

Intellectual Property Valuation

Objectives. The individual who created the name and logo for an NHL team was in need of an assessment of how much he was owed by the team owners. For various reasons, there was not a contract that stipulated such remuneration. The primary objective of the analysis was to determine the fair market value of the intellectual property in question and a proper royalty.

Challenges & Methodologies. The gap between book and net asset value can be partially explained by the value of an entity's brand identity. Brands establish more stable demand through their relationship with consumers, which have both functional and emotional attributes. A further benefit of branding is the ability to transfer the equity or values associated with a franchise identity, which is important should a franchise decide to relocate or divest its ownership.

A major challenge of this engagement was to develop a systematic method for separating out the various factors that affect team value, as well as to value the intangible and tangible benefits resulting from its brand and franchise identity.

More than one technique was used to determine value in order to account for the weaknesses of each process if it were used separately. One method was to estimate the value of NHL teams and the importance of each factor in determining that value using advanced econometric techniques. The relative value of the name and logo can be partially inferred by subtracting out the other factors that affect demand.

Further, the determinants of merchandise sales can be estimated in a similar manner. It is likely that a team name and logo affect sales of merchandise and franchise revenues more so than concessions sales, for instance. The use of the team name and logo on non-sports merchandise was also reviewed. Also analyzed were the values placed on these types of assets by other sports teams.

Outcomes. A report was submitted describing the different valuation approaches and the issues involved with each approach. We presented the client with a narrow range of intellectual property values, the results and analysis from which were utilized in a settlement conference. Based on our findings, the client received a fair settlement for his claims. Moreover, the associated costs and strain of going to trial were avoided.