

## Valuing Patents And Intangible Assets In The Semiconductor

Drawing on the full range of available resources, this book clearly and systematically presents a detailed overview of current knowledge about patent valuation. In the course of the presentation the authors cover such elements of the subject as the following: business implications of the dematerialization of economic life; importance of intellectual property in a knowledge economy; forms of value creation by intangible assets in general and by patents in particular; value proposition of different ways of patent exploitation; patent value affecting environmental factors and factors inherent to the patent portfolio; structure of current instruments of patent valuation. The authors provide a detailed step-by-step account of how to set up a valuation model, with specifications of all the instruments required and attention to any empirical findings that have appeared. In addition, detailed case studies demonstrate the practical execution of major varieties of patent valuation, an appendix describes the mathematics used to compute present value and net value, and a glossary defines technical terms. In addition to its contribution to legal scholarship on patent law, the book is unmatched as a procedural manual for setting up a valuation model before a concrete valuation task. There is no clearer discussion of patent valuation as a crucial element of corporate strategy in the knowledge economy, and as such the book will prove of great practical assistance to business managers and their counsel in any jurisdiction.

This handbook is intended as a useful document for intangible asset management inquiries, with a special emphasis on licensing, transaction due diligence and bankruptcy. It attempts to help improve the management of companies with underleveraged intangible asset portfolios. Relevant exhibits, case studies, common terms, and a detailed index are also included.

A comprehensive reference for valuation of intangible assets Intellectual Property, Valuation, Exploitation, and Infringement Damages provides in-depth, up-to-date guidance about the valuation of intangible assets. Covering patents, trademarks, copyrights, trade secrets, and more, this book describes the standards, best practices, and case law relating to valuation, licensing, and infringement damages. Intellectual property strategies are examined from a business economic standpoint, and analytical models are provided to streamline the calculation of valuations, licensing royalty rates, and fair equity splits in joint venture arrangements. Designed to ease the task of attaching monetary value to intangible assets, this invaluable reference includes extensive practical guidance including sample royalty rate information, diffusion sales forecasting models, detailed treatment of investment rate of return, and the valuation of early-stage technology. Intellectual property is rapidly becoming a major profit center for an increasing number of companies, who may invest billions of dollars in development

of an irreplaceable asset. This book provides an authoritative reference for exploiting this property to its fullest extent, and quantifying its actual economic value. Now that intangible assets are becoming the cornerstones of corporations, applying a logical, analytical approach to valuation has become more important than ever. Intellectual Property, Valuation, Exploitation, and Infringement Damages provides expert guidance for each stage of the asset's life cycle, with recommended procedures and strategies grounded in case law and real-world practice.

As over half the assets of many major companies are now intangible assets, there is an increasing need to assess more accurately the value of intellectual property (IP) from a wider interdisciplinary perspective. Re-evaluating risk and understanding the true value of intellectual property is a major problem, particularly important for business practitioners, including business analysts and investors, venture capitalists, accountants, insurance experts, intellectual property lawyers and also for those who hold intellectual property assets, such as media, publishing and pharmaceutical companies, and universities and other research bodies. Written by the foremost authorities in the field from Britain, Japan and the US, this book considers the latest developments and puts forward much new thinking. The book includes thorough coverage of developments in Japan, which is reviewing the value of IP at a much quicker pace than any other country and is registering ever-increasing numbers of patents in the course of inventing its way out of economic inertia.

Security Analysis for Investment and Corporate Finance

Patents, Citations, and Equity Valuation

The Economic Valuation of Patents

Valuation of Intellectual Property and Intangible Assets

Essentials of Patents

Guide to Intangible Asset Valuation

***A practical resource for valuing patents that is accessible to the complete spectrum of decision makers in the patent process. In today's economy, patents tend to be the most important of the intellectual property (IP) assets. It is often the ability to create, manage, defend, and extract value from patents that distinguishes competitive success and significant wealth creation from competitive failure and economic waste. Patent Valuation enhances the utility and value of patents by providing IP managers, IP creators, attorneys, and government officials with a useable resource that allows them to use actual or implied valuations when making patent-related decisions. Involves a combination of techniques for describing patent valuation. Includes descriptions of various topics, illustrative cases, step-by-step valuation techniques, user-friendly procedures and checklists, and examples. Serves as a useable resource that allows IP***

managers to use actual or implied valuations when making patent-related decisions. One of the most fundamental premises of the book is that these valuation skills can be made accessible to each of the various decision makers in the patent process. Patent Valuation involves narrative descriptions of the various topics, illustrative cases, step-by-step valuation techniques, user-friendly procedures and checklists, and an abundance of examples to demonstrate the more complex concepts.

