PRACTICAL LICENSING

I. EVALUATION AND SELECTION OF POTENTIAL LICENSABLE TECHNOLOGY

A. INVENTORY

1. MERELY COUNT AND CLASSIFY - DO NOT EVALUATE
   NO DECISIONS WHETHER OR NOT TO LICENSE
2. WHAT ARE YOU MARKETING?
   a. PATENTS AND INVENTIONS
      i. BY PRODUCT TECHNOLOGY
      ii. UNDEVELOPED CONCEPTS
   b. PRODUCT LINE TECHNOLOGY

B. EVALUATION INTO CATEGORIES

1. TECHNOLOGY WHICH IT WOULD PROBABLY BE A
   WASTE OF TIME TO FURTHER EVALUATE
2. TECHNOLOGY WHICH IT SEEMS WORTHWHILE TO
   EVALUATE FURTHER

C. SHOULD IT BE LICENSED?

1. WHAT IS EFFECT ON YOUR COMPANY'S SALES IF THE
   TECHNOLOGY IS LICENSED OR NOT LICENSED?
2. WHAT IS EFFECT ON EARNINGS OR SEVERAL
   PROSPECTIVE LICENSEES?

II. SELECTION OF POTENTIAL LICENSEES

A. WHO IS IN THE BUSINESS OR RELATED BUSINESSES

1. TRADE JOURNALS
2. TRADE SHOWS
3. PATENT SEARCHES (SHOWS WHO IS DOING RESEARCH
   IN THE FIELD)
4. CHECK WITH DISTRIBUTORS OF SIMILAR PRODUCTS

III. CONTACTING AND SELLING POTENTIAL LICENSEES

A. PERSONAL CONTACT AT HIGH LEVEL IS BEST

B. OFTEN INITIAL MEETINGS WILL HAVE TO BE NON-CONFIDENTIAL

C. PRESENT AS MUCH ON COST FIGURES AS YOU HAVE AVAILABLE

D. GET LICENSEE'S PEOPLE EMOTIONALLY INVOLVED, IF POSSIBLE

E. AFTER GETTING LICENSEE'S INTEREST, ASK FOR HIS ESTIMATES OF WHAT HE CAN DO WITH THE TECHNOLOGY IN THE MARKET

IV. WHAT TO CHARGE?

A. BOTH PARTIES HAVE TO MAKE MONEY

B. IS THERE INDUSTRY PRECEDENTS

C. LICENSEE TAKES MORE RISK. THEREFORE HE SHOULD GET LION'S SHARE OF PROFIT

D. ROYALTY ON SALES, LUMP SUM, SPECIFIED FEE PER UNIT

E. FOR GOOD TECHNOLOGY AND GOOD PROPRIETARY POSITION SHOULD GET 20-30% OF PROFIT ESTIMATE, PAYABLE AS A PERCENTAGE OF SALES -- DON'T HAVE % OF COST

F. EXCLUSIVE - NON-EXCLUSIVE
FIELD
TERM
TERRITORY

G. VARIETY OF POTENTIAL ARRANGEMENTS CAN BE MADE

FOR EXAMPLE ITEK PAINT BY NUMBER
SOFT CONTACT LENS PARTNERSHIP
CELCON JOINT VENTURE

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