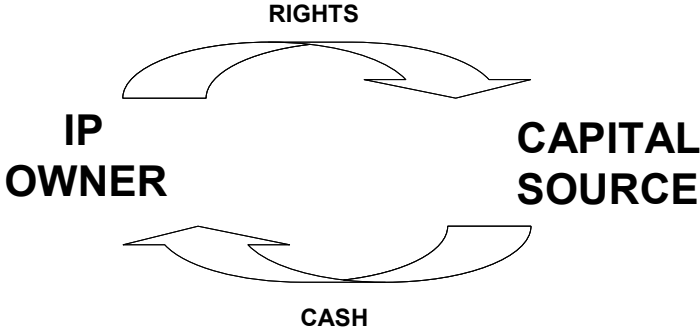


# MONETIZING INTELLECTUAL PROPERTY

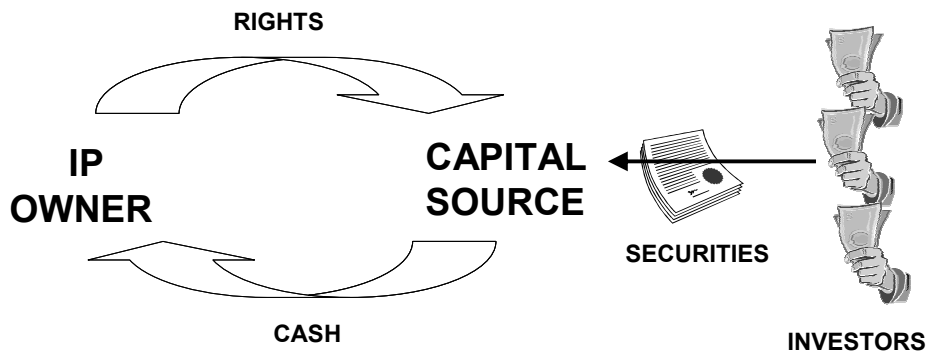
IP – An Increasingly Important Asset Class

