

# IP Licensing....

*Million Dollar Ideas for the New Economy*

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## What Do These Company's Have In Common ?

- GE, Disney, HP and Microsoft
  - They were all startups during steep declines in the U.S. economy
    - GE started during the panic of 1873
    - Disney started during the recession of 1923-24
    - HP began during the Great Depression
    - Microsoft was founded during the recession of 1975
  - *They all have Intellectual Properties*
- *IP Demand INCREASES in Down Economies*

# What's The Value of An Idea

- Zero.....
- Ideas that are implemented and become new products and services are very valuable.

*The value of an idea lies in the using of it.*  
**Thomas A. Edison**

# What is IP?

- **Creations of the Mind**
  - Inventions, literary and artistic works, and symbols, names, images, and designs used in commerce
- **Intangible Asset**
  - A set of laws provides exclusivity and ownership of IP. This allows people to own their creativity and innovation in the same way that they can own physical property.
- **Wealth Creation**
  - One key way of using IP assets is to permit their simultaneous use by a number of users, in exchange for payment.



## What Makes a Good IP...

- Market driven - in demand
- Inventive, novel, and protected
- Significant to a business
- Functional
- Can be produced economically
- Can be launched quickly



# What Can You Do with IP?

- Make it
  - Advantages – Potential for Higher Return
  - Disadvantages - Time, Money and Resources
- Sell the Idea
  - Advantage – Money for Idea
  - Disadvantage – What's it Worth?
- ✓ License the Idea
  - ✓ Advantages – Retain ownership, fast to market, revenue streams
  - ✓ Disadvantages – Wrong partnerships

## Licensing is...

- The tool to unlock the value of IP
  - Granting rights to commercialize the IP without transferring ownership.
- A framework to unite
  - The owners of these *ideas* with the people who know how to sell them.
- A function of *marketing*
  - The more you understand about good marketing principles, the faster you'll make a fortune in licensing.



# Licensing Provides Options

## ■ Licensing In

- New Products/Services
- Business Expansion
- Distribution Channels
- Expand Territories
- Business Startup
- Raise Capital
- Go Public

## ■ Licensing Out

- Leverage Resources
- Create Wealth
- Builds partnerships
- Creates revenue streams
- Frees up "idea-people"



## Licensing Generates Lots of Cash Flow

- \$120 billion in royalty revenues generated annually from patent licenses. (*"Patents pending", U.S. News & World Report, June 10, 2002* )
- In the US, manufacturers paid \$6.04billion in licensing royalties in 2006 (up 1.5 percent from 2005), *International Licensing Industry Merchandisers' Association (LIMA)*.



## It's All About the Marketing...

- ***90% of an invention's success is marketing it and getting it out.***

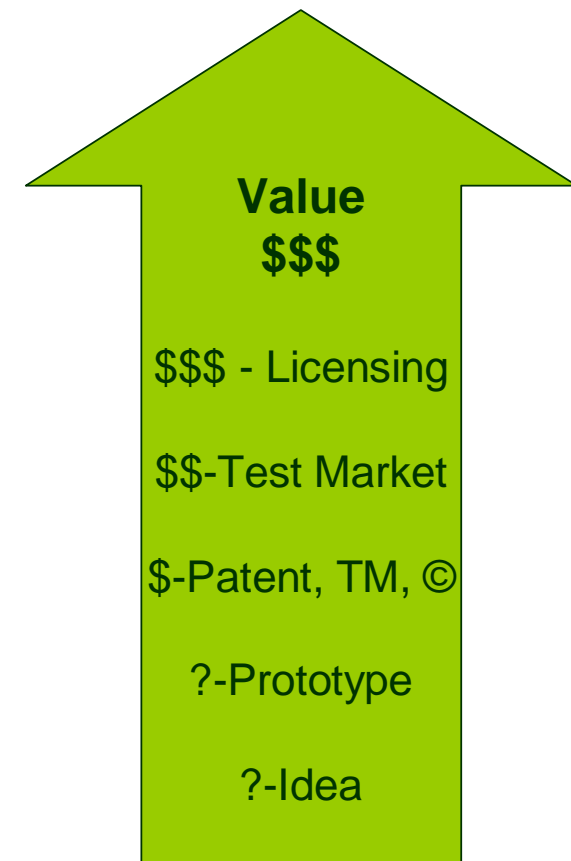
“The idea is about 10 percent of this exercise; 90 percent of it is the marketing of it, getting it together, getting it out.”

*(Richard C. Levy, inventor of **Furby** “Profile: Independent toy inventor Richard C. Levy,” June 18, 2002 NPR)*



# Creating Value

- Prototype
  - Make it tangible
- Protect
  - Patent, Copyright, Trademark
- Prove
  - What's the Marketability
- Present
  - License Money



## Licensing Partnership is Created by...

### ■ A Negotiation

- Preparation, Preparation, Preparation
- Know the Technology, Competition & Business
- Goal is Win-Win Relationship, Not to “Win”
- Deal With The Difficult Issues
- A Bad Deal is Worse Than No Deal At All

### ■ A Contractual Agreement

- NDA
  - Confidential Information Disclosure
- Deal Memo
  - Key Business Terms and Conditions
- Licensing Agreement
  - Formalize Terms
  - Defines Relationship
  - Performance Guarantees



## Action Makes It Happen

- Passive or Active Approach
  - 3<sup>rd</sup> Party Agents
  - Represent Yourself
- Timing is Everything
  - Dynamic Market
  - Position for Opportunity
- Tradeshows
  - Finding Resources
- Networking
  - Building the Relationships
- Industry Conferences
  - Understanding Your Markets



## Hot Trends to License

- Upscale consumerism
- Eco Iconic
- Innovation
- Elderly
- Niche
- Cutting-edge computers
- Entertainment
- MIM – Make It Myself
- Mobile devices
- Branded Brands
- On Demand
- Localization
- Personalization
- Universities
- Convenience
- Events



1208 CEO Space



## Success Is...

- .... 1% inspiration, 99% perspiration and the other 99% is marketing. — S. A. Coates, Carrville, Iowa





## Sources & Resources

- A site for buying and selling patents, trademarks, etc:  
<http://www.ipnetwork.com/>
- A matchmaking site:  
<http://www.inventorsdigest.com/>
- A promising site:  
<http://www.patentauction.com>
- The Licensing Executives Society:  
<http://www.usa-canada.les.org/>
- Proprietary image licensing trade association:  
<http://www.licensing.org>
- Key info for licensing toys and games -  
<http://www.toy-tma.org>
- Find potential licensees online:  
<http://www.companiesonline.com>
- Profiles of potential licensees:  
<http://www.hoovers.com>



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