## Index

2.com ABI/Inform, 139, 266, 280 Accounting Standards Codification, 48, 107 ASC 350, 49, 423-25, 461-63, 471-86 ASC 360, 49 ASC 805, 48, 288, 290, 431-60, 474-75, 702-03 ASC 820, 48, 288, 417-29, 464-65 Acquisition accounting, 431-60, 639-43 Contingent consideration, 474–75 Ad valorem property tax, 52, 654–58 Assembled workforce. See Intangible assets, types of Asset accumulation method, 238 Asset impairment, 49, 425-26, 476-85 Bankruptcy, 50–51, 108, 521, 695–99 Battersby, Gregory, 143, 272 Best method rule, 107, 168, 494, 506-09, 589, 692 Blockage factor, 427 Bloomberg, 137, 139, 278, 280 Boehm, Barry, 592 Breach of contract, 60-63, 116-17, 180-82, 194-96, 523-524 Bundle of rights, 85–86, 408 Business combinations. See Acquisition accounting Capitalization rate. See Valuation approaches, income approach Churn rates. See Remaining useful life analysis COCOMO. See Constructive cost model Comparable profit margin method. See Valuation approaches, market approach Comparable uncontrolled transactions. See Valuation approaches, market approach Competitive analysis. See Strategic analysis Constructive cost model, 592-98, 603, 607-18 Contingent consideration, 474–75 Contracts. See Intangible assets, types of Contributory asset charge. See Income approach, contributory asset capital charge Convoyed products, 67-68, 184-85 Copyright Act of 1976, 35, 185-87

Copyright infringement. See Infringement Copyrights. See Intellectual property, types of Cost, components of, 124, 223-26, 247-49 Developer's profit, 224-25, 245-49, 445, 611-12, 622-24 Direct costs, 223–24, 239, 522, 672 Entrepreneurial incentive, 225-26, 246-49, 445-46, 522, 624-27 Indirect cost, 224, 245-46, 522, 624 Opportunity cost, 124–25, 225–26, 246, 522, 635–36, 657–58 Cost approach. See Valuation approaches Customer lists. See Intangible assets, types of Damages, 52, 59-69, 111-32, 147-58, 179-208 Causation and liability, 116, 126, 151-52 Compensatory damages, 61, 68, 116–17 Damages period, 113–115 Measurement of, 67-68, 117-26 Cost to cure method, 63-64, 156, 490-93 Cost to restore value method, 124-25, 127. See also Cost to cure method Lost current value method, 63-64, 189-90 Lost future income method, 190 Lost profits method, 62-63, 118, 152-54, 185, 183-89, 193-98 Before and after method, 118–120, 198-99, 202–04 "But for" method. See Projections method Ex ante methods, 67, 196–97 Ex post methods, 67, 195–96 Projections method, 62–63, 121–22, 129–32, 153, 199–203 Yardstick method, 122–124, 200, 204–05 Market share method, 200-01 Reasonable royalty rate method, 64–65, 125–127, 154–55, 190–93, 205–08 Mitigation of, 68, 113–15, 117, 156–157 Punitive damages, 117 Taxation of, 127–128 Damages period. See Damages, damages period Data gathering. See Due diligence Debt financing, 50–51 Deferred income taxes, 477-80 Development rights, 86, 101, 408 Digital Millennium Act, 185 Discount rate, 67–68, 190, 315–21, 359, 456–58 Domain names. See Intangible assets, types of Due diligence, 133–59 Economic Espionage Act of 1996, 38 Economic damages. See Damages Engagement letter, 72, 87-97, 163-64 Engineering drawings. See Intangible assets, types of Entire market rule, 185 Ex ante damages. See Damages, measurement of, lost profits Ex post damages. See Damages, measurement of, lost profits

