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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