



IP Commercialization

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Introductions

- Name: Hasit Seth
- .edu = BSc (Computer Sci.), LL.B., LL.M (Mumbai Uni., Gold Medal), LL.M (Franklin Pierce, USA)
- US Patent Office Exam
- Bar – New York, Maharashtra & Goa



IP Royalty

- IP Royalties are a big business
 - IBM > \$1 billion
 - Thompson (Fr.) > \$ 400 million
- Per Year !!



Terms

- IP Commercialization
 - Achieved through “licensing” patents and/or technical know-how
- Patent Assignment -> Complete transfer of ownership of patent rights
- Patent License -> permission regarding patent rights



Kinds of Patent Licenses

- Exclusive patent license -> Only one licensee
- Non-exclusive patent licenses -> multiple license
- Royalty Free license -> license required but no royalties
- Field-of-use license



Kinds of Patent Licenses

- Cross-licenses; portfolio cross licenses

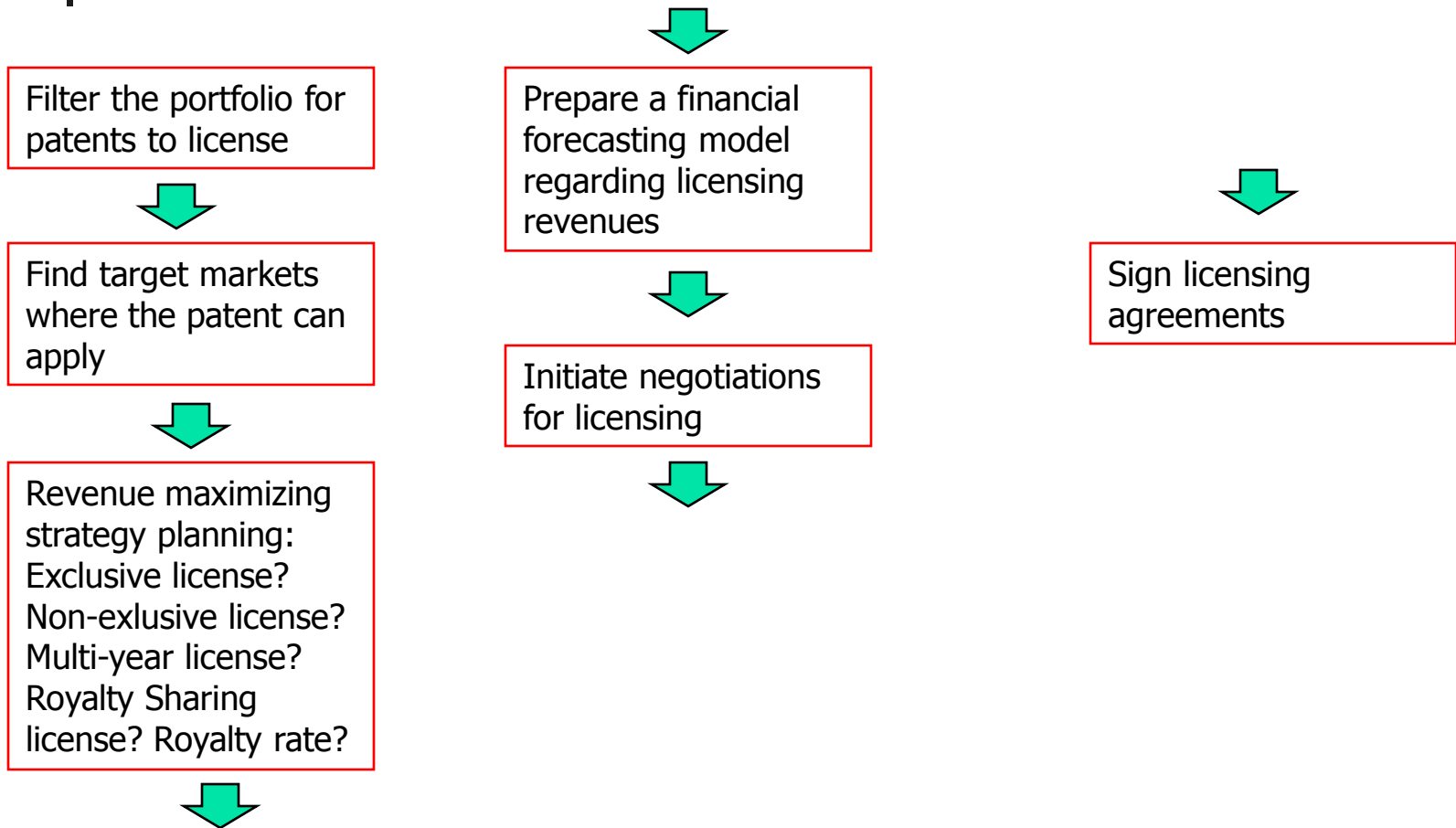


Where to Begin?

- Do you own a portfolio of patents? Or just one/two patents?
- Portfolio of patents:
 - Mine (filter) the portfolio for licensable patents
 - Mining criteria can be immediate target markets; size of market; royalty rates; industry practices



Process





Licensing Strategies

- Exclusive or Non-exclusive license?
- Multi-year license? Full patent term?
- Royalty sharing license?



Licensing Strategies

- Royalty rate?
- License upstream companies or end-users?
- Growing markets (MEMS sensors) or shrinking markets (cordless home phones) or almost dead markets (pagers)?



Why Should I Take A License?

- Licensing has no “muscle” unless there is a credible possibility of successful patent litigation – an expensive process
- Best done by corporations with “deep pockets”



University Licensing

- Designed to be not litigation oriented
- Preference to non-exclusive licenses to maximize revenues
- Finding a family of patents to license is tough
- Know-how may be more valuable than patents to license



Example – US 6,464,806

- Hypothetical licensing scenario for US patent '806
- Patent Filed: 5 Apr 2000
- Patent Issued: 15 Oct 2002
 - License term possible: ~ 12 years from 2008 onwards
- Nobody licenses expired patents (unless to “cleanse” past infringement)



Markets?

- Which Markets Can This Product Apply To?
- What is the market size of those markets?
- Is licensing common in these industries? Any established rates of royalties?
- At what CAGR are these markets growing?



Markets?

- Digital Recording Media
 - Memories: \$17B market size
 - Profit Margin: - 7.3%
 - Source: <http://biz.yahoo.com/ic/831.html>
- How much of \$17B market does this patent affect?
 - May be 10 %



Applicability

- If 10% market is covered by this patent, royalty can be expected from this segment
- Royalty rate in semiconductor industry: 1%
- Royalty Possible = 1% of \$1.7b = \$17 million



Royalty Strategy

- \$17m is over 12 years of license term !!
- How much to demand as upfront licensing fee?
- Will asking less upfront fee help in developing market later on?
- Discounts are possible in negotiations



Licensing Companies

- E.g. IPVALUE, Intellectual Ventures, BT Exact (UK), etc.



Questions



Thank you !
