INDEX

2Pesos, Inc. v. Taco Cabana, 647
3G Patent Platform, 350
3M v. Johnson & Johnson, 721
5% of sales method, 375
25% rule, 374
application, 416–418
criticisms, 419–421
empirical test, 421–426
explanation, 412–414
history, 411
illustration, 414–416
justification, 418–419
usage. See Federal Trade Commission;
Intellectual property

Aaker, David A., 42
Abeshouse v. Ultragraphics, Inc., 736, 740, 742
abrogated on other grounds by Fogerty v. Fantasy, Inc., 739
Access, profitability, 351
Accounting
approach. See Research and development
assets, 110
change, 106
complexities, 681
consistency, 90
functions, 33
information (obtaining), background, 97–98
international standards, 88–90
issues, 81, 680–683. See also Global
exploitation; Intangible assets
introduction, 81–83
practice, 84
principles, relationship. See Valuation
requirements, 7
intellectual property, impact, 555
subjective elements, 86
Accounting for Goodwill—Accounting Research
Study No. 10, 82, 117
Accounting for Research and Development Costs
(SFAS No. 2), 93

Accounting Principles Board (APB)
Opinion 9, 94
Opinions 16/17, 94, 116
See Committee on Accounting Procedure
Accounting Research Study No. 10, 82
Accounting-related risk, 398
Accrued depreciation, 304
Acquisition
manner. See Intangible assets
process, 331–332
value, 59
Acticon Technologies LLC, 800
Active market, 60, 149
Actual cash value, 147
Actual damages, 739
Actual earnings, 76
Acuff-Rose Music, Inc. v. Campbell, 745
Ad valorem taxes, 8, 277
intellectual property, impact, 555
Added Units, calculation, 642–646
Adelson, Andrea, 677
Advanced Ceramics Research, 799–800
Adversaries
identification, 527
infringement, 530
Advertising. See Corrective advertising
activities, 17
campaign
creation, 261
development/production, 637
cost, 64
funds, saving, 569
placement, 637
support, 166
web sites, 540
Aetna Health Care Systems, Inc. v. Health Care
Choice, Inc., 688
After-tax income, 194
Aged royalty rates, 670
Agreement in principle, 748
Agricultural biotechnology, definition, 697–699
Agricultural biotechnology-derived products
benefits, determination, 700–701
infringement damages, estimation, 697
Aguilera, Doug, 605
AICPA. See American Institute of Certified
Public Accountants
Aitken, Hazen, Hoffman, Miller, P. C. v. Empire
Constr. Co., 743
Ajinomoto Inc. v. Archer-Daniels-Midland Co.,
415–417
ALCOA. See Aluminum Corporation of America
Allen, Frederick, 37
Allen, Michael J., 685
Alliance strengths, 603
Allied Energy, Inc., 801–802
Alpex Computer Corporation v. Nintendo
Company Ltd. et al., 706, 714
ALPO Petfoods, Inc. v. Ralston-Purina Co., 647
Aluminum Corporation of America (ALCOA),
standards, 349–350
Ad&M Records Inc. Etc. v. Abdallah, 728–729
American Arbitration Association, 613
American Flywheel Systems, 9–10, 315–316
American Geophysical Union v. Texaco, Inc.,
743
American Institute of Certified Public
Accountants (AICPA), 82, 94
notes, 97–98
recommendations, 98
Amortization. See Goodwill
method, 104
period, 98
Analytical approach, 655
comprehensiveness, 657–658
example, 658–659
problem, 204
Ancillary products, 249
Andrew Corporation v. Gabriel Electronics, Inc.,
721
Annual growth rate, 225
Annual-rate method, 217
Annuity, 596
Anticounterfeiting Consumer Protection Act
of 1995, 677
Anticybersquatting Protection Act, 729
APB. See Accounting Principles Board
Apple Computer, Inc., 10, 316
Applications software, 33–34
Applied research. See Technology
Appraisal
depreciation, 162–165, 771–772
Iowa curves, relationship, 780
quantification, Iowa curves (use/abuse), 771
practices, 303
results, Iowa curves misapplication (effects),
783–784
Arbitrage pricing theory, 78
Arm's-length basis, 683
Arm's-length characteristics, 137
Arm's-length indicators, 127
Arm's-length negotiation, 401
Arm's-length prices, 121
Arm's-length question, 128
Arm's-length royalties, 384, 500
Arm's-length sales, 149
Arm's-length standard, 118, 122–123, 381–382
Arm's-length status, 120
Arm's-length transactions, 60, 121
impact, 137
property exchange, 141
Aro Manufacturing Co. v. Convertible Top
Replacement Co., 617, 647
Arrow, Alex, 410
Arthur Andersen LLP, 724
Artistic-related customer group, 102
As-is where-is basis, 146
As-of-date, establishment, 133
Assembled research workforce, 594
Assembled workforce, 16, 169
impact. See Intangible assets
usage, 595–596
valuation methods, preferences, 262–263
Assets. See Excess assets; Financial statements;
Intangible assets; Monetary assets; Tangible
assets; Unique assets
allocation. See Business enterprise
characteristics, 271–274
composition. See Current assets
comprehensive analytical approach. See
Complementary assets
creation, licensing (impact), 498–500
current value, 299
depreciation expense. See Manufacturing
evolution, 137–138
groups, 102
identification. See Computer software;
Contracts; Copyrights; Customer
relationships; Drawings; Patents;
Proprietary technology; Records;
Trademarks
integrated portfolio, return rate requirements.  
See Business investment requirements. See Complementary assets licensing. See Internet portfolio, 69–72  
combination, 129 property taxes. See Manufacturing; Office assets return, allocation, 201 risk, 396 transfer, 136 useful life. See Depreciable tangible assets value, 176  
variance, 299 valuing, 136–137 Association of Technology Managers, 587 Association of University Technology Managers, 583, 587, 606 Attorney fees, 618 Attorney malpractice, 7  
intellectual property, impact, 555 Auction, 146 Audit. See Royalty  
cost, consideration, 109–111 intangible assets, 87–88 restatement, 73–74 tangible assets, 86–87 value, 109–111  
Band-of-investment method, 78 Bankruptcy, 7, 525–526  
intellectual property, impact, 270–276 probability, 266 situations, 276 valuation methods, 276 Barber, William G., 681 Barbie (Mattel), license (grant), 807 Base case  
Index

Brands, 40–42
  dependence, 17
dilution, 607
disaggregation, example, 206
name, establishment, 569
  trademarks, distinction, 42
valuation methods, preferences, 260–261
Bratic, V. Walt, 410
Brealey, Richard, 412, 413
Bright-line criterion, 23
Brunswick Corporation et al. v. United States, 714–715, 721
Bryer, Lanning G., 407
Bt corn
  development, benefits, 700–701
  value, 704–705
Buildings, analysis, 179–180
Build-up method, 78, 760–761
Bundle of rights theory, 494–496
Bureau of Labor Statistics, 789
Burge, David A., 27
Burnett v. Chatwood, 744
Burns, Daniel, 410
Business
  assets, 70, 270
    integrated portfolio, return rate
    requirements, 464–465
capital structure, 247
combinations, 94. See also Statements of Financial Accounting Standards
  intangible assets, interaction, 378
complexity, increase, 83
earnings, 359
failure, 362
goodwill, 169
information sources, 785
method, 28
property, economic remaining life, 220
relationships, 324
risk, 123, 395–397, 652. See also Licensing unit. See Web sites
valuation
  methodologies (Poland), 392
  process, 109
Business enterprise, 66–79
  analysis. See Value
    composition, 198, 538
    cost/value, 72–73
    elements, 13, 323–325
    income approach, 75–76
    market approach, 78–79
model, 323–325
  relationship. See Intangible assets
results, testing, 74–75
return
  allocation. See Total business enterprise return
  rate, determination, 78
sum-of-assets technique, 73–74
valuation, 73–79
value, 173, 177
  asset allocation, 179
  investment marketplace, impact, 178–179
Business Trends Analysts, Inc. v. Freedonia Group, Inc., 734
decision, 736–738
Business Week, 358, 659–660
Business-to-business transactions, 46
Buyer-seller relationships, 144
Buy-in provision, 132–133
C.A. Turner Utility Reports, 786
CAFC. See Court of Appeals of the Federal Court
CAGR. See Compound annual growth rate
Calbiochem-Novabiochem International Inc., 814
Calgene, Inc. See Flavrsavr
Call options, 298, 493
Campbell, Ian R., 150
Campbell v. Acuff-Rose Music, Inc., 744–745
Canadian Institute of Chartered Accountants, 97
Cancer imaging products, licensing transactions, 472
Capability. See Earnings
  limitations. See Intellectual property
Capital. See Intellectual capital; Working capital
cost. See Weighted average cost of capital
  expenditures, 572
  investments, timing, 661
  investment
    impact, 244
    need, 528, 533
resource, 3
Capital Asset Pricing Model (CAPM), 78, 463, 761–762
  beta, relationship, 762
  studies, Ibbotson Associates Inc., 762
Capital Publications, Inc., 786
Capital recovery, 88, 147, 213. See also
  Economic life
  market value, interaction, 214
| Pattern | 158 |
| Process | 214 |
| Term | 304 |

- **Capitalization**
  - Policy, 86–87
  - Rate, 255
  - Usage, 241–242

- **CAPM.** See Capital Asset Pricing Model

- **Captive spare parts annuity**, 596

- **Carboline Co. v. Jarboe**, 753

- **Carrot licensing**, 606–607

- **Carrying value**, 105

- **Carsberg, Sir Bryan**, 91

- **Carter Products, Inc. v. Colgate-Palmolive Co.**, 749

- **Carterfone decision**, 279

- **Cash**
  - Conversion, 74
  - Earnings, 364
  - Inflows, 431, 489
    - Magnitude, 485
  - Outflow, magnitude, 485
  - Royalty payments, 436
  - Value. See Actual cash value

- **Cash flow**. See Excess cash flow; Gross cash flow
  - Amount, 516
  - Controls, 267
  - Model, 489
  - Projections, 666
  - Provisions. See Negative cash flow provisions; Positive cash flow provisions
  - Timing, 566
  - Usage. See Debt-free net cash flow

- **CD-ROM databases**, 788–789

- **Center for Technology Transfer (CTT).** See University of Pennsylvania

- **Century Distilling Co. v. Continental Distilling Co.**, 681, 692

- **Certification marks**, 39

- **Change, impact**, 220–221

- **Cheers, The (license grant)**, 807

- **Chemical Marketing Reporter**, 359, 660

- **China Unicom**, 799–800

- **Chisum, Donald S.**, 417

- **Ciba Vision Worldwide, press release**, 319

- **Civil war destruction**, 307

- **Click-throughs**, 56

- **Coates, Joseph F.**, 601

- **Co-branding ventures**, 546

- **Code-Alarm, Inc. v. Electromotive Technologies Corporation, and Directed Electronics**, 720, 722

- **COGS.** See Cost of goods sold

- **Colgate-Palmolive Co. v. Carter Products, Inc.**, 752

- **Collaborative R&D**, 333

- **Collagenex Pharmaceuticals, Inc.**, 556

- **Collateral**
  - Intangible assets, impact, 270–276
  - Sales, 630
  - Situations, 276
  - Valuation methods, 276

