



ROYALTY RANGE

European Royalty Database

YOUR TRUSTED ROYALTY RATE DATABASE

'Comparability, and the possibility of making comparability adjustments, is especially important in considering potentially comparable intangibles and related royalty rates drawn from commercial databases [...]. In particular, it is important to assess whether publicly available data drawn from commercial databases and proprietary compilations is sufficiently detailed to permit an evaluation of the specific features of intangibles that may be important in conducting a comparability analysis.'

OECD BEPS (Organisation for Economic Co-operation and Development - Base Erosion and Profit Shifting Project) Actions 8-10, Intangibles, Revisions to Chapter VI of the Transfer Pricing Guidelines, paragraph 6.130

RoyaltyRange data meets the strict requirements set by the latest OECD BEPS guidance.

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About RoyaltyRange

RoyaltyRange is a UK-based intellectual property royalty rate database. RoyaltyRange Europe is funded by Practica Capital and European Union's structural funds, with a total share capital of EUR 850,000.

RoyaltyRange provides data for setting, benchmarking and assessing royalty rates for intellectual property. The company offers its clients a wide range of services, including subscriptions to the database, benchmarking studies, performance of agreement searches based on the criteria provided by the client, and research and data collection.

Data and services provided by RoyaltyRange are used for various purposes: transfer pricing analysis, benchmarking studies, patent box analysis, the valuation of intangibles, licence agreement drafting and negotiation, infringement damage calculation, expert testimony, and litigation. The data contained in the database is fully compliant with the latest OECD BEPS guidance.

Key facts:

- The RoyaltyRange database contains manually gathered and professionally analysed data.
- The database was compiled by analysing approximately 150,000 publicly available agreements and selecting only the agreements that comply with our standards and requirements.
- The database is constantly being updated with data from the latest transactions.
- The agreements in the database were concluded recently (many in the last five years), typically between unrelated parties.
- All data complies with the latest international standards on transfer pricing, including Guidance on transfer pricing aspects of intangibles, published by the OECD in October 2015 in the framework of the OECD BEPS Actions 8-10.

What makes RoyaltyRange different?

RoyaltyRange specialists analyse the data and add to the database only those agreements that comply with our quality standard criteria based on the newest OECD regulations. The following types of agreements are not included in the database:

- Agreements between related parties (typically not included)
- Agreements with undisclosed remuneration mechanisms
- Royalty-free agreements
- Agreements where royalties are expressed in other form than percentage
- Agreements with individuals, universities and other non-commercial entities (typically not included)

One of the main advantages of RoyaltyRange is that the data does not require much additional work from the client's side. This is why agreements that cannot be used in real analysis are rejected during the database compilation process, so that our clients do not need to do this work each time.

Moreover, the database consists of manually prepared royalty rate reports that already contain significant comparability analyses, including functional analysis performed in accordance with the OECD requirements.

Royalty rate reports at a glance

- The database consists of royalty rate reports that contain manually gathered and analysed data, so each report is a result of deep and thorough analysis.
- The arm's length principle is taken into account when compiling the database. Generally, the most common approach in most jurisdictions is that the parties to the agreement are considered related when an entity participates, directly or not, in the capital by owning 25% or more shares. We apply this approach, where possible, by checking the publicly available information for this data and focusing on independent transactions.
- The reports contain more than 50 detailed and standardised comparability factors of royalty rates and licensing terms. Each report is supplemented with original non-redacted agreements, as well as filings and other types of documents from which the data is gathered.
- Each report contains: a detailed analysis of the identification of intangibles and the legal owner of the intangibles; characterisation of the transaction involving intangibles; royalty rate percentage and terms; and a functional analysis section that contains a detailed functional, risk, cost and asset analysis.

