The Eurasian Standard of Intellectual Property Valuation & Commercialization

by Victor Michelle

Executive Summary

The “Eurasian Standard” reimagines IP valuation by using blockchain and tokenization to turn intangible rights into liquid financial assets. Under this model, patents, trademarks, copyrights and other IP become tradeable assets (via IP Bonds and IP CDOs) whose market prices yield continuous, real-time valuations.

This approach is designed to solve chronic problems in traditional IP finance: for example, IFRS/IAS rules often exclude internally generated IP from balance sheets (leaving ~79% of intangible value unreported), and only ~2% of corporate IP is actively monetized. By contrast, the Eurasian Standard’s valuation engine creates transparent pricing and collateral. In effect, the model unlocked a vast hidden economy – on the order of tens of trillions of dollars – and channeled it into global financial markets and GDP measures. The following report details the Eurasian Standard’s features, how IP Bonds/CDOs work, and why this new paradigm transforms IP financing and economic growth.

Introduction

Intellectual property has become a cornerstone of the modern economy, but paradoxically it remains under-utilized and under-valued. Global intangible assets now exceed $80 trillion, and IP-intensive industries contribute vastly of advanced economies’ GDP. Yet most firms do not leverage their IP in finance: traditional accounting (e.g. IFRS IAS 38) bars firms from reporting internally developed patents, brands or software on their balance sheets, so vast “hidden” IP wealth lies off-books. Few companies have market benchmarks for unique IP, making bank loans against patents rare and (if made) often partial. As WIPO notes, a finance gap persists because companies fail to tap their IP’s value. In short, prevailing methods (cost-based, income/DCF or “comparable transactions” valuation) are static and fragmented. They neither produce real-time prices nor integrate IP into mainstream capital markets.

The Eurasian Standard addresses these challenges head-on. Pioneered by IP-finance innovators (Victor Michelle) and supported by initiatives like the Eurasian Stock Exchange (#eurastex), this model uses blockchain platforms and AI to create a parallel, market-driven valuation system. Under this framework, intellectual property is tokenized into securities \ assets (IP CDOs/bonds) that trade continuously. The result is a transparent price feed that reflects supply-and-demand for each IP asset. In essence, IP is removed from the "invisible" category; its value is discovered by the market, enabling liquidity and collateralization never before possible.

Traditional IP Valuation Challenges

Historically, valuing IP has faced four key problems:

1. Undervaluation/Unrecorded Value: In practice this means a tech firm with a blockbuster patent may show little or no book value for that IP. Consequently, the corporation's true worth (often 80–90% intangible) is obscured.
2. Illiquidity: Unlike stocks or real estate, IP lacks a ready market. While large portfolios can be licensed or sold, the vast majority of IP sits idle. Without markets, IP is effectively illiquid capital.
3. Lack of Standardization: There is no single accepted price measure for a given IP asset. Conventional methods (cost, income, or market comparables) each have drawbacks: they are often one-off, backward-looking, or subjective. No mechanism provides continuous, objective valuations.
4. Collateral Constraints: Because IP is intangible and hard to price, banks are reluctant to lend against it. Under existing rules, IP not on the balance sheet cannot serve as collateral in normal loans. Even when banks take IP, they apply steep haircuts or require guarantees, so proceeds are small.

These interlocking issues keep IP locked away from major funding sources. As WIPO observes, economies suffer when firms "fail to tap into one of their most valuable assets, their IP". The Eurasian Standard provides a technical and financial workaround for these problems.

The Eurasian Standard: Key Innovations

The Eurasian Standard combines several novel features and instruments:

Blockchain Tokenization of IP: Patents, trademarks, copyrights etc. are converted into digital tokens, backed by IP, on a secure blockchain. These tokens can be bought and sold 24/7 on open marketplaces. Because they live on blockchain, transactions are transparent and immutable, assuring trust. For example, the Eurasian Stock Exchange platform was the world's first for issuing and trading IP CDOs, "opening to IP Assets the $300 trillion global debt market".

IP CDOs and IP Bonds: The core instruments are Intellectual Property Collateralized Debt Obligations (IP CDOs), often marketed as IP Bonds. These are structured as debt securities\assets backed by IP. However, unlike traditional bonds, the token's price determines the IP's implied value. "Token prices → IP value: The market capitalization of an IP Bond directly reflects the underlying IP's economic worth". In effect, the bond price feeds back into the asset's valuation.

Real-Time Market Pricing: Because IP tokens trade continuously, pricing is dynamic. Supply/demand establishes "real-time" valuations, replacing static models. Underwriters no longer rely on slow appraisals; instead the market generates live data. As noted, "[t]his market-driven pricing replaces static valuations with dynamic, consensus-based metrics". The result is a transparent "Eurasian Digital Standard" of IP valuation.

