

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,²⁷ 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.²⁸ 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.

²⁷ Cf. 2.1.1.3.

²⁸ *Paschke*, Grundlagen der Volkswirtschaftslehre, p. 36 et seq.