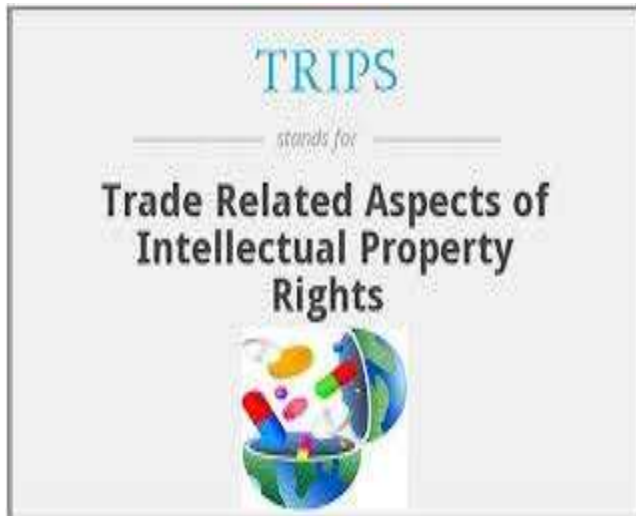


IPR-SOURCE OF FINANCE



**Trade Related Investment
Measures (TRIMs)**



IPR-Sources of Finance

- Multinational corporations as well as small and medium sized enterprise, are **leveraging their IP assets in exchange for finance**, and lending institutions around the world are increasingly extending their business to provide loans on the basis of IP.
- IP rights are not only valuable assets but can also be **important sources of financing**. The desire to enhance innovation is a very important issue for all nations, and **access to financing is critical for start-up companies and innovative SMEs**
- Most of the people are familiar with traditional IP **financing tools such as licensing (royalties) and direct sales of patents or trademarks**. Recently, however, companies have found **new ways to raise funds using intangible assets: one is by auctioning their IP**

Franchising

- In terms of distribution, the franchisor is a supplier who allows an operator, or a franchisee, **to use the suppliers trademarked**
- Operator pays the supplier a fee. It is a practice of using another firms successful business model.



Licensing

- The method of foreign operation where by a firm in one country agrees to permit a company in another country to use the manufacturing, processing , trademark, know-how or some other skill provided by the licensor
- Involves little expense and involvement, the only cost is signing the agreement and policing its implementation
- Generally used in permits, copyrights, etc.



Turnkey Projects

- It is an agreement by the seller to supply a buyer with a facility fully equipped & ready to be operated by the buyer, who will be trained by the seller
- Mostly used in fast food franchising when a franchiser agrees to select a store site, build store, equip it, train the franchisee and employee



