

value spread. An exact value figure will not be detectable until the moment of transaction (if there is one), in which the asset must be given a specific price tag.

This, in turn, means that the quality of a forecasting valuation technique can be detected by how well it is able to deal with and minimise future-related uncertainties and risks.

The reporting-forecasting dichotomy is so profound that it justifies and even necessitates a differentiation between these two fields. It applies to all valuation objects, tangible and intangible.

The work at hand is committed to dealing with forecasting intellectual property valuations.

## 1.3 General Framework Underlying the Value of any Asset

Next to universal value determinants of intellectual property and other intangible assets,<sup>27</sup> there are general principles underlying the formation of value of any asset, tangible and intangible. These factors are scarcity, utility and title.

### 1.3.1 Scarcity

As a general rule, tradable assets are more valuable the more demanded or scarce they are respectively. If supply rises above demand, scarcity and prices decline.<sup>28</sup> Assets which are not scarce have no potential to attain noticeable value. Therefore, scarcity is a fundamental source of and *conditio sine qua non* for value.

Physical assets are either scarce *eo ipso* if there are merely a few or only one item in existence or can be made scarce by physically moving them from a place of abundance to a place of scarcity or by limiting production. Therefore, the scarcity of physical assets is a factual one. Exercise and control of this scarcity can be facilitated by allocating property rights.

<sup>27</sup> Cf. 2.1.1.3.

<sup>28</sup> *Paschke*, Grundlagen der Volkswirtschaftslehre, p. 36 et seq.