In sum, the Eurasian Standard is characterized by a fully digital, market-oriented IP finance ecosystem. Instead of paper valuations and binary "licensed/not-licensed", every piece of IP is a tokenizable asset with a continuously updating price, held in blockchain smart contracts. This is a radical departure from past practice – essentially a new class of IP financial derivative engineered for the digital age.

Addressing Traditional Challenges

The Eurasian Standard directly targets the legacy problems noted above:

Unlocking Undervalued IP: By moving valuation onto the market, it captures economic worth that accounting overlooks. For instance, an IP asset omitted by IFRS can be tokenized and sold for capital – off balance sheet. In practice, firms could raise debt up to the token market valuation of their IP, rather than nothing. In effect, the model "bypasses" IAS 38: the internal IP remains "invisible" to traditional books, but its market value is fully realized in finance.

Enhancing Liquidity: Creating token markets for IP inherently makes it liquid. IP owners no longer need a single buyer; they can sell small token slices to many investors, or use the tokens as collateral. This addresses the “sleeping giant” of IP: tokenization transforms IP into liquid, real-time tradable assets. An inventor can, for example, hold an IP bond and trade it continuously, rather than waiting years for an IPO or acquisition. This means previously illiquid IP can flow into funding streams and capital markets.

Standardized, Transparent Valuation: The use of blockchain price discovery and AI creates a repeatable standard. Instead of proprietary appraisals, everyone sees the same token price. This transparency builds trust with investors and regulators. The opaque, subjective nature of old IP valuation is replaced by a clear, quantifiable metric.

Collateral Utility: Once tokenized, IP can serve as collateral. Lenders may accept IP bonds as security since they can be sold on the market. IP owners retain full control of their patents but can pledge the tokens. This directly solves the “no collateral” issue. In effect, an internal patent portfolio that was previously worthless to a banker can now secure loan capital.

Overall, the Eurasian Standard reframes IP from a static asset into a live financial instrument. Under this model, undervaluation and illiquidity are solved by building liquidity and market pricing into the system itself.

Instruments: IP Bonds and IP CDOs

Two flagship instruments illustrate the new model:

IP Bonds (Tokenized IP CDOs): These are smart-contract bonds whose underlying collateral is IP assets. Investors who buy the tokens effectively lend money secured by the IP. They earn coupon payments drawn from licensing income, and can resell the bond on secondary markets. Because the bond trades freely, its market price updates to reflect real-time views on the IP’s prospects. In this way, the bond both finances IP (by raising capital upfront) and values it (through ongoing trading).

IP Collateral Credit Coins: An extension of IP bonds is the IPCC concept. These coins represent tokenized IOU. This essentially turns IP into a

form of digital credit money, widening how IP can participate in finance.

Together, these instruments create a transformative financing mechanism. Firms need not sell their patents outright; they simply lock them into smart contracts that issue IP bonds to investors. The problem of "selling intellectual property to get cash" is replaced by "issuing debt against intellectual property." As a result, IP assets help fund innovation while the inventors retain ownership and upside. In practice, this greatly expand the reach of IP financing into bond markets – potentially tapping the $300 trillion global debt market. By contrast, traditional IP deals rarely come close to that scale.

Policy Implications and Global Alignment

Adopting the Eurasian Standard would have broad policy effects:

Accounting and Regulatory Changes: Currently, major accounting standards (IAS 38, IFRS) and tax rules do not accommodate blockchain-tokenized IP. In the short term, jurisdictions would need to clarify how to treat IP bonds: for instance, whether tokenized IP counts as external market data or how to tax trading gains. But in fact, IP Bonds/CDOs "bridge the gap" between real intangible value and outdated rules, without actually violating them. In effect, they create a parallel digital layer where IP is recognized and priced.

Over time, global bodies (IFRS Foundation, OECD, Basel Committee) might adapt guidelines to incorporate tokenized intangibles or at least permit such instruments under capital rules.

Monetary and Fiscal Statistics: If IP token markets become significant, national statisticians and central banks will face new data. The model envisions integrating token prices into GDP. For example, if a patent's token value rises, the increment could be treated as an imputed capital gain, bolstering capital stock figures. Such changes would require revising the System of National Accounts or creating specialized IP accounts. The Eurasian proposal even calls for "revising national balance sheets" to include IP token values.

Policymakers would need to decide how to incorporate these figures into official growth metrics.

Financial Stability and Regulation: As with any new asset class,

regulators will need to manage risks. The Eurasian model acknowledges issues like volatility and double-counting. Trading IP tokens could introduce leverage and speculation akin to other markets, so oversight (e.g. token disclosure requirements, reserve rules) would be necessary. On the positive side, more transparent IP prices could improve risk assessment compared to opaque lending practices today.

International Collaboration: Because IP is global, the benefits of tokenization transcend borders. Aligning this standard with international frameworks (WTO, WIPO, G20) could amplify its impact.

