

Index

- A**
- Accounting
 - cost principle, 220
 - principles, 220–224
 - Actual lost sales, 279–280
 - Advance pricing agreement (APA), 358
 - Aggregate industry royalty rates, 254
 - Alternative market methods, 190f
 - Alternative technologies,
 - competition, 260
 - American Bar Association, security interests task force, 319–320
 - American Intellectual Property Law Association, economic surveys, 299
 - American Stock Exchange (AMEX), competitive market, 191
 - Amortization, 223–224
 - Antitrust concerns, licensing (relationship), 245–246
 - Apportionment doctrine, 293
 - Arm’s length standard/ comparability, 349–350
 - Aro Mfg. Co. v. Convertible Top Replacement Co.*, 272b
 - Assets
 - cash flow, 325
 - securitization, 325–326
 - process, 327f
 - valuation methods, 18
 - Assignments, 36
 - accuracy, PTO confirmation, 319
 - comparison, 39t
 - revenue model, 110–112
 - tracking, 320
 - Association of University Technology Managers, 253
 - Asymmetric information, 193–194
 - Attorney fees, 298–299
 - Auctions, 199–202
 - models, 200t–201t
 - process, formality, 203–204
 - B**
 - Background information, 78–79
 - Balance sheet reports, 221b
 - Bayes’ theorem, 181–182
 - Benefit projections, impact, 132b–133b
 - Best alternative to a negotiated agreement (BATNA), 262b–263b
 - Best method rule, 350
 - Billy Pitt’s Pictures, 211
 - Bilski v. Kappos* (U.S. Supreme Court ruling), 30
 - Black-Scholes inputs, information sources, 171b
 - Black-Scholes options pricing model, 166–168
 - adaptation, 173–174
 - contribution, 168
 - Blocking patents, 102–103
 - Bounded rationality, 56

- Bristol-Myers Squibb (BMS),
 patented technology, 329
- Broad claims, narrow claims
 (contrast), 100f
- Business landscape, 79
- C**
- Call options, 168–169
 purchase payoff, 165f
- Capital
 attraction, 338
 rate of return, 355
- Capital-generation qualities, 314
- Cash flow
 statement reports, 221b
 uncertainty, 332–333
- Chain of title, 96f
 establishment, 96
- Chaos theory, 166b–167b
- Collateral-focused valuations,
 323f
- Collateral sales, 277, 279
 diversion, 292
 doctrine, 296b
- Commensurate with income
 standard, insertion, 352
- Commercial assets, valuation, 122
- Company valuation, comparable
 transaction method (usage),
 206b
- Comparability problems, 196–197b
- Comparable profits method (CPM),
 352, 354
- Comparable transactions, 205–207
 assets valuation method, 18
 method, usage, 206b
- Comparable uncontrolled
 transaction method
 (CUTM), 352–353
- Compensatory damages,
 calculation, 286–287
- Competitive exchange, 198–204
 asset valuation method, 18
 methods
 formality, 202–204
 strength/weaknesses, 204t
 usage, 204
- Compulsory licenses, restrictions,
 101
- Consequences, insertion, 71f, 73f,
 147f
- Constant discount rate, variable
 discount rate (contrast), 156
- Continue lawsuit problem,
 graphical representation, 71f
- Core market methods
 alternatives, 207–214
 diagram, 190f
- Corporation
 laws, creation, 316
 residual, 242f
- Cost-based methods, 224–225
- Cost-centric models, 138
- Cost methods, 219
- Cost of development method,
 224–225
 critiques/justifications,
 225–227
- Cost of reasonable alternatives,
 227–230
 analysis, challenges, 228–229
 usage, 229–230
- Cost principle of accounting, 220
- Cost valuation method, 19
- Creditor, public notification, 317
- Cross-licensing, 112–114
 description, 112–113
 strategy, cash flow stream, 114
- D**
- Darvon, intellectual property
 pricing transfer, 347
- Data comprehension, disassembly
 (usage), 84–86

