



## IPR VALUATION CHECKLIST

The IPRs:

The proposed transaction:

The parties:

Seller/licensor:

**Buyer/licensee:**

QUESTION	ANSWER	SCORE (on a range of 0-5 where 5 means you are in a strong position and 0 means you are in a weak position)	POSSIBLE STEPS TO BE TAKEN TO IMPROVE THE POSITION
<b>What benefits does the IPR bring to the buyer/licensee?</b>			
a) Does the IPR allow the buyer/licensee to: <ul style="list-style-type: none"><li>• Generate revenues in future?</li><li>• Create, maintain or increase cash flow?</li><li>• Increase sales?</li><li>• Price their products at a premium?</li><li>• Reduce production costs?</li><li>• Increase the speed of production?</li><li>• Improve the quality of their products?</li><li>• Create customer following?</li><li>• Avoid or reduce development costs?</li><li>• Increase or maintain market share by creating a barrier to competition?</li></ul>			

QUESTION	ANSWER	SCORE on a range of 0 (weak) - 5 (Strong)	POSSIBLE STEPS TO BE TAKEN TO IMPROVE THE POSITION
Will the seller/licensor provide: <ul style="list-style-type: none"> <li>• technical assistance?</li> <li>• help with quality control?</li> <li>• know-how?</li> <li>• some other benefit to the buyer/licensee?</li> </ul>			
If there are existing licences, does the buyer want the revenue generated by the existing licences?			
Are the terms of those licences commercially sound?			
Is there some other benefit to the buyer/licensor?			
<b>What benefits does the buyer/licensee bring to the seller's/licensor's business?</b>			
Does the buyer/ licensor bring: <ul style="list-style-type: none"> <li>• A complementary product?</li> <li>• Sales and marketing experience?</li> <li>• Good geographical coverage?</li> <li>• IPR which increases the attractiveness of the product?</li> <li>• Other benefits?</li> </ul>			
<b>The nature and strength of the IPR</b>			

QUESTION	ANSWER	SCORE on a range of 0 (weak) - 5 (Strong)	POSSIBLE STEPS TO BE TAKEN TO IMPROVE THE POSITION
Is the IPR in the early stages of development/close to market/on the market?			
Does the IPR give the owner a monopoly, (as with patents, trade marks and registered designs) rather than just a right to prevent copying?			
Does the IPR give the owner a wide monopoly?			
Is the IPR new, or a modification of existing IPR?			
If it is a modification, is it vital to the operation of the product?			
Is the IPR dependent on earlier IPR?			Seller/licensor should obtain a licence under the earlier IPR
Has the IPR been kept confidential?			Seller/licensor should obtain non-disclosure undertakings
Does the seller/licensor own the IPR?			Seller/licensor should take an assignment of the IPR from the owner
Does the seller/licensor have the right to license the IPR?			Seller/licensor should acquire the right to license the IPR
Have all contributors to copyright works waived their moral rights?			Seller/licensor should obtain waivers if the moral rights affect the value of the IPR
If the IPR can be registered, has it been registered? (Ask this question for each relevant territory)			Seller/licensor should submit application for registration
If the IPR is registered, will it expire soon?			Seller/licensor should submit renewal application if possible

QUESTION	ANSWER	SCORE on a range of 0 (weak) - 5 (Strong)	POSSIBLE STEPS TO BE TAKEN TO IMPROVE THE POSITION
If it is about to expire, can it be renewed?			Seller/licensor should investigate whether it can be renewed
Is the IPR likely to be challenged?			<p>Consider contacting the IPO to make a freedom to operate search (providing information to help establish whether a product or process may infringe somebody else's patent) and obtaining information about a rival company's patent activity (competitive intelligence)</p> <p>Consider filing a new patent to strengthen the existing patent</p>
If it is likely to be challenged, can it be easily defended?			
Does the owner have sufficient resources to resist any challenge?			
Can competitors design around the IPR?			
Is the IPR the subject of a legal dispute?			
If the IPR is infringed, will it be difficult or expensive to stop the infringement?			Consider obtaining insurance cover
Will the licensee pay a royalty for a licence to avoid a dispute?			
Will the licensee have exclusive rights?			
Will the licence be long enough to allow the licensee to recoup its costs?			
May the licensee grant sub-licences?			
<b>The potential market</b>			
Is there a market for the products protected by the IPRs?			

QUESTION	ANSWER	SCORE on a range of 0 (weak) - 5 (Strong)	POSSIBLE STEPS TO BE TAKEN TO IMPROVE THE POSITION
What is the nature of that market?			
What is the size of that market?			
What is the value of that market?			
Where is that market?			
How much are customers prepared to pay?			
What is the potential market share?			
<b>The competition</b>			
Does the IPR create a barrier for competitors?			
Can competitors easily work round the IPR?			
How long will it take to work round the IPR?			
How much might it cost to work round the IPR?			
<b>Further development and investment</b>			
How much will the buyer/licensee have to spend before the product is ready for market and attracting customers?			
How long will it take to be ready for market and to attract customers?			
What are the risks of the development not being successful?			
What are the risks of competitors getting to market first?			
<b>The economic life of the IPRs</b>			

<b>QUESTION</b>	<b>ANSWER</b>	<b>SCORE</b> on a range of <b>0 (weak) - 5 (Strong)</b>	<b>POSSIBLE STEPS TO BE TAKEN TO IMPROVE THE POSITION</b>
How likely is technological change which will make the product obsolete?			
How likely are changes in legislation which will make the product obsolete?			
Are production costs likely to increase substantially?			
For how long might market share increase?			
How long is the economic life of the IPR?			
The position of the parties			
Does the buyer/licensee have skills, technology, geographic or market presence or financial resources which help it to get the IPRs to market more quickly, to exploit them more successfully and to see off competitors and challengers?			
Will the buyer/licensee have to buy-in expertise or other IPR in order to be able to exploit the IPRs?			
Does the seller/licensor need money quickly?			
Does the buyer/licensee need a quick deal?			
Is the seller in liquidation?			
Does the buyer/licensee have access to funding?			

QUESTION	ANSWER	SCORE on a range of 0 (weak) - 5 (Strong)	POSSIBLE STEPS TO BE TAKEN TO IMPROVE THE POSITION
Does the buyer/licensee want to exploit the IPRs as widely as possible to generate income?			
Does the buyer/licensee want to stop its competitors using the IPR?			
If there are existing licences, does the buyer see the existing licensees as a threat to its own operations?			
<b>The payment structure</b>			
Is the seller/licensor insisting on an up-front payment?			
Is the seller/licensor prepared to share the risks in the form of success payments?			
		Total Score:	