Benefits of IP backed financing

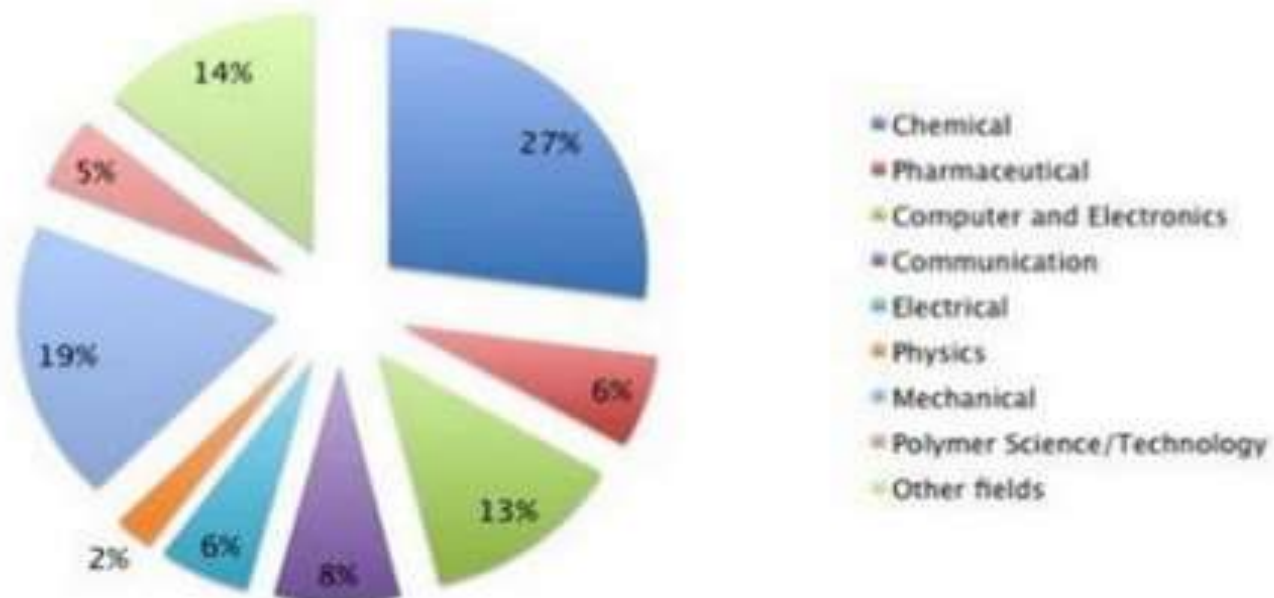
- **Potential for value appreciation** – the IP assets of a well-run business increase in value over time, whereas the value of most tangible assets depreciates.
- **Stronger repayment incentives** – where intangibles are core to business activity, they provide a powerful incentive for borrowers to honour repayment commitments.
- **Improved security** – Defining intellectual assets as part of a lending agreement puts a bank in a stronger position with an administrator in the event of financial difficulties.
- **Alternative to personal guarantees** – IP and intangibles provide an additional source of security that **is directly related to a company and not an individual**, thereby making it easier to recover funds if necessary.

Challenges

- **Understanding value/managing risks:** the value of some intangible assets, such as brands, can change rapidly in line with company fortunes.
- **Training and the adoption of recognized standards are required** for intangible asset value management in managing the risk profiles associated with these assets.