- **Collateral-based financing**, 7
  - Intellectual property, impact, 555

- **Collateral-debt financing**, 274–276

- **Collective marks**, 39, 103

- **Collective work, contribution**, 31

- **Colorized approach**, 91

- **Commercial magnetism**, 43

- **Commercial services, trademark structure**, 48, 53

- **Commercialization**, 344. See also Intellectual property
  - Capabilities, 565
  - Contributions, 412
  - Factors, 363
  - Requirements, 567

- **Commission of the European Union**, 303

- **Committee on Accounting Procedure, Accounting Research Bulletin (ARB) 24**, 93

- **Commodities**, 283
  - Contrast, 40–41
  - Products, 658
  - Profit margin, 205

- **Commodity-dominated businesses**, 71

- **Commodity-like market**, 397

- **Commodity-oriented enterprise**, 72, 360

- **Common stock**, 268, 338

- **Communication web sites**, 540–541

- **Communications sector, royalty rates**, 799–800

- **Company**
  - Annual reports, 787
  - Forecast, 431
  - Potential, 431
  - Returns, allocation, 196

- **Company-specific accounting systems**, 33

- **Comparability**, 123–124
  - Adjustments, 149
  - Factors, 382–383
  - Importance, 173–175
  - Issues, 385
  - Property/services, impact, 123
Comparable profit split method, 128
Comparable profits method (CPM), 126, 127, 385
Comparable uncontrolled price (CUP) method, 385
Comparable uncontrolled transaction (CUT) method, 126–127, 385
Comparative analysis, 374
Compensation
arrangements, 524
package, 672
Competition
identification, 239
impact. See Diversification; Energy; Regulated industries; Telecommunications responses, 220
Competitive Media Reporting, 539
Competitors
analysis, 595
identification, 221, 527, 532
weakness, 74
Compilation, definition, 34
Complementary assets
comprehensive analytical approach, 204–205
investment requirements, 288, 672
Composite original-group method, 216
Compound annual growth rate (CAGR), 225, 234
CompuServe, 658, 787
Computer hardware, royalty rates, 800
Computer software, 32–34, 239
analysis, 181–182
assets, identification, 210
economic life, 239, 408–409
impact. See Intangible assets potential, 596
Conceptual stage. See Technology
Condition percent, valuation theory, 780–781
Connetics Corporation, 811–813
Constitutional Convention, Committee on Detail, 5
Consumer
assurance, 562
demand, reduction, 157
electronics, 567
goods, 353
products, 237, 407
trademark structure, 48
recognition, market research indications, 166
services, trademark structure, 48, 53–54
Consumer Price Index (CPI), 399
Consumer surveys, 637
Contigram Communications Corp. v. Lehman, 172
Contingency loss, 387
Contingent contributions, 342
Contract-based asset group, 102
Contracts
breaches, remedies. See Licensing impact. See Intangible assets liability, 126
providing (assets, identification), 211
receiving, (assets, identification), 211
servicing, 529, 533–534
Contractual income stream, 62
Contractual life, 213
Contractual terms, 123
Contribution. See Contingent contributions value, 342
Controlled transaction, 120
Convergence, 5
Convoyed sales, 619
Cook, John, 58
Cookbook approach, 75
Cooperative advertising, 266
Co-ownership, involvement, 338
Copeland, Thomas E., 198, 768
Copyright Act, 33–34
Copyright Office, 32
Copyright Royalty Tribunal, 32
Copyrights, 21–22, 31–32
assets, identification, 210–211
economic life, 238–239, 407–408
exploitation projects, portfolio, 261
infringement, 618–619. See also On Davis v. The Gap, Inc.
damages, license value (impact), 732
potential, 597
protection, 22, 34
valuation methods, preferences, 261–262
COR. See Cost of replacement
Core deposits
Office of the Comptroller of the Currency definition, 265
valuation methods, 265
Core technologies, 560
CORLD. See Cost of replacement less depreciation
Corporate libraries, 790
Corporate practices/procedures
analysis, 182–183
valuation methods, preferences, 267–268
Corporate procedure intangible assets, 183
Corporate strategies
change, 318–320
financing, 318
history, 316–320
Corporate Technology Directory (CORPTECH), 790
Corporate web sites, 540
Corporation assets, 765
Corrective advertising, 695, 728
compensation, 618
usage, 688
Correlation, 154
Correlative data. See Grouped intangible assets
Cost. See Book cost; Original cost; Step-function cost
centers, 549–550
change, 322–323
definition. See Fixed costs; Variable costs elimination, 564
method. See Unit cost method
savings, 187–192
benefits, 192
types, 190
trending. See Historical cost trending
value, contrast, 165
Cost approach, 156. See also Early-stage technology; International valuation; Naming rights; Trademarks application, 159–165
principles, 156–165
usage. See Technology; Trademarks
advice. See Intellectual property valuation, 159
Cost of goods sold (COGS), income statement category, 634
Cost of replacement (COR), 146, 159
definition. See Depreciated replacement cost depreciation (subtraction), 146–147
Cost of replacement less depreciation (CORLD), 162
Cost of reproduction new (CRN), 159, 162, 164, 772
Cost-of-service formula. See Service
Cost-sharing arrangements (CSAs), 132–136, 386–387
definition, 132
Cough medicine, 813–814
Council on Government Regulations, 583
Counterfeiting, 676–677
Court of Appeals of the Federal Court (CAFC), 11, 320, 622
analytical framework, 627
monetary relief, 689
rulings, clarification, 630
Supreme Court, impact, 629
Court-awarded royalty rates, review. See Patents
Covenants
restriction, 23
usage, 14
Cowles, Harold A., 214
CPL. See Consumer Price Index
CPM. See Comparable profits method
Creeping deregulation, 279
CRN. See Cost of reproduction new
Cross-border acquisitions/mergers, 89
Cross-border transactions, 119
Cross-license, 558
offering, 530, 534
Cross-licensing. See Technology impact. See Payment balance
Cross-ownership, 333
alliance, 339
establishment, 341–342
Crystal Palace Exhibition, 6
CSAs. See Cost-sharing arrangements
CTT. See University of Pennsylvania
Cultural issues. See Global exploitation
Culture obsolescence, 237
CUP. See Comparable uncontrolled price
Currency, earning capability, 389
Current assets, composition, 361
Curtis v. General Dynamics Corp., 743
Curtiss-Wright Corp. v. Edel-Brown Tool & Die Co., 750
Customer relationships, 16–19
assets, identification, 211
inertia, 16
valuation methods, preferences, 265–266
Customer-related asset group, 102
Customers
characteristics/value, 181
diversity, risk, 396
impact. See Intangible assets
lists, 169, 565
company introduction, 529, 533
potential, 597
needs, change, 602
records, 18
types, multiplicity, 396
CUT. See Comparable uncontrolled transaction
Cybersquatting, 60, 544
Cyclin dependent kinase assay test kit, 814
Cytology device, licensing transactions, 474
Damage theory implications, intellectual property cases, 646–647

Damages. See Actual damages analysis, 663

calculation, royalty method. See Trade secrets measurement, royalties (relationship), 706–709

calculation, royalty method. See Trade secrets measurement, royalties (relationship), 706–709

payment, 695

Damodaran, Aswath, 97

Data. See Surrogate data

biases, 421, 422

extrapolation. See Historical data

input, ease, 239

processing, 182

web sites, 540

Daubert v. Merrill Dow Pharmaceuticals, 419

Davis, Jr., Albert S., 411

DCF. See Discounted cash flow

de la Torre, José, 307, 387

de minimis doctrine, 744

Debt. See Long-term debt

capital, cost, 78

financing. See Collateral-debt financing

obligations, market value (summation), 198

Debt-free net cash flow, usage, 78

Debt-free operating net income, usage, 197, 201

Decision trees, 251, 298

Deere & Co. v. International Harvester Co., 651, 653

Deering, Milliken & Co. Inc. v. Gilbert, 694

Defendants

misappropriation effects (protection), incurred expenses. See Plaintiff product development cost, plaintiff trade secret usage (absence), 750–751

profit, 618, 678–680, 726–727

method. See Trade secrets

Defensive strategies, 548–549

Degnan, Stephen A., 410, 415, 416, 418, 420

Deltak, Inc. v. Advanced Sys., Inc., 737

Demand, elasticity (econometric determination), 621

Denture spray, licensing transactions, 474

Depreciable tangible assets, useful life, 103

Depreciated replacement cost (DRC), definition, 305

Depreciation. See Accrued depreciation;

Appraisal; Physical depreciation; Valuation calculation, 572, 662

definition, 304

expense, 366. See also Manufacturing; Office assets

income statement category, 635

subtraction. See Cost of replacement;

Reproduction

usage, 157–159

Deregulation. See Creeping deregulation

impact, 282. See also Diversification; Energy;

