

# ROYALTY COMPLIANCE SERVICES

Inaccurate reporting of royalties due under licensing agreements can occur for a variety of reasons including a lack of understanding of the agreement, calculation errors, poor internal controls, and many others.

## SERVICE HIGHLIGHTS:

- Develop internal royalty monitoring systems and compliance programs
- Determine the amount of unpaid royalties
- Develop licensing agreement language
- Assist in resolution and recovery process
- Global operations and capabilities

## REPRESENTATIVE INDUSTRY EXPERIENCE:

- Aerospace and avionics
- Automation and control solutions
- Biotechnology
- Consumer products
- Electronics
- Media and entertainment
- Oil and gas
- Semiconductors
- Specialty chemicals

When it comes to protecting your valuable intellectual property, the FTI Intellectual Property group can assist you in determining the amount of any unpaid royalties, preventing future losses and strengthening your relationships with business partners. FTI IP professionals also assist clients in developing internal royalty monitoring systems and appropriate licensing agreement language as it relates to accounting terminology and definitions as well as audit and record retention paragraphs. During a royalty engagement we:

- Gain an in-depth understanding of the royalty agreement(s).
- Gain an in-depth understanding of the licensed technology, trademarks, or other intellectual assets.
- Discuss agreements with individuals within your organization to understand the current relationship and subtleties of the agreement.
- Identify areas of exposure.
- Perform a screening process of license agreements to identify those licenses most at risk for underpayment.
- Determine whether the licensee's understanding of its obligations matches that of the licensor.
- Review historical royalty reports and related correspondence.
- Review licensee's royalty calculation method and obtain an understanding of the source of supporting financial information.
- Perform a "desk audit" of information received from the licensee.
- Perform a "field audit" at the licensee's location if deemed necessary, based on the results of the "desk audit."
- Present findings on underreported royalties and compliance program improvement recommendations to management.
- Assist in settlement negotiations and resolution and recovery of the underreported royalties.
- Design compliance programs for future monitoring of licensees.

In the majority of cases we have found that the recovery from a royalty examination outweighs the costs. In addition, future revenue streams are often enhanced as licensees learn from the process, and attorneys and business executives become more aware of issues that affect accurate royalty payments for future negotiations. The benefits of FTI's IP royalty compliance services are not only the recovery of revenues for your company but also a better relationship between you and your licensee. FTI IP professionals recognize that licensees are your business partners and will work diligently to maintain and foster these mutually beneficial relationships. We also help licensees: improve their royalty compliance systems, facilitate the licensor's royalty audits by gathering and preparing information for licensor's auditors, and improve their important business relationships with their licensors.

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## About FTI Forensic and Litigation Consulting

The FTI Forensic and Litigation Consulting segment is a leading global provider of strategic solutions for law firms and corporations facing complex disputes and investigations. Our team of experienced advisors provides complete end-to-end services – from electronic discovery and forensic accounting to dispute advisory, compliance and monitoring, and trial services.