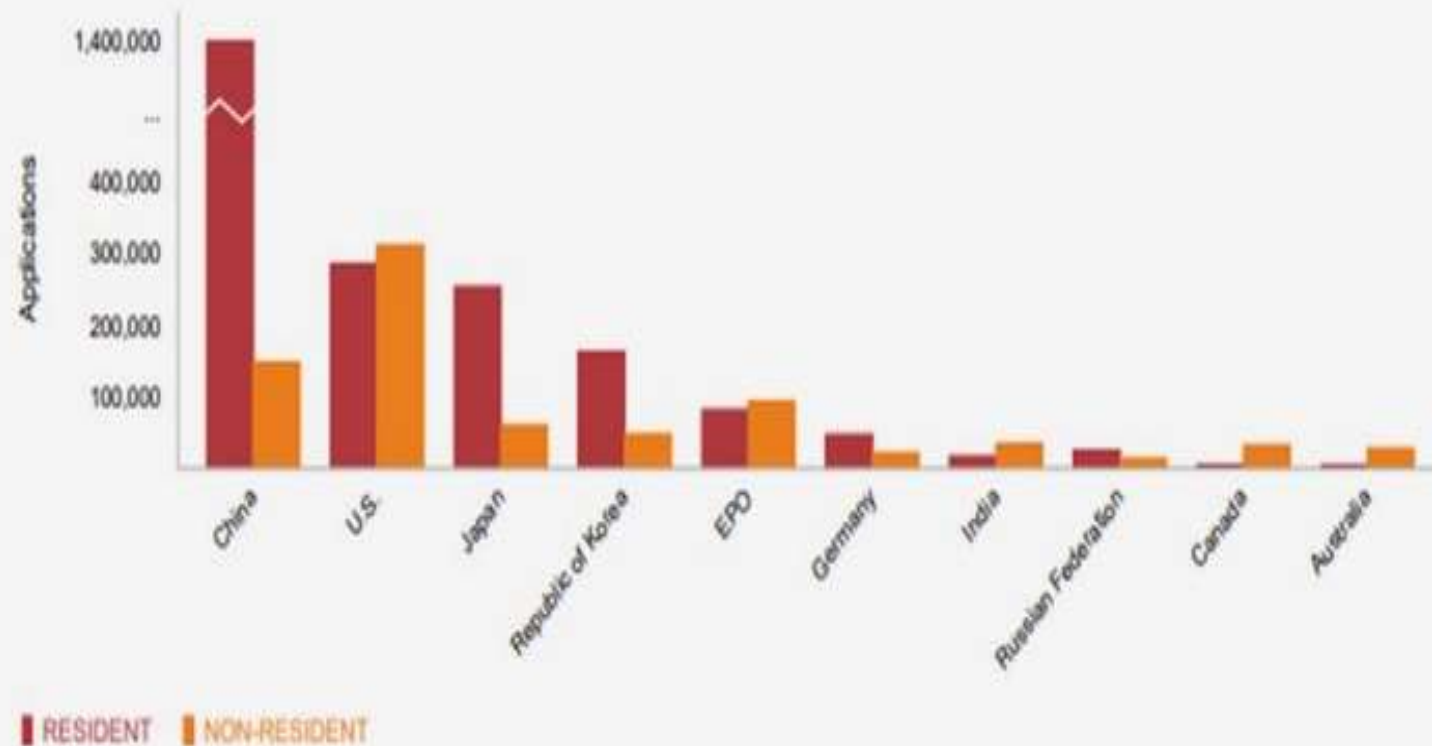


Fields in which patents granted (2012-2017)



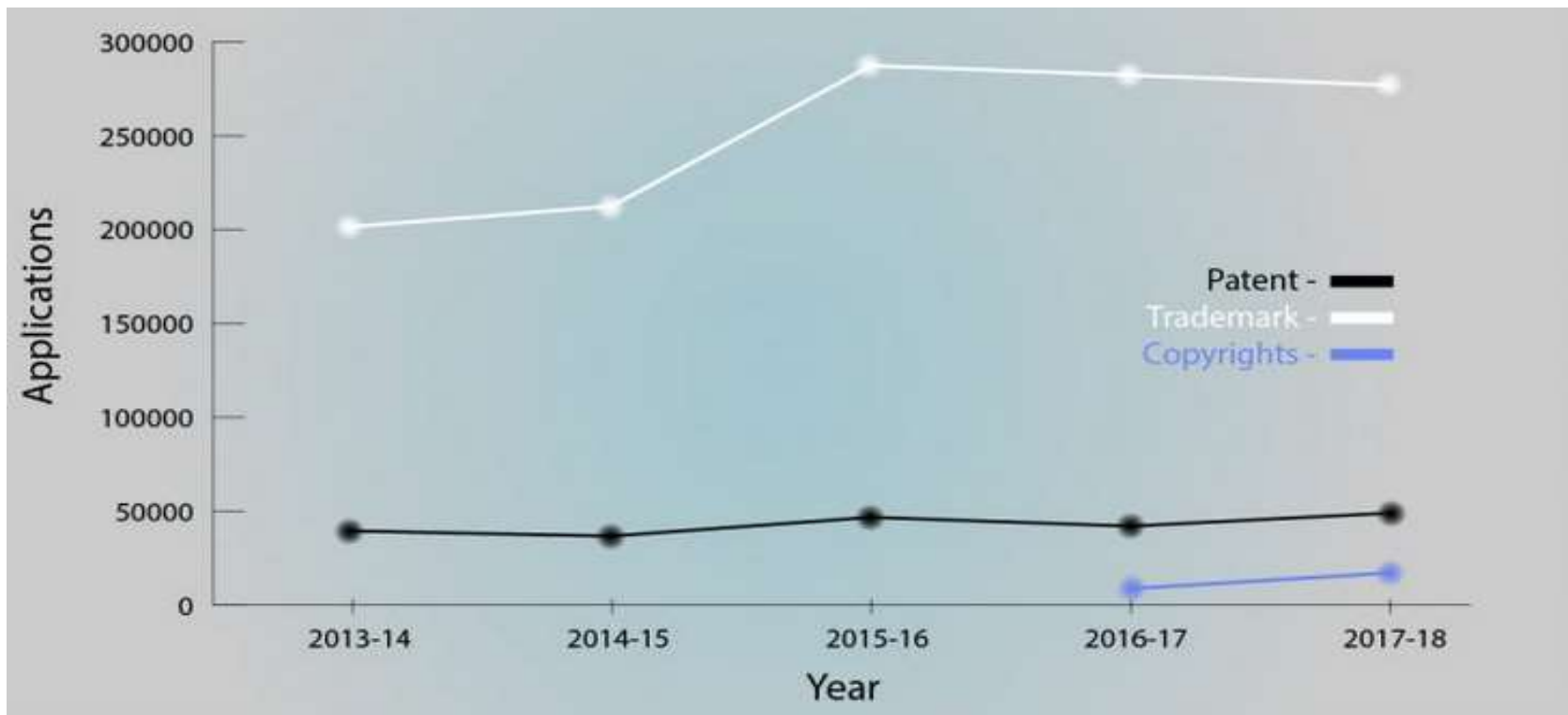
China received 46.4% of all patent applications filed worldwide

