

A Long and Winding Road of Indonesian Intellectual Property Financing in the Creative Economy

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Chairperson: Professor Ng-Loy Wee Loon, Faculty of Law, NUS

DATE, TIME & VENUE

Tuesday, 29 October 2024

1.15pm to 2.15pm

NUS Law (Bukit Timah Campus), Block B Conference Room, Level 2 (BBCR), located next to the Centre for Banking & Finance Law (CBFL)

ABSTRACT

To support the creative economy, Indonesia's government introduced Government Regulation 24 of 2022 (GR 24/2022) which encourages creative economy entrepreneurs to use their intellectual property (IP) portfolios as security to obtain financing from banks and financial institutions. As financing is a critical issue in developing innovation and creativity, particularly for Small-and-Medium-sized Enterprises (SMEs), startups and creative economy entrepreneurs, the regulation may help them to maximize the benefits of their IP. The paper studies the role of IP in facilitating Indonesian creative businesses to use their IP assets to gain financing. The study discusses emerging IP financing, and how creative economy actors can leverage their IP assets to access equity investments and debt. In addition, this study also aligns how IP merges creativity with capital through financing. It will focus on signalling IP value for external investors, the option of IP financing types with their characteristics, the valuation of IP for financing. However, several risks in IP financing make creative entrepreneurs face severe challenges in raising IP financing because investments in creative products, R&D and new technologies are difficult to predict, measure, evaluate and manage. Therefore, the study will discuss the current problems associated with IP financing in Indonesia which include normative, doctrinal and practical challenges. At a normative level, the current system still does not offer a sufficient legal framework and the regulatory system needs further refinement. At a doctrinal level, there is a different logic and language between the IP and finance world, in that IP focuses on legal rights and protection, while the finance world speaks about risks and returns; therefore, there is a challenge in translating IP assets into financial terms of expected returns, cash flow, and risks. At a practical level, there are challenges arising from insufficient public awareness of IP, limited experience in practicing IP finance, transferability and acceptability of IP in banking loans, the small market for IP, the absence of infrastructure and system of IP financing such as IP valuation and IP valuation experts, no clear and transparent evaluation criteria and standard, etc. To address these challenges, Indonesia needs to establish a legal infrastructure together with a comprehensive IP financing system covering IP valuation, building capacity for IP valuers, assessing IP valuers, improving guarantees for lending institutions, encouraging risk mitigation and risk sharing strategies to increase confidence in decision-making in IP financing. In conclusion, it seems that currently Indonesia faces a long and winding road to finance its creative economy.

ABOUT THE SPEAKER



Mas Rahmah is the director of Intellectual Property Study Center, at Faculty of Law, Universitas Airlangga, Indonesia. She is also the director of Innovation Business Development and Cooperation at BPBRIN (the Board of Innovation Business Development and Incubation) - Universitas Airlangga.

She has more than two and a half decades of experience on positions, trainings, seminars, researches and publications on IP. She has got a full professor on Intellectual Property since March 2022. Her doctoral thesis was on IP Securitization of IP financing. She holds Master of Law on Intellectual Property, from Monash University, Australia.

REGISTRATION



There is no registration fee for this seminar, but seats are limited. Refreshments will be provided on a first-come-first-served basis.

Visit <https://bit.ly/3zJ6T3O> or scan the QR Code to register by Tuesday, 22 October 2024, 5.00pm

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