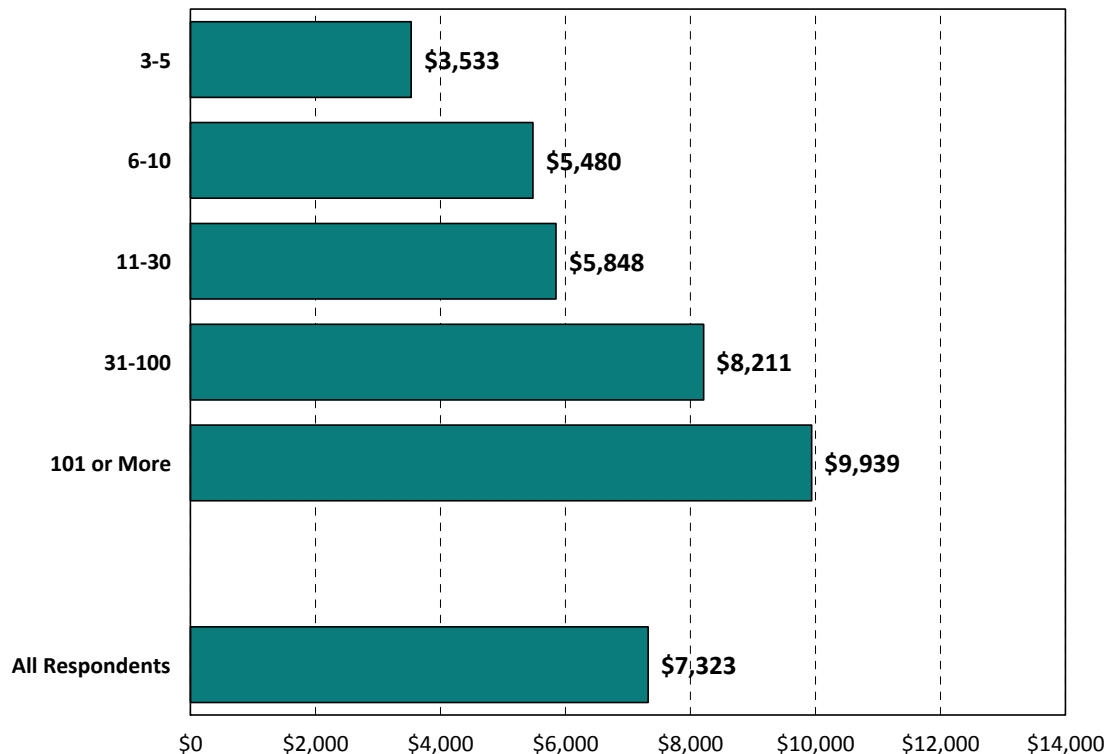


TREND IN STARTING SALARY FOR FIRST-YEAR ASSOCIATES (MEDIAN): 2002-2014 (P. F-23, Q31)



AVERAGE MONTHLY PAY FOR SUMMER ASSOCIATES (P. F-12, Q17)

By Number of Attorneys in Firm in 2014

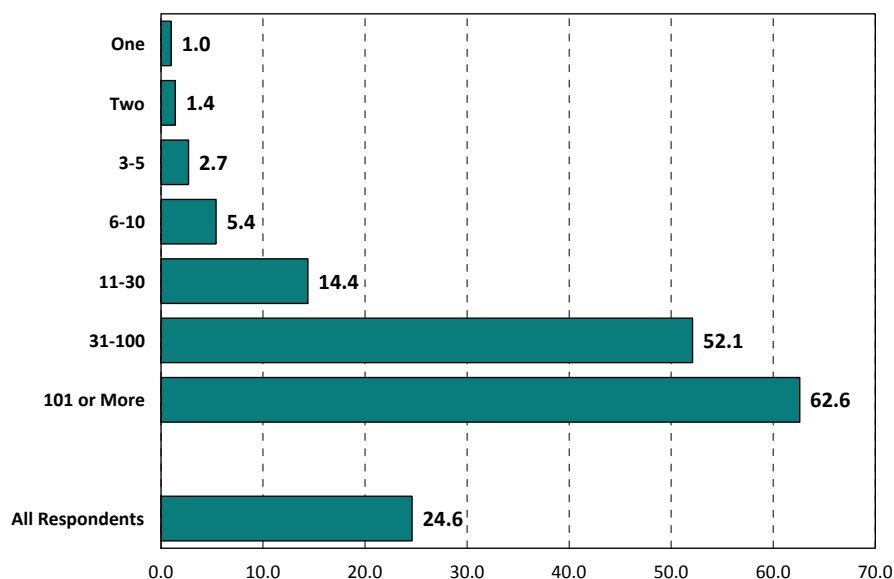


SUPPORT STAFF AND SERVICES

- The median number of support staff engaged in IP practice for all responding firms was 7.0, up from 6.0 reported in the 2013 survey. The median number of support staff per IP attorney was 0.7, a slight increase from 0.6 reported in the 2013 survey.
- The median number of patent agents was 2.0. Typically, there were 2.0 technical assistants and 4.0 paralegals. These numbers are very close to the values reported in previous surveys.