A		B		C		D		E		F		G		H		I		J		K		L	
ROYALTY RANGE		Licensing, Royalty, Brands		FINAL REPORT		Search Criteria:		Sample:															
				Date:		12/01/2017																	
I. Identification of Intangibles and Legal Owner of Intangibles																							
No.	Unique Code	Type	Licensee	Licensee's Activities	Licensee	Licensee's Activities	Description of Object	Geographical scope	Date of Agreement	Time Period Effective Date	Time Period Creation Date	Time Period Termination Date	Other										
1	RS0214080470001	License, Trademark	GE Lighting, Inc.	SECL Lighting & Fans, LLC	Licensee is a subsidiary of a company engaged in the business of developing technology that enables a light and fan controlled by the use of a power plug for electrical fixtures with ceiling and electrical junction boxes.	Licensee to use trademarks and logos (encompassing "GE" and "General Electric Monogram Logo") on and in connection with the manufacture, sales, marketing, and distribution of the Safety Guard Light Fixture (device for a quick connect/disconnect of light fixtures and fans), ceiling fans, ceiling fans with light kits, or light kits for use with ceiling fans.	The United States and Canada	11/04/2013	11/04/2013		3/11/2017	Licensee 15/06/2017 to be renewed for 5 years.											
2	RS0214010270006	Know-how, License, Trademark, Brand	SEGA Corporation	China Animation Holding (SH) Limited	Licensee is multinational video game developer, publisher and hardware development company.	China Animation Holding (SH) Limited	Licensee under the brand name "Joyride" trademarks and know-how to open and operate at least one indoor amusement park featuring arcade games and amusement rides.	Shanghai	22/11/2014	22/12/2014	22/03/2014	Licensee shall have 5 years and 6 months. License shall be renewed for later term.											
3	RS0214090270001	License, Trademark	VAL TRADEMARK TRUSTS LIMITED	Virgin America, Inc.	Licensee is a premium brand, but not airline based in California that provides scheduled air travel in the continental United States and Mexico.	Virgin America, Inc.	Right under "Virgin" trademark, signature, trading and business names ("Virgin America", "Virgin America Network", "Virgin America Club" and others) to operate an air and/or aviation cargo and as freight carrier, manufacturer and/or promotional goods, provide promotional marketing and public relations activities and perform other related activities.	United States of America (including Puerto Rico), Canada and Mexico - for all routes, Caribbean Islands and Bermuda - for the routes, where only one of the	09/04/2007	09/02/2005	09/02/2005	Licensee shall have 5 years. License shall be renewed for the license term (year) (year).											
4	RS0215010270001	License, Brand, Trade name	China Mstar Management Services Limited	Guangzhou Betty Chemical Co., Ltd.	Licensee intends to design, manufacture and market consumer electronics (such products, including concrete blocks, roofing structures, light concrete aggregate panels and "the system" of a pre-fabricated houses or structures on a standard	Guangzhou Betty Chemical Co., Ltd.	Licensee licenses to licensee certain trademarks used (under brand names "PUSH" and "POP") for the production of color range of chemicals including aerosol spray paint, fire-retardant, anti-rust and other paints, paint remover, floor oil and surface wax, wax car materials, nail lubricating spray and inhibitor, furniture polish, enamel, primer, plastic jewelry, varnish, washing liquid and glass cleaner, dry ice (carbon dioxide), solidified gases for industrial purposes, brake	Unspecified PRC	03/10/2014	16/12/2014	unspecified	3/11/2015	Licensee shall										
5	RS0213012870101	License, Technology, Patent	Eco Global Corporation	Acquasolite Acquisitions XI, Inc.	Licensee intends to design, manufacture and market consumer electronics (such products, including concrete blocks, roofing structures, light concrete aggregate panels and "the system" of a pre-fabricated houses or structures on a standard	Acquasolite Acquisitions XI, Inc.	Licensee under technology and patent rights to make, use and apply certain technology known as "Black Connection System" (concerning modular blocks system, which can be safely and efficiently assembled without any mortar).	Global great	11/03/2011	11/03/2011	11/03/2011	proposed	Licensee shall										

