ACCOUNTANCY EUROPE FEEDBACK ON THE EUROPEAN INNOVATION ACT'S CHAPTER 3

INTELLECTUAL PROPERTY COMMERCIALISATION, VALUATION AND IP-BACKED FINANCE

Accountancy Europe welcomes the European Commission's ambition to improve the commercialisation of intellectual property (IP) and strengthen access to finance for innovative European businesses. In particular, we support efforts to address the persistent information, skills and market-infrastructure gaps that make it difficult for IP-rich, asset-light companies to demonstrate the economic value of their innovation to investors and lenders.

The proposed measures in Chapter 3 of the European Innovation Act, especially the proposed EUIPO Competence Centre for IP-backed finance and IP commercialisation, the voluntary EU framework for IP valuation and disclosure, and the digital matchmaking platform, are a constructive step towards a more coherent European IP ecosystem. They are broadly consistent with Accountancy Europe's previous calls to improve SME access to the IP system as well as other innovative companies including start-ups and scale-ups, close the IP-skills gap, foster IP-backed finance, develop secondary markets, establish more consistent valuation approaches and monitor IP's contribution to innovation.

At the same time, the practical success of this initiative will depend on whether it achieves market confidence and genuine uptake, while appropriately respecting existing accounting, audit, valuation, financial-services, insolvency, tax and professional-regulation frameworks.

A USEFUL VOLUNTARY EUROPEAN FRAMEWORK

We welcome the proposal to develop a voluntary Union framework for the valuation and disclosure of IP assets. Greater consistency in how businesses identify, describe and value relevant IP could reduce avoidable information asymmetries between innovative companies and finance providers. Structured, comparable information may be particularly valuable for SMEs, scale-ups, spin-offs, innovative companies broadly, universities and research organisations that lack the resources to navigate fragmented national approaches.

The initiative is sensibly framed as voluntary. It should remain so. A common framework can provide a useful reference point, but must retain sufficient flexibility to reflect the diversity of IP assets, business models, sectors and stages of company development. The value of patents, software, data-related rights, trade secrets, designs, licences and regulatory exclusivities is inherently context-dependent. A standardised methodology should therefore support robust professional judgement rather than create a false impression of precision or comparability.

Furthermore, any European valuation framework should avoid duplication, and be interoperable and aligned with existing recognised international and national standards. We believe these considerations should be explicitly clarified in the EIA proposal.

We encourage the Commission and EUIPO to involve accountants, auditors, valuation professionals, financial institutions, investors, IP experts, SMEs and academic institutions closely in developing the technical specifications, templates and operational tools. This is especially important because key features of the framework, including disclosure content, comparability and interoperability requirements, would be established through implementing acts.

Moreover, the valuation framework should have a clearly indicated purpose and use cases. This is because in general, valuation approaches can differ depending on their intended purpose, such as:

- financing, commercialisation or transaction purposes
- financial-reporting recognition and measurement under applicable accounting standards
- taxation
- credit, investment, prudential and collateral decisions made independently by financial institutions or investors

As such, a common EU IP valuation approach should not be understood for example as determining accounting treatment, guaranteeing bankability, or replacing an investor's or lender's own due diligence and risk assessment.

TRUST, COMPETENCE AND PROFESSIONAL SAFEGUARDS

We support in principle the proposed voluntary certification scheme for IP valuators as a means of promoting relevant competence, integrity and consistency in the application of the EU framework. The proposal appropriately provides that certification is not a professional licence, does not override national rules on regulated professions and does not make EUIPO responsible for an individual valuation. It also requires valuators to act independently and avoid conflicts of interest.

The detailed implementing rules should provide meaningful safeguards in practice. In particular, they should address:

- the multidisciplinary nature of IP valuation, combining valuation, financial, legal, technical and sector-specific expertise
- independence and conflict-of-interest policies, including the relationship between valuation, advisory, transaction and financing roles
- transparent and proportionate quality-control, complaints and disciplinary arrangements
- the necessary expertise, knowledge and experience, including continuing professional development, and
- clear communication on the scope, limitations and intended use of a valuation

The certification should complement, rather than duplicate or displace, established national and international professional standards and certification frameworks, and enable grandfathering of existing certification schemes for IP valuators. As such, the EIA should also not propose introducing new certification bodies or mandate quality-control roles to EUIPO or national IP offices. Requirements and charges should be proportionate, especially for smaller firms and individual professionals, so that the scheme builds capacity rather than unintentionally restricting the supply of qualified valuators. We believe that these considerations should be more explicitly reflected in the EIA text.

DATA, CONFIDENTIALITY AND MARKET INFRASTRUCTURE

We welcome the proposal to develop an evidence base on IP-backed financing through voluntary collection and analysis of anonymised or other non-personal transaction data. Better evidence on valuation approaches, loan-to-value ratios, transaction characteristics and outcomes could improve understanding of risks and support more informed market development.

However, IP-related information is often commercially sensitive and may concern trade secrets, confidential business plans, pending transactions or security arrangements. The future data framework should therefore apply robust safeguards on confidentiality, data access, governance, use limitation and data quality. It should also ensure that SMEs can benefit from the analytical outputs without facing disproportionate reporting or compliance burdens.

The proposed multilingual matchmaking platform and support for secondary markets may help improve visibility and liquidity for IP assets. It is important, however, that stakeholders understand its role correctly: it is intended to facilitate connections between IP holders, investors and brokers, while licensing or purchase transactions would be concluded outside the platform. It should not be presented as a regulated market, a valuation guarantee or an endorsement of an asset's quality or legal status.

MEASURING SUCCESS

The initiative's benefits should be assessed against transparent and measurable outcomes. The Commission expects that more consistent valuation approaches, specialised expertise and improved market infrastructure may reduce costs and information asymmetries and facilitate IP-backed financing. These are credible objectives, but remain expected benefits rather than guaranteed results.

We therefore welcome the proposal's planned use of performance indicators, including uptake of EUIPO standards, transactions using the methodology, valuation costs and use of IP in financing. The latter deserves emphasis, as it is important that the performance indicators measure finance providers' and investors' acceptance of IP to provide financing and the impact of potential relevant incentives. Reporting should also examine access and outcomes for SMEs, geographic and sectoral coverage, the cost of compliance, and whether the measures lead to additional finance rather than merely relabelling existing transactions.

CONCLUSION

Accountancy Europe broadly supports the proposed IP-commercialisation measures as a pragmatic attempt to make Europe's innovation ecosystem more investable and better connected. A voluntary, interoperable and professionally credible framework could help innovative businesses communicate the value of their IP more effectively and support the gradual development of IP-backed finance.

Its success, however, will depend on careful co-design with market participants, strong safeguards for professional independence and confidential information, proportional implementation for SMEs, and a clear boundary between IP valuation for commercial purposes and existing accounting, audit, prudential and legal requirements. The IP valuation framework and the certification scheme should be aligned and interoperable with, and not replace or duplicate, existing frameworks and schemes.

The European Innovation Act should create a trusted enabling framework, not a substitute for sound professional judgement, due diligence or market-based risk assessment.

ABOUT ACCOUNTANCY EUROPE

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