

Blockchain patent assets are hot but hard to find on the secondary market

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There is high demand on the secondary patent market for assets covering blockchain technology.

Perhaps ascribing to the Bitcoin community's motto "hodl" (hold on for dear life), blockchain patent owners have not put a significant number of blockchain assets on the market yet. But early indicators point to change ahead.

"This technology is so new, and it is potentially so ubiquitous. Everyone is getting into it, and there are so many applications for it," says Karl Maersch, senior vice president of Hilco Streambank in Cleveland, Ohio, who has researched this patent market closely because his firm is selling a blockchain biometric validation portfolio. "When patents become available like ours, you see a lot of interest because it is rare that a portfolio of that size and early [priority date] hits the market."

Noting that start-ups tend to introduce many disruptive technology types, Maersch sees blockchain as an outlier. Large companies like Alibaba, IBM and Microsoft became interested in its potential early on and built sizeable patent portfolios. The start-ups in the area find plenty of investor interest to continue fundraising and remain in business, meaning they are holding onto their patent assets.

That leaves not much opportunity on the secondary market for businesses in many fields that are now looking to buy blockchain assets. Would-be buyers stem from operating companies in medical, healthcare, financial services, and other sectors. Though cryptocurrency was the first implementation of blockchain technology, companies see its real value in use for enterprise: things like supply chain management, healthcare validation, identity authentication, and security applications.

"When this project came into us, I looked at it and was like: 'Oh, we are just going to do this as an assertion campaign,'" Maersch says of the blockchain portfolio he's selling. "It very quickly became a boil-the-ocean project because the more we looked for people who were potentially using the technology, the more people we found."

Jordon Parker, vice president of Hilco Streambank in New York, says the market for blockchain validation is worth about a billion dollars today and it has an 85% to 90% compound annual growth rate. This means it could grow to \$35 billion in five years.

“Look at data breaches in the US alone. There has been a sharp uptick. All those data breaches are becoming more and more costly,” Parker says. “Imaging having patented technology that autonomously deals with those things and reduces those risks.”

