The Art of 'Licensing Out'

Steps to finding and securing licensee for a body of technology; thoroughness, disciplined approach important

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As with all other aspects of the licensing process, success in finding one or more appropriate licensees for a body of technology requires detailed preparation. This includes understanding the strengths and weaknesses of the corpus of intellectual property being offered, careful research of qualified candidates and the relevant market, and then thorough implementation of the initiatives that are actually undertaken.

It is more usual than not that a prospective licensor must fight an uphill battle; it must gain the attention of target companies who are attractive for some realistic reason and then persuade the decision makers of these potential licensees to invest and launch a serious, well financed effort to utilize or introduce the substance of the licensed technology as a marketable product.

It will be appreciated that the licensor is usually requesting its licensee to assume a significant, and sometimes unsought, risk. As the suitor in such relationship, it therefore behooves the licensor effectively to provide "comfort," in the form of accurate, businesslike, and useful information, to the prospective licensing partner. If this can be successfully accomplished, deliberations about the feasibility of the technology transfer tend to be shortened, and the chances of a positive decision enhanced.

PREPARATIONS BY A PROSPECTIVE LICENSOR

As the originator of the technology intended to be transferred, the licensor may be presumed to consider its proprietary technology as possessing certain competitive advantages over the traditional products or processes in the same field. It is probably because some weaknesses in the existing situation were perceived that the innovation was made in the first place. Even where the *status quo ante* was essentially satisfactory, some new technological phenomenon may have been revealed that motivated the inventor to undertake the effort, and make the necessary investment in time and money, to create the new development.

Thus, mechanical calculating and adding machines worked with efficiency and satisfactorily served the needs of business offices as they were then perceived. The same could be said of the engineering slide rule. The advent of solid-state electronics, however, opened new horizons that made it possible within a very few years to replace these widely utilized products with calculators, and eventually microcomputers, which revolutionized the entire environment in which they operated.

Although the advantages of a new invention are frequently readily appreciated by its innovator, lack of objectivity may obscure certain of its disadvantages or limitations to its universal application.

When presenting a licensing opportunity to a third party, it is important for the selling party, i.e. the prospective licensor, to have credibility and thereby remove initial skepticism and other negative impulses of the target licensee. If claims regarding the invention are overstated, or even misstated in any way, the licensee is likely to be "turned off," and reject the entire proposal. Furthermore, it is far better for the proprietor to reveal any shortcomings of its technology than for such information to originate elsewhere. Experience has shown that an initial refusal by a potential licensee is very rarely reversed as a result of subsequent submissions to the same recipient.

Thus, it is incumbent upon a technology proprietor who seeks to conclude licenses to appreciate realistically the comparative advantages and disadvantages of the items proposed to be licensed. This type of analysis, in relation to alternatives, should address:

- The efficiency, utility and effectiveness of the technology.
- If a product, the cost of production and anticipated selling price, thereby indicating potential rates of profitability.
- If a process, costs of energy and materials in relation to throughput efficiency, as compared with known methods.
- The size of the potential market in the contemplated national or international licensed territory, together with a conservative projection of the market share that the technology, properly managed, may reasonably be expected to capture.
- The size of investment in further research and development, production equipment, marketing and distribution organization, plus delay before it can begin to realize profitable returns from the contemplated licensing initiative.
- The novelty of the invention, including a professional evaluation of the breadth and enforceability of any patents involved; the extent to which the licensor has trade secrets or acquired know-how relating to the technology, as well as the existence of momentum to develop additional proprietary information; the existence of any trademarks relating to the products or process planned to be licensed, as well as any good will attaching thereto; whether or not there is any copyright protection.
- Existing competitive technology that is currently available in the relevant market, as well as additional developments by others that may reasonably be anticipated.
- Economic forecasts of the economy that could affect the

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commercial success of the licensed technology, as well as political factors that might have an impact.

If a prospective licensor can soberly evaluate its technology and conclude that there is some quantifiable advantage available to potential licensees, an important milestone is achieved. Of course, business executives may differ as to the assessed valuation of a given body of technology, or of the methodology employed. Assuming the exercise was skillfully performed, however, it is meaningful, and can help provide the foundation of a realistic technology transfer. The prospective licensor should thus include a summary of this evaluation in a special written presentation to be provided to each targeted licensee.