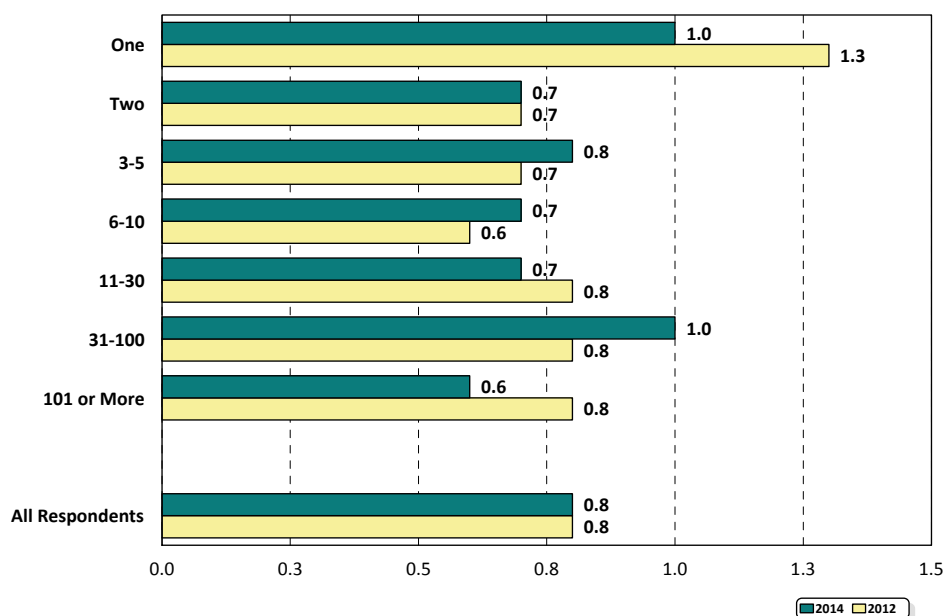
AVERAGE NUMBER OF SUPPORT STAFF DEVOTED PRIMARILY TO IP PRACTICE IN FIRM (P. F-11, Q13)

By Number of Attorneys in Firm in 2014

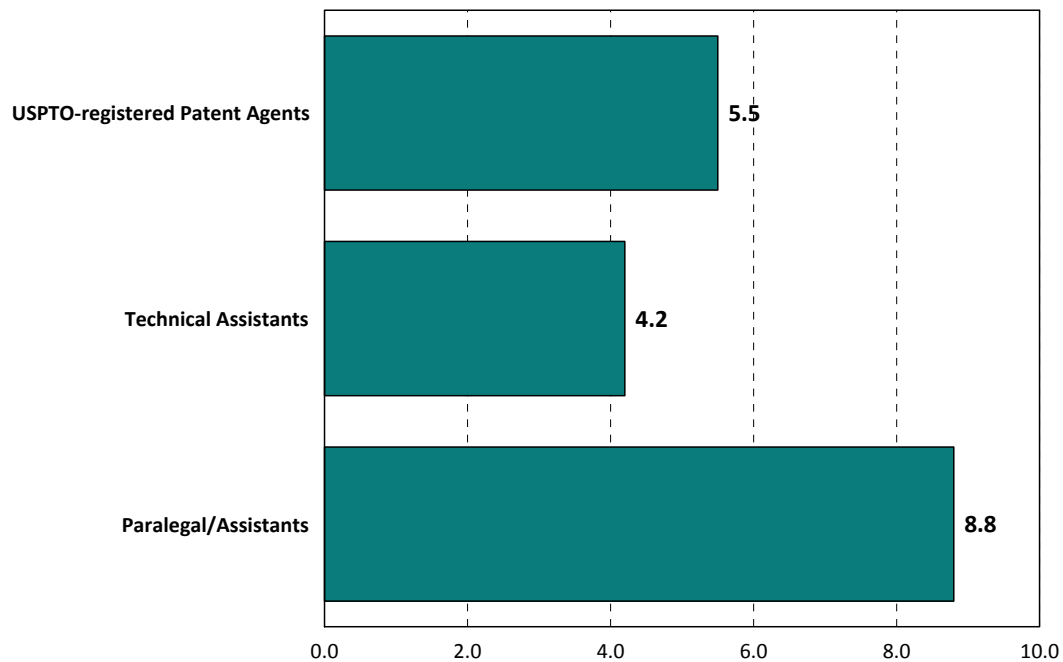


AVERAGE NUMBER OF SUPPORT STAFF PER IP ATTORNEY IN 2014 AND 2012 (P. F-11, Q13)