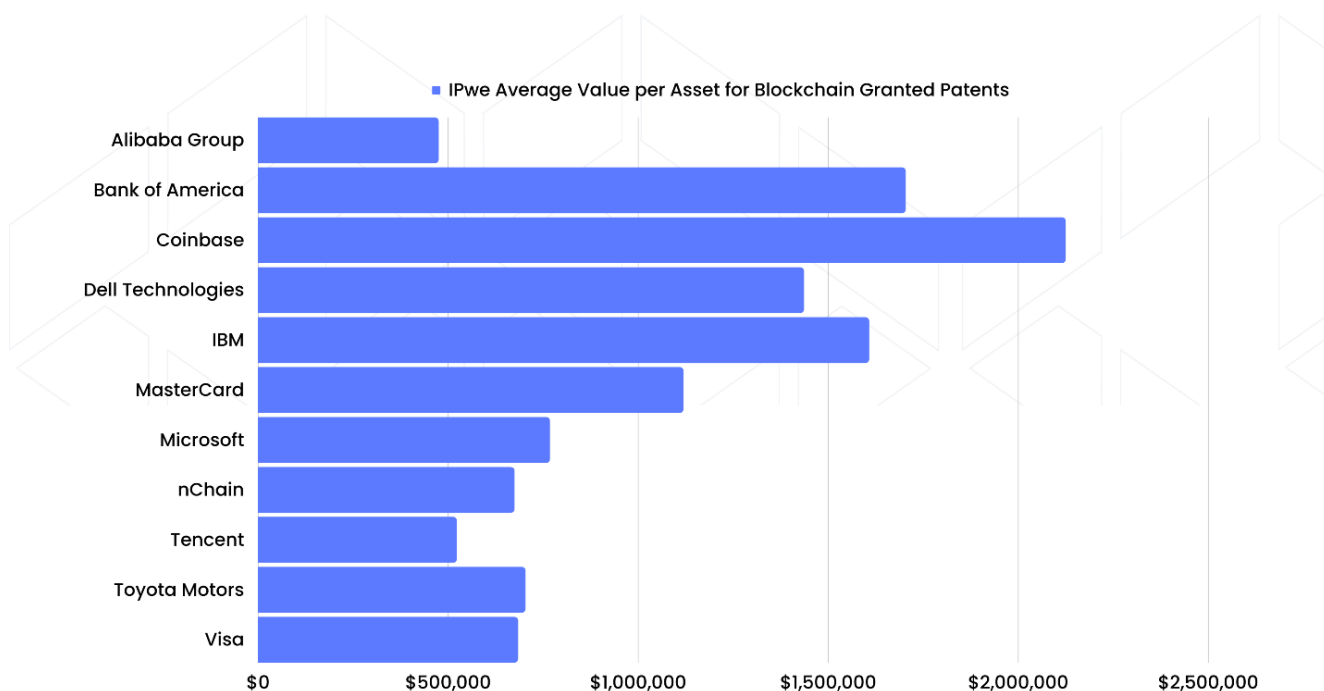
Most valuable blockchain portfolios

IPwe CEO Leann Pinto searched the company’s “Smart Intangible Asset Management” system to discover the patent holders with the most valuable portfolios in blockchain. IPwe’s software utilizes artificial intelligence that analyses publicly available data about patents and many types of industries to benchmark valuations of patent portfolios.

“We believe the 10 most relevant blockchain patent holders to be Alibaba Group (Ant Group is a subsidiary), Bank of America, Coinbase, Dell Technologies, IBM, Mastercard, Microsoft, nChain, Tencent, Toyota Motors, and Visa,” Pinto states via email.

The blockchain patents in Coinbase’s portfolio are estimated to hold the highest value of \$2.1 million per asset on average, as shown in Figure 1. It is followed by Bank of America at \$1.7 million on average per blockchain asset, and then IBM at \$1.6 million.