- Data development, disassembly
(usage), 78–83
- Data quality, translation process
sensitivity, 68f
- Decisions
alternatives, value prediction, 72
consequences, insertion, 71f
exercise, components
(identification), 71, 144–145
map, 80f
nodes, 70
embedded decision nodes, 73
opportunities, value
incorporation (importance),
263–264
uncertainties, 71
value, prediction, 146
- Decision-tree analysis, 143–149
benefits, 150
decision opportunities, 174–175
sensitivity analyses, conducting,
149–151
- Decision trees, 69–75
components/conventions, 70
construction, 70–75
example, 74f
graphical conventions, 70f
usage, 174–185
- Decision-tree scenario, shortening,
302
- Depreciation, 223–224
- Design patents, 27
infringer profits, recovery, 272b
- Direct, revealed preference, 207
- Direct cash flow
generation, strategies, 133–134
strategies, 114
- Direct economic benefits, 5, 104–112
concern, 79–80
flow, 134
- Disassembled problems, resolution,
77–78
- Disassembly, 67
analysis, 79–83
assistance, 77–78
background information, 78–79
decision trees, relationship,
69–75
exercise, 78–83
process, 69
usage, 75–83
- Discounted cash flow (DCF)
analysis, 17–18
- Discounted future economic benefits
(DFEB) analysis, 17–18,
67–68, 121
arithmetic, 124–131
conducting, 84
garbage in, garbage out principle,
131f
inputs, challenges, 131–133
measurement, 125
projected years, 129, 131
sensitivity, 132b–133b
- Discounted future economic benefits
(DFEB) method, usage,
68, 161
- Discount rates
components, 151–154, 152f
contrast, 156–157
conventions, 157–159
earnings measurement, matching,
158–159
estimation, 151–159
disassembly, usage, 78
inaccuracy, 132b–133b
mechanical considerations,
156–159
- District Court decisions,
Georgia-Pacific factors,
290f
- Dowagiac Manufacturing Co. v.
Minnesota Moline Plow
Co.*, 285

- E**
- Earlier-stage technologies, funding sources, 155
 - Early-stage technologies, discount rates, 154–156
 - eBay, Inc., v. MercExchange, LLC*, 276b
 - Economic benefit analysis (EBA), 250, 254–264
 - process, 254–255
 - Economic benefits, 5
 - crossover point, 260f
 - inquiry, scope, 134–135
 - sources, identification, 133–134
 - Economic monopoly, 107–108
 - Eli Lilly, intellectual property pricing structure, 347–348
 - Embedded decision nodes, process, 73
 - Emory University, deal, 331
 - End-of-year convention, midyear discounting convention (contrast), 157
 - Enjoyment deferral, discount rate component, 152–153
 - Entire market value rule, 283–284, 295
 - Equity securities, valuation, 241, 241b–242b
 - Equity stakes, 240–241
 - Established royalties, 289
 - Excess profits, calculation, 292
 - Exchange institutions, absence, 192, 197–198
 - Exclusive licenses, 98
 - nonexclusive licenses, contrast, 37
 - Experience curves, 282b
 - Extended NPV, development, 169
- F**
- Financial option contract methods, usage, 169–170
 - Financial ratios, 355
 - Financial statements, types, 221b
 - Firm strength, signaling, 115–116
 - First-to-file inventor, 32
 - Fixed costs, inclusion, 279
 - Fixed fees, 236
 - Forecasts
 - example, 257t–258t
 - Forecasts (generation), disassembly (usage), 78
 - Free cash flow (FCF)
 - benefit, 122b–123b
 - focus, 17–18
 - Freedom of Information Act (FOIA), usage, 195b–196b
 - Future cash flows, uncertainty, 353
 - Future decision opportunities, value (incorporation), 161
 - Future economic benefits, forecasting, 136–143
 - Future net economic benefits projection, 133–143
 - Future net economic benefits, present value, 124b–125b
 - Future performance, extrapolation, 143
 - historical patterns, usage, 139–140
 - Future returns (forecasting), historical Standard & Poor's 500 returns (usage), 142t
- G**
- Generally accepted accounting principles (GAAP), 220
 - Georgia-Pacific Corp. v. United States Plywood Corp.*
 - factors, 287–292
 - substitute products, availability, 291