Regulated industries; Telecommunications

intangible assets, order, 280

Design Center Dinosaurs, license (grant), 805

Design efficiencies, 594

Design patent, 29

Destination web sites, 540

Determinate life. See Intangible assets

Development costs. See Early-stage technology
determination, 221

Diagnostic product, licensing transactions, 473–474

Diagnostic test kits, licensing transactions, 472

DIALOG, 790

Diamond, Michael A., 85

Diamond v. Diehr, 28

Diesel engines, 799

Differential analysis, 355–358

Differential profit analysis, 355–356

example. See Patented invention

Diffusion sales forecasting models. See Product

Digital Millennium Copyright Act, 31–32

Direct estimates, 225

Directory of Industry Data Sources, 790

Disaggregation, 205–207

example. See Brands scheme, 89

Disclosure requirements, 106–107

Discount coupons, 638–640

Discount rates, 241, 255

level, 293. See also Early-stage technology

reflection, 243

term, usage, 152

usage, 242, 666

Discounted cash flow (DCF). See Economic benefits

alternatives, 493

analysis, 293, 364–367, 487–491, 661

scenarios, usage, 573

calculation, 245–251, 432, 493

complexity, addition, 297–298

example, 153–154, 366–367

mechanism/model. See Early-stage technology

method, 242, 379, 477

model, 570
objectives, testing, 489–491
opportunities, 491
process, 429
scenarios, 298
usage. See Early-stage technology valuation, 245
value, example, 663–666
Discounted future income, 242
Disney, license (grant), 805
Display racking, 637
Distribution agreement. See Marketing/distribution agreement
advantages, 14
channels, 625
networks, 565
potential, 597
valuation methods, 264–265
Distributor relationships. See Intangible assets
Diversification
competition/deregulation, impact, 280
impact, 317
Dividend growth model, 78, 463
DJIA. See Dow Jones Industrial Average
DKNY. See Donna Karan International Inc.
Dodd, David L., 340
Do-it-yourself approach, 328
Domain names. See Internet domain names
usage. See Fanciful domain name; Generic domain name; Intuitive domain name;
Strategic domain name; Trademark-linked domain name; Individual domain name
Domains. See Second-level domains; Top-level domains
Donna Karan International Inc. (DKNY), license (grant), 805–807
Dot-com enterprises, 57
Dow Chemical Co. v. United States, 415, 719
Dow Jones Industrial Average (DJIA), 400
Dozor Agency, Inc. v. Rosenberg, 752
Drawings, assets (identification), 210
DRC. See Depreciated replacement cost
Drucker, Peter F., 580
Drug pricing. See Generic drug pricing
Dupont-Merck
combination, 8–9
joint venture, 314–315
strategic plan/gap analysis, 599
Duration, 301, 377. See also International valuation; Licenses
Dutch Lady Milk Industries Berhad, 802
Early-stage intellectual property, 477
Early-stage patents, 493
Early-Stage Technologies: Valuation and Pricing, 794
Early-stage technology, 285–286, 479
analysis, 291
characteristics, 286
complexity, addition, 297–298
cost approach, 286
DCF
mechanism, 484–485
model, 293–296
usage, 485–493
development
costs, 480–482
time, duration (impact), 484
discount rates, level, 291–293
failure, 290–291
gross profits, 291
income approach, 289–296
industry transactions, relevance, 287
international transactions, 287–288
manufacturing costs, 291
market
approach, 286–289
penetration, 289–291
measurement, 485–493
overhead costs, 291
present value principles, 293
sales forecasts, 289–291
sales revenue, forecasting, 225
scenarios, 298
success, 289–290
time period, relevance, 286–287
timing delays, 293
transacting parties, financial condition, 287
valuation, 285
Earnings. See Actual earnings; Excess earnings;
Total earnings
analysis, 197–198
capability, 21, 76
growth potential, 261
intellectual property, contribution, 352
sustaining, intellectual property (impact), 352–353
term, usage, 185, 196
Earnings per share, management, 148
EarthShell Corporation, 803
Eastman Kodak
business sectors, 345
cameras, introduction, 346
licensing policies, 348–349
Eastman Kodak (continued)
market acceptance, acceleration, 346
Photo CD
manufacturers, 347
technology, 346–347
reality, impact, 347
royalty income expectations, 347
standards, 345–349
strategy, 347
revision, 348–349
technology, credibility, 349
ECB. See European corn borer
E-commerce, 541–542
benefit, 557
intellectual property, impact, 556–557
usage, 56
Economic attribute, 772
Economic balance sheet, 109–110
Economic basis, 137
Economic benefits, 132, 138. See also Ownership
analytical method, 196–197
example, 199
failure, 205
anticipation, 133–135
DCF, 247
enhancement, 247
quantification, 185–211
direct benefits, 186–192
indirect techniques, 192–205
techniques, 186
receiving
risk, evaluation, 241
timing/pattern, 212
trend, 165
Economic Club of New York, 96
Economic conditions, 123, 382
depression, 273
impact, 157
Economic contribution. See Intellectual property
allocation, refining, 252–253
Economic criteria. See Market value
Economic data, 789
Economic drivers, 435–453. See also Secondary
economic drivers
Economic factors, differences, 671
Economic income, risk, 244
Economic life, 102–104. See also Copyrights;
Indefinite economic life; Intangible assets;
Intellectual property; Know-how; Patents;
Technology; Trade secrets; Trademarks
capital recovery, 213–214
definition, 212–219
estimation, 214–215
factors, 221–223, 405–409
measurement, 212–213, 405
value, 213–214
Economic obsolescence (EO), 164. See also
Trademarks
difference, 306
Economic risks, 317
Economies of scale, 503. See also Manufacturing
providing, 24
Economy, identification, 95–97
EDGAR. See Electronic Data Gathering Analysis
and Retrieval
Educated guess methodology, 225
Edwards, C. Richard, 703
Efficient Market Hypothesis, 178
Einstein, Albert, 601
Electronic Data Gathering Analysis and Retrieval
(EDGAR), 788
Electronics sector, royalty rates, 800–801
Eli Lilly Corporation, press release, 319
Elliott, Stuart, 407
Embryonic research, 594
Embryonic technology, 565
Emerging technologies, 174
Emerson, Ralph Waldo, 54
Emory, John D., 341
Encyclopedia of Business Information Services,
790
Energy
competition/deregulation, impact, 279–280
sector, royalty rates, 801–802
Engineering specifications, analysis, 182
Enhanced product profit margin, 205
Enterprise
allocation, analysis, 183
risk, 395
size, risk, 395–396
target, 332
value
example. See Patented invention
impact, 256–258
Entertainment, trademark structure, 48, 54
Entrepreneurial corporation, 330–331
Entrepreneurs, potential (recognition), 328
Entrepreneurship, innovation, 332
Entry barriers, 174–175
Environmental damages, liability, 126
Environmental Protection Agency (EPA), requirements, 701
Environmental protection/scrap costs, 636
Environmental risk, 396
EPA. See Environmental Protection Agency
EPC. See European Patent Convention
Equity, 84–86
capital, cost, 78
contribution, 342
funds, market value (summation), 198
inclusion, 589
participation, involvement. See Licensing agreements
purchase, 341–342
risk, 261
value, 85
Ernst & Young LLP (E&Y), damage awards database, 724
Estate taxes, 7
intellectual property, impact, 554–555
Estimates. See Direct estimates
Euler's theorem, importance, 770
European corn borer (ECB), control, 700
economics, 702–704
methods, 701
European Patent Convention (EPC), 30
Event obsolescence, 236
economic life, 406–407
Event tree, 298
Excess assets, 317–318
Excess cash flow, 666
Excess earnings, 20–21, 206
Excess profits, 209
Excess returns, 201
Exchange alliances, 333–334
Exchange value, 143
Exclusive licenses, 649–650
Exclusivity, 373, 522, 524. See also Market-derived royalty rates
worth, 532
Executive personnel salary/benefit expenses, 638
Executive's Business Information Source Book, 790
Expenditures
capitalization/amortization, 82, 88
timing, 289
Expenses
allocations, 680
destination, 207
omission, 197
Experts, opinion/testimony, 652
Exploitation. See Global exploitation
breadth, 408
economics, 325–326
income, 299
method, 478
organization. See Intellectual property
risks, 395
strategies. See Intellectual property
history, 321
introduction, 321
Exposure draft. See Financial Accounting Standards Board; Intangible assets
Expropriation, 307
External relationships. See Intangible assets
External strategies. See Production
Extractive/commodity trademark structure, 47, 50
Extraordinary event, 134

Fair market value (FMV), 133, 143, 164. See also
On Davis v. The Gap, Inc.
definition, 302
indication, 183
reflection, 109
Fair value ratemaking, 278
Fanciful domain name, 57
FASB. See Financial Accounting Standards Board
Favored nations clause, 521
FDA Backgrounder, 698
Federal Power Comm'n v. Hope Natural Gas Co., 278
Federal Power Comm'n v. Natural Gas Pipeline Co., 278
Federal Reserve Bank of St. Louis, 758, 789
Federal Rules of Evidence, Rule 408, 649
Federal Trade Commission (FTC)
25% rule, usage, 688
litigation, 684
rule, application, 729
Fee simple interest, 325
Feinschreiber, Robert, 119
Feist Publ'ns, Inc. v. Rural Tel. Serv. Co., 741
Fernandez-Cornejo, Jorge, 697
Fernow, Brandy, 605
Field, Tom, 676
Film rights
logical extensions, 249
speculative extensions, 250–251
Financial Accounting Standards Board (FASB), 98–108
exclusion. See Self-created intangible assets
issues, 98–99
proposed project, 107–108
Proposed Statement of Financial Accounting
Concepts No. 195–A, 86
Proposed Statement of Financial Accounting
Standards, 98–100
questions, 99
Request for Comments, 107
Statement No. 6, 86–87
Statement of Financial Accounting Concepts
No. 6, 83–84
Financial data, 785–788
Financial information sources, 785
Financial decisions, 273
Financial management, 316
Financial resources, absence, 330
Financial review, example. See Patented
invention
Financial risk, 123, 395–400
perspective, 398–399
Financial statements, 83–84
assets, 83–84
audit, 77
liabilities, 84
misstatement, 607
Financial Valuation Group, 793
Finished goods, trademark structure, 47, 51–52
Finnegan, Macus B., 416
Finney, Jack, 601
First-stage companies, 292
Fisher, John, 230
Fisher-Pry Model, 230
Fitzgerald Publ'g Co. v. Baylor Publ'g Co., 734, 739, 740
Fixed assets, 169
expenditures, 176
specialization, 200–201
valuation, 156
Fixed costs
definition, 632–633
profit/loss statement expense category, 635–640
variation, 646
Fixed expenses, identification, 640
Flavrsavr, introduction (Calgene, Inc.), 698–699
Fleming, Sir Alexander, 27
FMV. See Fair market value
FO. See Functional obsolescence
Follow the dollars concept, 207
Folsom v. Marsh, 744
Fonar Corp. v. General Electric Co., 647
Fonar Corporation and Dr. Raymond V.
Damadian v. General Electric Company and
Drucker & Genuth, MDs, P.C. d/b/a South
Shore Imaging Associates, 412, 417
Food and Drug Administration (FDA)
approvals, 367, 564, 599, 698
premarket approval, 472
Food sector, royalty rates, 802–803
Forbes, 358, 660
Forced liquidation, 146
Ford Motor Co. v. Kuan Tong Industrial Co., 729
Forecast income, conversion, 291–292
Forecasting
methodologies, 224–225
usage, 223–237
Forecasts, 254. See also Early-stage technology
method, 217–218
usage, 223
Foreign patentees, 31
Foreign patents, 30–31
Formerly, Julie Davis, 548
Franchisee, contractual rights, 14
Franchises, 15–16. See also Strong franchises; Weak franchises
rights, valuation methods, 266–267
Franchising, 500
Franchisor know-how, 266
Frank and Kathleen Calabrese v. Square D
Company, 707
Friesland Brands B.V., 802
Fromson v. Western Litho Plate & Supply Co., 417, 712, 716
FTC. See Federal Trade Commission
Full absorption accounting, 682
Fully absorbed costs, 680
Fully loaded profits, 413
Functional analysis, 124–125
Functional attribute, 772
Functional obsolescence (FO), 148, 162–164, 235–236. See also Trademarks
difference, 306
 Funds, commitment, 342
Future game, defining, 600–603
Future income. See Discounted future income
Future-history approach, 599
GAAP. See Generally accepted accounting principles
GAAS. See Generally Accepted Auditing Standards
Galanthay, Ted, 557
Gale Research Company, 787
Gap analysis, 329, 599–600. See also Strategic plan/gap analysis
assessment, 604
technique, usage, 336
winners, identification, 603–604
Gap-filling methods, 604
GATT. See General Agreement on Tariffs and Trade
Gearing, 397
Gelman, Milton, 340
Genentech, Inc., 811–813
General Agreement on Tariffs and Trade (GATT)
treaty negotiations, 11
usage, 29
General overhead expenses, 662
profit/loss statement expense category, 637–638
General/administrative expenses, 572
income statement category, 634
Generally accepted accounting principles (GAAP), 611
background, 93–94
requirements, 158
usage, 87–88, 93
Generally Accepted Auditing Standards (GAAS), 611
Generation gap, 221
Generic domain name, 57
Generic drug pricing, 358–359, 659–660
Genetically modified (GM) seed, 699
Geodiversity, risk, 396
George Basch Co. v. Blue Coral Inc., 678, 726
Georgia-Pacific
factors, consideration, 650, 706, 713–715
impact. See Royalty rate
negotiation, hypothesis, 653
George-Pacific Corp. v. U.S. Plywood Corp., 417, 418, 646, 648, 712
Gift taxes, 7
intellectual property, impact, 554–555
Gilbert, Lawrence, 416
Gilder, George, 313
Gillette Co. v Wilkinson Sword, Inc., 647
Glaxo Wellcome, Plc., 811
Global exploitation
accounting issues, 377–378
cultural issues, 391
markets, 388–389
potential, 376
taxes, consideration, 379–380
Global Mirror GmbH & Co. KG, 798–799
GM. See Genetically modified
GN. See Guidance Note
Going concern, 324
elements, 20, 74, 268
value, 19–20
definition, 305
Goldscheider, Robert, 411, 413, 416, 418, 420
Gompertz, Benjamin, 229
Gompertz Model, 229–230
Goods
providing, contracts, 14–15
receiving, contracts, 13–14
trademark structure. See Finished goods; Intermediate goods/services
Goodwill, 19–21. See also Business; Statements of Financial Accounting Standards
accounting treatment, 89
amortization, 104
amount, 15
contrast. See Trademarks
existence, 82, 324
fair value, 105
implied fair value, 105
ture nature, 181
valuation methods, preferences, 268–269
value, 82
calculation, 268. See also Implied goodwill
Gordon growth model, 760
Government
entity, owner, 62
regulations, 672–673
compliance, 594
obtaining, time/cost, 296
trademark structure, 46–47, 49
Governmental risk, 397
Grabowski, Roger, 396
Graham, Benjamin, 340
Grain Processing Corp. v. American Maize-Products Co., 416, 709
Grant. See Licensed grant
Grant-backs, 373, 524–525
Greene, Richard, 85
Grimes, Charles W., 420
Gross cash flow, 366, 662
Gross profits, 413, 680. See also Early-stage technology
income statement category, 634
incremental accounting basis, 682
margin, 634
Grouped intangible assets, 219–220, 324
correlative data, 220
influences, 220
Growth patterns. See Model growth patterns
Growth prospects, 287
relationship. See Value
Guidance Note (GN), 304–305
Gussin, Dr. Bob, 580–581
Gyles v. Wilcox, 744

