

AIPLA

**Report of the
Economic Survey**

2007

Prepared Under Direction of
Law Practice Management Committee

American Intellectual Property Law Association
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REPORT OF THE ECONOMIC SURVEY 2007

**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.

Based on a survey of committee members, some questions were modified and some tables, especially typical charges for services and typical costs of litigation, were reformatted for ease of use. The most significant change instituted by the committee concerned survey methodology.

For the first time, AIPLA members were offered a Web-based version of the questionnaire as well as a printed version. The results of this change were striking—a 75% increase in the number of respondents.

Another significant improvement in survey methodology was the use of statistical analysis to consistently remove outlier data from the database, particularly with respect to income, charges, and costs.

DATA COLLECTION

Access to the Web-based questionnaire was provided by a direct link in e-mail letters sent to 14,132 AIPLA members and non-members. The initial e-mail was followed up by e-mail reminders and a printed version of the questionnaire delivered by US mail.

A total of 2,733 individuals responded by completing some or all of the questionnaire, a nearly 20% response rate.

There were 1,558 responses in 2005 when the survey was e-mailed as an Excel spreadsheet and also sent via US mail in a hard copy version. The spreadsheet and questionnaire were also posted on the AIPLA website for downloading. For 2007, 81% of the responses were completed online, with the balance faxed or mailed.

The firm questionnaire was completed by 309 firm representatives, compared with 297 in 2005.

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.

DESCRIPTION OF STATISTICS AND FORMATTING CONVENTIONS

Quartiles: In tables that report incomes, billing rates, typical charges, and other 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 and 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).

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 midpoint.

A median is reported when three or more values were reported by respondents. The first and third quartiles are reported when five or more 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 will affect the calculations. It is 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 2006 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 2006."*

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 would you have expected to charge or be charged, in 2006, 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?"*

Estimated Litigation Costs: Respondents were instructed to respond to these questions *"only if you have personal knowledge either as a service provider or as a purchaser of such services 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 these named metropolitan areas.

LOCATION		
METROPOLITAN AREAS	PERCENT	COUNT
Boston CMSA*	5.2%	138
New York City CMSA*	9.0%	241
Philadelphia CMSA*	3.4%	90
Washington, DC CMSA*	13.6%	364
Other East: Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Delaware, Maryland, Virginia, and West Virginia	5.8%	155
Metro Southeast: Raleigh–Durham, Greensboro–Winston-Salem, and Charlotte, NC; Atlanta, GA; and Miami–Ft. Lauderdale–West Palm Beach, FL	4.4%	119
Other Southeast: North Carolina, South Carolina, Georgia, and Florida	2.1%	55
Chicago CMSA*	5.8%	155
Minneapolis–St. Paul PMSA**	4.2%	112
Other Central: Minnesota, North Dakota, South Dakota, Wisconsin, Michigan, Ohio, Indiana, Illinois, Iowa, Nebraska, Kansas, Missouri, Kentucky, Oklahoma, Arkansas, Louisiana, Mississippi, Alabama, and Tennessee	16.5%	442
Texas	6.6%	178
Los Angeles CMSA*	4.3%	114
San Francisco CMSA*	7.7%	206
Other West: Montana, Wyoming, Colorado, New Mexico, Idaho, Utah, Nevada, Arizona, Washington, Oregon, California, Alaska, and Hawaii	11.5%	308
*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.		

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