- Goals, articulation/achievement, 203–204
- Google, U.S. federal tax liability reduction, 343–344
- Gordon growth method, 127–128
- Government-funded research, restrictions, 101
- H**
- Hidden information, extraction, 208
- Higher-quality data (development), disassembly (usage), 75–83
- Historical forecasting methods, problems, 141–143
- Historical Standard & Poor's 500 returns, future returns forecast ability, 142t
- I**
- Idealized patent holder, 287
- Illiquidity adjustment, discount rate component, 154
- Incentive theory, 104–108
- Income methods, 121, 161, 219
- Income statement, 221b
- Income valuation method, 16–18, 248
- Incremental economic value analysis, 295b–296b
- Independent royalties, 239–240
- Indirect, revealed preferences, 207
- Indirect benefits, impact, 135–136
- Indirect economic benefits, 5, 80–81, 112–116
- Industrial Revolution, 316
- Industry royalty rates, 250, 252–254
information, sample, 253b
noncomparability, 197
- Inflation rate, discount rate component, 153
- Information
age marketplace, intermediaries (role), 198
asymmetric information, 193–194
communication, 203
derivation, 177–178
incorporation, 181–185
inputs, usage, 16f
loss, 149–151
problems, 75–76, 192–195
loss, 151
reduction, disassembly (usage), 77–78
- Infringement lawsuit
defense, 260–261
elimination, 261
- Infringer profit, requirement (absence), 296–297
- Injunction, leverage, 276b
- Input estimates, adjustments, 181–185
- Instrumental value, intrinsic value (contrast), 6b
- Intangible asset
pricing, 351–357
methods, 352–357
recorded value, reduction, 224
transfer, 343
- Intangible property, super royalty provision, 351–352
- Intellectual property
asset characteristics, 326
asset securitization
emergence, 326–328
paths, 328f
deals, examples, 329–331
protection, 48
rights, portal, 321b–322b
transformation process, 327–328
- Intellectual property-based
tax-reduction strategies, 342–344

- Intellectual property-based
 - transfer-pricing structure, 346f
 - detail, 346f
 - history, 347–348
- Intellectual Property Research Associates, 253
- Intermediaries
 - requirement, 197–198
 - role, 197–198
- Inventions
 - commercial value, 10–11
 - competitive forces, 106–107
 - process, operations, 111f
- Invention use
 - patent rights value, decoupling, 11
 - separateness, 12b
 - value-generating asset, 9–10
- Inventive process, 23
 - example, 24f
- Inventors
 - correction, 31
 - free-rider problem, solution, 105
 - involvement, maintenance, 243–245
- Investment capital, access, 315
- Iowa Electronic Markets, 213
- J**
- Joint owners (patents), 98–99
- K**
- Kurtosis, 177–178
- L**
- Learning curves
 - effect, 283f
 - experience curves, relationship, 282b
- Legal relationship
 - factors/weightings, determination, 63f
 - score sheet, example, 63f
- Legal rights, bundle (understanding), 91–92
- Lemons problem, occurrence, 194
- Licensed patents, 98
- Licensees
 - benefits, identification, 255
 - competition, increase, 292
 - consideration, 249
 - economic benefit, forecast, 259
 - net benefits, measurement, 255–261
 - sales performance, factors, 85b
- License issue fees, 255
- Licenses
 - agreements, positive/negative aspects, 97b
 - comparison, 39t
 - contrast, 37
 - decision, 38
 - geographic limitations, 38
 - initial consequences, insertion, 145f
 - limitations, usage/transfer, 38
 - price, determination, 246–247
 - tailoring, 38
- Licensing
 - antitrust concerns, relationship, 245–246
 - revenue model, 110–112
 - scenarios, 243–246
- Licensors
 - consideration, 249
 - not-licensing value (NLV), determination, 261–263
- Liens, 100–101, 319–320
 - tracking, 320
- Linear regression analysis, 140f
- Litigation management, 50–51
- Litigation revenue model, 108–110
- Loan collateral, effect, 324f
- Loss aversion bias, 227