Excess earnings method. See Multiperiod excess earnings method Exploitation rights, 86, 101, 408 FactSet, 138 Fair market value. See Standards of value Fair value. See Standards of value Fair value accounting, 417-29, 473-85, 521, 634 Fair value hierarchy, 426 FASB. See Financial Accounting Standards Board Fee simple interest, 85, 101-03, 174 First Research, 139, 279, 289 Financial Accounting Standards Board (FASB), 48, 107, 418–19. See also Accounting Standards Codification Georgia-Pacific factors, 190-91 Goodwill. See also Intangible assets, types of Impairment, 49, 476-81 Negative goodwill, 474 Grimes, Charles, 143, 272 Guideline publicly traded companies, 137-138, 277-79 Highest and best use, 78–79, 163, 209–18, 422–23 Criteria for, 78-79, 163, 211-12 Human capital intangible assets. See Intangible assets, types of .pbook IBISWorld, 139, 279 Impairment testing, 49, 476-85 Income tax planning, 52 Industry research, 138-41, 279-81 Infringement Copyright, 186-87 Patent, 180-85, 189-90, 200-08 Trademark, 113–115, 187–88 Intangible assets Amortization of, 107, 471 Characteristics of, 2–3 Definition of, 1-2 Distinction from tangible assets, 9–12 Types of. See also Intellectual property Artistic-related intangible assets, 437 Assembled workforce, 234, 454-55, 629-43 Valuation example, 237–55, 639–43 Contract-based intangible assets, 437–38, 517–37 Valuation example, 371-403, 528-37 Copyrights. See Intellectual property, types of Customer-related intangible assets, 435–36, 539–80 Valuation example, 336–49, 371–403, 551–80 Data processing intangible assets, 581–627 Valuation example, 602–27 Engineering intangible assets, 683–99 Valuation example, 695–99

Goodwill, 15-16, 439-40, 473-86, 701-21 Celebrity goodwill, 704 Institutional goodwill, 704 Personal goodwill, 704-08 Professional practice goodwill, 704 Valuation example, 353-54, 448-60, 479-81, 717-21 Human capital intangible assets, 629-43 Valuation example, 639-43 Internet domain names, 435 Leasehold interests, 456–58 Licenses, 645-61 Professional licenses, 658-61 Valuation example, 648-58 Marketing-related intangible assets, 434–35 Noncompete agreements, 450–53 Patents. See Intellectual property, types of Permits. See Licenses Service marks. See Intellectual property, types of Software, 438-39, 445-46, 462-63, 581-627 Valuation example, 602–27 Technology intangible assets, 438–39, 445–46, 663 Valuation example, 670-81 Title plants, 439 Trade dress. See Intellectual property, types of Trade names. See Intellectual property, types of Trade secrets. See Intellectual property, types of Trademarks. See Intellectual property, types of Use rights, 86, 304, 438 Valuation of, 171–78, 461–72. See also Valuation approaches Discrete versus cohective valuation, 332–33 Intellectual property Commercialization process, 41 Development process, 40-41 Identification of, 19-44, 103-104 Types of Copyrights, 20, 35-37, 185-87, 437 Valuation example, 327–30 Patents, 20-28, 182-85, 663-81 Damages example, 207–08 HABU analysis, 216–18 RUL analysis, 312-14 Valuation example, 670-81 Service marks, 20, 434–35 Trade dress, 29, 179, 181 Trade names, 29, 413, 423-24, 434-35 Valuation example, 273-78, 288-94, 349-52, 447-48, 498-504 Trade secrets, 20, 37-41, 104, 188, 439

```
Valuation example, 129–132
           Trademarks, 8, 20, 28-35, 187-88, 325-27, 434-35, 487-88
                Damages example, 67–68
                Transfer price analysis example, 505–15
                Valuation example, 273-78, 288-94, 349-52, 447-48, 498-504
     Valuation of, 487-515
Internal Revenue Code
     Section 197, 1, 49, 107, 355-62, 374, 442, 521, 634, 679
     Section 338, 49
     Section 482, 51-52, 55, 107-08, 166, 409, 489, 493-97, 505-09, 668-70
     Section 721, 54
     Section 1060, 49
International Accounting Standards Board, 419
International Financial Reporting Standards, 419
     IFRS 13, 419-20, 428-29
Jones, Capers, 594
                                          ookshop.com
KPLAN, 592, 594, 599-603, 607-08, 613, 618
KtMINE, 142, 266, 271, 273, 510
Lanham Act, 28-30, 187
Leasehold interests. See Intangible assets, types of
Legal rights, bundle of, 2, 85-86, 101-102, 408
Licenses. See Intangible assets, types of
Licensing, 42, 51, 437-38, 668-70
Life interest, 85, 103, 408
Lifing. See Remaining useful life
Litigation, 48, 52, 106–07, 149–59, 181–208, 728
Lost profits. See Damages, measurement of
Lost current value. See Damages measurement of
Management projections, 120-32, 137, 177, 199-203, 311-15, 467-71
MergentOnline, 137, 278-79.
Multiperiod excess earnings method. See Valuation approaches, income approach,
  excess earnings method
Noncompete agreements. See Intangible assets, types of
Obsolescence, 226–31, 233–36, 591–592
     Functional obsolescence, 227-232, 234, 249-50, 607, 612-13
     Economic obsolescence, 227, 235–36, 250–52, 598, 607, 613–14
     External obsolescence. See Economic obsolescence
     Physical deterioration, 227-29, 234-35, 247-49
     Technological obsolescence. See Functional obsolescence
Option pricing models, 465
Panduit test, 183–84
Patent Act of 1790, 20
Patent infringement. See Infringement
Patents. See Intellectual property, types of
Permits. See Intangible assets, types of
Pitchbook, 138
Premises of value, 78-80, 209, 215-18, 306, 713-14
```

