Strategic Monetization Planning Process

Phase 1
Decide to Monetize

Phase 2
???

Phase 3
Profits

- 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