- Lost profits, 271, 275–285
 - calculation, 279–285
 - collection, 286
 - definition, 276–277
 - method, 286–287
- Lost sales, 276
 - actual lost sales, 279–280
- Lucent Technologies, Inc. v. Gateway, Inc.*, 287–288
- Lump sum fees, 236
- M**
- Manufacturers Aircraft Association (MAA), patent pools, 103
- Market methods, 189, 219
 - comparable transactions, 190
 - competitive exchange, 189
 - diagram, 190f
- Market power
 - exercising, 104–108
 - isolation, 135
 - patent rights, impact, 107f
- Markets
 - patent rights, relationship, 191–198
 - preference alternatives, 212–214
 - valuation method, 18
 - value rule, 283–284
- Markov chains, usage, 179–181
- Mathematical probabilities, 184b
- Maximizing strategy, 52–58
 - preference, 55
- Maximum price, establishment, 227–230
- Median patent infringement
 - litigation costs, 299t
- Merck, tax-reduction strategy, 339–340
- Microsoft
 - intellectual property, transfer, 343
 - patents, 113
- Midyear discount convention
 - end-of-year discount convention, contrast, 157–159
 - results, 158b
- Milestone payments, 240
- Minimum royalties, 240
- Mobile phone purchase, satisficing
 - strategy example, 56b–57b
- Model growth patterns, 140–143
- Model prior period, 139
- Monopolies
 - English statute, 105b
 - types, 107–108
- Monte Carlo distributions, 178–179
- Monte Carlo frequency distribution
 - result
 - comparison, 178f
 - sample, 177f
- Monte Carlo technique, 175–179
 - origin, 176b
- Monte Carlo visuals, information
 - derivation, 177–178
- Motorola/GE capital deal, 330–331
- Multisupplier market, market share
 - approach, 280
- Music copyright, securitization
 - deals, 329t
- N**
- Narrow claims, broad claims
 - (contrast), 100f
- NASDAQ, competitive market, 191
- Negotiated agreement analysis,
 - alternative, 262b–263b
- Negotiation, 287–292
 - analytical approach, 292
 - outcome, estimation, 289–292
- Net economic benefits, 122b–123b
 - flow, 219
 - focus, 125
 - revenue forecasts, conversion, 139f

- Net present value (NPV)
 analysis, 162f
 calculation, 161
- New York Stock Exchange (NYSE),
 competitive market, 191
- Nonexclusive licenses, 98
 exclusive licenses, contrast,
 37
- Nonnormal data distributions,
 178–179
- Nonpracticing entity (NPE)
 strategies, 108–112
- Not-licensing value (NLV)
 determination, 261–263
 establishment, 263
- O**
- Ocean Tomo/ICAP patent
 brokerage auction market,
 201–202
- Opinion sources, diversity, 214
- Opportunity costs, discount rate
 component, 153
- Optimizing strategy, 52–58
 preference, 55
- Option contracts, 164–168
 definition, 164
 value generation, 164–166
- Option-pricing insights, usage,
 171–174
- Options
 exclusion, 173
 usage, 172–173
- Original ownership/assignments,
 319
- Originator, pretransaction owner,
 326
- Outcome nodes, 70
- Outcome path, value (prediction),
 72, 145
- Owner patents, 97
- Ownership, concern, 318–320
- P**
- Panduit Corp. v. Stablin Brothers
 Fibre Works, Inc.*, 277–278,
 293
 kicker, 294–295
- Paris Treaty, 39–40
- Patent Act of 1897 (29 Stat. 692),
 276b
- Patent-backed securitization deals,
 331–332
- Patent-based start-up, venture
 capitalist valuation, 84
- Patent-based tax-planning
 strategies, valuation, 337
- Patent-based tax-reduction strategies,
 examples, 339–344
- Patent-based transfer-pricing
 structure, arrangement,
 345–347
- Patent Cooperation Treaty (PCT),
 40
- Patented article, patented process
 (contrast), 9b–10b
- Patented component, usage, 256
- Patented invention
 impact, 255–256
 usage, 9b–10b
- Patented technology, maturity
 levels/development needs,
 244f
- Patent infringements, 284b–285b
 actual lost sales, 279–280
 apportionment, 285
 cases
 damages calculation, legal
 framework, 271–273
 predominate measure of
 damages, 286
 costs, increase, 279, 281–283
 damages, 269
 incentivization, 295
 market value rule, 283–284