Value in continued use, 79, 215, 702 Value in exchange, 12, 79-80, 213-214, 702 Value in place, 79, 217 Profit split analyses. See Valuation approaches, income approach Projections. See Management projections Property tax. See Ad valorem property tax Purchase price allocation, 48–50, 215, 431–60, 703 Example of, 273–77, 440–60 Reasonable royalty rate. See Damages, measurement of Relief from royalty method. See Valuation approaches, market approach Remaining useful life, 101-03, 424-25, 471, 546-47, 670 Analytical method, 233-34 Attrition rate, 373-403, 555-76 Churn rates, 552–67 Decay curve, 364, 546-47, 550 In cost approach, 233–36 In income approach, 311–15, 325, 373–81 Reorganization. See Bankruptcy Reporting units, 473, 475–85 Reversionary interest, 86, 408 Royalty Connection, 142, 266–67, 271 Royalty rates, 51, 205–08, 301, 304. *See also* Valuation approaches Comparable profit margin method. See Valuation approaches, market approach Comparable uncontrolled transactions method. See Valuation approaches, market approach Differential income method. See Valuation approaches, income approach Incremental profit method, 192, 497 On trademarks, 505, 510–14 Sources of, 142–43, 271–272 Royalty Source, 142, 267, 271-22 RoyaltyStat, 143, 272 Rules of thumb. See Valuation approaches, market approach S&P CapitalIQ, 138, 140, 266, 279-80 S&P Industry Surveys, 139, 280 Sales comparison method. See Valuation approaches, market approach Service marks. See Intellectual property, types of Software. See Intangible assets, types of Standards of value, 74-77, 80, 100-01, 162, 172, 286, 729 Acquisition value, 50, 76, 322 Ad valorem value, 77 Collateral value, 12, 77 Fair market value, 50, 74–75, 238, 286 Fair value, 48-49, 75-76, 107, 238, 290, 417-30, 461-85 Insurable value, 77 Investment value, 50, 76, 267, 729 Market value, 76 Owner value, 64, 76