THE LICENSING MEMORANDUM

As mentioned, a technology proprietor seeking one or more licensees is making unsolicited contacts with the target companies. It should also be realized that the "decision makers" who will evaluate these licensing submissions often do not have a highly technical background, often having risen through the financial, marketing or even legal sectors of their company. One must also assume that the executives of such recipients of licensing offers have already existing priorities and preoccupations of their own. Furthermore, they are probably very busy, possibly lazy, are also being approached by other would-be licensors—or all of these things.

It is thus logical to provide these people with a succinct, accurate and clearly written description of the pertinent aspects of the technology transaction that the licensor is seeking to consummate. These documents should be customized as much as possible with the target company in view. If effectively done, such documents can convey an excellent impression of the licensor and its technology and thus facilitate a prompt decision on the part of the licensee.*

Licensing memoranda usually include the following sections:

(a) *An Introduction or Executive Summary*—This should present a brief overview of the licensor's position and provide initial focus on the points that have persuaded the prospective licensor that this recipient is an appropriate licensee candidate.

(b) *A Description and Brief History of the Licensor*—Here the credentials of the licensor and other factors that led up to the invention or development sought to be licensed should be explained. Since licensing transactions usually involve ongoing and interactive relationships, an effort should be made here to persuade the licensee that this licensor is a capable and congenial company with which to conduct long term business.

(c) *A Summary of the Technology*—This should be a short non-technical description that emphasizes the operating and business advantages to the potential licensee, without ignoring possible weaknesses, problems or further development work that may be required before the technology may be expected to generate profits. Technical analyses and illustrations may be provided in annexes to the memorandum. If it is feasible to provide photos or actual samples of the licensed products, that is also helpful.

(d) *Reference to the Intellectual Property Portfolio*—The existence of patents or pending patent applications in all or part of the proposed licensed territory can be very important to the recipient company. Copies of any issued patents proposed to be licensed may be annexed to the memorandum for prompt analysis by the patent department of the prospective licensee, thus helping to shorten the time of deliberation. Since the patentee has presumably paid substantial fees to his patent agent or attorney, there should be no reluctance in requesting a professional opinion from such advisor regarding the presumed breadth or enforceability of the patents concerned.

Assuming such opinion is positive, reference thereto should be made in the memorandum. It may be expected, however, that any serious prospective licensee will independently have the proferred patents evaluated. If the possibility exists for a dialogue between the patent advisors, this can help reduce the chance of misunderstandings, and perhaps accelerate the discussions between the parties.

Descriptions of the types of know-how possessed by the proprietor, as well as the means of making this available to the licensees, should be explained here. The availability of trouble-shooting and consulting services, including the extent to which this may be offered without special charges, should be described here.

If trademark licensing is expected to be part of the deal, the conditions desired by the licensor should be discussed here. If the mark already possesses good will, or is particularly apt or attractive, that should be emphasized, with illustrations provided.

With the rise in importance to business—and hence to licensing—of computer software, the availability of these packages can be an important consideration. The willingness of the proprietor to enforce special features of such software from unauthorized use should also be mentioned.

(e) *Economics of the Business to be Expected From the Licensed Technology*—In the spirit of assisting the recipient of the memorandum to grasp and appreciate the dimensions of the licensing opportunity, it is useful to provide a brief cash flow and profitability analysis of the anticipated business. This might even be hypothecated in three tracks—optimistic, pessimistic and realistic. If these figures take into account actual performance of the technology elsewhere in the world, that can contribute to the credibility of the picture painted. In all events, the figures set forth provide a basis for the proposal by the technology proprietor concerning requested payments by the licensee.

(f) *Suggested Transaction*—This is the "bottom line" of the licensing proposal. It should constitute a proposed business framework for the transaction, including the basic form. This might initially provide for a test period, under an option, or indicate that the potential licensee might sell the products as an agent or a distributor before making the more significant commitment to manufacture. The licensor should also indicate terms under which it is prepared to sell to the licensee certain ingredients, components, sub-assemblies or models, particularly since this can constitute sources of remuneration to the licensor from the overall relationship, in addition to royalties.

If the proposed form and price of the transaction is well thought out, and could reasonably permit the contemplated relationship to be profitable to both parties, this can make a positive impression. Of course, the opposite is also true regarding unrealistic or greedy suggestions. The licensor should give the impression that it has carefully worked out the format and that it is not merely "highballing" as a first offer. Nevertheless, it is usually advisable to signal that there is a certain amount of room for counter proposals and alternate ideas.