- negotiation, example, 287–292
- price erosion, 280–281
- remedies, theories, 271
- Patenting
 - preemptive patenting, 114–115
 - process, diagram, 31f
 - rationales, theme, 116–117
- Patent licenses, 36–38
 - coverage, 98
 - extension, 245–246
 - information (obtaining), FOIA
 - request (usage), 195b–196b
 - payment structures, 236–246
 - pricing, 235
 - principle, 247
 - zone, 248f
 - selection tree, 44f
 - tailoring, 38
 - valuation methods, 247
- Patent licensing and litigation
 - companies (PLLCs), 109
 - value, 109–110
- Patent-related decisions, 4
- Patent rights, 27–28
 - acquirers, 229–230
 - commercial value, 10–11
 - DFEB analysis, 131
 - exploitation, 103–117
 - information problems, 192
 - internal development, 222
 - invention use value, decoupling,
 - 11
 - markets, relationship, 191–198
 - neighborhood, understanding,
 - 102–103
 - payment structures, 236–246
 - purchase, 222–223
 - remaining life, 126
 - transfer, 36–39, 235
 - payment methods, 39
 - prices, determination, 348–358
 - uniqueness, 196–197
 - valuation, competitive exchange
 - (usage), 204
 - value, separateness, 12b
 - value-generating asset, 9–10
- Patents, 23
 - amortization, 223–224, 224b
 - anatomy, 32–33
 - assets
 - legal relationship,
 - determination, 62
 - representation, 60f
 - assignments, 36
 - attorney fees, 298–299
 - attraction, 338
 - bars, 31
 - cases, U.S. District Court filings,
 - 26f
 - chain of title, 96f
 - claims, 32–33
 - contrast, 100f
 - collateral, 317–325
 - creative decisions, 46–47
 - criteria, 33–36
 - damage awards, 269
 - appeal, 297
 - ranking, 270t
 - damages, 297–299
 - enhancement, 298
 - history, 273b–275b
 - decisions, 45–52
 - map, 80f
 - valuation analysis benefits,
 - 44
 - definition, 26–32
 - direct economic benefits, 104–112
 - drawings, 32
 - economic changes, 316
 - economic importance, increase,
 - 24
 - economic rights, 105
 - enforcement, 94–96
 - validity, 94–96

Patents (*Continued*)