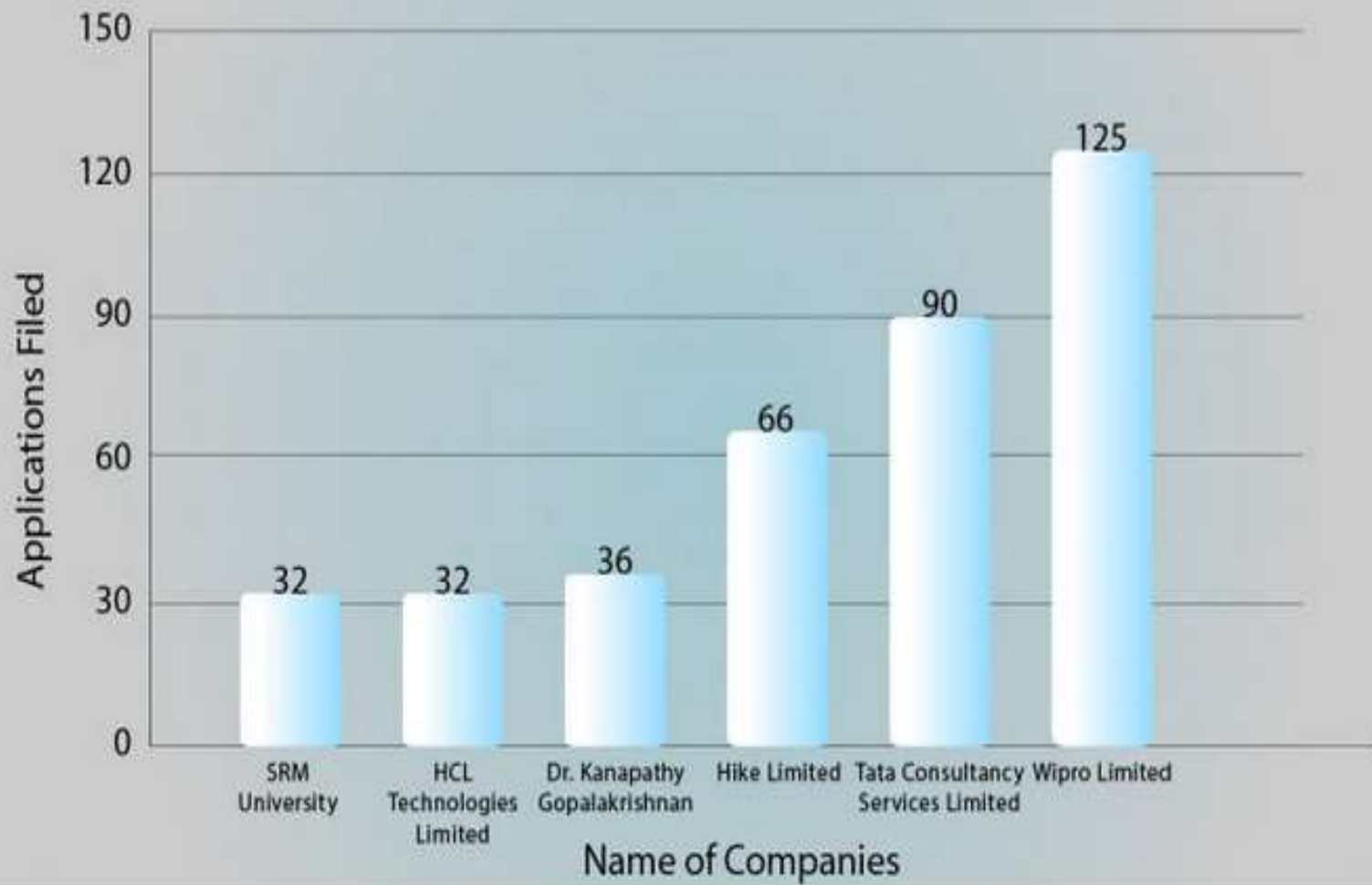
1.2. Patent applications at the top 10 offices, 2018



