

Some Stylized Facts from LES interviews

- = 70% of respondents involved in an IP dispute in any given year. But 80% of their resources is opportunity oriented
- = Licensing is difficult
 - You'd never see a sale of own IP inventory
 - Of the remaining 20%, you'd never see so much as a license
 - Deals are difficult to do because of substitutive negotiations for a license to produce a patented agreement, most often a contract agreement on price
 - IP very difficult to value for valuation modes not used in the market
 - Buyer sees error rate is extensive and post-transaction deals would be revisited
- = Licensing is growing in importance. More resources, higher profile
- = Digital Information Communications Electronics (DICE) sector is different

In the past 12 months, has your organization entered into any licensing agreements?

	Strong y				Score	
					Mean	Std
A	29	9	2	E 2 E	27	2
A	9		2 E	E 9	2	2
A				2	2	2
A	2		2	2 E	2	2
A			27	E	2	2
A	9	2	2 9		22	2

Q42: Thinking about licensing agreements entered into in the last 12 months, with the benefit of hindsight which if any of the following contract characteristics would you now restructure?

	Checked	
(a) Field of use restrictions?	9	53% Univ/Gov
(b) Duration of agreement?	22	
(c) Degree of exclusivity?	2	17% DICE
(d) Most-favored-nation (MFN) provisions?	7	29% DICE
(e) Technical milestones?	2	
(f) Business milestones?	1	58% Univ/Gov
(g) Grant-back provisions?	22	
(h) Reach-through provisions?	9	
(i) Payment structure (e.g. balance between upfront fees vs. running royalty)?	2	
(j) Payment amounts (e.g. royalty rate or amount of upfront fees)?	5	

Q43: What are the three most common reasons why you would restructure some of last year's deals if you could? (Check UP TO 3 of the following)

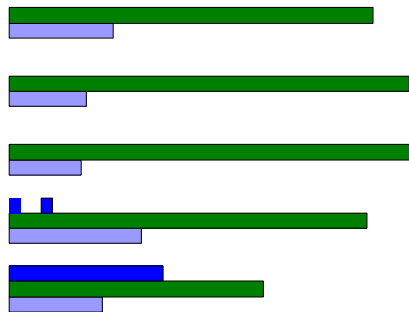
	Checked	
(a) New information has emerged about the market	9	56% DICE
(b) New information has emerged about the performance of the	2	
(c) Stronger IP position today	1	
(d) Revised business strategy	1	50%, 54% DICE, Ind
(e) Realize that you made mistakes negotiating	2	
(f) Revised your view of the most profitable licensing strategy	2	
(g) The other side is not putting their promised effort into the	12	36%, 72% DICE, Ind
(h) Other	1	

Potent Tro s

See Berne n et *les Nouvelles M rch*

For so e org niz tions the thre t of itig tion y tro s y h ve ony i ited i p ct requiring re tive y itte n ge ent ti e nd resources n ogous to the ckground eve of sip nd f itig tion f ced y ny usiness For others the i p ct y e su st nti l consu ing signific nt ti e nd resources nd tering the str tegic direction of usiness

In your opinion the i p ct of tro s on your org niz tion h s een



N

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In the past 12 months, your organization has responded to, or threatened, litigation by taking such actions as:

Deciding to pursue otherwise attractive market opportunities

Decreasing investment committed to expanding or improving production capacity

100% 75% 50% 25% 0%

In the past 12 months, your organization has sought to mitigate the risks posed by
through mitigation by increasing effort on such activities as: please check that
apply

Proactively archiving prior
relevant to core technologies or key
intellectual assets

Filing one or more re-examination
requests on trademarks