- enhanced damages, 298
- example, 35f
- expiration, 245–246
- family, valuation, 103
- funding decisions, 47
- future decision opportunities,
 - value (incorporation), 174–185
- government decisions, 51–52
- holders, 230
 - ownership, 97–98
 - sales, diversion, 292
- indirect benefits, extension, 126
- indirect economic benefits, 104, 112–116
- information problems, 193b
- initial cost, recording, 220–221
- invalidity, 94–95
- inventive process, 23–24
- issues, 294
- joint owners, 98–99
- legal decisions, 47–52
- licensed patents, 98
- litigation
 - management, 50–51
 - review, judicial standards, 298f
- management decisions, 51
- mobility, ease, 358
- narrow claims, broad claims
 - (contrast), 100f
- nationality, 39–40
- nonobviousness, 34, 36
- novelty, 35
- owned patents, 97
- owner interest, 94
- ownership
 - concern, 318–320
 - identification, 318–320
 - interest, 93–99
- pricing agreements, 358
- prosecution, 49
 - decisions, inventory, 49b–50b
 - real options, relationship, 171–173
 - relevance, 315
 - remaining life, 95–96
 - rights, 107f
 - description, 99
 - encumbrances, 100–101
 - royalties, 237t–238t
 - score, 61
 - search, conducting, 101–102
 - securitization, 325–333
 - securitization deals
 - examples, 329–331
 - future, 331–335
 - list, 330t
 - settle/defend, decision
 - finalization, 302, 306
 - settlement offer, acceptance
 - decision, 50f
 - specification, 32
 - subject matter, 28–30
 - sue or settle question, 299–306
 - tax-reduction strategy, 339–340
 - terminal value, role, 126f
 - trade secret protection, selection
 - factors, 48b
 - transfers, invisibility, 337–338
 - trolls, 108–110
 - U.S. applications, increase, 25f
 - utility, 33–35
 - valid interest, 94
 - valuation-fluctuation profiles, 323
 - worldwide applications, 25f
 - worth, 320–325
- Patents, decision making
 - improvement, valuation analysis
 - (usage), 43
 - maximizing strategy, 53
 - optimizing strategy, 53
 - satisficing strategy, 53
 - strategies, range, 54–55

- Patents, obtaining
 - absence, direct/indirect benefits, 83t
 - direct benefits, 82t
 - graphical representation, 83f
 - identification, 80
 - quantification, 81
 - indirect benefits, 82t
 - graphical representation, 83f
 - identification, 80–81
 - quantification, 81
 - procedure, 30
- Patent valuation
 - analysis, 162
 - effort, decision-making effort, 54f
 - Markov chains, usage, 179–181
 - option-pricing insights, usage, 170–174
 - principles, 122
 - work, real estate appraisal work (comparison), 92b–93b
- Patent-valuation effort, decision-making strategy, 54f
- Patent-valuation setting, information problems, 76b
- Patent value
 - creation, functions/decisions distribution, 45f
 - decline, 324f
 - determination method, 15
- Perfection, creditor public notification, 317
- Performance possibilities method, 129–131
- Personal property, security interests (UCC governance), 100–101
- Pitt, William (the Younger), 211
- Plant patents, 27
- Pledges, 319–320
 - tracking, 320
- Portal for Intellectual Property Rights (PIPR), 322f
- Portfolio valuation audit, valuation technique, 58–65
- Postprojection period patent performance possibilities, 130f
- Potential value, 313–314
- Prediction markets, 213–214
- Preemptive patenting, 114–115
- Prejudgment interest, 297
- Preliminary portfolio valuation (PPV) audit
 - chart, 64f
 - plotting, 62–63
 - findings, evaluation, 62–63
 - mechanics, 59–63
 - reduction, four-step process, 60–63
 - uniform score sheet, development, 61
 - usage, 59
 - valuation technique, 58–65
- Preliminary portfolio valuation (PPV) chart, patent asset representation, 60f
- Present value (PV) calculation, 158b
- Price erosion, 277, 279, 280–281
 - competition, increase (impact), 281f
- Pricing agreements, 358
- Pricing zone, 247
- Products
 - price restrictions, 246
 - pricing, 106f
 - S-shaped life-cycle curve, 141f
- Profit-level indicators, 355b
- Profits, loss, 271, 275–285
- Profit split method (PSM), 352, 355–357
- Projected units, sale, 148b, 149b, 150f

