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AI IP TOOLS: FRIEND, FOE, OR FORCE MULTIPLIER?



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How artificial intelligence is reshaping IP operations, law firm business models, and managerial priorities

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AI is rapidly changing the day-to-day work of intellectual property professionals. What once required substantial time, specialist input, and repeated iteration can now often be completed faster and with fewer resources. That shift is creating both excitement and unease. AI tools are helping IP teams accelerate prosecution work and enabling less experienced professionals to take on more advanced tasks. This raises an unavoidable managerial question: How should the potential of AI be used?

The transformation relating to using AI tools can be understood in three phases: an early phase, a transformation phase, and a next operational plateau. In each phase, the implications differ for industrial IP functions and IP law firms. What connects them all is the same managerial question: once AI frees up time, how should that time be used?

Early phase

Several years ago, non-IP professionals began asking a simple question: “Can’t AI perform IP tasks, or at least part of them?” For many IP professionals, the instinctive answer was often no - partly because of professional responsibility, and partly because the tools were still immature. But that answer is becoming harder to sustain. When the C-suite asks whether the company is using AI in its IP function, IP leaders need a thoughtful and credible response.

The quality of work products delivered by IP AI tools is currently debated. Their value depends on whether they meet business needs. An IPR should align with the company's objectives, so AI tools should be evaluated by how well they help achieve strategic protection—not just technical sophistication.

For industrial IP functions, following and adopting relevant AI tools is increasingly a matter of organizational positioning. IP teams are more visible inside companies than they once were, and they are no longer safe from headcount pressure. Teams that can demonstrate efficiency, relevance, and forward-looking capability are better placed to defend their role. AI adoption offers at least two immediate opportunities: first, to bring more IP work in-house and thereby reduce reliance on external counsel; and second, to deepen collaboration with business stakeholders at the intersection of IP and non-IP activities, thereby making the value of IP more visible across the company.

For IP law firms, early adoption also creates opportunity. Firms that use AI effectively may free up meaningful attorney time while preserving profitability in the short term. That newly available time should not simply be seen as slack; it is strategic capacity. The central question is how to redeploy it in a way that strengthens the firm’s long-term position.

Transformation phase

Some companies operate with a “create by eliminate” mindset: to do something new, they must first stop doing something old. AI tools fit naturally into that logic. By reducing time spent on routine work, they create room for higher-value activity. At one end of the spectrum, an

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industrial IP function may use AI to absorb more prosecution work internally. If AI frees up 20 percent of the team's time, that may allow the function to handle approximately 25 percent more prosecution work in-house. It may also strengthen the company's when negotiating price with outside counsel. And as more work moves internally, there is less administrative hassle; no meetings need to be booked with an AI tool, and it is always available.

At the other end of the spectrum, freed-up time can be invested in strengthening the broader IP function: building internal IP infrastructure, sharpening commercial IP strategy, improving licensing capabilities, reviewing R&D projects more proactively, and training colleagues outside the IP team. In general, any activity that strengthens the link between the IP function and relevant internal stakeholders is likely to create value.

Companies that already have a clear commercial IP strategy are especially well placed to adopt AI. They know which IPR applications which are commercially critical and which are less important. If there are concerns about output quality delivered by AI tools, lower-priority filings may be the right place to begin. That allows the organization to learn, experiment, and calibrate risk before using AI on the most strategically important assets.

For IP law firms, the transformation phase is more disruptive. The traditional operating model is already under pressure, both in pricing and in the scope of services clients expect. Freed-up time can be used in two very different ways. One option is cost reduction, including staff cuts, in pursuit of higher margins. The other is business development: sharpening service differentiation, improving marketing and sales, and challenging the notion of "full service" by developing offerings that go deeper into the client's business context or broader across adjacent needs.

At the same time, the risks to law firms are becoming clearer. Profit margins may narrow as competition intensifies. Clients may send fewer cases to external firms if more can be handled internally with AI support. And the cases that are still outsourced are likely to face stronger price pressure. In that environment, firms must be able to explain, clearly and concretely, why their services deliver value beyond the output of an AI tool. Some firms may try to rely on clients who continue to buy services in the traditional way, but that group is likely to shrink as AI adoption spreads.

There is another important shift: clients themselves will increasingly use AI bots. As a result, the questions they bring to counsel may become more advanced, more informed, and more demanding. It will not be enough for law firms to answer those questions adequately. They will need to answer them better than the AI.

Next operational plateau

For industrial IP functions, the next plateau belongs to those that use the freed-up time intelligently. In some organizations, that will mean lower cost. In others, it will mean a more commercial mode of operating: stronger internal IP infrastructure, more disciplined portfolio decisions, and a genuinely business-oriented IP strategy. In either case, the contribution of the IP function becomes clearer and easier to defend.

For IP law firms, short-term profitability may initially improve as professionals complete work more quickly while maintaining pricing. But over time, competition is likely to push margins downward. Basic microeconomics suggests that premium pricing can only be sustained through differentiation. Without meaningful differentiation, prices erode. Firms that delay

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adoption may eventually be forced into it under worse conditions, as rates fall and margins tighten.

The firms that navigate this transition successfully are likely to have one or more of the following characteristics: attorneys whose expertise is clearly superior to what AI can offer, with that differentiation easy for clients to understand; a broader service mix that includes advisory roles beyond prosecution; and an operating model that makes the firm more attractive to recruit into. Firms that fail to adapt risk layoffs, fragmentation, and the emergence of smaller breakaway practices.

Managerial implications

The most important managerial mistake is to postpone the decision about how to use the time that AI frees up. Whether an organization has already started using AI tools or is only beginning now, the window for deliberate and relatively orderly adaptation is open. Those who act earlier can reshape their operations at a manageable pace. Those who wait may later face pressure to move faster and more harshly.

Management therefore needs to do two things. First, determine how much time AI is actually saving in the current setting. Second, decide how that time should be reinvested. Whatever the chosen path, one principle is common: skills must be developed.

At a high level, three capability areas stand out. The first is commercial capability, including a stronger grounding in microeconomics and a better understanding of how IP influences bargaining power, market access, and value capture in business ecosystems. The second is deeper prosecution capability - not simply to match AI, but to exceed it where human judgment matters most. The third is business-aligned prosecution: designing IPRs to be genuinely fit for purpose and closely linked to the company's commercial objectives.

Ultimately, the issues discussed here are not problems for individual employees to solve on their own. They are management responsibilities. AI may change how IP work is done, but leadership will determine whether that change strengthens the function - or weakens it.