*The Valuation of Intangible Assets: An Exploration of Patent and Trademark Portfolios* Springer Science & Business Media

This book offers a primer on the valuation of digital intangibles, a trending class of immaterial assets. Startups like successful unicorns, as well as consolidated firms desperately working to re-engineer their business models, are now trying to go digital and to reap higher returns by exploiting new intangibles. This book is innovative in its design and concept since it tackles a frontier topic with an original methodology, combining academic rigor with practical insights. Digital intangibles range from digitized versions of traditional immaterial assets (brands, patents, know-how, etc.) to more trendy applications like big data, Internet of Things, interoperable databases, artificial intelligence, digital newspapers, social networks, blockchains, FinTech applications, etc. This book comprehensively addresses related valuation issues, and demonstrates how best practices can be applied to specific asset appraisals, making it of interest to researchers, students, and practitioners alike.

These results hold after controlling for known confounding factors for which patent statistics may be proxies, such as other intangible assets, firm size, growth rates, spillover of other firms' R & D, or industry effects. Interestingly, the incremental information content of patent statistics remains in regressions that include consensus analysts' forecasts, which have been used as a proxy for other information used by stock markets.

*Maximizing Value from Intangible Assets*

*The Intangible Assets Handbook*

*Principles of Accounting Volume 1 - Financial Accounting*

*Tangible Assets 151 Success Secrets - 151 Most Asked Questions on Tangible Assets - What You Need to Know*

*An Exploration of Patent and Trademark Portfolios*

A practical and useful resource for valuing trademarks The Second Edition of Trademark Valuation is a

fresh presentation of basic valuation principles, together with important recent changes in worldwide financial reporting regulations and an update on the current worldwide legal conditions and litigation situation as they relate to trademarks. A new section discussing issues surrounding valuation of counterfeits and the economic effects of trademark counterfeiting is included in this informative Second Edition. Considers methods to determine the real value of your trademark and exploit its full potential Offers dozens of case studies that illustrate how to apply valuation methods and strategies to real-world situations Communicates complex legal and financial concepts, terms, principles, and practices in plain English Discusses GATT, NAFTA, emerging markets, and other international trademark considerations When partnerships change hands, the valuation of intangible assets can be a financial maze. This in-depth book, working through each of the basic valuation approaches: cost, market, and income, provides professionals with complete guidelines and industry standards. It's a must-have for financial analysts and attorneys!

"In this book, we attempt to cover some frequently asked questions on intellectual property and intangible assets and to engage in brief discussions on the subject of identifying value. We identify many of the main types of intellectual property and intangible assets. We also look at the primary, traditional, and not-so-traditional methods of valuing these assets and include case studies and various situations in which the valuation of these assets is required." -- from the Introduction, p. 3.

In the information age, intellectual property rights such as patents, copyrights, and trademarks are among companies' most valuable assets. Today, managers and investors in a wide variety of industries need to understand the fundamentals of intellectual property rights in order to make informed decisions about the companies they run and the investments they hold. From Ideas to Assets provides a detailed overview of what intellectual property assets are and how they work - and what you need to know about them to succeed today's competitive business environment. It offers techniques for valuing intellectual property and discusses ways to help you maximize returns and discern performance variables. The 25 expert contributors to this volume approach the subject from the varied perspectives of shareholders, managers, analysts, accountants, advisors, and other professionals. Original tables, graphs, and statistics related to intellectual property returns and performance indices are included to clarify important legal and accounting concepts. This easy-to-read guide covers strategies for businesses in various industries, including the financial and manufacturing sectors. This is not a textbook or a stock-picking manual. From Ideas to Assets is a focused resource that provides diverse audiences with valuable guidance on the IP basics they need to know.