Use value, 76 Statement on Standards for Valuation Services No. 1 (SSVS), 55, 164-65, 172, 177 Strategic analysis, 140-41 Substitution, principle of, 219 Tangible assets, 9–14 Distinction from intangible assets, 9–12 Technology intangible assets. See Intangible assets, types of Tax amortization benefit, 355-62, 551 Term interest, 85, 102 ThomsonONE, 138, 140, 266, 280 Title plants. See Intangible assets, types of Trade dress. See Intellectual property, types of Trade names. See Intellectual property, types of Trade secrets. See Intellectual property, types of Trademarks. See Intellectual property, types of Transfer pricing, 51, 107–08, 166, 489, 668–70. See also Valuation approaches Example of, 505–15 Intangible property transfer price methods, 262–63, 493–98 U.S. Bankruptcy Code Section 363, 50, 108, 521, 688 Uniform Standards of Professional Appraisal Practice (USPAP), 108, 164–65, 727–28 Uniform Trade Secrets Act, 38, 188 Unit of account, 422-23, 427-28, 482 Unjust enrichment, 68, 100, 117, 491-93, 523, 588, 692 Use rights. See Intangible assets, types of Valuation approaches, 167, 176, 219-403 Cost approach, 219–55, 412 Audit method, 231–32 Component restoration method, 708 Cost plus method, 494, 636–37, 692 Example of, 237-55 Historical cost, 219, 224, 228–30, 232–35, 417–19, 672 Inventory method, 231–32 Obsolescence. See Obsolescence Replacement cost new, 217, 221-36, 522, 590-591 Examples of, 242-54, 445-46, 603-07, 621-27, 641-42, 655-57, 671-74 Reproduction cost new, 221-23, 226-28, 232-35, 595, 606, 671 Trended historical cost analysis, 232-33, 672 Types of cost. See Cost, components of Income approach, 295–403 Capitalization rate, 67, 271, 315–27, 333, 712, 729 Comparative business enterprise value method, 528–37 Comparative income method, 278, 334, 675–78. See also Differential income method Compounding convention, 216, 326–30 Contributory asset capital charge, 302, 305–11, 362–69, 466–67 Examples of, 344, 352, 364-69, 379-80 Differential income method, 193, 301, 310, 675–78. See also Comparative

```
income method
          Direct capitalization, 315-22, 328-29, 412, 711
          Discount rate, 67, 127, 190, 196, 315-19, 359, 465, 551
          Discounted cash flow method, 193, 335, 423, 466, 711. See also Yield
             capitalization
          Excess earnings method. See Multiperiod excess earnings method
          Incremental income analyses, 302-04, 310, 334, 356-58, 690
          Measures of income, 305-11, 729
          Monte Carlo analysis, 335, 465
          Multiperiod excess earnings method, 136, 362-68, 466-67
                Example of, 364-68, 650-53
          Present value of future income method, 172, 712-13
          Projection period, 311-15, 317, 319, 369, 447, 650-52
          Profit split analyses, 127, 304–05, 310, 333, 547, 690
                For transfer price analysis, 495–97, 508, 525, 548, 692–93
          Residual from business value method, 710-12
          Royalty rate analyses, 51, 193, 205–08, 215, 304, 330. See also Royalty rates
          Sensitivity analysis, 175, 334-36, 470, 509, 731
          Weighted average cost of capital, 67, 192, 246, 363
                Example of, 349-51, 535-537
          Yield capitalization, 302, 315–19, 324–25, 411 See also Discounted cash flow
             method
                Example of, 317-19, 337-44
     Market approach, 141–43, 257–94, 412–14
          Comparable profit margin method, 193, 277–85, 413–14
                For transfer price analysis, 496–97
          Comparable uncontrolled transactions, 127, 213, 257, 263–72
                Example of, 209–10, 273–74, 290–94, 297–300, 499–505, 510–15
                For transfer price analysis, 494–97, 507–08
                Measure of damages, 193, 205–08
                Sources of information, 141, 154–55, 278–81
          Guideline publicly traded company method, 690, 711
                Sources of information, 137-38, 278-79
          Relief from royalty method, 263, 269-70, 301, 413
                Example of, 273-77, 290-94, 349-52, 499-504
                Sources of information, 143, 272-73, 277-78
          Residual from purchase price method, 709-10
          Rules of thumb, 285–86
          Sales comparison method, 263-69, 412-13, 709
     Weighting of approaches, 168, 410–15
Valuation date, 86-87, 150, 173-74, 724-25
Valuation methods. See Valuation approaches
Valuation objective, 73, 99-100, 112-13, 161-62, 409
Valuation purpose, 45-56, 73-78, 115-16, 161-62, 409, 724
Valuation report, 164-65, 168, 177-78, 723-31
     Common errors, 728-31
Valuation standards, 55, 164-66, 172, 177, 409, 727-28
```

Valuation synthesis, 72, 168, 405–15 Weighted average cost of capital. *See* Valuation approaches, income approach Westlaw, 140, 265–66, 280 Workforce. *See* Intangible assets, types of, assembled workforce Yield capitalization rate. *See* Valuation approaches, income approach, discount rate