**Gordon V. Smith**  
Chairman, AUS, Inc.  
Distinguished Professor of IP Management, Franklin Pierce Law Center

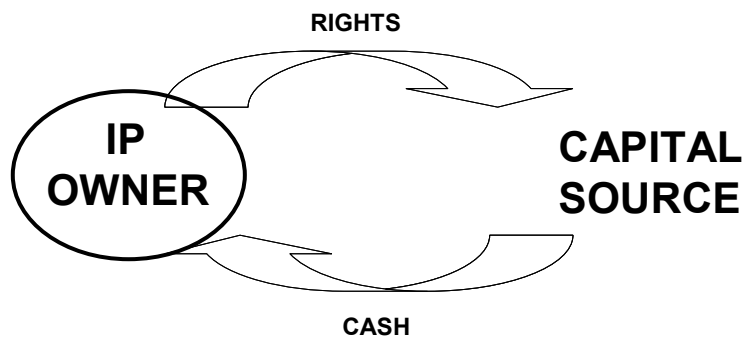
## MONETIZATION



# SECURITIZATION



# MONETIZATION



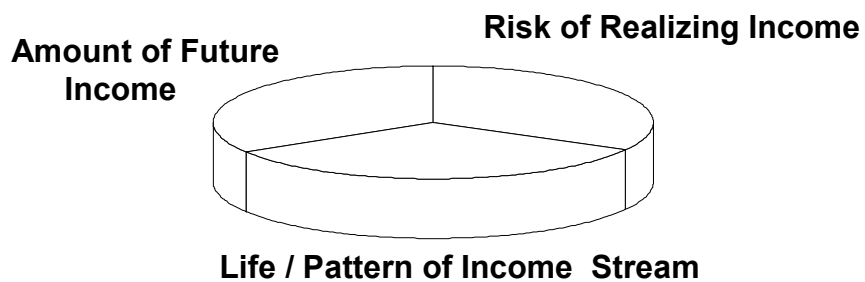
## **MARKET VALUE of IP**

**“ PRESENT VALUE OF THE FUTURE  
ECONOMIC BENEFITS of OWNERSHIP”**

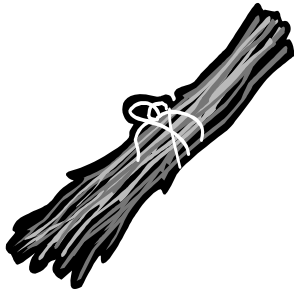
## **FUTURE ECONOMIC BENEFITS**

**“CASH INCOME FROM FUTURE  
EXPLOITATIONS of the IP RIGHTS”**

## **MONETIZATION DRIVERS**



## INTELLECTUAL PROPERTY “BUNDLE OF RIGHTS”



RIGHT TO USE IT

RIGHT TO SELL IT

RIGHT TO LEASE IT

RIGHT TO GIVE IT AWAY

RIGHT TO REFUSE TO EXERCISE ANY  
OF THESE RIGHTS

## FUTURE EXPLOITATIONS of IP

### INTERNAL (RIGHT TO USE IT)

Cost savings  
Quality improvement  
Premium pricing  
Barrier to competition

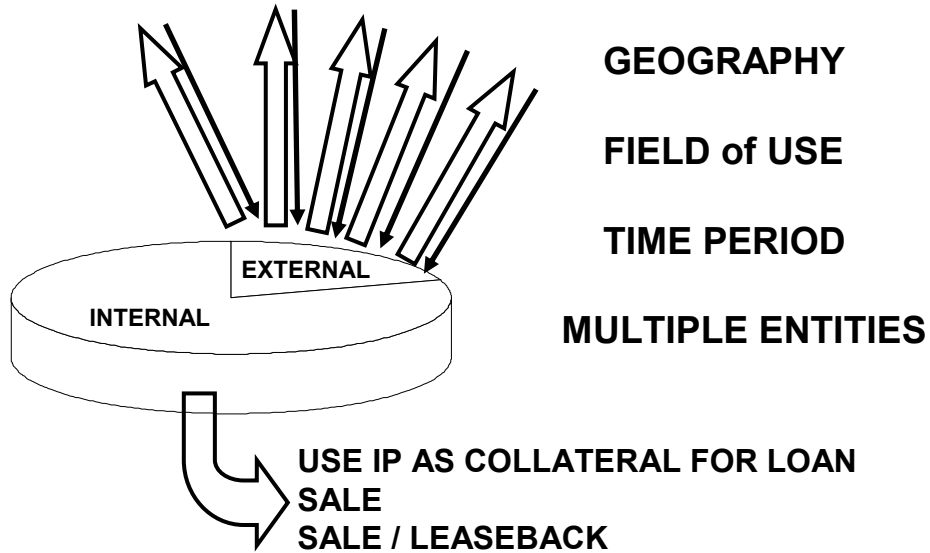
Monetization opportunities:  
IP as collateral for loan  
Sale / Leaseback  
Sale  
IP holding company?

### EXTERNAL (RIGHT TO LEASE IT)

Licensing

Monetization opportunities:  
Exchange the right to receive  
future royalties for cash

## **MONETIZATION OPPORTUNITIES**



**FOCUS ON THE LICENSEES –**

**THEY ARE THE SOURCE OF THE**

**RELEVANT INCOME STREAMS**

**GOOD  
MONETIZATION OPPORTUNITIES**

**Amount of future income**

**ALL ELSE EQUAL, THE GREATER THE FUTURE  
INCOME STREAM, THE GREATER THE AMOUNT  
OF CAPITAL THAT CAN BE OBTAINED.**

**GOOD  
MONETIZATION OPPORTUNITIES**

**Life / Pattern of Income Stream**

**LONG ECONOMIC LIFE OF UNDERLYING IP  
GROWING INCOME STREAM  
STRONG INCOME IN EARLY YEARS  
LOW VOLATILITY OF INCOME**

**GOOD  
MONETIZATION OPPORTUNITIES**  
**Risk of Realizing Income**

**STABLE INCOME STREAM  
FINANCIALLY HEALTHY LICENSEE  
STRONG MARKET POSITION  
LOW / MODERATE COMPETITION  
LOW / MODERATE TECHNOLOGY RISK  
HIGH QUALITY UNDERLYING PATENTS  
WELL-PROTECTED TRADE SECRETS  
TAXATION ISSUES – TRANSFER PRICING**

**GOOD  
MONETIZATION OPPORTUNITIES**

- **STRONG INTELLECTUAL PROPERTY**
- **COMMERCIALIZED**
- **SUCCESSFULLY TESTED IN THE  
MARKETPLACE**
- **STABLE CASH FLOW**