By Number of Attorneys in Firm

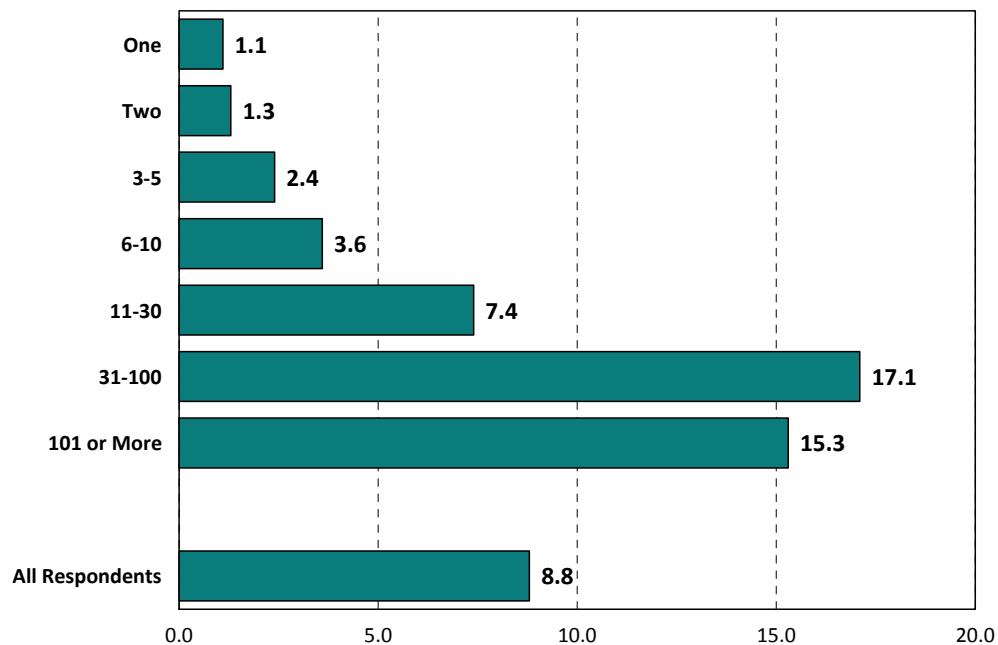


AGENTS AND ASSISTANTS INVOLVED PRIMARILY IN THE IP PRACTICE OF THE FIRM IN 2014 (P. F-5, Q6)



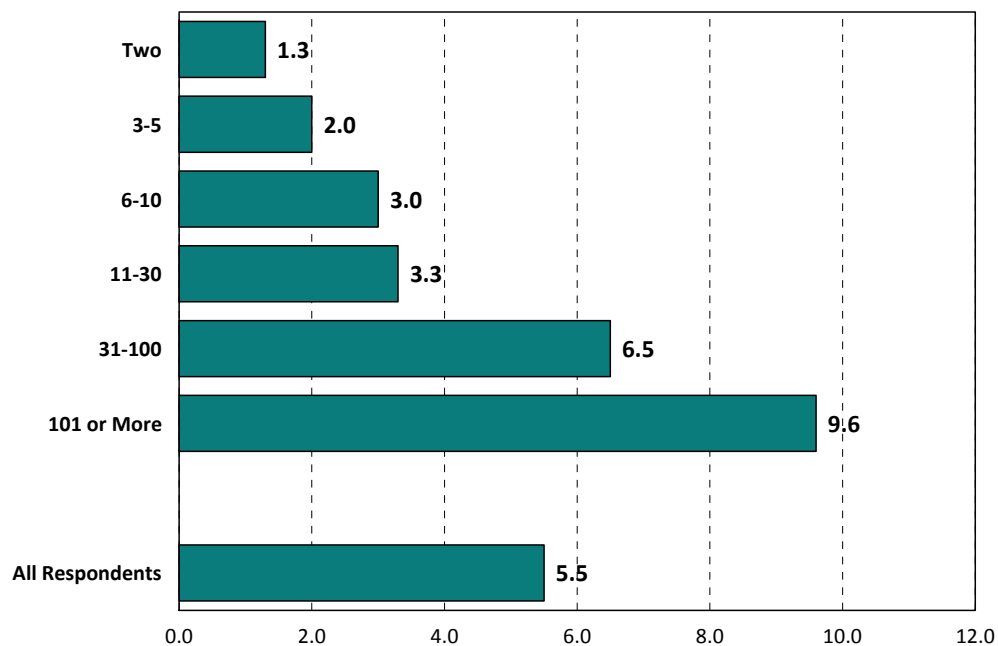
AVERAGE NUMBER OF PARALEGALS/LEGAL ASSISTANTS IN FIRM (P. F-5, Q6)

