

## Patents and Domain Names can be Used as Security



There is a system that allows one to obtain a loan from a bank using the patented technology as a security. Kookmin Bank is one bank that offers a loan in this respect with an interest rate lower than that of general loans. This system, developed to promote commercialization of outstanding patented inventions, is currently available with the support and recommendation of Korea Invention Promotion Association, an agency operated under the auspices of KIPO.

In line with the finance industry's practice, the patented technology must first be appraised. While real estate is appraised by Korean Appraisal Institute, a particular patented technology is evaluated in terms of its technical aspects as well as commercial feasibility by specialized research institutes, inspection institutes, etc.

According to the Invention Promotion Act, agencies that specialize in the evaluation of technical merits and commercial feasibility, such as national or public research institutes or government-invested research institutes, etc., are officially designated as the appraisal institutes for patented technologies. The purpose of this system is to promote prompt commercialization of the invention registered as an industrial property right. The

inventor of an invention, which is recognized as possessing outstanding technical merit and commercial feasibility through an appraisal, may seek priority funding from a financial institution. In some cases, one may also receive funding necessary in producing sample products.

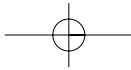
A person seeking to have his patented technology appraised should file an application with the assistance of Korea Invention Promotion Association's Patent Technology Business Mediation Center. At that time, the person may also receive a grant to cover a portion of the appraisal fees. Qualification for such appraisal is extended to Korean nationals who hold a valid registration for an invention pursuant to the Patent or Utility Model Act, or such person's successor or exclusive licensee with respect to said registration.

### **Up to 30 million won can be borrowed using a domain name as a security**

The appraising institutes evaluate such factors as the quality of the technology, applicability of the technology, influence of the technology, possibility for production and overall technical merit as well as marketability, competitiveness and prospects for business. The technical merit of a patented invention is conducted by National Industrial Technology Center, Production Technology Research Center, Korea Chemical Test Research Center, Korea Ginseng Research Center, Korea Maritime Research Center, Korea Electronic Test Research Center, Korea Nuclear Research Center, Korea Energy Technology Research Center, Korea Resources Research Center, Korea Chemical Research Center, Korea Electronics Research Center, Industrial Technology Test Evaluation Research Center of Production Technology Research Center. Commercial feasibility of a patented invention is evaluated by Small and Medium Sized Business Promotion Center and Technology Credit Guarantee Fund.

Once an appraisal is completed, Patent Technology Commercialization Mediation Center makes such arrangements as transfer of rights, grant of license, joint venture or other forms of practice

***You must start first in order to finish first 259***



of the invention. If an appraisal finds that an invention is an outstanding invention, a loan from Kookmin Bank is made available by using said invention as a security. For this purpose, Technology Credit Guarantee Fund can also furnish the necessary guarantee. For detailed information, one should contact Patent Technology Commercialization Mediation Center at 02-551-5571/2.

There is also a way to use an Internet domain name as a security, similar to the patent rights or real estate. Industrial Bank of Korea and Internet Plaza City ([www.internet-plaza.co.kr](http://www.internet-plaza.co.kr)) currently offer loan services up to 30 million won, using a domain name as security.

The amount of loan available in this regard is 30% of the appraisal amount of the domain name up to 30 million won. The appraisal is conducted by Internet Plaza City, who also furnishes the corresponding guarantee. Currently, the loans are limited to companies who own .com domain names, such as [www.chosun.com](http://www.chosun.com). However, they are expected to expand the scope of the type of security to both .net and .co.kr domain names.

This company plans to conduct the appraisal of domain names by establishing a committee comprised of lawyers, patent attorneys and professors. Many in the industry agree that domain names have value as security, as evidenced by a recent sale of a domain name for 300 million won locally in 1999.

A proper use of this service, which started on December 1, 1999, should be able to allow small high-tech companies to procure funding more readily. As can be seen, in this age of information technology, one has the opportunity to use IPR rights floating in cyberspace to increase one's wealth or to borrow money. We are constantly reminded that one small idea can truly change the life of an individual or the fate of a company and that there are infinite areas in which we can challenge ourselves for the future.