*It is realized that many licenses and cross licenses are concluded by major companies who are initially approached by third parties who are aware of specific patented and/or unpatented technology possessed by the proprietor. While those situations do not require many of the marketing efforts by the licensor discussed in this chapter, other considerations, particularly the need for the license to be mutually cost effective, are equally applicable.

SELECTING THE LICENSEE CANDIDATES

This is one of the most crucial stages in the licensing process. The analogy of oil well drilling is pertinent here. A proprietor can have the most sophisticated drilling rig and employ the best trained crew in sinking a well; unless oil or gas are found and brought to the surface, however, the entire exercise is worth zero. Indeed, the effort will have generated a substantial loss in time and employment of people, equipment and capital. Thus, extreme care is to be exercised.

One of the initial decisions to be made by the technology proprietor is the preferred profile of the potential licensees. Usually the ability to market the product in question is the most significant criterion, even more important than possession of suitable manufacturing facilities. The latter can be contracted out to a third party who could produce the licensed products for the licensee under contract.

The possession of a marketing organization that is equipped and qualified to introduce the products promptly, widely and effectively, however, is an asset that is not easily and cheaply acquired. Thus, a company capable of addressing the various relevant markets for products sought to be licensed is a logical prime candidate.

Attractive Possibility

Of course, a company that combines the requisite manufacturing and marketing strengths is an even more attractive possibility. Its utilization of existing production facilities, which presumably have available capacity, means that it could have such goods available for sale to third parties at a lower cost than would be available if such goods were to be purchased for resale from an outside production source. Such cost effectiveness could be translated into greater profitability to the licensee which should, in turn, mean that the licensor ought to be able to benefit from such better margins with a comparatively higher royalty rate.

Even though a potential licensee possesses the requisite marketing and/or manufacturing qualifications, it would be an inappropriate candidate if there are existing reasons why it might lack motivation to give this licensing project highest priority. Thus, a market leader in a particular field that has had a longstanding commitment to a different technology might not be the best firm to approach.

To illustrate, a new type of plastic conveyor chain was developed and patented that simulated the action of metal roller chain. Injection molded from polycarbonate, this new chain had excellent lubricity and was much lighter in weight than steel chain, thus requiring much lower power to operate. It had several other advantages—it was much less noisy, and the individual links could easily be replaced with a hand tool.

There were several excellent companies producing a range of mild steel and stainless steel chains that were being marketed to the precise intended customers of the new plastic chain. Each of these companies was well financed and industrially capable of handling the plastic chain—although they might initially have the individual links made outside by a custom injection molder.

Nevertheless, the proprietor made a strategic decision not to offer a license to any of these traditional chain companies, although several expressed serious interest. It was felt that they would each have an internal conflict of interest between metal and plastic chain, and might push sales of the plastic chain only when customers specified this over metal chain. This theory made sense to the proprietor because each of these potential licensees had already made large capital investments in tooling and metal fabricating machinery, and thus had a need to operate these plants. Furthermore, the sales forces were "metal-chain oriented," having concentrated their efforts on promoting metal chain in preference to conveyors made of other materials.

Perfect Choice

The license was therefore concluded with a smaller company that had successfully pioneered the introduction of plastic rollers for use as part of conveyor systems. Such products were being offered as alternatives to, and replacements for, metal rollers. These people possessed an existing sales organization addressing the exact market that was relevant to the injected molded chain. They had a strong institutional bias favoring plastics over metal. They also had no other chain in their product line and were thus without a product conflict of interest. They turned out to be a perfect choice and this license proved successful to all concerned.

Sometimes an attractive alternative to the producer and seller of the competitive product does not exist, or the various corporate strengths of the traditional market leader are so superior that it would be counterproductive in the long run to grant a license to anyone else. In such cases, an effort should be made to insulate the activity of the new license from the licensee's mainline activities, in order that the transferred technology can be treated with high priority, as an entrepreneurial start up.

This can be accomplished by establishing a joint venture between the technology proprietor and the market leader, to be headed by a mutually approved chief executive and other key personnel, who would devote 100% of their effort to the new technology, and whose remuneration would be largely geared to success. At the same time, this joint venture should be eligible to take advantage of existing marketing and production strengths of the market leader, so long as these provide comparative advantages and do not dilute the strategy of launching and maintaining the new project on target.