By Number of Attorneys in Firm in 2014



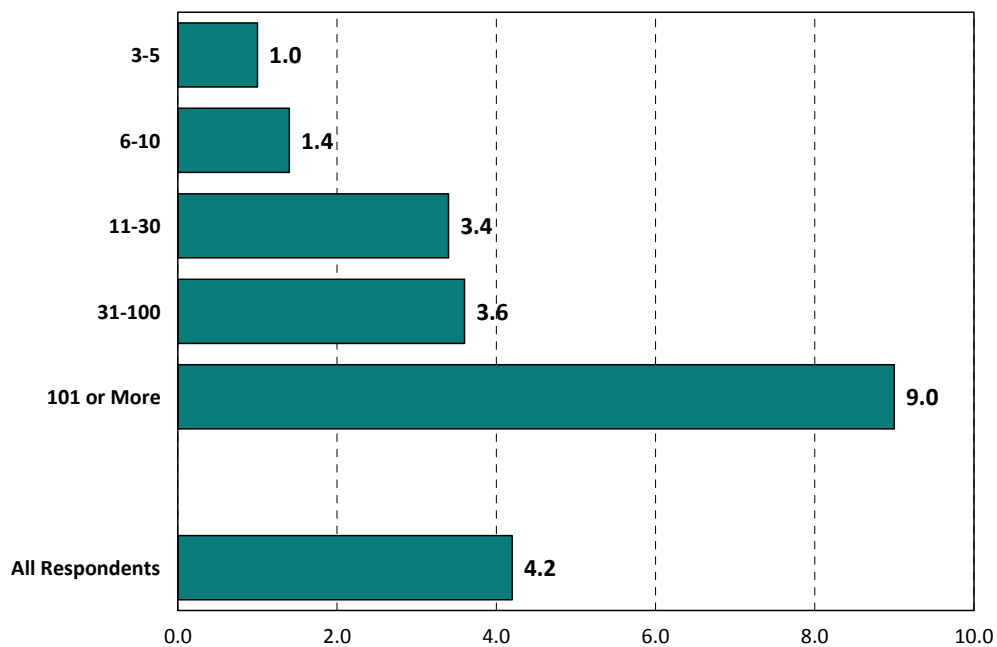
AVERAGE NUMBER OF USPTO-REGISTERED PATENT AGENTS IN FIRM (P. F-5, Q6)

By Number of Attorneys in Firm in 2014



AVERAGE NUMBER OF TECHNICAL ASSISTANTS IN FIRM (P. F-5, Q6)