Valuation, Exploitation, and Infringement Damages, 2020 Cumulative Supplement

Valuing Intangible Assets

Valuation of Intangible Assets

### **The Economic Importance of Intangible Assets**

### **Tangible Strategies for Intangible Assets**

### **Damodaran on Valuation**

*Master's Thesis from the year 2005 in the subject Business economics - Banking, Stock Exchanges, Insurance, Accounting, grade: B, University of Applied Sciences Berlin, 26 entries in the bibliography, language: English, abstract: The change in the economy in the 20th century is more towards an economy based on ideas, away from the matter based economy of earlier times. The emphasis has shifted from natural resources to thought, ideas, design and organization<sup>11</sup> Services replaced the importance of manufacturing. Contractor 2001, names this overall change as a de-materialization of the economy and quantifies the significance of the change by pointing out that by the end of the twentieth century 79 percent of jobs and 76 percent of the GNP in the United States were in the service sector. This change wasn't visible only in the US. European and Emerging nations did also portray similar trends. In 1969 Tobin introduced a new ratio called Tobin's q Ratio<sup>12</sup>, which have been a great influence on the valuation/measure of intangible components of enterprises. Having a look at the example of Microsoft's ratio between its market value and its book value, which in 1999 25 to 1 was, reveals the fact that most of the value is in the form of knowledge capital, in its employees, organization, patents, copyrights, brand value, etc. This ratio is bound to increase as the importance of intangible assets rises over the course of years. Though this increase is certain and expected, the valuation of these assets is still not clarified nor agreed upon. The value of the intangible assets is of importance to different audiences such as academicians, scholars, accountants, consultants, etc. and they haven't been able to come up with one single approach to solving the problem. This thesis will focus on a particular subset of intangible assets, namely patents, and demonstrate how to value them. Many companies and executives talk about patents, but few can demonstrate significant returns from them. Who are the elite companies and managers that have created wealth and profit from IP rights, and how have they done it? What do they advise others do to achieve higher profit margins, better returns on costly R&D, and increased shareholder value? This reader-friendly book focuses on ten companies and managers/advisors who have successfully implemented wealth-generating patent programs--and shows you how you can do it too.*

*"Aswath Damodaran is simply the best valuation teacher around. If you are interested in the theory or practice of valuation, you should have Damodaran on Valuation on your bookshelf. You can bet that I do." -- Michael J. Mauboussin, Chief Investment Strategist, Legg Mason Capital Management and author of More Than You Know: Finding Financial Wisdom in Unconventional Places In order to be a successful CEO, corporate strategist, or analyst, understanding the valuation process is a necessity. The second edition of Damodaran on Valuation stands out as the most reliable book for answering many of today's critical valuation questions. Completely revised and updated, this edition is the ideal book on valuation for CEOs and corporate strategists. You'll gain an understanding of the vitality of today's valuation models and develop the acumen needed for the most complex and subtle valuation scenarios you will face.*

*Explains methods, benchmarks, and techniques for assigning a monetary value to intangible assets, and examines the strategic context for intellectual property valuation in global companies.*

*International Financial Reporting Standards*

*Technology, Marketing and Internet*

*Intangible Assets*

*Valuation of Intellectual Property and Intangible Assets, 2004 Cumulative Supplement*

*From Ideas to Assets*

*Valuation, Exploitation, and Infringement Damages, 2017 Cumulative Supplement*

While there are many books on "how to patent" and patent law, *Essentials of Patents* delivers practical advice on how to leverage patents as a powerful competitive corporate tool. This is not your "ordinary patent book". Its emphasis is directed to patent management with the express emphasis of increasing shareholder value, and its audience, each with its own chapter, includes the CEO / ICO, CFO, CTO, and cross functional managers of HR, Engineering, Manufacturing and IT. *Essentials of Patents* is arguably one of the first works on intellectual property that drives home the importance of patent creation, protection and exploitation throughout the enterprise. Gibbs and DeMatteis show how patents can enhance competitive intelligence, product development cost reduction, product line expansion, and revenue streams, making this guide a must-have for the savvy manager. In it, the authors introduce a new management methodology: Patent Quality Management, or "PQM". With public company market values more than 90% attributable to the value of intangible assets and patents, the time has come for all corporate managers, not just R&D and legal counsel, to master intellectual property management in this competitive global market (and shareholders are demanding it).

The 2004 Cumulative Supplement includes a new chapter entitled *New Challenges for the Expert Witness*. The chapter provides a discussion of the important *Daubert* and *Kumho* cases heard in the U.S. Supreme Court. Expert witnesses in the fields of valuation and economics may well be faced with challenges to the admissibility of their testimony, based on how well it measures up to the application of the "scientific method." Professionals will benefit from the juxtaposition of the *Daubert* principles and the traditional methods for developing valuation and damages opinions.