Hall, Lance S., 340
Halley, Edmond, 772
Hanson v. Alpine Valley Ski Area, Inc., 412, 648
Harley-Davidson, Inc. v. Selectra International Design, Ltd., 679
Hartness International, Inc. v. Simplimatic Engineering Co., 647
Harvard Management Company, 588
Harvard University, intellectual property (royalty-sharing policy), 588–590
Hashbarger, H.A., 416
Head start doctrine, 750
Hellmich, R.L., 702
Herbicidal crops, 698
Hervé, Laurent, 393
Heterogeneous products, 54
Hidden intellectual property, importance (reduction), 558–559
Highest and best use concept, 145, 162
definition, 305
High-risk operations, 396
High-technology tangible assets, 272
Hill, Christopher T., 26
Historical cost trending, 160–161
Historical data, extrapolation, 225–226
Historical life analysis, 218–219
studies, 215–218
Historical years, 226
Holden, Benjamin A., 36
Holding companies. See Investment circumstances, 137–139
establishment, 136–139
ownership/management, centralization, 136
substance, establishment, 138
Holiday Inns, Inc. v. Airport Holiday Corporation, 691
Hollerith, Herman, 28
Holmes, Oliver Wendell, 141
Horton, Corwin, 415, 416, 420
Horvath v. McCord Radiator and Mfg., 411
Host manufacturing operation, 280
Howard A. Fromson v. Western Litho Plate and Supply Co. et al., 706
Howe, Elias, 322
Hughes, G. David, 431
Hughes Aircraft Company v. United States, 706–707
Hutchinson, W.D., 702
Hyde, Jeffrey, 703
Hydro Environmental Resources, Inc., 801–802
IAC. See International Anticounterfeiting Coalition
IAS. See International Accounting Standard
IASB. See International Accounting Standards Board
IASC. See International Accounting Standards Committee
Ibbotson Associates, Inc., 464, 787. See also Capital Asset Pricing Model studies, 761
ICM Group, 548
Icon Genetics, AG, 814–815
Identifiability. See Intangible assets
Immature companies, IPOs, 559
Immunotoxins, royalty rates, 810–811
Imo Industries, annual report, 319
Impairment, measurement, 104–106
Imply good will, value (calculation), 105
Imply guaranteed attribute, 52
Impulse products, 54
In Design v. K-Mart Apparel Corp., 739
In ground date, 218
In service date, 218
Income. See Licensing achievement, risk, 152
allocation, technique, 503–510
amount, 151–152, 307, 428
844 Index

Intangible assets, 3, 68–69, 198, 324–325. See also Balance sheets; Special intangibles; Statements of Financial Accounting Standards; Typical intangibles: Grouped intangible assets; Undefined intangible assets; Individual intangible assets

accounting developments, 95–108
accounting issues, 88
acquisition, manner, 87
addition, 109
amortization, 106–107
analysis, 180–181
assembled workforce, impact, 283–284
business enterprise, relationship, 66
characteristics, 87–88, 272–274
collection, 182
company introduction, 529, 533
computer software, impact, 283–284
contracts, impact, 283
customers, impact, 283
deals, importance, 556
defining, 13–21, 36, 100–102
definition, 126, 383
clarity, 85
deployment, 73
description/classification, 68
determinate/indeterminate life, 87
development, 291
distinctiveness, 219
distributor relationships, 19
economic life, 213, 219–240
exploitation, controlled/uncontrolled party
selection, 123
external relationships, 16–19
identifiability, 87
impact. See Bankruptcy; Collateral; Regulated industries
inclusion, 108
interaction. See Business
internal relationships, 16
IVSC standards, 305
list
exposure draft, 112–113
final SFAS 141, 114–115
measurement, 91
ability, 99
nature, 283–284
OECD Guidelines, 383–385
order. See Deregulation
profits, 563

R&D, impact, 283
recognition. See Internally generated intangible assets
relationships, 16–19
return, 201, 362–363
equity. See Patented invention
level, 766
rights, 13–15
standard, 90–92
trademarks, impact, 284
transfer prices, determination (methods), 126–131, 385–387
transferability, 88
usage, 72
valuation, 66
methods, 85
value, 163, 281. See also Marketing
increase, 282
write-off, 93

Intangible capital, 326
Intangible property, 308
definition, 384
importance, 384
OECD definition, 126

Intangible rights, transfer, 384

Integrated Pest Management (IPM) programs, 701

Intellectual assets, 605

Intellectual capital, 35

Intellectual property, 3, 324–325. See also Early-stage intellectual property; Individual intellectual property
access, 564
analyses, 254–255
applications, 248–249
capability limitations, 9–10
cases, damage theory implications, 646–647
cessation, expectation, 245
commercialization, 587
contribution. See Earnings
cost approach, usage (advice), 165–166
creation, legislation, 5–6
deal making, trends, 557–561
defining, 13, 21–36
deployment, 73
description/classification, 68
developers, 479
development, 326–328
economic contributions, 203, 352
example. See Patented invention
economic life, 219–240, 405–409
exploitation, 8–10, 398
organization, 592
strategies, emergence, 313
exploitation, controlled/uncontrolled party
selection, 123
fair return rate (determination), theoretical
foundations, 769
growth, expectations, 244
history, 3–5
houses, 561
impact, 554–555. See also Earnings; Profit
importance, reduction. See Hidden intellectual
property; Unrecognized intellectual property
increase. See Noncore intellectual property
independent parties, independence (degree),
288–289
independent trade, 170
international issues, 301
investment, requirements, 244–245
legal protection, 393–394
logical extensions, 249
management, 553
oversight, 585
responsibility, shift, 598
mapping, 592–593
market transactions, 169–171
monetarization, 559–560
money management, 553–554
possession, 593
problems, 11–12
program funding, expense, 8–9
protection, 314
remaining life, 288, 372–373, 671
return, 201, 362–363
example. See Patented invention
level, 766
revenue sharing. See John Hopkins University
royalty. See Licensed manufacturing
intellectual property royalties
sharing policy. See Harvard University
scenarios, 247–251
speculative extensions, 249–251
theory/practice, 252
usage, 319
valuation
25% rule, usage, 410–411
enhancement, legal attitudes, 10–11
need, 6–8
value, 267
determination, 287
indication, 169–171
volatility, expectations, 244

**Intellectual Property: Licensing and Joint
Venture Profit Strategies**, 794
Intellectual Property Age, 4
Intellectual Property Association (IPA), 350
Intellectual Property Research Associates
(IPRA), 791–792
**Interactive Pictures Corporation v. Infinite
Pictures, Inc. et al.**, 714
Intercompany pricing, white paper study, 119
Intercompany transactions, 7
intellectual property, impact, 555
Interest
expenses, 658, 663
size, 339
Interest rates, 395
calculations, 151
risk, 400
Interferon Gamma-1B, 811–813
Intermediate goods/services, trademark structure,
47, 51–52
InterMune, Inc., 811–813
Internal exploitation, routing, 593
Internal licenses, 669–670
reliability, 371
usage, 286
Internal relationships. See Intangible assets
Internal Revenue Code (IRC), 120
Section 167, 117
Section 351, 136
Section 368, 136
Section 482 (1968), 119
Internal Revenue Service (IRS)
adjustments, 135–136
expense reallocation, 386
Section 482, 137
Internal strategies. See Production
Internal technology development, 573–574
Internal trademark development, 574–576
Internally generated intangible assets,
recognition, 97
International Accounting Standard (IAS)
IAS 22, 378
IAS 31, 378
IAS 38, publication, 90–91
International Accounting Standards Board
(IASB), 377
International Accounting Standards Committee
(IASC), 89, 377
International Anticounterfeiting Coalition (IAC),
677
International Chamber of Commerce, 613
International data, 789
Index

International environment, impact, 376–377
International Industries, Inc. v. Warren Petroleum Corp., 750
International Trademark Association (INTA), Economic Impact Task Force, 679
International transactions, 372, 671. See also Early-stage technology
International valuation
cost approach, 305–306
duration, 308
income approach, 307–309
issues, 305–309
market approach, 306–307
risk, 307–308
standards, 302–305
value enhancement, legal attitudes (impact), 320
International Valuation Standards Committee (IVSC), 303–304
standards. See Intangible assets
Internet
assets, licensing, 536
background, 537
business, 57
commercial exploitation, 55–56
economics, 535–543
history, 54–55
information, providing, 55–56
infrastructure, 542–543
licensing, 543–547
meeting sites, 56
site, exploitation, 56
Internet domain names, 54–55, 103
classifications, 57
linkage. See Trademarks
valuation, 57–58
value, premise, 58–59
Internet Goldrush Domain News, 545
Intuitive domain name, 57
Invention. See Patented invention
infringer usage, 652
involvement, 342
usage, benefits, 652
value, 650–651
Inventories, 67
assets, 271
control procedures, 267
systems, 556
Inventors, provisional application, 29
Inventorship, rewards, 588
Inventory, risk, 397
Invested capital, 464
Investigation phase. See Valuation
Investment
assets, 374
decisions, 254
holding companies, 136–139
liquidity, 242
marketplace, impact. See Business enterprise portfolio, 70
requirements. See Complementary assets
return rate, 363, 483
analysis, 359
returns, 205, 357–364
Investment return rate, 757
analysis, 359–364, 652
benefits, 363–364
components, requirement, 758–759
royalty rates, 359–360
Investment risk, 63, 391–393
perception, 153
reduction, 568, 569
variations, 252
Iowa curves
assumption, problems, 781–783
misapplication, 781–783
effects. See Appraisal
relationship. See Appraisal
use/abuse. See Appraisal
Iowa State University
Department of Entomology, 700
Iowa Engineering Experiment Station (Bulletin 125), 214–215, 783–784
studies, 217
Iowa-type survivor curve, 772–780
IPA. See Intellectual Property Association
IPM. See Integrated Pest Management
IPO. See Initial public offering
IPRA. See Intellectual Property Research Associates
IRC. See Internal Revenue Code
ISB. See Independence Standards Board
IVSC. See International Valuation Standards Committee