By Number of Attorneys in Firm in 2014

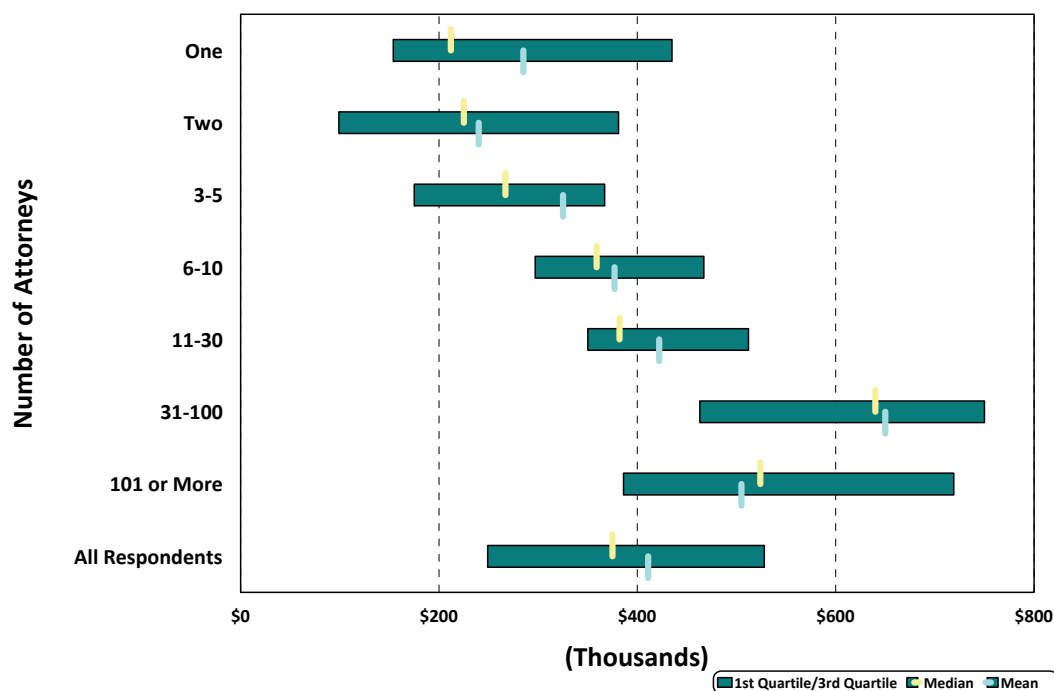


BILLING RATES AND PRACTICES

- For 2014, median firm billings for professional legal services were \$3,914,712, up from \$3,272,000 reported in 2012, but shy of \$3,959,794 reported in 2008. The median amount billed by firms whose practice was 75% or more IP was \$2,800,000, identical to the figure reported for 2012.
- The typical firm in 2014 reported median total billings per attorney of \$374,810, rising 7.1% from 2012 (\$350,000). Firms with 101 or more attorneys reported a median value of \$523,819 approximately double the amount among smaller firms (5 or fewer attorneys), but lower than the figure reported by firms with 31-100 attorneys (\$640,017). The billings per attorney in firms with 101 or more attorneys is down 18.5% compared to the same size firms in 2012, while firms with 31-100 attorneys for 2014 reported a median billings per attorney that was 19.3% higher than the same sized firms in 2012.
- The median average billing rate for IP work was \$350 in 2014, a historical overall high. Respondents at the largest firms reported a median average billing rate for IP work of \$425 for 2014, a 5.6% decline from \$450 in 2012.
- For 2014, the median average billing rate for non-IP work was \$395, up from \$339 reported for 2012. As observed with IP work, though, while the median is higher at the largest firms (\$437), this represents a drop from 2012 (\$483) among those at the largest firms at that time.
- The average ratio of firm collections to the firm's billings in 2014 was 94.0%, essentially the same as in 2012 (94.2%).
- Overhead for all firms was 38.6% of total 2014 collections, up from 35.0% in 2012.
- The average percent change in billings for IP legal services was 13.5% from 2013 to 2014 and 17.3% from 2012 to 2013.

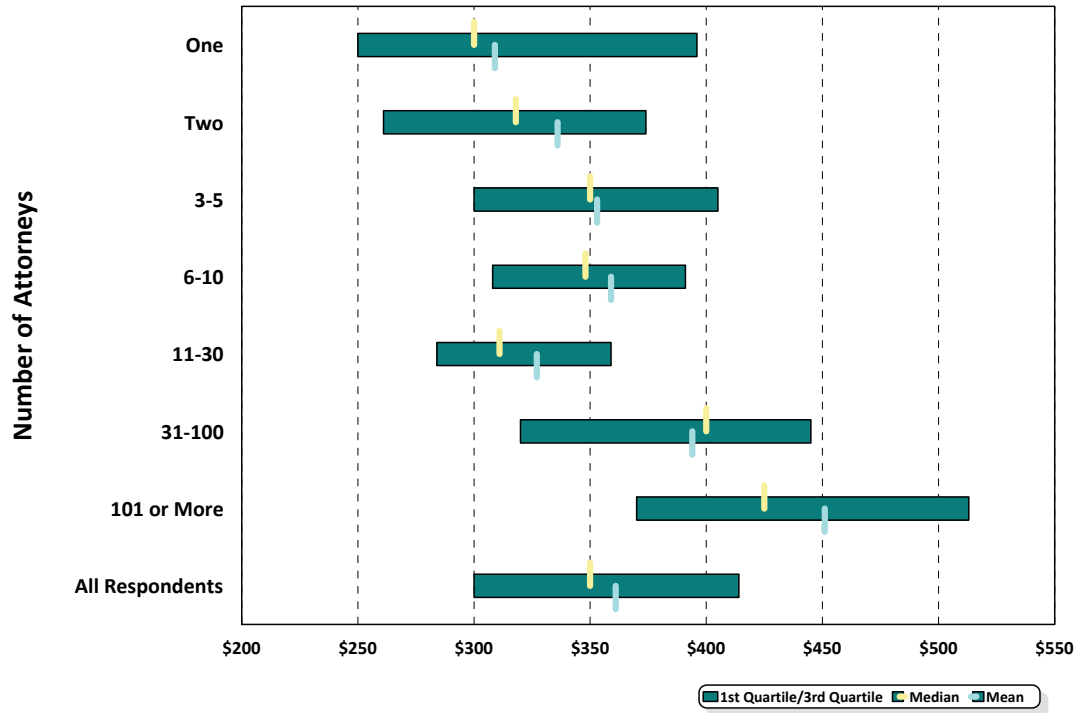
TOTAL 2014 BILLINGS PER ATTORNEY (P. F-18, Q24)

