



**Kenya Industrial Research and
Development Institute**



IP Valuation, Commercialization and Monetization: Fundamentals of Successful Licensing

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PRESENTATION OUTLINE

- Turning Ideas into Money
- Key Terms of License Contract
- Experiences from Kenya



TURNING IDEAS INTO MONEY

Commercialization Methods

- Licensing
- Spin off, Start ups
- Business incubation
- Joint Venture
- Own Exploitation





TURNING IDEAS INTO MONEY

LICENSING

CONTRACT

Technology Licensing
Trademark Franchising
Copyright Licensing

2.0: KEY TERMS OF LICENSING CONTRACT

-PRELIMINARY PREPARATIONS

- One of the parties owns IP has the legal right
- Identify parties that will sign the license
- Final decision maker in the negotiating team
- Team understand the position on EACH of the Key Terms
- Other important agreements have been taken care of. e.g
Non disclosure, Material Transfer
- Do not use letters of intent or MOU -These are not agreements

KEY TERM I: SCOPE OF LICENCE

Subject Matter of the License

- What is it that is being licensed eg:
- a product, formula, a software, program, trademark, new plant variety
- Note: the licensors interest is to narrow the definition of what is being licensed
- The licensee interest is in having a broad definition of the license

Coverage

What DOES the license cover?

For certain IP rights only or All

- **Patent:** Reproduce, make, use, market, and sell products, or use process, modify
- **Copyright:** Reproduce, adapt, translate, broadcast, perform, distribute, display, sub-license
- **Trademarks:** use the name, franchising
- b) cross license

Territory

- IP rights are territorial
- What country or region do you want to use the IP, manufacture?
- Where are the rights limited, which countries
- Do you have the right to distribute the product electronically?

KEY TERM II: TYPE OF LICENCE



- Exclusive
- Non Exclusive
- Sole Exclusive

Duration and Termination

- How long will the license contract take-is it renewable
- License agreements come to an end
 - Expiry of the term of the agreement
 - Termination by one party before the agreement is expired,
- issues to do with confidentiality must be addressed

Other Issues

- Is sub-licensing allowed
- Who Makes Improvements: is the other party entitled to it
- Who Pays for fees incase of infringement
- Confidential kept as such for how long
- Provision of technical assistance and know-how
- Incase of Dispute: Applicable laws especially when foreign person is involved

A photograph of several stacks of coins on a white surface. The stacks are arranged in a descending line from top-left to bottom-right. The top stack is silver, followed by a stack of gold coins, and then another stack of silver coins. In the foreground, several individual silver coins are scattered, with one prominently showing the profile of George Washington. The background is a plain, light-colored wall.

KEY TERM III: HOW MUCH DOES IT COST?



■ Valuation of IP

- Cost Method Approach
- Market Approach
- Income Approach
 - From the licensee perspective
 - How much can he afford to pay
 - Given the other costs that will be incurred
 - Considering the price that will be charged on product



- Value may not be the most important
- Since financial terms depend on factors above
- Usually discussed Last
- When the other issues relating to the license have been agreed upon



- Mode of Payment
 - Lumpsum
 - Royalties
 - Lumpsum and Royalties
 - Currency to be used

Royalties

- A percentage of the sales: For instance 1% for the first 10,000, 2% for the next and 5% for the remaining
- Or constant percentage
- Constant amount



3. EXPERIENCES FROM KENYA

Youth Innovations at KIRDI

Background

Started in 2010

Funding from NACOSTE

15 technologies identified

Challenges

Institutional bureaucracy- procurement

Logistics of managements

Meeting expectations from the youth

Others once got jobs left the program



Success of the Program

- One technology licensed to university (foot operating water dispenser)
- Eight patent/utility models applications filed
- Two patents granted
- One youth established a business based on technology
- NACOSTE started a similar program for the Youth
- Valuable Experiences and Lessons Learnt

Lesson Learnt

It is possible

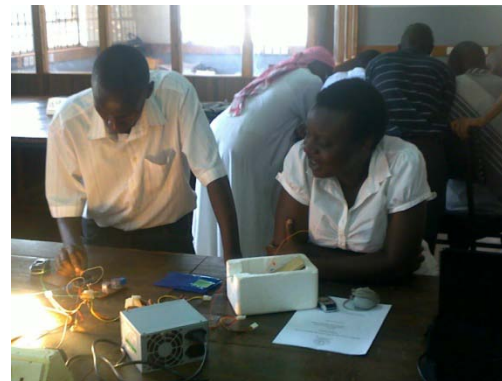
A big opportunity in Africa where majority Youth
Youth very creative and innovative

Opportunity for entrepreneurship eg company creation
Better when handled at institutional level



Recommendations

- University to be entrepreneurial
- Institutional infrastructure
 - Business incubation facility
 - Prototype development
 - IP/Technology transfer office
- Funding for prototype development and commercialization



University Licensing

Still not common

University of Nairobi

Have licensed 2 technologies
(bio fix trademark for fertilizer to
MEA Company) and a bean variety

Moi University - 4 Licenses



CONCLUSIONS

SUCCESS



- Scope of License
- Type of License
- Value of License

▪ MORE FOR LITTLE

▪ OR

▪ LITTLE FOR MORE

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