Korean patent fund aims for $350 million war chest with goal of becoming a global player

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The size of the fund controlled by Korean patent aggregator Intellectual Discovery is set to stand at a total of $350 million by 2015, a senior member of the firm revealed at an event in Seoul on 22nd November. Speaking at the Global IP Business Forum, Intellectual Discovery vice-president Mi Chung Ang told delegates that it had raised around $250 million since 2011, roughly one third from government and two-thirds from the private sector. Government backing for Intellectual Discovery, which was established in July 2010, is due to last five years.

Currently, Ang stated, the firm has a portfolio of 3,800 patents – half of which are Korean. Of the other half, 30% are US grants. They cover well over 20 different technologies, but among the biggest sub-sets are those which relate to mobile services and communications, light emitting diodes, batteries, next generation near field communications and cloud computing. The aim is to have a 5,000-strong portfolio by 2015.

Intellectual Discovery's strategy can roughly be divided into two parts. For a domestic Korean client base it aims to establish itself as a defensive aggregator that buys up patents and pools them into discrete technological areas. Companies pay a subscription to join as many of these pools as they wish – and receive licences for the patents contained in them. The aim is to develop a subscriber base of around 500 entities; so far there are seven pools in areas such as telecoms, software, semi-conductors and medical devices, and a total of 70 subscribers.

But because the firm has to become self-supporting and provide returns to its investors, there will also be a more traditional licensing programme – focused principally on non-Korean companies. This is less developed than the pools business at the moment, but we can expect it to become a lot more sophisticated over the coming years. My understanding is that Intellectual Discovery has outsourced a lot of detailed analytics and claim charts work to well-known service providers in North America as it seeks to ratchet up attempts to bring in licensees.

Although I had heard of Intellectual Discovery prior to the Seoul event and had a vague understanding of its aims, hearing Ang's presentation and talking to people attending the Global IP Business Forum shed a great deal more light on the firm's plans. One thing is absolutely clear: it is very focused on becoming a major player in

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the international IP market, not only to benefit Korean companies, but also to generate meaningful returns. A fund with a value of between $250 million and $350 million will help to enable this, as will the realisation that the 40-strong team at the firm will not be able to do everything itself and will have to work with carefully chosen, top tier third parties to identify opportunities and then to roll them out.

A criticism of a number of the patent funds that have been established in Asia is that while they are big on plans, they are somewhat lacking in resources and execution. From what I can tell, I'd say that Intellectual Discovery is an exception on these fronts: it knows exactly what it is doing.

I'll leave you with one little snippet I picked up on the fringes of the conference. Intellectual Discovery was created in direct response to Intellectual Ventures' appearance in Korea at the time it set up its Asian operation. Apparently, IV came to the country with all guns blazing – acting and talking in what was felt to be an aggressive, disrespectful manner. The Koreans did not like what they saw and heard, so decided they would establish an entity that would operate as a home-based alternative. A few years on and I am told that IV in Asia is now a very different beast; one whose approach is much more suited to its environment. But in Korea, at least, it seems that it could well be too late.



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