By Number of Attorneys in Firm in 2014

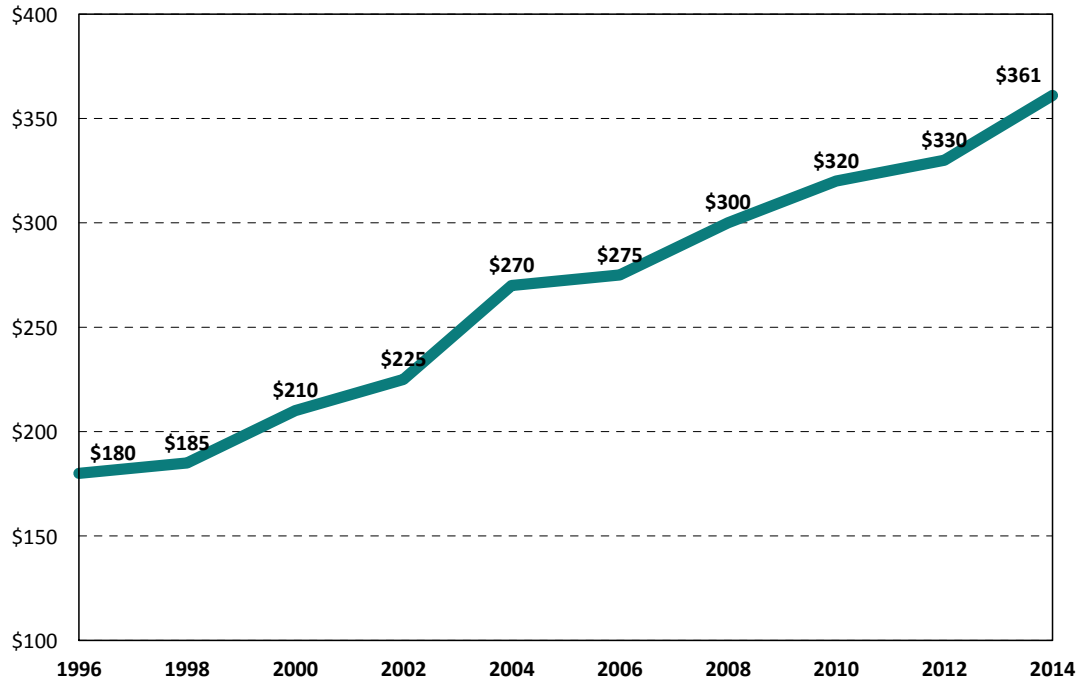


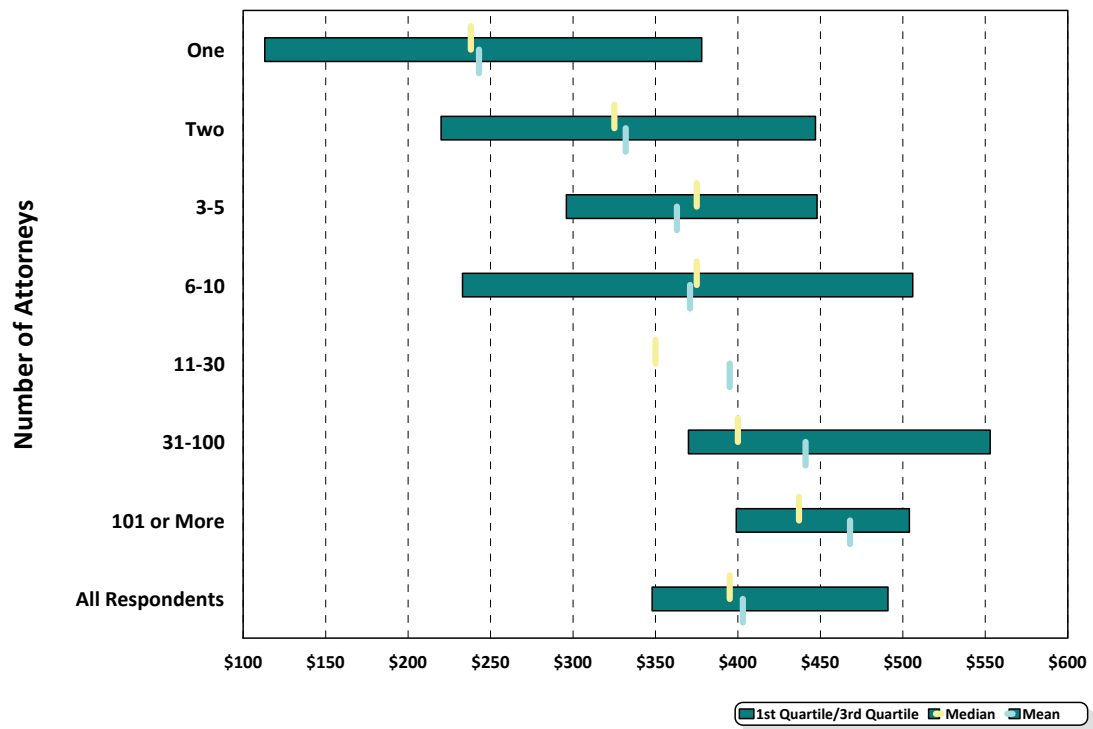
AVERAGE BILLING RATE FOR IP WORK (P. F-22, Q30)