Jaruga, Alicja, 393
Jermakowicz, Eva/Wladyslaw, 392
Jet Spray Cooler, Inc. v. Crampton, 750
John H. Harland Co. v. Clarke Checks, Inc., 39
John Hopkins University, 584
intellectual property (revenue sharing), 590–591
John Wiley & Sons, sources, 789
Johnson & Johnson, 813–814
Joint bidding, 333
Joint ventures, 341, 378, 564
agreement, 386
deal, 568
equity, 566
loyalty, 564
partners, 552
taxation, 380
Joint venturing, 491
Jorda, Karl F., 22
*Jordan v. Sauve and Koons*, 753
Jorritsma-Lebbink, A., 90
Just-in-time delivery techniques, 595

Kane, Siegrun D., 42, 43
Kapferer, Jean-Noel, 41
Kaufman, Leslie, 539
Kedrowski, Kathleen M., 724
Keithley Instruments, 800
Keithley, 800
Keystone patents, 594
pursuit, 334
King, David, 396
*King Instruments Corp. v. Otari Corp.*, 626, 647
*King Instruments v. Perego*, 647
*Kleier Adver., Inc. v. James Miller Chevrolet, Inc.*, 743
*Kleier Adver., Inc. v. Premier Pontiac, Inc.*, 742
Kleinginna, Mark, 454
K-Mart, 556
Knabb, Jennifer L., 724
*Knickerbocker Toy Co. v. Azrak-Hamway Int'l, Inc.*, 743
Know-how, 21–22, 478, 520. See also
Technological know-how
economic life, 222–223, 406
intangible assets, 183
marketing intangible, 384
transferability, 222
usage, 337
Knowledge
capital/competencies, 592
segmentation, 23
*Knoxville v. Knoxville Water Company*, 214
Koelmay, Jr., James M., 681
Koller, Tim, 768
Kossovsky, Nlr, 410
*Kumho Tire Co. v. Carmichael*, 419

*Lam, Inc. v. Johns-Manville Corp.*, 625, 626, 647
Lambeau, E.L. "Curly," 61
Land
analysis, 179–180
improvements, 67
Landis, Martin S., 416
Lanham Act. See Trademark Act of 1946
Large Scale Biology Corporation, 814–815
Large-scale manufacturing/marketing, 595
Laurent, Yves Saint, 9, 315
LBOs. See Leveraged buyouts
Lease contract, 101–102
Leasehold interests, 498
Lee, William, 419–421
Lee, William Marshall, 416, 421
*Lee v. Southland Corporation*, 753
Left-modal curves, 217
Legal life, 213
Legal protection. See Intellectual property
Legal/contractual life, 405
Legislated lives, 212
Lenders, 274
Lessee's interest, 326
*Lessona Corp. v. United States*, 619, 647
Lev, Baruch, 92–93, 412
Leval, Pierre N., 744
Leverage, 397–398
Leveraged buyouts (LBOs), 318, 559
Levitt, Arthur, 96
Liabilities. See Financial statements
value, 110–111
License agreements, 595
monitoring, 605
royalty rate, determination, 465
terminology, 610
terms, imprecision, 607
Licensed grant, 523
Licensed manufacturing intellectual property
royalties, 636
Licensed patent, 523
Licensed products, 523
Licensee. See Sole licensee
acceptance, 534
business, economics, 502
contract, 497
exploitation, 497
fee, 524
gross profits, 420
notice requirements, 525
operating profit margins, 423
rights, 195
royalty rate payment, 649
Index

Licensee profits, 423
interaction. See Royalty success, 423–424
Long-term debt, 110, 268, 338
  book value, 280
capital, 338
market value, 282
value, 177
Long-term inflation expectations, 758
Lonnie Williams v. Skid Recycling, Inc. et al., 707
Look-back concept, 135–136
Lorence, Roger D., 387
Lost profits. See Profit
Lost-profit calculations, 617, 619, 655–657
Lost-profit damages, definition, 617
Louis Vuitton S.A. v. K-Econo Merchandise, 676
Louis Vuitton S.A. v. Lee, 676
L.P. Larson, Jr., Co. v. William Wrigley, Jr., Co., 681
Lump-sum payments, 559, 672
Magee, S.P., 342
Maher, J. Michael, 341
Mahurkar v. C.R. Bard., Inc., 412, 722
Makridakis, Spyros G., 226, 307, 387
Maltina Corporation v. Cawy Bottling Co., Inc., 681, 691–692
Mamotest needle item, licensing transactions, 472–473
Management. See Intellectual property
  energies, deflection, 604
  information software, 263–264
  integration, 552–553
  organizational hierarchy, 267
  risk, 397
  science, 317
  systems, 33
Manning, William, 557
Manufacturers. See Eastman Kodak
Manufacturing
  agreements, 333
asset
    depreciation expense, 636
    property taxes, 636
capability, 565
costs, 365, 662. See also Early-stage technology
  income statement category, 634
  profit/loss statement expense category, 635–636
economies of scale, 229
  engineering, 296
  intellectual property royalties. See Licensed manufacturing intellectual property royalties operation. See Host manufacturing operation process, 652
speeds, increase, 24
utility costs, 635
Manufacturing USA: Industry Analyses Statistics and Leading Companies, 790
Marital dissolution, 7
  intellectual property, impact, 555
Market. See Active market; Public market
access, 569
approach, 169. See also Business enterprise;
  Early-stage technology; International valuation; Naming rights; Trademarks; Valuation
effectiveness, 265
  usage, 79, 263
capacity, 431
change, 322. See also Product
data, 512
definition, 304
  entry, 574
  cost, 221
events, impact. See Value
termination. See Early-stage technology
  positions, 550
  potential, 431
  psychology, 400
  research, 637
  indications. See Consumer recognition
  risk, 340–341, 400
  royalty rate, 499
  saturation, 244
  share, 166
  advances, 171
  association. See Profitability
  size, 123, 166
  transactions, 175, 371, 669. See also
  Intellectual property
  analysis, 471–474
  valuation process, 184
Market value, 59, 122, 143–146. See also
Property
  definition, 304–305
  economic criteria, 144
  exchange conditions, 143–144, 145
  interaction. See Capital
  present value, relationship, 185, 212, 241–245
  rule, 719–720
Marketability, absence (discount), 340–341
Marketable securities, 67
Index

Market-derived royalty rates, 669
  exclusivity, 672
  industry transactions, 671–672
  time period, 670
Market-determined royalty rates, 511
Market-dominating intellectual property, 192
Marketing
  expenses, 572, 662
    profit/loss statement expense category, 637
  intangible assets, 384. See also Know-how
  value, 384
Marketing risk, 397
Marketing/distribution agreement, 333
Marketing-related asset group, 102
Marks. See Certification marks; Collective marks; Service marks
Marlboro Friday, 171
Martin, David N., 40
Martin, Marshall A., 703
Martino, J.P., 223
Mask works, 34–35
Massachusetts Institute of Technology (MIT), 565–566
Materials
  availability, 220
  cost reduction, 24, 187
  reduction, 209
  tests, 25
Matsunaga, Yoshio, 416
Mattel. See Barbie
Maturity risk, 759
McBride, William D., 697
McCarthy, E. Jerome, 41
McLean, Robert I.G., 97
McNamara v. Powell, 751
Mechanical sector, royalty rates, 803–804
Medarex, Inc., 810–811
Medical sector, royalty rates, 804
Merchant plans, 282
Merck & Company, 556
Mergers, mania, 81
Merrifield, D. Bruce, 313
Merrill Hebert v. Lisle Corp., 647
Meyers, Roy H., 341
MFN. See Most favored nation
Micro Motion, Inc. v. Exac, Inc., 714
Microgenix Ltd., 803–804
Micro-Motion Inc. v. Exac Corp., 647
Microorganism filters, licensing transactions, 473
Milestone payments, 589
Minco Inc. v. Combustion Engineering, 647
Minnesota Mining & Mfg. Co. v. Johnson & Johnson Orthopedics, Inc., 647, 711
Mintz, Herbert H., 416
Mishawaka Mfg. Co. v. Kresge Co., 38
MNE. See Multinational enterprise
Model growth patterns, 227–229
Monetary assets, 67, 198, 323–324
  analysis, 179
  characteristics, 271
  return, 199–200, 361–362
    example. See Patented invention
  level, 765
  separation, 13
  value, 281
  worth, 257
Monetary relief, 677–684. See also Court of Appeals of the Federal Court
calculation, 694
case analysis, 686–694
guidance, 725–726
measures, 690, 691
Monetary value, profitability (impact), 174
Money, time value, 150–151
Monopoly characteristics, 283
Monsanto Chemical Co. v. Perfect Fit Products Mfg. Co. Inc., 692
Monte Carlo
  analysis tool, 493
  simulation, 298, 410
  techniques, 251
Moody's Investors Services, 785–786
Moore, Frank S., 81–82
Moroney, Robert E., 340
Mortgager's interest, 326
Mortimer, John, 682
Mosinee Paper Corporation v. James River Corporation of America, 719
Most favored nation (MFN), 454, 521–522 525
Motorola, news release, 607
Multinational corporations, 92, 323, 371
  royalty rates, 374
Multinational enterprise (MNE)
  commercial activities, 384
  proliferation, 118
Multiple original-group method, 217
Mun, Jonathon, 298
Munsion, David C., 416
Murrin, Jack, 768
Myers, Randy, 93
Myers, Stewart C., 412, 413
NAICS. See North American Industry Classification System
Naming rights, 61–65
   compensation, 62
   contracts, 62
   cost approach, 63–64
   income approach, 64–65
   leasing, 64
   market approach, 64
   property, usage, 62–63
   transactions, 61
   valuation, 63–65
   value, estimation, 63

NASA, 804
National Quotation Bureau, Inc., 787
National Science Foundation (NSF), 54, 537
Nationalization, 307
Neckar, David H., 307, 387
Need-to-know basis, 23
Negative cash flow provisions, 448–453
Negative right, 27
Neil, D.J., 410

Nestle Holdings, Inc. v. Commissioner of Internal Revenue, 194
Net assets, fair values, 100
Net book value, 147–148. See also Tangible assets
Net cash flow, 299, 366, 662–663
   estimation, 572
   usage, 77–78, 364, 760
Net income, 679. See also Pre-tax net income
Net operating income, 679
Net present value (NPV), 124
   evaluation, 457
Net sales
   income statement category, 634
   revenue, 278
Net working capital, 66
   book value, 177
   values, 466
New Economy
   enterprises, 95
   proclamation, 96

Newark Morning Ledger case, 117
Niche product, 328
Nicholaisen, Donald T., 85
Nimmer, David/Melville B., 741
No harm no foul approach, 675
Nonamortization, criteria, 99
Noncompetition agreements, 103
Noncore intellectual property, increase, 559
Nonexclusive licenses, 586–587, 649–650
Non-financial indicators, disclosure, 108
Noninfringement opinion, 527
   obtaining. See Outside noninfringement opinion
Noninfringing substitutes, impact. See Royalty rate
Nonlicensed product enhancements, 444
Nonmonetary compensation, 288, 373, 672
Nonpatented elements, 652
Nonpatented items
   profit loss, 629
   sale, 650–651
Nonrestricted licenses, 649–650
Nordhaus, William D., 415
Normalized income, 241
North American Industry Classification System (NAICS), 709
Notre Dame, license (grant), 808
Novartis, 815–816
NPV. See Net present value
NSF. See National Science Foundation
Nucor Corp. v. Tennessee Forging Steel Serv., Inc., 742