*Tangible Strategies for Intangible Assets* takes a close look at the latest thinking in measuring - and managing - intangible assets, providing a unique guide to pinning down the value of people, brands, and the many other intangible qualities that make companies great.

The text and images in this book are in grayscale. A hardback color version is available. Search for ISBN 9781680922929. *Principles of Accounting* is designed to meet the scope and sequence requirements of a two-semester accounting course that covers the fundamentals of financial and managerial accounting.

This book is specifically designed to appeal to both accounting and non-accounting majors, exposing students to the core concepts of accounting in familiar ways to build a strong foundation that can be applied across business fields. Each chapter opens with a relatable real-life scenario for today's college student. Thoughtfully designed examples are presented throughout each chapter, allowing students to build on emerging accounting knowledge. Concepts are further reinforced through applicable connections to more detailed business processes. Students are immersed in the "why" as well as the "how" aspects of accounting in order to reinforce concepts and promote comprehension over rote memorization.

Investing Wisely in Intellectual Property

Valuation of Patents

The End of Accounting and the Path Forward for Investors and Managers

Improving Decision Making through Analysis

Royalty Rates for Licensing Intellectual Property

A Review of the Valuation of Patents, Trademarks and Other Intangible Assets for Capital Gains Tax Purposes, Specifically Referring to the Acquisition of Such Intangible Assets by Unconnected Parties During Business Combinations

*Up-to-date, expert guidance and a valuable tool kit for IP valuation Intellectual Property, Valuation, Exploitation, and Infringement Damages provides practical tools and expert clarification for the valuation of intangible assets. This new 2016 Cumulative Supplement contains the latest laws, regulations, and practices surrounding licensing and joint ventures, with practical analytical models that simplify the calculation of royalties and equity splits. As a companion to the comprehensive Intellectual Property, this book provides invaluable guidance toward the investment aspects, business strategies, taxes, and accounting practices involved in intellectual property protection and profit, to help licensing professionals structure optimal arrangements and mitigate risks. Written by leading experts in the intellectual property realm, this guide is a must-have resource for anyone working with intangible assets. Intellectual property is more than a simple profit center; to many owners, it's the cornerstone of their organization, and must be rigorously protected and exploited to the fullest extent. This book provides clear guidance on valuation, which is the foundation of a successful IP strategy. Define the value of intangible assets in real-money terms Examine the business economics of licensing and joint venture strategies Understand the relevant legal, tax, and accounting practices Determine fair royalty rates and equity splits Patents, trademarks, formulas, copyrights, brand names, distribution systems—all fall under the intellectual*

*property umbrella, and each might be the competitive edge upon which a business is built. Intellectual property can cost hundreds of millions of dollars to create, and is often irreplaceable with no substitute or alternative available, making it an organization's most important asset. Protect it properly, and reap every ounce of profit it can produce with the important guidance in Intellectual Property, Valuation, Exploitation, and Infringement Damages, 2016 Cumulative Supplement.*

*Intangible assets such as brands, patents, and intellectual capital are the new measures of corporate wealth. But one can't manage what one can't measure. And while assigning accurate valuations is a stringent requirement under new FASB accounting guidelines, it is far from easy. This book explains the latest thinking and techniques in measuring and managing intangibles. Innovative management disciplines like Balanced Scorecard are explained, while real-world examples from Amazon, eBay, and other firms demonstrate how companies are getting maximum advantage from all their intangible assets. This report uses data on individual smart phones as well as industry data to identify which smartphone firms capture the most value. It finds that Apple captures most of the industry profits, thanks to its high prices, large profit margins and the volume of iPhone sales worldwide. Apple's success is explained as a result of its ability to develop its own intellectual property (IP) and take advantage of IP created by suppliers through a strategy of selling only a few models at high prices compared to competitors. Royalty Rates for Licensing Intellectual Property includes critical information on financial theory, rules of thumb, industry guidelines, litigation based royalty rates, and tables of actual rates from real deals for different industries.*

*Goodwill and Patent Right - the Case of ABB Group*

*Intellectual Property Valuation*

*Intellectual Property*

*A Primer for Identifying and Determining Value*

*Intangible assets and value capture in global value chains: the smartphone industry*

*How to Manage and Measure Your Company's Brand, Patents, Intellectual Property, and Other Sources of Value*

Intangible assets such as knowledge or brands are increasingly important to companies. Such assets are essentially needed to develop new innovative products and to introduce them to the market. Philipp Sandner is one of the first researchers to approach the valuation of both technology- and market-based intangibles simultaneously by relying on

portfolios of intellectual property (IP) derived from patents and trademarks.