Another factor that can affect the choice of a licensee candidate might be termed the "AVIS phenomenon." If there are several viable potential licensees, it might be better to opt in favor of someone ambitiously attempting to overtake the leader, rather than to license the leader itself. Such candidate might "try harder," in the words of the famous slogan, or else might be willing to accept somewhat more expensive licensing terms in order to obtain this opportunity.

It follows from the foregoing that the importance of research by the proprietor in identifying specific licensee candidates cannot be overemphasized. Any or all of the following tools may be utilized:

- Desk research in checking basic business directories, industry publications and trade association rosters.

• Attending trade shows where an effort should be made to obtain personal contacts in all of the various companies of potential interest.

• Interrogating, via key words, selected computer data bases, which include recent scientific publications and references to issued patents; this technique can be especially valuable in attempting to locate relatively small or unobvious companies in certain areas of high technology.

• Sampling existing products in retail outlets or contacting dealers of distributors of products in the industry, in order to evaluate items with which the licensed technology will be competitive, and also to obtain intelligence about companies who are either potential licensees or competitors.

• Retaining consultants, including recently retired executives, who may have extensive personal contacts in the industry. They should have valuable insights about the true state of affairs. Furthermore, they could conduct investigations on behalf of the technology proprietor without necessarily revealing its identity.

There is no single magic formula for conducting market research in the licensing field, although experience has shown that personal discussions with persons active in the industry of interest can rapidly provide insights about trends and the reputations of particular companies. The adroit use of the telephone can accomplish this—a technique facilitated by the accelerated introduction of advanced telephone equipment in the United States and elsewhere in the world. Someone who has acquired long experience in a particular field is usually willing, in the course of a telephone conversation, to share such expertise on the marketing level, provided one does not seek to elicit business secrets. Such people will often comment about the relative merits of several companies, including their competitors in the industry, and also supply the names of others deemed knowledgeable. By comparing and cross-checking a variety of such opinions—which can be obtained by a skilled investigator in a relatively short time—a meaningful picture usually emerges.

If the potential licensor has already prepared a licensing memorandum, has considered various viable licensee profiles, and generally worked out priorities, the input of market intelligence acquired through employment of the described techniques should make it possible to formulate a realistic plan of action. This should include decisions whether exclusivity or nonexclusive license grants would be most appropriate, whether to consider including field-of-use restrictions, and also how to define the authorized operating territories of licensees. This usually means that the licensor should be in a position to shoot a series of "rifle bullets" at selected targets.

Sometimes, however, even this amount of background information fails to reveal a clearly preferred course of action to the proprietor. The relevant industry may be so diverse, without any really obvious targets, or there may be so many potential applications of the technology in question, that a "shotgun" approach is more appropriate.

Publish Description

This can be accomplished by publishing a description of the technology offered for license as an article or note in relevant trade journals, indicating the names and addresses of persons to contact for further details,* or by sending out a series of licensing memoranda to each of those companies falling within the selected general profile.

The extent to which specific individuals in the latter class of companies can be identified by name can influence the degree of success of this approach.

In fact, care must always be taken in choosing the point of entry to a target company. If the technology proprietor has previously done his "homework," he will understand something about the internal organization of each potential licensee, including the location of the senior person to whom the first approach ought best be made. Implementing this can avoid unnecessary delay, or indeed prevent having the project pigeonholed or rejected because the essence of the offer was misunderstood.

As a general proposition, the higher are attempts to penetrate a target company, the more likely the proprietor is to gain the attention of the true "decision-maker." It is also usually a fact of life that the difficulty of penetration is directly proportional to the seniority of the selected point of entry. It is here that a truly excellent licensing memorandum proves its value as an "ambassador." If this document can reach the consciousness of the right people in the target company, and if genuine interest is thereby stimulated, one of the most serious hurdles to successful licensing will have been overcome.

Here again, the telephone can provide useful assistance. It is believed that initial licensing proposals—usually in the form of the memorandum, perhaps accompanied by illustrations or samples—should never arrive "out of the blue."

If there has been no previous contact between proprietor and potential licensee, one might therefore telephone to the secretary of the selected target executive and indicate that the description of a licensing opportunity may be expected to be received shortly in the mail—or perhaps by one of the various existing courier services to provide some special initial attention. It should also be indicated at the same time that a followup—to answer questions and to learn any preliminary reactions—may be expected. This should be no later than one week following receipt of the disclosure, and probably sooner.