O'Brien International, Inc. v. Mitch, 681
Obsolescence. See Culture obsolescence; Event obsolescence; Product; Technological obsolescence; Trademarks
   forms, 235
Odetics, Inc. v. Storage Technology Corp., 416
Office assets
   depreciation expense, 638
   property taxes, 638
Office equipment, analysis, 180
Office of Technology Licensing (OTL).
   See Stanford University
Ohio State University, license grant, 807–808
Ohmae, Kenichi, 301
Oliver, Robert P., 341
Omnibus Budget Reconciliation Act of 1993, 117–118
   background, 732–734
   copyright infringement, 741–743
   damages, 739–740
   fair market value, 736
   determination, 740–741
   summary judgment, 734–735
Index

One-time events, 680
Open market value, 302–303
Operating expenses, forecast, 247
Operating margins, 420, 635
Operating profits, 366, 414
income statement category, 634
Operational software, 33–34
Optimistic case scenario, 298
Option-pricing models, 298–300
Order backlogs, 595
Orderly liquidation, 145
Order-of-magnitude indication, 204
Organization for Economic Cooperation and Development (OECD), 89–90, 303
definition. See Intangible property
Discussion Draft, 119
GRG Transfer Pricing Guidelines, 384
Guidelines. See Intangible assets
Model Convention, 122–123
Model Tax Convention (Article 9), 381–382
roundtable, 92
Transfer Pricing Guidelines, 381–383
Organization web sites, 540
Original cost, 147
Original-unit method, 216. See Composite
original-group method; Multiple original-group method
Ostlie, K.R., 702
Otis Clapp & Son, Inc. v. Filmore Vitamin Co., 693
OTL. See Stanford University
Out-of-period events, 680
Output-oriented biotechnology, 698, 699
Outside noninfringement opinion, obtaining, 527
Outside relationships, adversaries, 527, 532
Overhead
costs. See Early-stage technology
expenses, 365
profit/loss statement expense category. See
General overhead expenses
Owens & Minor, 470
Ownership
alliances, 338–339
establishment. See Cross-ownership alliance
capability, 325
claim, constructive notice, 45
economics benefits, 185, 212, 241–245
present value, 144, 185
split, 566
p coefficient, value, 224
Package
design, 103
licenses, 373
Padlock decision, 27
Paid-up license
obtaining, 527
offering, consideration, 531
Pan American World Airways, bankruptcy, 272
Panduit kicker, 721–722
Panduit test. See Profit
Paper Converting Machine Co. v. Magna-Graphics Corp., 631
Paracelsian Inc., 814
Paramore, Jack, 41
Paris Convention for the Protection of Industrial Property, 30
Parr, Russell L., 21, 35, 329, 410, 413, 414, 419, 420, 474, 539
Partnership, 344–345
Passbook loan, 274
Patent and Trademark Office (PTO), 28
Patent Code, amendment, 172
Patent Cooperation Treaty (PCT), 30
Patent licenses
need, 526, 531
payment, 529
technology, offering, 527
Patented invention
commercial embodiment, character, 652–654
nature, 652
royalty rate, 363
Patented invention, example
description, 460–461
differential profit analysis, 470–471
financial review, 461
intangible assets, return, 467–468
intellectual property, return, 467–468
intellectual property economic contribution, 461–471
monetary assets, return, 466
product line enterprise value, 465–466
rate of return analysis, 462–464
returns, allocation, 469–470
tangible assets, return, 466–467
Patented process, 354
Patented product
marketing efforts, change, 530, 534
sales
generation, 533
levels/growth, 623
Patented specialty, sale (effect), 650–651
Patentee
agreement, 652–654
royalties, 648–649
Patents, 27–31. See also Design patent; Foreign patents; Licensed patent; Pending patents; Plant patent; Utility patent
assets, identification, 209
decision, 27
duration, 651
economic life, 222, 405–406
feature, market interest, 530, 534
identification, 593–595
infringement, 588, 617–618, 675
cases, court-awarded royalty rates (review), 706
invention, timing, 526, 531
licensing, 648–649
life, 529, 534
loss, value indication, 171–175
monopoly, maintenance, 650
need, 526, 531
notation, 31
obtaining, 27
portfolio, 336
process, 29–30
property, advantage/property, 651
protection, value, 172
pursuit. See Keystone patents
usage, 649
valuation methods, preferences, 260
value, isolation, 181
Patronage, 20
Patry, William F., 739
Paulsen, Jon, 414
Paydays, 292
Payment balance, cross-licensing (impact), 557–558
PD. See Physical depreciation
Peacock Buick v. Durkin, 753
Pearl-Reed Model, 230
Pebble Beach Co., et al. v. Tour 18, 685
Peer group companies, 253
Pending patents, 30
PENTA Advisory Services, 706, 707
Pentech International, Inc. v. Leon Hayduchok, et al., 715
Performance-improving technology, 224
Perreault, William D., 41
Pessimistic case scenario, 298
Pfizer Inc. v. International Rectifier Corporation et al., 647
P&G Co. v. Paragon Trade Brands, 420
Pharmaceutical Business News, 358
Pharmaceutical projects, time span, 367
Pharmaceuticals, royalty rates, 808–816
Philadelphia Inquirer, 601
Physical attribute, 771
Physical depreciation (PD), 162–164
Physical deterioration, 148
Physical wear/tear, impact, 157
Pickens, Jr., T. Boone, 317–318
Pilot-plant production, 292
Pittock, William F., 341
Plaintiff
damages, 618, 683–684
repair, 684
defendant misappropriation effects (protection), incurred expenses, 752
lost profit method. See Trade secrets
price erosion, 727–728
profit loss, 683, 727–728
trade secret usage, absence. See Defendants
trademark, 683
Plant patent, 29
Plant Property & Equipment, 67–68, 86, 324
appraisal, 94
Plant-balance method, simulation, 217
Playboy Enterprises, Inc. v. Baccarat Clothing Co., 683
Playboy Enterprises, Inc. v. Hsin L. Chen, 726, 728
Playboy Enterprises, Inc. v. P.K. Sorren Export Co. Inc. of Florida, 681
Point person, identification, 609
Polacek, Timothy C., 340
Polaroid Corporation v. Eastman Kodak Co., 767
Political risk, 387–388
Polo Fashions, Inc. v. Craftex, Inc., 681, 693
Porteret, Alan L., 223
Portfolios. See Assets
licenses
characteristics, 337–338
reasons, 334–336
licensing, 334
strategies, 336–337
return rate requirements. See Business
Positive cash flow provisions, 436–448
Potential value, measurement, 569–572
Pratt, Shannon P., 340, 414, 768
Preckel, Paul V., 703
Preferred stock, 338
Prejudgment interest rates, 767–768
Premium price, calculation, 187
Premium pricing, 186–187
Prentice-Hall. See Tax & Professional Practice Division
Prentiss, Paul H., 387
Prepayments, 67
Present value, 403
analysis, 248
concept, 150–151
evaluation, 224
principles. See Early-stage technology relationship. See Market value
Pre-tax net income, 679
Price erosion, 620. See also Plaintiff impact, 621
Price index, application, 160
Price premium, 166
Price-earnings method, 393
Price-to-earnings (P/E) ratio, 178, 258, 465
Pricing. See Transfer pricing
information, disclosure, 260
Private-label manufacturers, 190
Process development, 26
Procter & Gamble Co., 813–814
Procter & Gamble v. Paragon Trade Brands, 12, 713
Product. See Innovative product; Licensed product; Niche product
availability, 181
coeexistence, determination, 530, 535
commercialization, 528, 533
coverage, 610
defect statistics, 594
development, 26
cost, plaintiff trade secret usage (absence). See Defendants
differentiation, 204–205
diffusion
models, 820–825
sales forecasting models, 817–820
diversity, 222
risk, 396
expansion, 566–567
exploitation, 560–561
liability, 126
life cycle, 238, 408, 651
theory, 227
line
enterprise value, example. See Patented invention
worth, 533
market, change, 603
marketing efforts, change. See Patented product
maturity stage, 229
obsolescence, 237
package, 41
profit margin expectation, 528, 533
profitability, 651
presentation, 354
sale, 649–650
software, 33, 264
success/popularity, 651
tampering, 236
tests, 25
Production
 efficiencies, 622
equipment, analysis, 180
external strategies, 332–338
factors, source, 328–329
initiative, introduction, 367
internal strategies, 329–330
labor wage/benefit expenses, 635–636
method. See Unit of production method practices, 594
systems, 33
volume, 192
Product/service life, 221
Professional firm information web sites, 540
Profit. See Excess profits; Fully loaded profits; Industry profits
analysis. See Differential profit analysis calculations. See Lost-profit calculations
centers, 550–552
crediting. See Realizable profit
custom, 652
determination. See Royalty division, concept, 127
enhancement, intellectual property (impact), 353–359
generation, 186
identification, 593–595
income statement category. See Operating profits
increment. See Incremental profits
level, 651
Profit (continued)
loss, 619–622. See also Nonpatented items;
Plaintiff
calculation, Panduit test, 622–626
method. See Trade secrets
post-Panduit calculation, 626–630
margin, 203, 421, 655. See also Industry
profits
variation, 656
margin expectations. See Product
example, 357–358
measurement, complexities, 680
measures, usage, 682
sustaining, 186
Profit split method, 126–128, 132, 386–387. See
also Comparable profit split method; Residual
profit split method
Profitability
enhancement, 355
impact. See Monetary value
market share, association, 174
Profit/loss statements, 633–635
expense categories. See Fixed costs; Variable
costs
Project enterprise, value, 404
Promega Corporation v. Lifecodes Corporation
et al., 715
Promotions, 638–640
activities, 17
Property
definitions, 125–126, 142–143
exchanges, 149
impact. See Comparability
income-producing capability, 150
market value, 145
original cost, 86–87
reversion, 78
rights
understanding, 195
valuation, determination, 256
taxes. See Office assets
transactions, 260
Property Plant and Equipment, balance sheet
amount, 87
Proportionate consolidation method, 378
Proprietary technology, 22–27, 324
assets, identification, 209–210
characteristics, 24–25
competition, barriers, 25
economic advantage, 24–25
evolution, revolution (contrast), 26
licensing, 27
market position, creation/strengthening, 25
Proteomics technology, 814–815
Prototype technology, 285
Proven technology, 565
Proxy license, 374
Pry, Robert, 230. See also Fisher-Pry Model
PSC, Inc., 801
Psychiatric/psychotic therapy, 815–816
PTO. See Patent and Trademark Office
Public market, 149
Publications, 793–796
Publicity, right, 35, 239–240
economic life, 409
Punitive damages, 618, 753
Purchase options, 496
Purchase price allocation, 100
Purchasing power, 395
risk, 399–400
Put option, 299
q coefficient, value, 224
Qualcomm, 799–800
Qualitex v. Jacobson Products Co., Inc., 40
Quality assurance, 138
Quality control
staff wages/benefit expenses, 636
testing costs, 636
Quick, Rebecca, 235
Ramp-up characteristics, 219
Rappaport, Alfred, 84
Rate base, inclusion, 279
Rate of return. See Return rate
Raw materials/freight, 635
Razgaitis, Richard, 298, 410, 412, 413, 415, 418,
426, 459, 493
Real interest, impact, 243
Real option method, 299
Real options technique, 493
Real return rate, 757
Realizable profit, credit, 652
Reasonable probability, proof, 625
Reasonable royalty. See Royalty
Rebuttable presumption, 378
Receivables, 67, 271
Records, assets (identification), 210
Reed, Sarah Burgess, 308
Rees, W.H., 303
Reg Technologies, Inc., 799
Registration
  deposit, right, 45
  validity, prima facie, 45
Regulated industries
  competition, impact, 279–280
  deregulation, impact, 279–280
  empirical study, 280–282
  intangible assets, impact, 277–284
Regulation, background, 278–279
Regulatory requirements, 7–8
Reception
  assets, impact, 555
Reilly, Robert F., 59, 340, 410, 414, 416
Reinforced Molding Corp. v. General Electric Co., 750, 752
Relationships, 324
Relief from royalty
  calculation, 194
  usage. See Valuation
Remaining life, 175, 372. See also Intellectual property
Renewal options, 496
Repatriation, 389–390
Reporting units, 104–105
Representations, 525
Reproduction, cost, 146
  depreciation (subtraction), 146–147
Research. See Technology
  expenses, 365
  profit/loss statement expense category, 637
  expertise, 565
Research and development (R&D). See
  Collaborative R&D
  accounting approach, 93
  assets, 207
  costs, return, 375
  efforts, 337
  expenditures, 91
  expenses, 572, 640
  expensing, 378
  funding, 260
  impact. See Intangible assets
  linkage, 332–333
  programs, focus, 334
  resources, 342
  value, 96
  work, 296
Research Frontiers Incorporate, 798–799
Residual, 21
Residual profit split method, 128
Restricted licenses, 649–650
Retail web sites, 540
Retailers, trademark structure, 48, 52–53
Retirement, horizon, 527
Return. See Excess returns; Intangible assets;
  Intellectual property; Monetary assets;
  Tangible assets
  allocation. See Assets
  example. See Patented invention
  characteristics, 70
  providing, provisions, 289
  requirements, overall rate, 198–199
Return on investment (ROI), 670
  license deals, reflection, 374
  principles, impact, 37
Return rate. See Investment; Real return rate;
  Surrogate rate of return
  analysis. See Investment return rate; Patented invention
  commentary, 392–393
  components. See Investment determination. See Business enterprise
  theoretical foundations. See Intellectual property
  models, 759–764
Revenue
  loss, 626
  sharing. See John Hopkins University
Revenue Procedure 69-21, 32–33
Reverse engineering, 23
Ricardo, David, 326
Rights, 324. See also Film rights; Intangible assets;
  Naming rights; Negative right; Publicity bundle, economic division, 495
  theory. See Bundle of rights theory
  transfer. See Intangible rights
  valuation determination. See Property
  methods. See Franchises
  value, obtaining, 195
Rines, David, 22
Ringgold v. Black Entertainment Television, 742
Risk. See Business; Enterprise; Financial risk
  amelioration, 483–484
  assumption, 243
  characteristics, 70
  elements, 395–400
  impact, 487–489
  level, 71
  measure, 762
  premium, 758
  impact, 243–245
  royalties, interaction, 401–404
  sharing, 241
Risk-free investment, 243
Riskless interest rate, 299
  implications, 630
River of time. See Time
Robert W. Baird & Company, 341
Robley, Winfrey, 214
Rogers v. Koons, 736, 742
Rose, Alan C., 416
Royal Philips Electronics, 800–801
Royalty. See Arm's-length royalties; Trademarks
  analytical techniques, 501–503
  audits, 546, 610–611
  awards, federal circuit decisions, 715–719
  computation, 611
  derivation
    analytical approach, 201–205
    factors, 648–654
  determination, 532
  considerations, 719–722
  economics, 500–501
  expectations. See Service
  income, 559, 591
  inspection, 611
  interaction. See Risk
  method. See Trade secrets
  obligations, audit, 610–612
  payment, 721
    profit determination, 528
  proving, 648–649
  quantification, 501–517
  reasonableness, 367, 669, 683–684, 728
  relationship. See Damages
  sharing policy. See Harvard University
  stream, present value, 444
Royalty rate, 137, 360–361. See also Aged
  royalty rates; Investment return rate; Licensing;
  Market-derived royalty rates; Patented
  invention
    analysis technique, 258
    application, 612
    arm's-length aspect, 380
    basis, 709–711
  determination, 530. See also License
    agreements
      example, 460
      establishment, 720
      example, 666
      Georgia-Pacific, impact, 648
      industry categorization, 709
information, 421–422, 791–793
  sample, 797
  licensee profits, interaction, 423–426
  negotiation, 712
    noninfringing substitutes, impact, 721
  payment. See Licensee
    profit, determination, 528, 533
    ratios, 425
    surrogate, 510–512
    usage, 436
Royalty Rates for Pharmaceuticals and
  Biotechnology, 792
Royalty Rates for Technology, 792
Royalty Rates for Trademarks and Copyrights, 791
RoyaltySource, 170, 421, 792–793
  database, 422
Rude v. Westcott, 648
Rule of Thumb, 417
  analysis, 420
  usage, 688
Rumpole, Horace, 682
Ruolo v. Russ Berrie & Co., Inc., 681, 693–694
Rusk, Jill, 605
Ruskin, John, 322
Rutgers University, 584, 587
  Strategic Alliance Conference, 580
Rutledge, John, 98
Ryna, Michael P., 5