III. Remuneration				IV. Reference	
Royalty Rate	Base	Other Payments	Compensation and Other Details	Document Title	Link
5.00 %	Net sale	Licensee's minimum royalty obligations to licensor are \$400,000 in 2013, \$2,100,000 in 2014, \$2,800,000 in 2015, \$3,300,000 in 2016 and \$3,600,000 in 2017.	For the period of 2011-2012 (starting from commencement date until 30/11/2012) licensee shall pay to licensor a royalty of 5% of licensee's and its affiliates' net sales of licensed products; For the period of 2013-2017 licensee shall pay fixed calculated additional royalty, which is calculated by multiplying 0,05 by net sales minus net sales minimum (which is	FIRST AMENDMENT TO TRADEMARK LICENSE AGREEMENT	http://www.sec.gov/Archives/edgar/data/153898/000072174814000749/afaf082514s1ex102.htm
5.00 %	Gross sale	Licensee shall pay to licensor a non-refundable licence fee of JPY 30,000,000 and following guarantee payments: 1st fiscal year - 50% of royalty, 2nd fiscal year 50% of the royalty of 1st fiscal year, 3rd and subsequent years - 50% of the royalty of the previous year.	Licensee shall pay to licensor a non-refundable royalty of 5% of the gross sales of licensed Joyride indoor animation amusement parks.	Application proof	http://www.hkexnews.hk/disclosure/listonews/SEHK/2015/03/20150312058.pdf
0.50 %	Gross sale		Licensee shall pay to licensor a quarterly royalty equal to 0,5% of licensee's and its affiliates' and/or its sublicensees' and assignees' gross sales received in connection with the licensed activities.	TRADE MARK LICENSE	http://www.sec.gov/Archives/edgar/data/1814438/000119312614200666/0781208dex1012.htm
2.50 %	Net sale price	Total royalty fees to be paid by licensee to licensor for financial years ending 31/12/2014, 31/12/2015 and 31/12/2016 shall not exceed HK \$100,000, HK \$500,000 and HK \$800,000, respectively.	Licensee shall pay to licensor a royalty of 2.5% of net sales price of the products sold under licensed trademarks.	Announcement	http://www.hkexnews.hk/disclosure/listonews/SEHK/2014/10/20141006077.pdf

As a result of the recent BEPS recommendations issued by the OECD, changes to the Italian transfer pricing legislation and the implementation of the Patent Box regime, RoyaltyRange has provided data and services to a significant number of Italian clients. Our data is used for many purposes, including transfer pricing, valuation and patent box analysis.

Patent Box regime in Italy

The Stability Law introduced a Patent Box regime in Italy in 2015. The Patent Box regime is optional; it allows businesses to benefit from lower effective tax rates on profits derived from intellectual assets.

This qualifying intellectual property includes: patents, trademarks, know-how, other industrial information, software that is covered by copyright, and models and designs that are capable of legal protection. The possibility of considering complementary intangible assets as a single intangible asset for the purposes of the Patent Box regime was introduced in 2016.

The provisions of the Patent Box regime are in line with the OECD nexus approach, which is defined by Action 5 of the OECD BEPS project. It allows a taxpayer to benefit from an IP regime only to the extent that the taxpayer itself incurred qualifying R&D expenditures that gave rise to the IP income.

The Patent Box regime may provide an exemption from corporate income tax and local tax on income. The exemption was equal to 30% for 2015, 40% for 2016, is equal to 50% starting from 2017, and is granted for five years irrevocably.

Comparable uncontrolled price (CUP) method application

The RoyaltyRange royalty rate CUP data is very useful and productive in any European Patent Box regime application due to the following:

- It is specifically compiled for the application of the CUP method.
- It includes a detailed functional, risk and asset analysis.
- It is compliant with the OECD BEPS.
- It has detailed third-party and highest quality data.

Transfer pricing regulatory framework and the arm's length principle

The arm's length principle and the related OECD guidelines on transfer pricing form the internationally accepted standard for testing the appropriateness of intercompany transactions. The arm's length principle is generally applied by 35 member countries of the OECD and many non-member countries as well.

The arm's length principle is incorporated in Article 9 of the OECD Model Tax Convention on Income and on Capital, which forms the basis of the extensive network of bilateral tax treaties between countries.

CUP method

The OECD guidelines on transfer pricing impose the requirement that the most appropriate method be applied under the applicable facts and circumstances.

The CUP method compares the price charged for property or services in a controlled transaction to the price charged for property or services in a comparable uncontrolled transaction.

Comparability of transactions

Application of the arm's length principle is based on a comparison of the economically relevant characteristics of the tested transaction with the economically relevant characteristics of transactions between independent companies. The tested controlled transaction must be sufficiently comparable to an external uncontrolled transaction.

In the course of the application of the CUP method, an external uncontrolled transaction should comply with the following OECD factors for comparability:

- Characteristics of property or services.
- Functional analysis.
- Contractual terms.
- Economic circumstances.
- Business strategies.

RoyaltyRange in Italy

RoyaltyRange has provided data and services to a significant number of Italian consulting and legal firms. The most common purposes for the use of the RoyaltyRange royalty rate data include transfer pricing, patent box and valuation analyses.