By Number of Attorneys in Firm in 2014



TREND IN HOURLY BILLING RATES FOR IP WORK (MEDIAN): 1996-2014 (P. F-22, Q30)



AVERAGE BILLING RATE FOR NON-IP WORK (P. F-20, Q29)*By Number of Attorneys in Firm in 2014*

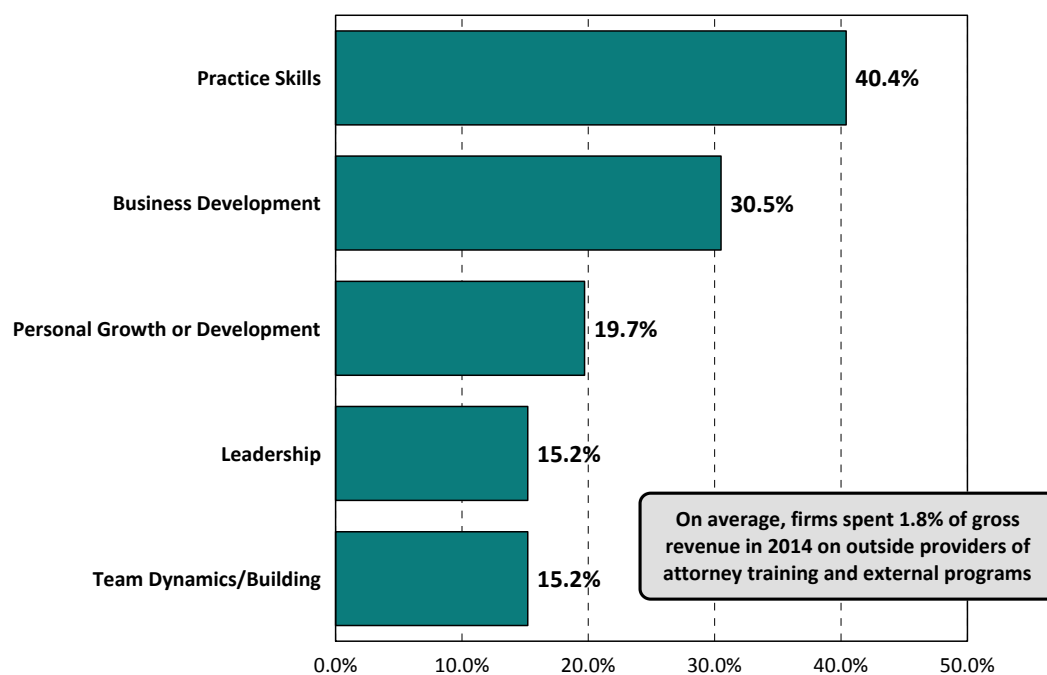
LIABILITY INSURANCE

- In 2014, the typical firm reported maximum total liability coverage of \$4,000,000 (median). This is down from \$4,350,000 reported in 2012, and also represents a decline from the five million dollars reported in 2010.
- The maximum coverage per claim in 2014 was \$3,000,000 (median), unchanged from 2012 but higher than it was in 2010 (\$2,750,000). Still this figure is lower than in 2008 when it was \$3,500,000.
- The median total deductible in 2014 was \$25,000, unchanged from the figure reported for 2012.
- The median per claim deductible in 2014 was also \$25,000, reflecting no change from 2012, 2008 and 2006.
- Liability insurance cost per attorney was a median of \$4,420 in 2014, a very slight decline from \$4,427 in 2012.
- The typical firm had a median of one liability claim for IP matters in the past five years and .073 claims for IP matters per IP attorney in the past 5 years, down from .104 in 2012.