- Projections
 development, analytical analyses
 (usage), 143–151
 elements, reassembly, 147
 exercise, components
 (identification), 144–145
 model, revenue/cost forecasts
 (development), 138–139
 revenue-centric set, example,
 136b–137b
 starting point, decisions/
 uncertainties, 145
- Projects, decisions, 46f
- Property monopoly, 107–108
- Publicly disclosed patent
 transactions, absence,
 194–195
- Pulmonary arterial hypertension
 (PAH), treatment (drug
 effectiveness), 6–7
- Purchased patent rights, 222–223
- Put options, 168–169
- Q**
- Quantity accretion, impact, 281f
- R**
- Rates of return (ROR), venture
 capital requirements, 156t
- Ratio analysis, 205–207
- Real estate appraisal checklists, 92
 work, patent valuation work
 (comparison), 92b–93b
- Real options, 168–170
 analysis, option value
 (incorporation), 163f
 example, 169f
 patents, relationship, 171–173
 stock call option, comparison, 170b
 valuation, financial option
 contract methods (usage),
 169–170
- Real options theory, limitations,
 163
- Reasonable alternatives analysis,
 cost (challenges), 228–229
- Reasonable royalties, 271, 285–297
 damages, expansion, 293–297
 determination, 288–289
 method
 damages calculation, 286–287
 popularity, increase, 286
- Regression analysis, 139–140
- Research & development (R&D)
 funding royalties, 240, 244
 project, prioritization, 4
- Research project, funding, 47f
- Residual PSM, comparison, 357
- Residual valuation method,
 209–211
 stock price indication method,
 comparison, 210–211
- Return on investment (ROI),
 projection, 47
- Revenue-centric models, 136
- Revenue forecasts, conversion, 139f
- Right to exclude, 27–28
 restrictions, 101
- Risk, discount rate component,
 153
- Rollback calculations, performing,
 73, 147
- Round Island, LLC, 343
- Royalties, 237–240
 established royalties, 289
 minimum, 240
 patents, 237t–238t
 rates
 formal valuation techniques,
 248–264
 industry royalty rates, 250,
 252–254
- Royalty Pharma AG
 pharmaceutical patents, 330

- Royalty Pharma AG, Zerit deal, 329–330
- Royalty-rate negotiations, 84
- RoyaltySource, 253
- Rules of thumb, 250–252, 293
- Running royalties, 238–239
impact, 249
- S**
- Satisficing strategy, 52–58
example, 56b–57b
phone/plan selection, example, 57f
preference, 56
- Satisficing technique, impact, 252
- Scenarios, probabilities
(determination), 145f
- Science landscape, 79
- Secured lending process, efficiency, 317f
- Secured loans, patents collateral, 317–325
- Security agreements, 317
- Sensitivity analyses, conducting, 149–151
- Settle lawsuit problem, graphical representation, 71f
- Settlement offer
rejection, cost, 74b
- Settlement offer, acceptance
decision, 51f
- Shadow pricing, 208–211
- Shelving, strategies, 243
- Shop rights, transfer, 101
- Single entity, invention operations, 111
- Single-patent product, example, 256, 259
- Special-purpose vehicle (SPV), 326
- Start-up companies, development stages, 155t
- Start-up licenses, 240–241
- Start-up negatives/positives, 240, 241
- Stated preferences
alternatives, 212–214
method, process, 212–213
- State Industries Inc. v. MorFlo Industries, Inc.*, 278
- Stock call option, real option
(comparison), 170b
- Stock price indication method, 210–211
- Strategic importance
factors/weightings, determination, 61f
score sheet, example, 62f
- Sue or settle question, 299–306
- Super intangibles, 351–352
- Super royalty provision
commensurate with income standard, insertion, 352
intangible property, relationship, 351–352
- Surrogate valuation measures, 211–212
- Synergistic patent rights, 103
impact, 102
- T**
- TAEUS Online Patent Exchange, 202
- Tangible assets
backing, 318
depreciation, 223
recorded value, reduction, 224
- Taxes, reduction
government effort, 338
strategy, focus, 337
transfer-pricing structures, impact, 344–345
- Tax Reform Act of 1986, 351
- Terminal multiple method, 128–129