Clients	Share of total clientele
Consulting and auditing firms	42%
Legal firms	32%
Industrial companies	23%
Universities and research institutions	3%



RoyaltyRange data is used by a wide range of professionals in different fields, and each client has a different set of requirements. We offer a range of services to meet the specific needs of our clients and make sure that we offer an individual approach and tailored solutions for all of our clients' projects.

Our services include:

- Database subscription.
- One search.
- Benchmarking studies.

Database subscription

The subscription service is a flexible and advantageous solution that RoyaltyRange offers to professionals who want to access RoyaltyRange data themselves.

Subscription access allows performing unlimited searches 24/7 with more flexibility for each search. The user can try various search criteria and approaches in order to arrive at the optimal strategy for each particular project.

When using the RoyaltyRange subscription module, subscribed users can always count on the assistance of our specialists, who are ready to help and happy to provide the guidance and training required to get the best out of the RoyaltyRange database.

Database subscription options (plus VAT)

	POPULAR PLAN			POPULAR PLAN		
	Pay per use	Boutique	Base	Standard	Business	Enterprise
Term	30 days	Unlimited	6 months	1 year	1 year	
Type	Office	Office	Office	Office	Office/country	
Accounts	1	1	1	2	Unlimited	
Downloadable reports	Unlimited	300	Unlimited	Unlimited	Unlimited	
Unlimited access 24/7	☑	☑	☑	☑	☑	
Unlimited searches	☑	☑	☑	☑	☑	
Live online training	☑	☑	☑	☑	☑	
Live chat support	☑	☑	☑	☑	☑	
Phone support	☑	☑	☑	☑	☑	
Search assistance	☑	☑	☑	☑	☑	
Money-back guarantee		☑	☑	☑	☑	
Follow-up training				☑	☑	
Ask us to search					☑	
Pause subscription					☑	
Extend if not used					☑	
In person training						
Custom integrations						
Billed yearly	€500 / 30 days	€200 / month for 1 year	€400 / month	€300 / month	€400 / month	
Billed monthly		€250 / month for 1 year	€450 / month	€350 / month	€450 / month	



Contact us

One search

We offer to perform searches for royalty rate data upon request, taking into account the search criteria provided by the client. We take this search criteria and perform a thorough search in our database. We then manually analyse the initial data in our database and deliver the results for client's review.

The results are presented in a list of free primary reports containing all pertinent information about particular agreements, with the exception of royalty rates, other remuneration terms and the names of the parties involved in the transactions. The information contained in the primary reports allows the client to make an informed decision regarding the agreements for which he or she would like to purchase full access. This way, we make sure that the client is only paying for the agreements that are most relevant for his or her analysis.

The client then decides whether the search results are relevant and contain a sufficient number of reports. The fee is fixed for all requests: after the payment of **EUR 400** (plus VAT) is received, the client gets all royalty rate reports relating to the search strategy, including full details on up to 50 comparability factors for each agreement, links to original sources, and full texts of original agreements or filings. The cost of the search is included in the fee and the client can expand or refine the search without an additional charge.

Example of one search

Step 1: We run a search in our database following the criteria provided by the client.

Use Keywords, NACE rev. 2 or SIC codes to perform a search. Other fields are optional.

Keywords: Useful type: [Go]

Search tips:
 - Select the type of operation: DFF from the dropdown list to add more filters.
 - Challenge: complete these "core" and part of the required "basic" when searching for results.
 - The search operation is for the following industry code used to segment data. Note that this code is not used for legal proceedings (see the NACE rev. 2 SIC code).
 - The search operation is for the following industry code used to segment data. Note that this code is not used for legal proceedings (see the NACE rev. 2 SIC code).

NACE rev. 2.0: OR

SIC: OR

Type of Intangible:

Geographical scope:

License start date: License end date:

Exclusivity:

Use Keywords, NACE rev. 2 or SIC codes to perform a search. Other fields are optional.

PRIMARY REPORT

Date: 03/11/2014
 Search Criteria: Type: Trademark, Patent, Keywords: Optic cable, NACE/rev. 2: 27.31, 26.80, SIC: 3827.

Select the numbers of the reports you would like to purchase

No. 1 No. 2 No. 3 No. 4 No. 5 No. 6 No. 7 No. 8 No. 9
 No. 10 No. 11 No. 12 No. 13 No. 14 No. 15 No. 16 No. 17 No. 18
 No. 19 No. 20 No. 21 No. 22 No. 23 No. 24 No. 25 No. 26 No. 27
 No. 28 No. 29 No. 30 No. 31 No. 32 No. 33 No. 34 No. 35

Note: locks represent certain hidden data. This data will be provided upon payment.