Sakharam D. Mahurkar v. C.R. Bard, Inc. et al., 711, 716
Sales
  cost, 208
    increase, 622
  decrease, 696
  extent, 650–651
  force, organization, 569
  forecasts. See Early-stage technology
  income statement category, 634
  revenue, 431–434
  staff
    base salaries, 638
    travel costs, 638
  volume, steps/jumps, 632
Sales force, change/need, 530, 535
Sales/purchase volumes, 123
Samuelson, Paul A., 415
Sands, Taylor & Wood v. The Quaker Oats Co., 683, 689–690, 725, 728
Index

Sarnoff, David, 536
Scandia Down Corp. v. Euroquilt, Inc., 37
Schaafsma, Paul E., 414, 419
Scholes, M., 298
Schonbein, Christian Friedrich, 327
Schultz, George P., 96
Schweihs, Robert P., 59, 340, 410, 414, 416
Scope testing, 611
Sculley, John, 10, 316
Secondary economic drivers, 453–456
Secondary turnover, 236
Second-level domains (SLDs), 55–58, 542–546
Second-stage companies, 292
Securities and Exchange Commission (SEC), 788
accounting comments, 104
Accounting Staff, 107
Division of Corporation Finance, 104, 107
Securitization, importance, 172–173
Security, type, 338
Selame, Elinor/Joe, 406
Self-created intangible assets, FASB exclusion, 100
Self-sufficiency, 3–4
Selling expenses, 365, 572, 662
income statement category, 634
profit/loss statement expense category, 638–639
Selling general and administrative (SG&A) expenses, 190, 207
Selling price, custom, 652
Semicommodity trademark structure, 47, 50
Semivariable cost, 632
Sensitivity, impact, 487
Separability, 89
Service
contracts, 14
cost, formula, 279
fees, royalties expectations, 529, 534
impact. See Comparability
life. See Product/service life
marks, 39, 103
definition, 724
package, 41
providing, 63
contracts, 14–15
receiving, contracts, 13–14
trademark structure. See Consumer
value, 330
Service-driven economy, 53
Servo Corp. of America v. General Electric Co., 751
SFAS. See Statements of Financial Accounting Standards
SG&A. See Selling general and administrative
Shamrock Technologies, Inc. v. Medical Sterilization, Inc., 749
Shanda, Lawrence, 454
Sheldon v. Metro-Goldwyn Pictures Corp., 691
Sherry Mfg. Co. v. Towel King, 743
Shipping freight, 638
Short-term CDs, holders, 220
Short-term investments, 67
Short-term security investments, 199
Show-how, usage, 337
Sid & Marty Krofft Television Prods. Inc. v. McDonald's Corp., 742
Sigmoidal curves (S-curves), usage, 234
Sigmoidal shape (S-shape), 227–230
Signing bonus, 524
Silber, William L., 341
Simensky, Melvin, 407
Single-firm exploitation strategy, 344
Skunk works, 331
Slater, Michael, 335
SLDs. See Second-level domains
Slimfold Manufacturing Company v. Kinkead Industries, Inc., 709
Slowinski, Gene, 581
Smith, Gordon V., 21, 103, 387, 413, 414, 494, 539
Smyth v. Ames, 278
Soft assets, 85
Software. See Applications software; Computer software; Management; Operational software; Product software; System software
developers, 347
development cycle, 160
program, testing, 264
publishers, 347
valuation methods, preferences, 263–264
Sole licensee, 524
Solomon, G. Scott, 723
Sonny Bono Copyright Term Extension Act, 31
Sony Corp. of America v. Universal City Studios, Inc., 745
Source Perrier, S.A. Et Al. v. Waters of Saratoga Springs, Inc., 694
Sources, 789–790
SPA. See State Property Agency
Special intangibles, 129–130
Specialty products, 54
Spellman, Joseph, 11

Sperry Rand Corp. v. A-T-O, Inc., 749, 751

Springs Mills, Inc. v. Ultracashmere House Ltd., 692

Sprint, dropping pin application, 44

Stand-alone property, 169

Stand-alone technology, 224

Standard & Poor’s Corporation, 786

Compustat database, 398

investment ratings, publication, 391

S&P500, 178

web site, 56

Standard Havens Products, Inc. v. Gencor Industries Inc., 624, 647

Standard Manufacturing Co., Inc. and DBP, Ltd. v. United States, 412, 415, 417

Stanford University, Office of Technology Licensing (OTL), 585

Staples, 54

Start-up, 69. See also Venture capital

entrepreneur, 74

expenses, 296

management time/energy, absorption, 331

testing, 180

State Industries Inc. v. Mor-Flo Industries Inc., 626–627, 647, 721

State Property Agency (SPA), 392

State Street Bank & Trust Co. v. Signature Financial Group, Inc., 28

Statement of Financial Accounting Concepts No. 6, 84

Statements of Financial Accounting Standards (SFAS)

SFAS 86, 93

SFAS 141 (business combinations), 95, 100–106. See also Intangible assets
development, documents, 116

SFAS 142 (goodwill/intangible assets), 95, 100–106
development, documents, 116

STAT-USA, 787

Step-function cost, 632

Stevens, Ashley, 292, 763

Stevens Linen Assocs. v. Mastercraft Corp., 740

Stock. See Common stock; Preferred stock

active trading volume, 179

holdings, 179

investments, 396

options, 493

ownership, 339

prices, 371

increase, 318

Stock and bond technique, 79

Stock and debt technique, 79

Stop-loss element, 453

Strategic Alliance Conference. See Rutgers University

Strategic alliances, 7, 288, 319, 603
cost, impact, 314–315
difficulty, 581–582
examination, 332–333
factors, 314–316
intellectual property, impact, 554
prevalence, 673
problems, 580–582
technological changes, 342–345
time/risk, impact, 314–316
tools, mastering, 315–316