- Terminal value, 125–131
 calculations
 patent-specific approach, 129–131
 patent valuation problems, 127–129
 development, satisficing method, 128f
 role, 126f
- Trade secret protection, patent
 selection (factors), 48b
- Transfer pricing, 344–348
 related-party transaction, 350
 rules/regulations, 348–349
 structures, 344–345
 flowchart, 345f
- 25:75 allocation, example, 253f
- 25 percent rule, 250–252
 arbitrariness, 252
 origins, 250b
 theory (Goldscheider), 251
- Two-supplier market, 279–280
- Tynax, 202
- U**
- Uncertain benefits, impact, 136, 138
- Uncertainties, 193–194
- Uncertainty
 assumptions, 300
 discount rate component, 153
 initial decision, 145
 probabilities, determination, 145–146
- Uncertainty nodes, 70
 probability, determination, 72f
- Uncertainty probabilities, determination, 71–72
- Uniform Commercial Code, article 9
 impact, 100–101
 system, 317
- Uniloc USA Inc. v. Microsoft Corp.*, 251, 293
- Units
 projections, 147f
 sale, 148b, 149b, 150f
 sales, range (prediction), 147f
- Up-front fees, 236
- U.S. Federal District Court
 Decisions, median damages, 270f
- U.S. Internal Revenue Code, section 482, 348–349
 arm's length standard/
 comparability, 349–350
 intangible assets, pricing, 351–357
 purpose, 349
- U.S. Patent Act
 amendment, 272b
 assignment provision, 96
 patent damages, history, 273b–275b
 Section 284, 287, 297
 Section 285, 299
 valuation techniques, 279
- U.S. Patent and Trademark Office (PTO)
 maintenance fees payment, 94
 patent application, 30
- Utility patents, 26–27
 maintenance fees, payment, 94
 U.S. patent maintenance fees, 95t
- V**
- Valuation, 3
 assessment, foundation (translation exercise), 7f
 concern, 320–325
 decision-making exercises, limitations, 20
 development, 3–4
 equivalency exercise, 44f

- exercise, components
 - (identification), 71
- expert analysis, 13
- income methods, usage, 121
- mechanics, 320–324
- methodologies, 16–19
 - interrelationship, 19
 - overview, 17t
- methods
 - cost/precision, contrast, 226f
 - information inputs, usage, 16f
- misconceptions, 12–15
- patent role, limitation, 4
- preparation, 91
- problem, disassembly, 67
- process, 7–8, 13–14
- ratio, 205
- rationality, limitations, 20
- subject matter, identification, 9–11
- team, usage, 86
- tool, 224–227
- Valuation analyses
 - elements, 67
 - investment amount, 52–58
 - numbers, usage, 7b
 - output, 13–14
 - patent impact, patentee strategy, 117t
 - result, precision (generation), 15
 - usage, 43
 - variables function, 8f
- Value
 - capital-generation qualities, 314
 - contrast, 6
 - creation, functions/decisions (distribution), 45f
 - decline risk, management, 324–325
 - definition, 5–7
 - generation, portfolio management (usage), 58
 - increase, 99f
 - intrinsic qualities, 313
 - placement, 46f
 - result, 13–14
 - accuracy, quantitative/mathematical approach, 14
 - reassembly, rollback calculations, 73
 - unlocking, 313
 - Variable discount rate, constant discount rate (contrast), 156–157
 - Venture capitalists (VCs)
 - invention use/patent rights valuation, combination, 10
 - improvement, 12b
 - patent-based start-up valuation, 84
 - Venture capital requirements, 156
- W**
 - Weighted average calculation, 148b
 - Willful infringement, 298
 - Window Tax, usage, 211
- Z**
 - Zerit, deal, 329–330
 - Zocor/Mevacor arrangement, 339–340
 - decision-tree analysis, 342f
 - worth, 340b–342b

<http://www.pbookshop.com>

<http://www.pbookshop.com>

<http://www.pbookshop.com>

<http://www.pbookshop.com>

<http://www.pbookshop.com>