Figure 1: Top 10 blockchain patent holders’ average value per asset



Source: IPwe Smart Intangible Asset Management

It’s noteworthy that only Coinbase, the cryptocurrency trading platform, and nChain, a blockchain technology research firm, are dedicated companies in the space. Half the companies are in the financial services sector: Ant, Bank of America, Mastercard, Tencent, and Visa.

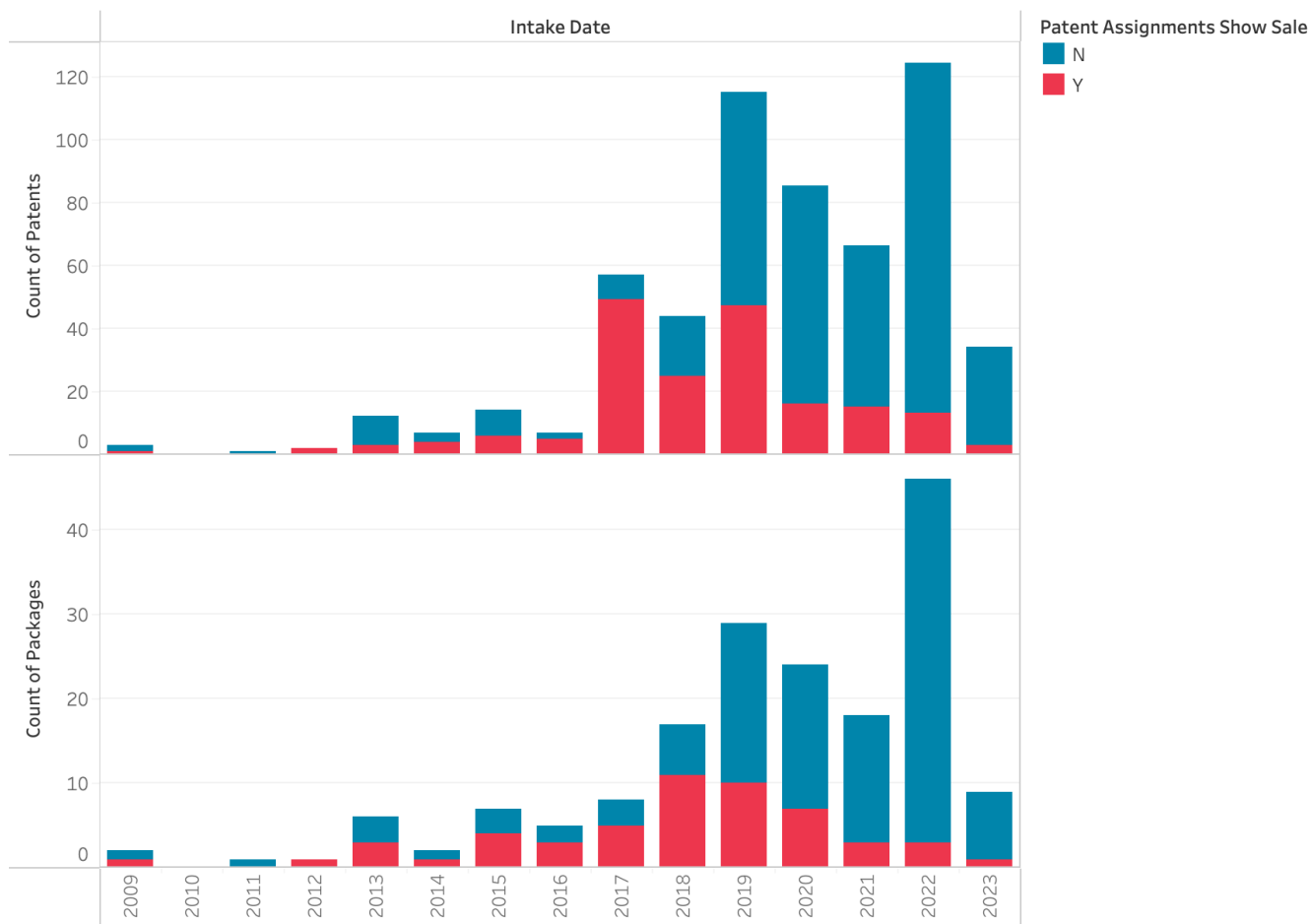
But blockchain technology has many more applications than cryptocurrency and financial transactions. It explains why Big Tech firms like Dell, IBM and Microsoft would build blockchain portfolios. Toyota, the only automaker in the list, launched the “[Toyota Blockchain Lab](#)” in 2019 to explore the use of blockchain to boost security in supply chains, Internet of Things, data sharing, and more.