Finally, a new Tangible Assets Guide. There has never been a Tangible Assets Guide like this. It contains 151 answers, much more than you can imagine; comprehensive answers and extensive details and references, with insights that have never before been offered in print. Get the information you need--fast! This all-embracing guide offers a thorough view of key knowledge and detailed insight. This Guide introduces what you want to know about Tangible Assets. A quick look inside of some of the subjects covered: Intangible asset - General standards, Assets - Intangible assets, Fixed capital, Intellectual capital - Classification, Earnings - Non-routine earnings, Gross fixed capital formation - Definition, Budget - Business start-up budget, International Financial Reporting Standards - India, GE Capital, ISO/IEC 27001:2005 - Asset Management, P/B ratio, Resources - Tangible versus intangible resources, Price/book ratio, Collaborative consumption - Collaborative lifestyles, Knowledge Balance Sheet - Two views, Incident management - Physical Incident Management, International Time Recording Company - The merger, Workplace deviance - Property deviance, Hydro-Quebec - Financial results, Tax amortization benefit - Intangible asset valuation, Patent valuation - For accounting and taxation purposes, Non-current assets, Intellectual property - Economic growth, Tax deduction - Capitalized items and cost recovery (depreciation), Human capital - Corporate finance, Investment analysis, Brand equity - Construction, Tangible Common Equity, Board on Science, Technology, and Economic Policy - International reputation, Indian Accounting Standards - List of Indian Accounting Standards(IND ASs), Wealth elasticity of demand - Macroeconomic implications, Market value - Going concern value, Jonestown Defense, Brand Finance, and much more...

Describes major aspects of intellectual property such as types and definition along with examples of its exploitation, techniques for determining remaining economic life and a review of current legal events affecting intellectual property. This edition contains updated information on trends in court decisions that make patents and trademarks more valuable than ever before, royalty rate decision factors, even more detailed authentic examples, scores of illustrative charts and graphs and easy-to-use checklists. Supplemented annually.

This book fills an important gap in the literature and will be very useful both to students of intellectual property and practitioners confronted by the problem of valuing their patent portfolios. An excellent overview of an evolving and challenging area, it provides the necessary background to thinking about the problem of valuation and describes all the major methods in use, including the real options approach. Bronwyn H. Hall, University of California, Berkeley, US In depth knowledge and scientific approach are used to improve patent valuation techniques. . . a dream book for both researchers and practitioners interested in identifying the value of creative minds. Bruno van Pottelsberghe, Solvay Brussels School of Economics and Management, ULB, Belgium The Economic Valuation of Patents provides an original

and essential analysis of patent valuation, presenting the main methodologies to value patents in different contexts. Starting with an analysis of the relevance of patent valuation from a strategic, economic and legal perspective, the book undertakes a thorough review of the existing financial and qualitative valuation methodologies. The contributing authors, IP experts from academia and business, discuss the application of valuation issues in various contexts such as patent portfolio management, licensing agreements, IP litigation, IP-backed finance and accounting. For each topic, an introductory theoretical background is provided and specific application contexts are then investigated. This multidisciplinary book bridges theory and practice in a unique and novel way that will be appreciated by graduate students, scholars and practitioners alike.

Wiley Guide to Fair Value Under IFRS

Valuation, Exploitation, and Infringement Damages, 2016 Cumulative Supplement

Essays on Information Technology and Intangible Capital

Patent Valuation

Methods and Applications

Valuing Brand Names, Flexibility and Patents

Praise for Intangible Assets "In Intangible Assets, Jeffrey Cohen presents an informative, thought-provoking and practical look at an increasingly important component of every business's worth. He describes the art and science of identifying assets that have clear economic benefit, but are typically not found on the balance sheet, and he provides an invaluable framework within which the reader can value these assets, despite their elusive nature." --Rick Westervelt, President, Skylist, Inc. "Jeffrey Cohen's integrative approach to conceptual issues of intangible assets is creative and a refreshing contribution. He brings law, economics, finance, and accounting to the same table, which results in a comprehensive framework for understanding how value is created and sustained. His construct of 'proto-assets' and 'portfolio of intangible economic benefits' is key. Written in an easy-to-read style with many practical examples, this book will be useful for both novice and experienced professionals." --W. Dana Northcut, PhD, Adjunct Associate Professor of Accounting Graduate School of Business, University of Chicago Principal, Chicago Partners, LLC "This volume is the perfect resource for newcomers to IP valuation. Through lucid explanations and well-chosen illustrations, it does for the reader exactly what a valuation expert should do for a client--it makes the abstract concrete. But this volume is not just for the novice; it holds insights that will be useful to IP experts in law, accounting, and economics." --Edward F. Malone, Partner, Jenner & Block LLP

