

Strategic Monetization Planning Process



- Licensing
- Sales
- Litigation
- Strategic

Consider Your Goals

- Strategic Goals
 - Company Valuation
 - Market Position
 - Publicity
- Economic Goals
 - Cash Upfront
 - Cost Avoidance
 - Income Stream
 - Risk Tolerance
 - Tax and Earnings
- Operating Goals
 - Fund R&D
 - Freedom to operate
 - Defensive considerations

Licensing – Consider Control

- Large Market and Market Players
- Terms
 - Non-Exclusive v. Exclusive
 - Field of Use and Exhaustion
 - Term: Perpetual or Bound
 - Royalties: Per Unit or Fully Paid or Something Else
 - Inside or Outside Industry
 - Litigation Tolerance
 - Enforcement
 - Declaratory Judgment Actions
 - PTO Actions
- Licensing Agents
- Alternative Structures: Pools, Joint Ventures

Selling – Consider the Assets

- Core Patents v. Non-Core Patents
 - Need for Grant-back License
 - Impact on Company Valuation
 - Impact on Strategic Exit
- Costs of Ownership
 - End of Life Assets
 - Maintenance and Annuities
 - Non-US Assets
- Current Use v. Future Use
 - Potential for Revenue Stream

Selling – Consider the Valuation

- Patents are Unique
- Buyer Willingness to Pay
 - More art than science
 - Ranges vary greatly from buyer to buyer (strategic v. financial)
 - Comps are difficult to access
- Portfolio Value
 - Price-per-patent is not useful most of value in subset of assets
- Other Aspects of Value
 - Priority date
 - Detectability
 - Re-use
 - Open applications
 - Foreign coverage

Selling – Consider the Deal Structure

The structure will be informed by the market, goals and assets

- Upfront Cash
- Revenue/Profit Participation
- Non-cash Consideration
- Exclusive License v. Sale

Selling – Consider the Process

- Use of Brokers Access to Market Data
- Broad or Narrow Marketing
 - Confidentiality broadcast plans to market
 - Marketing materials
 - Evidence of Use
- Know the Assets Gather the Materials
 - Chain of Title
 - Encumbrances
 - SSO obligations