No.: 1
 Unique Code: RP20130531107001

I. Identification of Intangibles and Legal Owner of Intangibles

1. General
 Type: Know-how, Trademark, Copyright, Technology, Patent, Trade name

Step 2: Client gets a list of initial results and may select the reports he or she would like to purchase (or purchase all reports from the list for the same price).

Step 3: Soon after payment, client receives all information on the agreements plus their original sources in PDF.

I. Identification of Intangibles and Legal Owner of Intangibles		II. Characterization of the Intangible		III. Description		IV. Business	
No.	Unique Code	Priority Category	Registration/Protection Status	Registration/Protection Status	Registration/Protection Status	Registration/Protection Status	Registration/Protection Status
1	82201408470001	✓	✓	✓	✓	✓	✓
2	82201403270008	✓	✓	✓	✓	✓	✓
3	822014062470001	✓	✓	✓	✓	✓	✓
4	82201403270008	✓	✓	✓	✓	✓	✓
5	82201403270001	✓	✓	✓	✓	✓	✓
6	82201408470001	✓	✓	✓	✓	✓	✓

A benchmarking study is a detailed comparison of publicly available licence agreements and royalty rates in order to determine the arm's length (market) royalty rate range for specific products or services. Following the search criteria provided by the client, we conduct a comparable uncontrolled price (CUP) analysis to determine an arm's length (market) range of royalty rates for the intellectual property licensing in this sector.

The search is performed in the RoyaltyRange proprietary database. Each report is supplemented with original non-redacted agreements, as well as filings or other types of documents from which the data is gathered.

The search process consists of the following stages, which are documented in the benchmarking study report in detail:

- Quantitative screening – the search process yields a list of potentially comparable reports.
- Qualitative screening – the sample is manually reviewed and the final set of reports is selected.
- Financial analysis – the range of royalty rates for third-party licensing agreements, an interquartile arm's length (market) royalty rate range, and a median are calculated.

Our fee for performing a benchmarking study is **EUR 1,500** (plus VAT). This fee covers the preparation of a benchmarking study from A to Z, which consists of the following documents:

- A benchmarking study report presentation containing the description of the search, steps of the analysis and calculation of an arm's length royalty rate range.
- An appendix with a list of all primary reports used during the quantitative screening and a list of all final reports used during the qualitative screening.
- PDF sources of the original agreements, filings or other types of documents used in the calculation of the royalty rate range.

The term for the preparation of one benchmarking study is about four working days after the payment.

For our clients who have a constant need for benchmarking studies for transactions involving intellectual property, we offer special discounts for acquiring sets of several benchmarking studies.

The presentation of the results can be tailored to the specific needs and formats of our clients and can follow their standard practice.

Example of a benchmarking study

A study report presentation

Executive Summary



RoyaltyRange has been requested by Client to conduct CUP analysis to determine an arm's length range of royalty rates for intellectual property licensing for immunostimulant and other drugs. The search study was conducted using the RoyaltyRange proprietary database.

Results

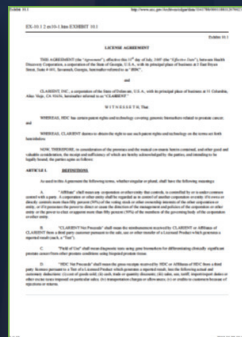
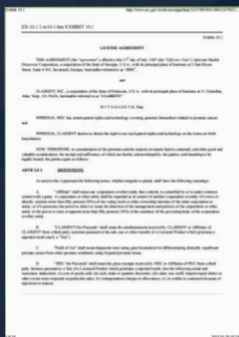
The search resulted in 11 comparable third-party agreements associated with the licensing of intellectual property in the field under review.

Royalty rates for licensing agreements range from 1,00 % to 7,75 % with an interquartile arm's length royalty rate range of 2,22 % to 5,75 % and median of 5,00 %.

Arm's length range of royalty rates	Median
2,22 % - 5,75 %	5,00 %

An appendix with all data used

Original sources of agreements in PDF



Contact us

We welcome the opportunity to discuss our services with you in greater detail by phone, email or online conference at your convenience. In the meantime, if you have any questions or comments, please do not hesitate to contact us.

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