A willingness on the part of the licensor to comply promptly with any reasonable disclosure procedure maintained by the licensee might be indicated at the same time. Indeed, this might be obviated at this stage if the licensing memorandum expressly provides that it is limited to "a nonconfidential disclosure," and/or that the proprietor is relying solely on its patent rights in making this submission.

Once initial contact has successfully been made with one or more potential licensees who express interest, it

*When attempting to license a new patented technique that efficiently removed iron and manganese from ground water, the author arranged to have a technical paper in the Water Well Journal, known as the "bible" in an industry populated by numerous smallish companies. The eventual, successful licensee was one of those inquiring about further details. A revolutionary, new flexible joint had many possible applications and the proprietor recognized that licensing opportunities were probably being overlooked. A description of the invention was published in various product design journals with a request that interested companies contact the proprietor. Those that did were sent a licensing memorandum that had previously been prepared as well as a prototype of the invention. Several mutually profitable licenses resulted.

behooves the proprietor to help provide answers to the extensive range of questions that may be expected to be raised by serious prospective licensees in these circumstances.

After all, each potential licensee is contemplating to make an investment that can effect an extension, and perhaps even an important change, in its business. This involves risks as well as capital outlay. The skill and speed with which the proprietor makes it possible for the potential licensee to appreciate the true potential of the technology and to obtain answers to its legitimate questions is of crucial importance to the outcome of the dialogue.

Several factors are deemed relevant in this connection:

• The licensor should arrange a well-rehearsed demonstration of the technology to representatives of the licensing target company as promptly as possible after the expression of interest. If this can occur at the premises of the licensor, and if these facilities are likely to create a favorable impression on members of the visiting delegation, so much the better.

If successfully executed, this exercise serves two indispensible purposes. First, it provides evidence of the correctness of the claims made by the proprietor in its licensing memorandum, thereby contributing to credibility. Second, it advances the personal relationships between representatives of the respective parties. The spirit of confidence and mutual trust that may be developed between the parties can serve as a useful "catalyst" when the parties eventually get down to serious bargaining.

• Each party should nominate a principal spokesman, plus an alternate, through whom communications from the other party are to be addressed. By thus focusing the dialogue, irrelevancies and misunderstandings can be minimized.

• Questions and concerns of the potential licensee should be identified as early as possible and the best qualified people on each side should thoroughly address each issue. This might include:

—Technical queries about the operation and effectiveness of the technology, both on its own and in comparison with alternatives.

—Financial and cost matters that can have an impact on the ultimate profitability, or degree of risk to the licensee, in the envisaged technology transfer.

—Environmental problems and other regulatory issues that are relevant to the contemplated activity.

—Evaluation of the coverage and enforceability of the patents being offered for license, including an analysis of their prosecution history at the various patent offices.

—Understanding the extent to which the licensor possesses valuable trade secrets, operating and marketing know-how and the likelihood that further developments of this sort may be expected.

—The availability to the licensee of initial consultations to get the project started, as well as troubleshooting aid in later years.

• The potential licensee will usually prefer to take the lead in deciding about certain other issues, particularly those relating to the suitability of the licensed technology to the territory reserved for the license. The willlingness and generosity of the licensor in providing data, based on its own experience, can nevertheless make a favorable impression and prove useful.

Because licensing arrangements usually entail continuing relationships, extending over many years, a certain gestation period is almost always necessary. In addition to the need to obtain answers to the logical questions listed above, licensees are frequently seeking a certain confidence in balancing the risks against the scope of the opportunity being offered. This is particularly true in international licensing where the parties may be products of very different cultural backgrounds.

Comportment Relevant

The general comportment of the technology proprietor can be relevant here. If it demonstrates efficiency and thoroughness in furnishing information, this can tend to overcome the inherent caution of the prospective licensee. If the licensor appears overanxious or pushy, however, suspicions may be aroused. Thus, sensitivity in interpersonal relations can be a signifficent factor. Again, this is particularly true on the international level where the initial threshold of understanding is higher because of cultural and language differences.

Suppose, however, the licensee displays a degree of indifference, or appears to be employing delaying tactics as part of a negotiating strategy. The proprietor's best defense against this is to have alternative licensing candidates and to indicate this fact frankly to the prime target company. Powerful potential licensees may sometimes state that they will not subject themselves to "horse races" or other forms of pressure. Unless the licensor is intent on dealing with such candidate, it would be counterproductive for it to abandon the element of competition as an aid to the licensing of its technology.

