

# Intellectual Property Securitization

## Implementing IP Monetization Strategies

### Key Benefits

- New channel for IP Monetization.
- Leverage IP Assets in raising capital for business operations.

Intellectual Property Securitization is fast becoming important alternative in financing to raise capital against the Intellectual Property Assets. Off late, the trends in IP Securitization indicate that the pool of buyers and sellers for IP asset based securitization is growing at significant pace.

IP Securitization based financing trend is catching up worldwide. China, Hong Kong, Malaysia and other countries are actively pursuing this path of IP Asset collateral and maximizing the opportunity to extend business and job market. Future royalty payments securitization seems to have taken off very well.

### Risks to Assess before IP Securitization

- Check the validity of the patents
- Verify, evaluate the potential for infringement

### Why Intellectual Property Securitization?

To raise funds for business operations, IP Securitization is a form of debt based financing and can be leveraged to raise cash.

Pledging IP as collateral for debt financing is another form of IP Monetization strategy. Leveraging predictable cash flows or future receivables, businesses are raising capital to fund their operation.

However, before using Intellectual Property assets as collateral, IP valuation needs to be performed on the patent portfolio. Also, IP Due Diligence is essential to lay a clear definition of what IP is available, what is its protection status, clear the ownership and assess the lifetime of the IP.

### Factors affecting Patent Securitization

Although the culture of patent securitization had gained wider acceptance, it is important to assess the factors affecting IP Assets securitization.

Addressing these inhibitors, opens the door for stronger, robust IP assets based debt financing market.

## Patent Securitization Issues

There are three significant issues with respect to patent securitization.

- **Assets Issues** – A major factor to be considered with respect to IP assets collateral is the fact ... of determining patent 'value'. Another aspect to deal with is understanding the context - that is industry features of the patents.
- **Economic Issues** – Determining the size of the deal, cost of capital are the inhibiting factors that need to be addressed.
- **Transaction Issues** – The consideration of comprehensive legal framework, servicing, recourse and structural enhancement are some of the issues that need to be dealt with.

Addressing these issues identically provides opportunity for intangible assets to become a major driver of growth.

## Factors Impacting IP Securitization

Let us look at the factors that potentially impact IP Securitization.

Analysis of the IP backed securitization transactions provides insights into some of the impeding factors.

- Limited use of IPs
- Privacy risks (for music, films etc.)
- Patent litigation concerns
- Potential changes in legislation
- Technology obsolescence

Unlike the traditional assets backed transaction, much deeper technical expertise is needed to handle IP securitization.

If you are interested in getting more information, contact our Intellectual Property experts at [contactus@vajrasoftinc.com](mailto:contactus@vajrasoftinc.com) or via telephone at 1-925-248-2523.

To consider Intellectual Property Securitization solutions for your business, or to find more information, you can reach at [www.vajrasoftinc.com/intellectual-property-securitization.shtml](http://www.vajrasoftinc.com/intellectual-property-securitization.shtml)