

Promoting IP Creation and Utilization

- 32 Opening of the Korean Patent Big Data Center
- 32 IP Finance Surpasses KRW 2 Trillion
- 33 Release of Mutual Aid Loans



Smart City
Smart technology is changing the future of cities. Many cities around the world are evolving into smart cities to solve problems such as environmental pollution, lack of energy, traffic congestion, and increased crime.

Opening of the Korean Patent Big Data Center

KIPO and the Ministry of Trade, Industry and Energy launched the "National Patent Big Data Center" in June 2020 under the Korea Intellectual Property Strategy Agency (KISTA). The Center will analyze a database of about 450 million IP information across the world to help establish strategies to identify and foster promising future technologies.



For instance, multi-dimensional analysis of patent big data will allow examination of patent competitiveness by company and by country as well as identify future technologies to guide direction of research and development (R&D). Furthermore, it is expected that the utilization of patent big data in the IP market will extend even to the private sector, such as through patent consultations for companies.

Through the National Patent Big Data Center, KIPO plans to produce and provide patent-based information of major industries and technologies, such as patent trend monitoring and analysis as well as promising future technology discovery regarding national core industries (i.e. AI, Bio-health, autonomous vehicles, etc.) and matters of public safety.

IP Finance Surpasses KRW 2 Trillion

For the first time, Korea's IP finance market surpassed a scale of KRW 2 trillion in new transactions of loans and investments in 2020. "IP Financing" refers to financing activities backed by the value of intangible IP assets of companies. At times, SMEs may possess high quality IP but have insufficient tangible collateral and low credit ratings. Therefore, they are unable to apply for loans through conventional methods. In this setting, financial institutions provide opportunities for financing to companies in the form of loans collateralized by IP, loans guaranteed by IP and IP-based investments

based on the IP valuation of the company's IP assets.

Soon after reaching a total amount of KRW 1 trillion in 2019, the amount of IP-backed financing transactions in Korea rapidly increased by 52.8% to total KRW 2.064 trillion in 2020. More specifically, loans collateralized by IP accounted for KRW 1.093 trillion and loans guaranteed by IP accounted for KRW 708.9 billion. Investment in companies that own outstanding IP rights or a direct investment for IP rights, or IP-based investment,

accounted for KRW 262.1 billion.

Especially in 2020, the expansion of IP financing has helped support Korean SMEs by providing opportunities of financial funds to innovative enterprises who have been economically affected by

COVID-19. KIPO plans to work to increase the number of financial institutions that provide loans collateralized by IP and to enhance the quality of IP valuation services in order to stimulate financial support for SMEs and venture enterprises with innovative technology.

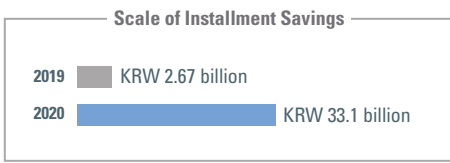
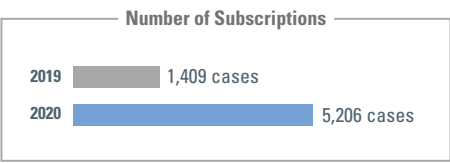
Release of Mutual Aid Loans

Operated through the Korea Technology Finance Corporation (KIBO), KIPO implemented the Mutual Aid Program related to IPRs as a policy program to provide a financial base to SMEs for alleviating the burden of costly expenses related to IP through mutual aid. Subsequently, the program's loan services began to be released for subscribing members in 2020.

The mutual aid program operates based on the revenue of installment deposits of its members. Due to this nature, the first year was spent gathering companies to subscribe to the program and enrolled members are eligible to receive loans after accumulating more than 12 payments (monthly installments). Therefore, companies were issued loans beginning in

July 2020 after its launch in 2019. Additionally, in consideration of the economic hardships caused by COVID-19, a temporary interest rate reduction on loans was implemented from September 2020 until August 2021. The interest rate of loans for IP expenses was reduced from 1.75% to 1.25% and the interest rate for loans for operating funds was reduced from 3.25% to 2.25%.

Since the launch of its services, the mutual aid program has gained 5,206 members in just 16 months of companies which desire to protect their patents, trademarks, designs, etc. and the number continues to increase to that scale. Such mutual aid loans will continue to help SMEs that are faced with unexpected challenges such as IP disputes both domestic and international incidents.



as of Dec. 2020