THE LICENSING AGREEMENT

As the proprietor of the technology in question, the licensor should be in a position to suggest that it furnish the initial draft of the written agreements. Lawyers argue that this can entail risks, because courts tend to interpret ambiguities in contractual language against the draftsman. Whatever, it is believed that the advantages in framing the first text greatly outweight this hypothetical negative factor. This is because the draftsman can set the entire tone of the agreement and easily insert many reasonable procedural elements in the first instance that might have to be bargained for, with possibly unnecessary concessions to the other side, if omitted from an initial draft provided by the other party.

In the context of this chapter, there are two portions of the licensing agreement that call for comment. One concerns the provisions governing the license grant and actual technology transfer. The other relates to reporting by the licensee.

First, the parameters of the licensed technology should be precisely defined. Imagine a license in the 1950s with respect to "calculating machines," at a time when this type of product was entirely electromechanical in design.

If the agreement provided, as many do, that improvements by the licensee to the licensed technology will be automatically communicated to the licensee, the quantum change to solid-state electronic calculators would automatically be available at no additional charge to the licensee, assuming the licensor had succeeded in making this innovation.

Had the original definition been tightly confined to "electromechanical calculating machines," however, this problem would be avoided, and the licensor would be eligible to make a new deal, probably on more favorable terms, given the important impact to be expected from the new technology.

The actual technology transfer should be carefully focused, yet be accomplished expeditiously, because the major portion of royalties anticipated under the agreement will not begin to flow until the licensee is actively exploiting the subject of the license. This can be accomplished pursuant to the following guidelines:

- A complete written description of the technology, with requisite engineering drawings, should be made available to the licensee in the form of a manual. Often only one copy of the comprehensive manual is provided, and there are requirements that this be under the control of named persons, who undertake to maintain the complete body of information confidential.
- Copies of portions of the manual should then be provided to specialized employees of the licensee who have "a need to know." Such personnel should also be bound to appropriate obligations of secrecy concerning the information revealed to them.
- Qualified employees of the licensor should present the subject matter of the technology transfer to the licensee and spend sufficient time doing so to be certain that the information is propertly understood. The expense of this exercise to the licensor can be covered by initial license fees and/or by pre-set per diem charges if a basic fixed amount of time is exceeded.
- Selected delegations of employees of the licensee may be afforded an opportunity to visit, and even spend substantial periods of time if appropriate, at designated facilities of the licensor, if this can accelerate or improve their comprehension of the essence of the technology transfer.
- Machinery should be provided for effective communications between the parties in order to answer questions or solve problems that may arise, with a minimum of delay.

Turning to periodic reports (usually quarterly) by the licensee, these should cover three areas, namely:

- The level of business activity of the licensee on the basis of which running royalties are calculated.
- The marketing strategies that have been formulated by the licensee and details of the manner in which these programs have been implemented.
- Research projects underway relevant to the licensed technology, particularly progress made that may be subject to a grant back to the licensor.

The licensor should be actively responsive to the information obtained through these reports. It should be prepared to have the royalty calculations audited: indeed, regular auditing, particularly at the outset of a licensing relationship, has been known to instill a healthy sense of discipline into the accounting procedures of the licensee.

If weaknesses in the licensee's marketing program are perceived, the licensor should comment, suggesting improvements.

With regard to technical innovations, measures should be taken to insure appropriate intellectual property protection and also to integrate useful innovations into the licensor's technology portfolio.

These three areas of interchange between parties to licensing agreements are sometimes defined as "post licensing liaison." They constitute an aspect of the technology transfer process that is frequently given insufficient emphasis. An analogy to vegetable gardening is not inappropriate: weeding is usually somewhat tedious and tiring, but it tends to improve the size and quality of the crop.

CONCLUSION

Success in finding and nurturing new licensing relationships can be enhanced if practitioners approach this difficult assignment with discipline. The many considerations involved have been described as constituting "10% inspiration and 90% perspiration."

Logic, and attention to detail, are obviously important to this, as to most fields of industrial activity. Before undertaking the investments in time and expense involved in the licensing process, the proprietor should also carefully evaluate whether the innovation sought to be licensed is of sufficient merit and value to justify the considerable effort required.