Uptick in sales activity

Data from Richardson Oliver Insights shows increasing secondary market activity for patents and patent packages that are likely to be related to blockchain technology, shown in Figure 2. ROI used Cipher’s patent classification AI system to search patent sales data for transactions likely to be blockchain-related. The graphs show the total number of packages and patent assets for sale and whether they have sold.

Figure 2: Blockchain-related packages and assets on secondary market

Blockchain Packages and Assets by Intake Year and Sales Status - Richardson Oliver Insights 2023



Count of Patents and count of Packages for each Intake Date Year. Color shows details about Patent Assignments Show Sale. The data is filtered on Technology Subclass - UTT Family, which keeps Blockchain. The view is filtered on Patent Assignments Show Sale, which keeps Null, N and Y.

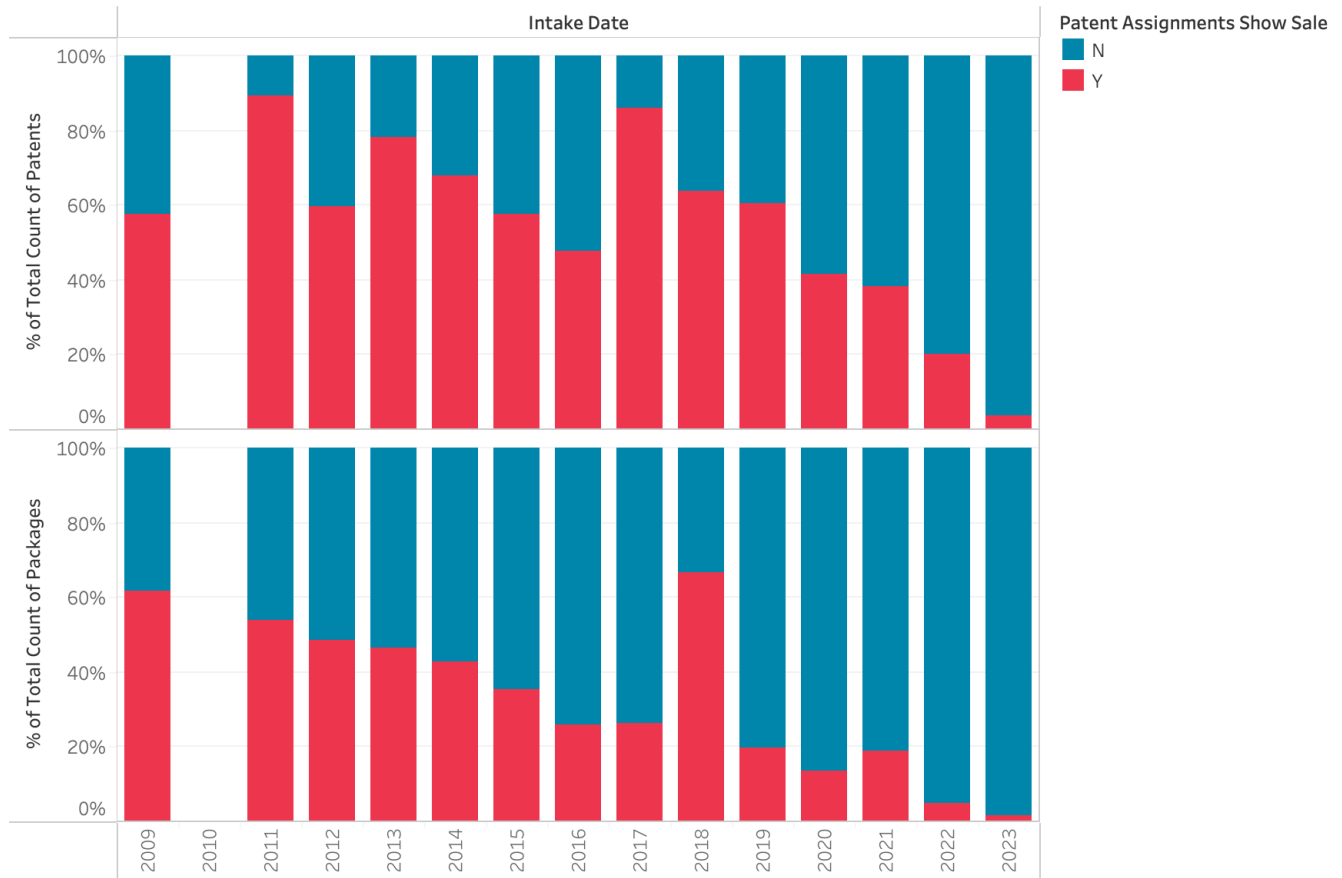
Source: Richardson Oliver Insights

ROI CEO Kent Richardson states via email: "In short, blockchain sells at a good rate (30% of the packages), and there were more packages than we thought."

The red portion of each bar in Figure 3 represents packages and patent assets that have sold, while the blue portion remains on the market.

Figure 3: Sales rates of blockchain-related packages and assets

Blockchain Packages and Assets by Intake Year and Sales Percentages - Richardson Oliver Insights 2023



% of Total Count of Patents and % of Total Count of Packages for each Intake Date Year. Color shows details about Patent Assignments Show Sale. The view is filtered on Patent Assignments Show Sale, which keeps N and Y.

Source: Richardson Oliver Insights

Richardson scoured the data to learn that the bulk of sellers are operating companies, accounting for more than 80 patent packages for sale. Individual inventors put about 45 packages on the market. Non-practicing entity sellers accounted for slightly over 20.

“Both NPEs and operating companies have been buying,” notes Richardson. Buyers from ROI’s database, along with a description from IAM’s research, are listed in Table 1.

Table 1: Example buyers of blockchain-related patent assets

Assignee	Description
Arris Enterprises	Telecommunications company; subsidiary of CommScope
Allied Security Trust	Defensive aggregator
J&A Tech Holdings	New York-based firm that acquired e-commerce platform Project Verte in bankruptcy
PACid Secure E-Commerce	Encryption technology research firm
Valtrus Innovations	NPE run by Key Patent Innovations
Torus Ventures	NPE
Magnolia Licensing	NPE run by IP Edge
RPX Corp	Defensive aggregator

Marqueta Inc	California-based financial services company
WSOU Investments	NPE run by Craig Etchegoyen (formerly of Uniloc)
III Holdings 6	NPE connected to Intellectual Ventures
H2 Partners	Unknown

Source: *Richardson Oliver Insights and IAM research*

More non-practicing entities are interested in buying patent assets covering blockchain, but right now, there aren't many assets for sale at a low enough price to enable them to generate sufficient return for investors, Maersch says.

But he expects blockchain to follow the same trajectory as other technology types when it comes to patent monetisation activity. Once there are blockchain companies that begin to fail in the marketplace they will look to liquidate assets. NPEs will buy their patents. Although Maersch identified just nine blockchain-related patent suits so far in his research, he expects more to come.

"We are at the leading edge of it," he states. "We do not have a liquid market yet, because companies have not failed, so NPEs do not have any patents to buy. But that is all coming."

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IAM

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