

HOW TO MARKET AND PRESENT YOUR LICENSING OPPORTUNITY

Transcribed Audio and Reference Notes

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How to Value, Negotiate and Maximize Licensing Royalty Rates

How to Build Value and Negotiate Royalties

Before you begin negotiations with a potential licensee, you should know the value of your intellectual property and be able to demonstrate it. There are basically three ways to do this, with the type of idea you have determining the best approach to use. And in the first part of this audio, you'll hear how to determine your intellectual property's value – and how to build on it.

Because royalty rates are a reflection of value, it's important to know the profitability and marketability of your intellectual property. And in this audio, you'll also learn how to structure royalty payments, and examples of ranges to expect.

But don't expect the negotiation process to happen overnight. Negotiation is a critical part of licensing that takes time and usually begins when you first start talking with a potential licensee. However, there are certain rules that will help to ease the process along, and in this audio you'll hear how to develop a negotiating game plan.

Key Points and Concepts

- The factors that make up value when it comes to intellectual property and how to determine if you have a narrow or broad patent
- All about licensing agents and invention promotion firms – how they usually get paid, how they operate, and red flags to look out for before you commit
- An easy way to determine if an invention promotion firm is legitimate and will do a good job for you
- How to assess your intellectual property's marketability – by looking at how recognizable your intellectual property is, the size of your potential market, who the competition is, and more
- How important timing is and what usually happens if the market changes for your intellectual property
- An overview of the workbook examples with a look at royalty rates by industry and invention type
- Rules and preparation tips for negotiating and exactly how to use your due diligence to its fullest

It doesn't matter whether you hire a third-party agent to negotiate for you or you opt to do it yourself, you'll need to remember that it's a dynamic process that takes time. And Rand walks you through all the steps to make sure you know how to make the best deal possible.

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Overview

Welcome back ladies and gentlemen to licensing mastery part three.

In part three, we are going to be talking about valuing an intellectual property. How do you create value? How do you determine values? Some approaches to finding out the value of your intellectual property and variations of that. How do you build value? Because all of these elements are inherent in creating marketability for your intellectual property, something we talked about in previous parts of licensing mastery. And part of the value is determining royalty rates because value in intellectual properties is derived from intellectual property and from the marketability, the economic profits, if you will it can be developed and generated from an intellectual property. So royalties are reflection of value and their reflected in royalty payments.

One thing to keep in mind, that a royalty does not necessarily equate to the total value of an intellectual property, it's a reflection of value. And well talk about that during this segment. I'm going to cover royalty payments, how these payments are made and how to structure those payments? I'll share with you some information on some research sources, ways in which you can research various licensing deals to get an idea of the type of royalty rates that have been structured for those deals and one thing ill comment here is, it's important to keep in mind that although you can research, get research information about different deals that have been licensed for different intellectual properties. Keep in mind no two intellectual properties are identical so the set of circumstances that have created that particular licensing deal are not, necessarily going to be identical to your situation.

I will take at the ranges of royalty rates for inventions. Well also look at royalty rates by industry. It's interesting to note that royalty rates cover a wide range. You can see them, the differences between invention types. You can take a look at industries which do a lot of licensing as well as royalty rates for trademarks and copyrights which a lot of those trademarks and copyrights are involved in the sectors that I talked about early on in the first part of licensing mastery. So well take a look at those ranges as well.

Then we'll discuss negotiation. Negotiation is a critical component of licensing, it's the essence of licensing if you will is all about negotiation. Well look at some negotiation rules; discuss those as well as negotiation tips. Then we'll talk about third party agents. There are licensing agents out there. There are invention promotion firms out there. Are there are also some pitfalls that you should be aware of in the licensing industry especially if it relates to invention promotion firms.