This book is designed to simplify the process of attaching a dollar amount to intangible assets be it for licensing, mergers and acquisitions, loan collateral, or investment purposes. In plain English, the authors answer key questions, such as "What is intellectual property? How do I identify it?" They also provide examples of how to exploit it and methods for determining the economic remaining

lives. They explain commonly used strategies for determining the value of intellectual property, as well as methods used to set royalty rates based on investment rates of returns. The Third Edition has been significantly reorganized and revised. The book has been broken down into three sections: The Nature of Intellectual Property, Valuation, and Unique Circumstances. Revised and expanded to include up-to-date information on: including market value and accounting value, capitalization, licensing and royalty rates, domain name valuation, embryonic technology valuation, and university technology transfers. Also covered are tax strategies, income contribution, discount cash flow, infringement litigation, and bankruptcy and their impact on the valuation of intellectual property and intangible assets. The appendices include investment rate of return requirements, the Use and Abuse of the Iowa Curve, Sample Patent Registration, Sample Copyright Registration, and Sample Copyright Registration. This book is supplemented annually.

An innovative new valuation framework with truly useful economic indicators *The End of Accounting and the Path Forward for Investors and Managers* shows how the ubiquitous financial reports have become useless in capital market decisions and lays out an actionable alternative. Based on a comprehensive, large-sample empirical analysis, this book reports financial documents' continuous deterioration in relevance to investors' decisions. An enlightening discussion details the reasons why accounting is losing relevance in today's market, backed by numerous examples with real-world impact. Beyond simply identifying the problem, this report offers a solution—the Value Creation Report—and demonstrates its utility in key industries. New indicators focus on strategy and execution to identify and evaluate a company's true value-creating resources for a more up-to-date approach to critical investment decision-making. While entire industries have come to rely on financial reports for vital information, these documents are flawed and insufficient when it comes to the way investors and lenders work in the current economic climate. This book demonstrates an alternative, giving you a new framework for more informed decision making. Discover a new, comprehensive system of economic indicators Focus on strategic, value-creating resources in company valuation Learn how traditional financial documents are quickly losing their utility Find a path forward with actionable, up-to-date information Major corporate decisions, such as restructuring and M&A, are predicated on financial indicators of profitability and asset/liabilities values. These documents move mountains, so what happens if they're based on faulty indicators that fail to show the true value of the company? *The End of Accounting and the Path Forward for Investors and Managers* shows you the reality and offers a new blueprint for more accurate valuation.

The highly experienced authors of the *Guide to Intangible Asset Valuation* define and explain the disciplined process of identifying assets that have clear economic benefit, and provide an invaluable framework within which to value these assets. With clarity and precision the authors lay out the critical process that leads you through the description, identification and valuation of intangible assets. This book helps you: Describe the basic types of intangible assets Find and identify intangible assets Provide guidelines for valuing those assets *The Guide to Intangible Asset Valuation* delivers matchless knowledge to intellectual property experts in law, accounting, and economics. This indispensable reference focuses strictly on intangible assets which are of particular interest to valuation

professionals, bankruptcy experts and litigation lawyers. Through illustrative examples and clear modeling, this book makes abstract concepts come to life to help you deliver strong and accurate valuations.

