



IP VALUATION

WHY YOU SHOULD CARE ABOUT INTELLECTUAL PROPERTY VALUATION

The valuation of intellectual property rights is part of the good management of intellectual property within an organisation¹.

Indeed, knowing the economic value and importance of the intellectual property rights you create and develop is key to the strategic decisions to be taken on the assets, but also facilitates transactions and the commercialisation of your intellectual property rights.



HOW IS VALUATION PERFORMED?

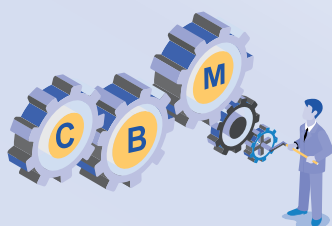


Different approaches of intellectual property valuation are used by organisations. Generally, these approaches are divided in two categories:

the **quantitative** and **qualitative valuation**.

QUANTITATIVE APPROACH

COST-BASED METHOD



This method is based on the assumption that there is a direct relation between the costs expended in the development of the intellectual property and its economic value.

¹ For further information on intellectual property valuation, check the fact sheet "Intellectual Property Valuation"

QUANTITATIVE APPROACH

MARKET-BASED METHOD



The market-based valuation method relies on the estimation of value based on similar market transactions (e.g. similar licence agreements) of comparable intellectual property rights.

INCOME-BASED METHOD



This method tends to be the most frequently used. It is based on the principle that the value of an asset is intrinsic to the (expected) income flows that it generates.

OPTION-BASED METHOD



Differently from the other methods, the option methodology takes into consideration the options and opportunities related to the investment.

QUALITATIVE APPROACH



This method, also commonly referred to as evaluation, does not rely on analytical data. In fact, the valuation in this method is performed through the analysis of different indicators with the purpose of rating the intellectual property right.

SELECTING THE RIGHT METHOD

Selecting the valuation method to use in a given situation is complex.

Several factors should be considered in the procedure, such as the type of intellectual property at stake, the level of development of the technology as well as the purpose of the valuation.



It is always recommended to seek the services of a lawyer or IP valuation professional when possible, to ensure that your assets are valued as precisely as possible.

The European IP Helpdesk provides free-of-charge first-line support on IP-related issues aiming to help current and potential beneficiaries of EU-funded projects, as well as EU SMEs, manage their Intellectual Property assets.

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