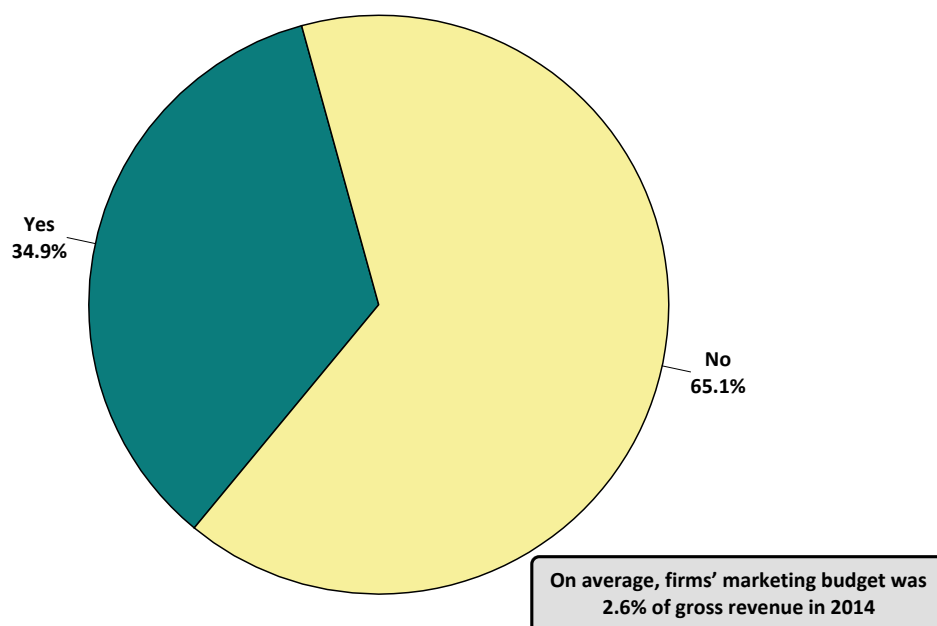
TRAINING & MARKETING

- New questions were added in the 2015 survey regarding training and marketing. On average, firms spent 1.8% of gross revenue in 2014 on outside providers of attorney training and external training programs.
- Most often formal training was provided for practice skills (e.g., claim drafting, case law review, etc.), with 40.4% of firms saying they provided this type of training, followed by business development (30.5%). They are least likely to provide leadership training and team dynamics or team building (15.2%).
- Just over one-third of firms say they have dedicated business development personnel (34.9%). All firms with 101 or more attorneys indicate having this type of personnel, with 66.7% of firms with 31-100 attorneys saying the same.
- Additionally, as a percentage of gross revenue in 2014, the average spent on a marketing budget was 2.6%. Most often, this budget was allocated to travel (23.2%), followed by advertising (19.6%), event sponsorship (18.1%), and website development (15.9%).
- Most firms do not give associates “billable hour” credit toward their billing requirement for time spent marketing and participating in bar associations or other professional organizations (87.3% reported ‘No’).

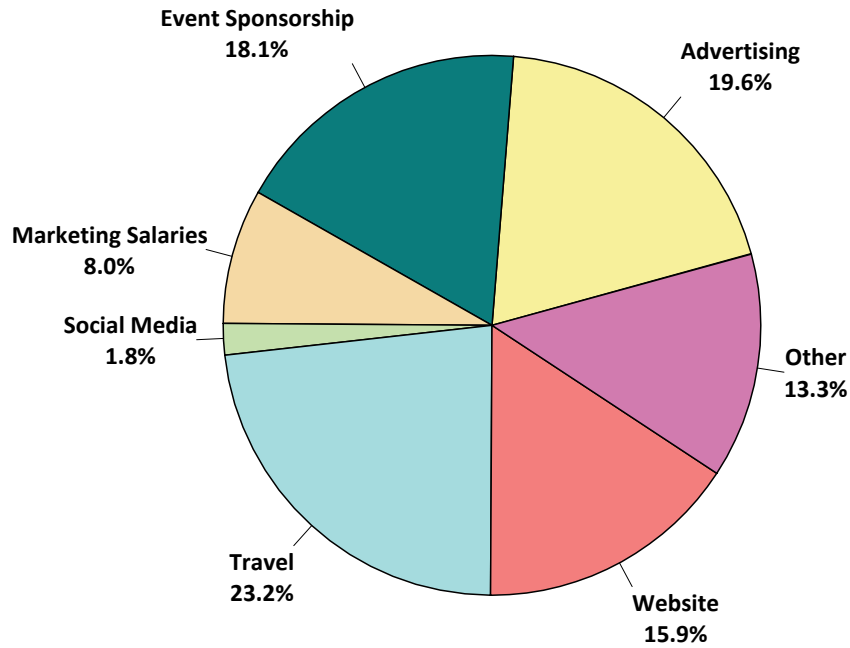
FIRM PROVIDES FORMAL TRAINING FOR ATTORNEYS (P. F-31, Q41)



FIRM HAS A MARKETING DEPARTMENT OR DEDICATED MARKETING PERSONNEL ON STAFF (P. F-32, Q42)



ALLOCATION OF ANNUAL MARKETING BUDGET (P. F-33, Q44)



FIRM GIVES ASSOCIATES "BILLABLE HOUR" CREDIT TOWARD THEIR BILLING REQUIREMENT FOR TIME SPENT MARKETING AND PARTICIPATING IN PROFESSIONAL ORGANIZATIONS (P. F-34, Q45)