For instance, countries could recognize each other's IP tokens for lending, or multilateral development banks could begin accepting IP bonds. The Eurasian Standard fits into broader trends of valuing intangible capital (G20, OECD) and even suggests new "GDP modernization" strategies.

In sum, implementing this standard implies a policy paradigm shift: governments and regulators moving from treating IP as an accounting footnote to actively fostering its tradeable infrastructure.

It suggests that IP policy should include not just protection and innovation funding, but also financial market development.

Market Implications and Macroeconomic Impact

The macroeconomic stakes are huge. By one estimate, roughly $80 trillion of IP value globally is currently "off the radar" of GDP. If even a fraction of this becomes fluid capital, the effects could be transformative:

GDP and Growth: When new assets become financeable, investment tends to rise. Tokenized IP could swell investment in innovation and production. For example, the token platform could convert patent value gains directly into measured growth: a $200 million increase in a patent's market cap could count as higher capital investment.

Additionally, by monetizing IP, creators earn income (via royalties or interest) that flows into households and corporations, boosting consumption and corporate profits. Given that IP-intensive industries already account for ~38% of U.S. GDP, unlocking their full value could add significant percentage points to national GDP figures over time.

Financial Markets: An influx of new bonds-like instruments could deepen capital markets. IP Bonds and CDOs would attract institutional investors (pension funds, insurers) seeking yield, similar to mortgage or auto CDOs in the past. This could lower the cost of capital for companies, spur IPOs of more tech firms, and diversify portfolios. Cross-border trading of IP tokens would also expand "invisible" exports; a license of a U.S. patent via tokens to a foreign company would count as an export service, improving trade balances.

Over the long run, countries with robust IP ecosystems could see outsized increases in measured exports and service industries.

Innovation Funding: With IP as collateral, smaller companies and startups can access loans more easily. This democratizes innovation finance. Venture capital and R&D could scale up, leading to faster technology diffusion. The Eurasian model explicitly envisions encouraging startups: "Transparent valuations encourage startups and SMEs to leverage IP for capital".

We may see new industries founded on tokenized IP, analogous to how securitization once fueled mortgage markets.

Comparison to Traditional Methods: Compared to today's situation – where IP deals are usually private, bespoke, and ad-hoc – the Eurasian Standard offers efficiency and scale.

In a traditional merger or licensing, each patent might be evaluated by expert committees. Here, market prices handle that continuously. This could reduce transaction costs and time. It also mitigates mismatch: rather than a company negotiating a single lump sum for IP, it can raise capital incrementally, matching funding to needs.

While quantitative forecasts are speculative, these mechanisms suggest substantial GDP contributions in coming years. Even if tokenization directly impacted just 5–10% of current intangible wealth, that would be several trillion dollars of new market activity.

By providing one route to capture the value of today's intangibles, the Eurasian Standard effectively enlarges the "measurable economy."

Advantages over Traditional Approaches

In summary, the Eurasian Standard offers several advantages:

Liquidity and Scale: Transforms illiquid IP into a product that trades like stocks or bonds. A company can tap vast debt markets rather than piecemeal licensing or private sales.

Transparency and Fair Pricing: Uses market-driven pricing instead of opaque appraisals. Price signals (via token trading) instantly adjust to new information, avoiding the stale or subjective valuations of DCF models.

Ownership Retention: IP owners can unlock value without selling or diluting control. They issue debt against their IP but keep the IP rights. This aligns with entrepreneurs' goals.

Global Reach: Leverages international capital flows. An IP token needs no single country's market; it is potentially global from day one. This contrasts with most current IP licensing, which is usually bilateral or within national boundaries.

Continuous Valuation: Rather than a one-time valuation, the system provides ongoing pricing. This benefits lenders (who can mark-to-market) and companies (who can see their IP's value evolve).

These benefits address specific drawbacks of existing methods. For example, traditional securitization of patents (akin to "Bowie bonds" in the past) has been rare and small-scale. In contrast, the Eurasian approach is intentionally scalable and digital from inception.

By unifying blockchain, AI and finance, it creates an integrated framework rather than a patchwork.

Conclusion

The "Eurasian Standard" of IP valuation and commercialization represents an innovative digital proposal to retool the intangible economy.

By converting intellectual property into blockchain-backed securities and using onchain-driven valuation, it aims to make IP a fluid asset class.

This directly tackles long-standing issues of undervaluation and lack of liquidity, and could potentially channel tens of trillions of dollars of hidden wealth into the global economy.

If implemented thoughtfully, the Eurasian model could significantly boost innovation financing and render GDP figures more reflective of a 21st-century economy.

World economies already acknowledge that intangible investment now outpaces physical investment – the Eurasian Standard offers one concrete path to harness that trend. Stakeholders (governments, IP offices, tech firms, banks) should evaluate such innovations to ensure policy keeps pace with the rapidly evolving IP landscape.

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