Application	2013-14	2014-15	2015-16	2016-17	2017-18
Patent	42,951	42,763	46,904	45,444	47,854
Design	8,533	9,327	11,108	10,213	11,837
Trade mark	2,00,005	2,10,501	2,83,060	2,78,170	2,72,974
Geographical Indication	75	47	14	32	38
Copyrights	Copyright administration shifted to DIPP/ CGPD TM in 2016-17			16,617	17,841
Semiconductor Integrated Layout Designs (SCILD)	SCILD administration shifted to DIPP/ CGPD TM in 2016-17				02
Total	2,51,564	2,62,638	3,55,898	3,50,467	3,50,546

Source:-IPR.India.nic





- The list of **top 10 patents holder** in India comprises only **pharmaceutical and bio-tech companies.**
- In India 184 patents are held by the Council of Scientific and Industrial Research, followed by **‘Ranbaxy’**
- Top 10 patents holders across the world are IT companies, **in India no IT firms has patents**
- In 2017 Govt. of India has launched “Scheme for Facilitating Start-ups IPR(SFSIPR) for encouraging IPR practices in India








INDIA'S RANK

2015	81
2016	66
2017	60
2018	57
2019	52

MOST INNOVATIVE NATIONS IN 2019

1 Switzerland	6 Finland
2 Sweden	7 Denmark
3 USA	8 Singapore
4 The Netherlands	9 Germany
5 United Kingdom	10 Israel

BUT WIDE DIFFERENCES IN INNOVATION ACROSS ECONOMY EXIST

Pillars in GII	2018	2019	Change
Knowledge & technology outputs	43	32	11 
Market sophistication	36	33	3 
Human capita and research	56	53	3 
Business sophistication	64	65	-1 
Institutions	80	77	3 
Creative outputs	75	78	-3 
Infrastructure	77	79	-2 

Source : Global Innovation Index 2019

Positives

- Indian firms like Wipro, TCS, Bharat Petroleum, Reliance industries have topped the list of Indian firms which have created intellectual property (IP) assets in the US
- Emerging technologies such as Artificial Intelligence, Cyber Security, IoT and Cloud Computing accounted for over 50 per cent of the tech patents filed in 2017 to 2018
- Cyber Security (193), IoT (107) and cloud computing (88), digital payments (31), e-commerce (87) and navigation (58).

Negatives

- Hindustan Unilever, Maruti and others repatriating to their parent companies hundreds of crores of rupees in royalty payments that added up to a fifth of whatever came into India by way of foreign direct investment, commerce and industry minister

Examples of Inventions and uniqueness but lacking with IPR