Trademark Valuation

Dealing with Intangibles

A Tool for Brand Management

Valuation of Intellectual Property and Intangible Assets, 2001 Supplement

Valuation and Economic Benefit

Making Innovation Pay

*Your one indispensable guide to all the Fair Value requirements of IFRS A complete guide to the complex valuation requirements of IFRS, this book includes chapters on theoretical and practical applications, with extensive examples illustrating the required techniques for each application. Appropriate for anyone involved professionally with finance—managers, accountants, investors, bankers, instructors, and students—this guide draws on a stellar panel of expert contributors from fourteen countries who provide international coverage and insight into a diverse range of topics, including: Fair Value in implementing IFRS Market Approach Income Approach—Capitalization and Discounting Methods Economic and Industry Conditions Cost of Capital Financial Statement Analyses Impairment Testing Intellectual Property Rights (patents, copyrights, trademarks) Projecting Financial Statements Liabilities Customer Relationships Share-based Payment Plant and Equipment Guide to Fair Value Under IFRS is the first international valuation book of its kind. Fully compliant with the Certified Valuation Analyst curriculum, it provides detailed guidance as to how fair value is to be determined and fills numerous gaps in common understanding of IFRS requirements.*

*A standard critique of valuation models, in general, and discounted cash flow models in particular is that they fail to fully account for the many intangible assets possessed by firms. There have been attempts to value brand name, trade marks and copyrights and bring them on to the balance sheet. Other intangible assets include patents and customer lists. We would expand this list to consider the flexibility that a firm may preserve to expand its market or enter new markets. In this paper, we consider a variety of ways in which these assets can be valued and the consequences for investors.*

*As we move from manufacturing to service based economies, an increasing large proportion of the firms that we value derive their value from intangible assets ranging from technological patents to human capital. In this paper, we focus on a few variables that make valuing these service companies different from conventional manufacturing firms. The first is that accountants routinely miscategorize operating and capital expenses, when firms invest in intangible assets. Thus, R&D expenses, which are really capital expenses, are treated as operating expenses, thus skewing both reported profit and capital values. The second is that firms with intangible assets are more likely to use options and restricted stock to compensate*

*employees and the accounting treatment of this compensation can also affect earnings and cash flows. In this paper, we look at how best to correct for the accounting errors and the consequences for valuation.*

*A new edition of the trusted book on intellectual property Intellectual Property simplifies the process of attaching a dollar amount to intellectual property and intangible assets, be it for licensing, mergers and acquisitions, loan collateral, investment purposes, and determining infringement damages. This book comprehensively addresses IP Valuation, the Exploitation Strategies of Licensing and Joint Ventures, and determination of Infringement Damages. The author explains commonly used strategies for determining the value of intellectual property, as well as methods used to set royalty rates based on investment rates of returns. Key concepts are brought to life through real-world examples of exploitation strategies being used by major corporations.*

*People Who Turn IP Into Shareholder Value*

*Intangible assets in business valuation, with emphasis on real options approach*

*Valuation of Intangible Assets in Global Operations*

*Invisible Value? Valuing Companies with Intangible Assets*

*The Valuation of Intangible Assets*

*Valuing Intellectual Property in Japan, Britain and the United States*

This thesis consists of three essays related to information technology and intangible capital. The first essay, "Valuing IT-Related Intangible Capital," examines the value of intangible assets in the firm. Using a panel of 130 firms from 2003-2006, we find that intangible assets are correlated with significantly higher market values beyond their cost-based measures. Moreover, we estimate that there is a 30-55% premium in market value for the firms with the highest organizational IT capabilities as compared to those with the lowest organizational IT capabilities. The second essay, "Has Information Technology Levelled the Competitive Playing Field?" analyzes the relationship between IT and ordinary (non-IT) capital and the competitive dynamics within U.S. industries. Using a panel of industry data from 1998-2005, when an industry becomes more IT intensive, there is more entry and expansion of firms (including entry of new small firms and expansion of large firms from the same and other industries). Yet there is also more turnover of small firms in the industry as well as concentration of the industry into large firms. In contrast, as an industry becomes more ordinary capital-intensive, there is less entry of small firms and fewer establishment openings by large firms; a lower rate of turnover by small firms; and fragmentation of the industry into small firms. In the third essay, "The Value and Durability of Patents in High-Tech Firms" (co-authored with Erik Brynjolfsson and Lorin Hitt), we use data on publicly traded high-tech companies from 1984-2002 to examine the relationship between the firms' market value and their patent-based intangible assets. We find that high-tech firms with patents that are cited by a wide variety of other patents in different patent classes are worth

significantly more than firms with patents that are cited by a narrow range of patents. Patent generality is especially valuable in periods of change, when firms are no longer at the leading edge of innovation in a particular year. In these periods, we find that the value of diverse patents across technology categories is positive but not significant and that generality is comparatively more valuable than diversity.

The Valuation of Digital Intangibles