

IP Licensing: The Category Capability Index™

A Structural Decision Framework for Trademark and Copyright License Acquisition

Executive Summary

Licensing decisions frequently rely on brand popularity, royalty benchmarks, or anecdotal category logic. Yet many licensing failures occur not because an intellectual property (IP) lacks strength, but because it lacks structural compatibility with the target category.

The Category Capability Index™ (CCI) is a proprietary Goldmarks framework designed to quantify the structural commercial translatability of trademarks and copyrights across product categories. The model produces a standardized 0–100 Category Capability Score and integrates with a Financial Overlay Model that translates structural fit into revenue, royalty, and risk-adjusted ROI projections.

CCI provides a repeatable, defensible methodology for selecting the best IP within a competitive licensing environment.

The Structural Licensing Problem

Brand strength alone does not determine licensing success. Failure typically results from:

- Identity misalignment between IP and category
- Weak motivation transfer from fandom to purchase
- Channel incompatibility
- Overestimated sell-through lift
- Approval complexity and execution friction

Traditional evaluation tools address only fragments of this problem:

- Brand valuation firms estimate enterprise brand value.
- Royalty databases benchmark comparable agreements.
- Consumer research firms measure perception and awareness.

The Category Capability Index™

CCI can be used to provide a structural compatibility assessment for license acquisition decisions. CCI evaluates five independent dimensions (each %-weighted):

1. Identity Congruence
2. Functional Relevance
3. Purchase Motivation Transfer
4. Retail & Channel Compatibility
5. Execution Feasibility

Each dimension is scored using a standardized 1–5 rubric. The weighted composite produces a 0–100 Category Capability Score.

Interpreting the CCI Score

<u>CCI Score</u>	<u>Interpretation</u>
80–100	High-probability structural fit
65–79	Viable with strategic structuring
50–64	Elevated risk
<50	Structural misalignment

From Structural Score to Revenue Forecast

The Financial Overlay Model converts CCI into commercial outputs:

- Expected sell-through lift percentage
- Incremental revenue projection
- Risk-adjusted expected value
- Royalty feasibility ceiling
- Break-even volume thresholds

The Lift Projection Formula:

Lift % = $(CCI - 50) \times 0.6\%$
(Capped at 35%)

Probability of Success = $CCI \div 100$

The result is a risk-adjusted revenue model grounded in structural fit rather than brand popularity alone.

Strategic Applications

CCI enables:

- Side-by-side IP comparison
- Royalty negotiation leverage
- Minimum guarantee discipline
- Portfolio optimization
- Licensing pipeline screening

Conclusion

The Category Capability Index™ transforms licensing from instinct-driven decision making into structured, repeatable commercial analysis. It is independent of syndicated data inputs and proprietary to Goldmarks.

About

Goldmarks Co. provides research, planning and partnership development to create new products for intellectual property licensors, licensees and agencies.

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