Strategic domain name, 57

Strategic plan/gap analysis, 597–604

Strategic plans, coordination, 593

Strike price, 299

Strong franchises, 15

Stryker, Charles H., 341

Subassembly components/freight, 635

Subject technology, 661

Sublicensing arrangements, 524

Subsidiaries, 524

Substitution, principle, 273–274

Subtraction approaches. See Valuation

Sullivan, Patrick H., 35, 329, 410, 548

Sum-of-assets technique. See Business enterprise

Sun Studs v. ATA Equipment Leasing, 720, 767

Supervisory labor wage/benefit expenses, 636

Supplier/distributor relationship, 68

Surrogate data, 227

Surrogate rate of return, 200

Survivor curves

analysis techniques, 219

methods, 215–216


Sweet, Robert W., 746

Sweeheart Cup Co., 803

Sygma Photo News, Inc. v. High Society Magazine, 739

Symbol Technologies, Inc., 801

System integrators, 347

System software, 33

Systematic risk, 759. See also Unsystematic risk

Szekely v. Eagle Lion Films, Inc., 736, 741–742
Takahashi, Korikiyo, 6
Tangible assets, 67–68, 198, 324. See also
Balance sheets
  analysis, 179
  characteristics, 272
  definition, 125
  net book value, 279
  return, 200–201, 362
example. See Patented invention level, 765
  separation, 13
  usage, 71
  worth, 257
Tangible net assets, book value, 85
Tangible property, 308
Tastes, change, 273
Tax & Professional Practice Division (Prentice-Hall), 787
Tax basis, 148
Tax Reform Act of 1986, 119
Taxation. See Joint ventures
Taxes. See Ad valorem taxes; Estate taxes; Gift taxes; Income
c onsiderations, 117–122. See also Global exploitation
issues, 117
standards, 122–125
Taylor, John D., 150
Taylor v. Meirick, 735–736
Tearney, Michael G., 83, 92
Technological advancement, 342
Technological advantage, 203
Technological asset, valuing, 161
Technological change, 321–323. See also Strategic alliances
Technological know-how, 603
Technological obsolescence, 236–237
Technology. See Core technologies; Licensing-in technology; Licensing-out technology; Proprietary technology
  acceptance/commercialization, 482
  access, 568–569
  advancement, 221
  impact, 157
  applied research, 482
  basic research, 480
  complexity, 316
  conceptual stage, 480
  conflicts of interest, 586
  confluence, 10
c ost approach, usage, 168
cross-licensing, 672
development. See Internal technology development
discovery, 587–588
economic life, 223–237
exploitation, 560–561
invention, timing, 526
offering, 531
prototype/pilot plant, 482
risk, 396
royalty rates, 797–804
symbiosis. See Trademarks
targeted development, 482
transfer. See Universities
university offices, 585–586
valuation. See Early-stage technology methods, preferences, 260
Technology Briefing, 319
Technology Licensing: Corporate Strategies for Maximizing Value, 795–796
Technology-based products, 186
Technology-intensive systems, 313
Technology-related asset group, 102
Telecommunications, competition/deregulation (impact), 279
Telecommunications Act of 1996, 279
Telemac v. US/Intellicom (USI), 714
Telex Corp. v. International Business Machines Corp., 751
Tempo Instrument, Inc. v. Logitek, Inc., 753
Territorial rights, 524
Tested party, 120, 129–131
The International Assets Valuation Standards Committee (TIAVSC), 303
Third-party entity, 62
Third-party infringement, 525
Third-party license, 123
Third-party opinions, 554
Third-party transactions, 374
Third-stage companies, 292
Thomas Register, 790
Thompson, David, 320
Thomson Financial, 786
TIAVSC. See The International Assets Valuation Standards Committee
Tights, Inc. v. Kayser-Roth Corp., 415
Time
  adjustments, 149
  river, 601–603
Time to expiration, 299
Timelessness, 408
Timely Products Corp. v. Arron, 752–753
Tinsley, Jeffrey, 58
Titan Pharmaceuticals, Inc., 815–816
T.J. Smith & Nephew Ltd. v. Parke, Davis & Company et al., 713
TLDs. See Top-level domains
Toikka, Richard S., 411
Top-down approach, 431
Top-level domains (TLDs), 55, 542–546
Top-line review, 206
Total business enterprise return, allocation, 252
Total Containment, Inc. v. Environ Products, Inc. and Michael C. Webb, 715
Total earnings, 71
Trade dress, 39–40, 103
Trade names, 39, 103
Trade secrets, 21–24
damages, 747
summary, 747–748
economic life, 222–223, 406
misappropriation, damages (accounting period), 752–753
misappropriation, damages calculation
defendant profit method, 749–750
methods, 750–752
plaintiff lost profit method, 749
royalty method, 748–749
transferability, 222
Trademark Act of 1946 (Lanham Act), 37, 43, 678, 723
profit assessment, 727
treble damages, 725
Trademark Basics: A Guide for Business, 38
Trademark damages, 675
awards, 728–729
components, 726–728
trends, 726–731
enhanced damages, 729–730
federal circuit trends, 723
Trademark Dilution Act, 43
Trademark Revision Act of 1988, 43
Trademark Trial and Appeal Board (TTAB), 36–37, 44
Trademark Valuation, 793–794
Trademark-linked domain name, 57
Trademarks, 21–22, 36–37
application, 44–45
filing, 45
assets, identification, 208–209
assignment, 138
awards, impact, 730
deviation, 752–753
case analysis, 686–694
change, 36
characteristics, example, 166
commercial exploitation, 55–56
company introduction, 529, 533
confusion, 685–686
cost approach, 59
usage, 166–167
creation, 46–61
definition, 37–43, 724
development. See Internal trademark development
differentiation, 46–48
economic life, 235
economic obsolescence, 236
extension, 166
functional obsolescence, 235–236
genericness, 45
goodwill
contrast, 42–43
United States Supreme Court ruling, 42
identification, 593–595
impact. See Intangible assets
importance, 50
income approach, 59–60
infringement, 618, 726
lawsuit, right, 45
Internet domain names, linkage, 57
issues, 308–309
legal registration, 261
legal underpinnings, 43–45
licensing, 494
overview, 724–725
potential, 597
power, 53
royalties, 494–501
rates, 804–808
strategies, 561–563
technology, symbiosis, 237–240
types, 38
usage, 38
valuation, 259
methods, preferences, 260–261
scoring/rating techniques, 258
value, 46–54
Transaction. See Controlled transaction;
Uncontrolled transaction
Transaction information, 60
Transaction support, 6–7
intellectual property, impact, 554
Transactional profit methods, 383
Transfer pricing, 118–122, 380–385

Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrators, 122
Transferability.  See Intangible assets
Travel costs.  See Sales
Trade mark.  See Trademarks
Transfer costs.  See Sales
Transferability.  See Intangible assets
Travel costs.  See Sales
Trademarks; Utility rate regulation
United States Supreme Court ruling, 31, 40, 214.

See also Trademarks; Utility rate regulation
United States Patent and Trademark Association, 393
Universal Mobile Telecommunications System (UMTS), 350–351
Universities
interaction, 591
technology transfer, 583
conflicts of interest, 586
goals, 584–585
University Computing Co. v. Lykes-Youngstown Corp., 751
University of Pennsylvania, Center for Technology Transfer (CTT), 585

Unjust enrichment, 726
Unrecognized intellectual property, importance (reduction), 558–559
Unrecovered cost, 213
Unsought products, 54
Unsystematic risk, 759–760
Untested ideas, 285
Up-front development costs, 289
Up-front license fees, 474–476, 521
Up-front payment, 672
Upjohn Company, 813–814
Upstream search, 125, 207
Upton, Jr., Wayne S., 98
U.S. Bureau of the Census, 789
U.S. Department of Commerce, 789
U.S. Tax Court, 194
USPTO.  See United States Patent and Trademark Office
Utility patent, 28–29
Utility rate regulation, United States Supreme Court ruling, 278
Utterback, James M., 26

UMTS.  See Universal Mobile Telecommunications System
Unaffiliated entities, exchange, 260
Uncontrolled transaction, 120
Undefined intangible assets, 19–21
Uniform Trade Secrets Act, passage, 22
Unique assets, 163
Unique Coupons v. Menasha Corporation, 711
Unit cost method, 161–162
Unit of production method, 162
Unitary value, 277
United Nations, 303
United States Code (USC)
Section 101, 28
Section 102, Title 17, 32
Section 901, 34
United States Copyright Act, punitive damages, 743
United States Patent and Trademark Office (USPTO)
action, 27
application, 44
Board of Patent Appeals, 30
Commissioner of Patents and Trademarks, 44
establishment, 28
paperwork requirement, 724
petition denial, 171–172
United States Supreme Court, ruling, 31, 40, 214.

See also Trademarks; Utility rate regulation
United States Trademark Association, 393
Unjust enrichment, 726
Unrecognized intellectual property, importance (reduction), 558–559
Unrecovered cost, 213
Unsought products, 54
Unsystematic risk, 759–760
Untested ideas, 285
Up-front development costs, 289
Up-front license fees, 474–476, 521
Up-front payment, 672
Upjohn Company, 813–814
Upstream search, 125, 207
Upton, Jr., Wayne S., 98
U.S. Bureau of the Census, 789
U.S. Department of Commerce, 789
U.S. Tax Court, 194
USPTO.  See United States Patent and Trademark Office
Utility patent, 28–29
Utility rate regulation, United States Supreme Court ruling, 278
Utterback, James M., 26
Valuation, 1. See also Cost approach

Valuation: Measuring and Managing the Value of Companies, 796
Valuation of Technology: Business and Financial Issues in R&D, 794–795

Value Driven Intellectual Capital: How to Convert Intangible Corporate Assets into Market Value, 795
Value Line Publishing, Inc., 786
Value of use theory, 738
Value-added traits, 697
Vanston, J.H., 224
Variable costs definition, 631 profit/loss statement expense category, 635–640

Index

Webner, W. Mack, 40
Weedman, Jeffery, 319
Weighted average cost of capital (WACOC), 198–200, 464–467, 572–573
allocation, 201
definition, 198, 361
usage, 764–766
Weinar v. Rollform, Inc., 626
Weiner, Edith, 9, 315
West Des Moines State Bank v. Hawkeye
Bancorporation, 688
Weston, J. Fred, 198
Wheelwright, Steven C., 307, 431
White, Edward P., 416
Wilde, Oscar, 141
William G. Riles v. Shell Exploration and
Production Company, 720
Williams, Jan R., 88, 93
Winfrey, Robley, 783–784
Wirth, Peter, 557
Witkowski, John, 700
W.L. Gore and Associates, Inc. v. International
Medical Prosthetics Research Associates, Inc., 417
Work made for hire, 31
Workforce. See Assembled workforce
analysis, 183
Working capital, 279, 359. See also Net working
capital
additions, 572, 666
amount, 169
identification, 179
investments, timing, 661
liquidity, 362
relative liquidity, 466
usage, 360
Work-in-process finished goods, 67
World accounting standards, 89
World Bank, 303
World Intellectual Property Organization, 31–32
World Trade Organization, 303
WorldCom, name change, 36
Wright, Robert, 700
Wrigley, Jr., William, 61
Wynn Oil Co. v. American Way Service Corp., 693
Zazu Designs v. L’Oreal S.A., 687–688
Ziggity Systems, Inc. v. Val Watering Systems et
al., 713
Zygo Corporation v. Wyko Corporation, 719