



Business Development Bank of Canada Commits \$160-Million Fund Geared Towards Canada’s Intellectual Property Development

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Business Development Bank of Canada (BDC) Capital, the investment arm of Canada’s only bank exclusively devoted to entrepreneurs, has announced a \$160-million intellectual property (IP) financing envelope to support Canadian companies with strong IP portfolios.¹ BDC states that the initiative will assist scaling companies—those with increases in revenue outpacing increases in costs—exploit their IP assets to commercialize, become more competitive, and expand globally.

Experts have long noted that Canada’s IP ecosystem and success in capitalizing IP fall short when compared to other countries, such as the United States, China, or Germany. Additionally, Canadian universities and research institutes tend to produce fewer licensed innovations and startups than their U.S. counterparts and many of those end up being commercialized by foreign companies.

An Ocean Tomo study published in 2017 shows that the source of corporate value of S&P 500 companies has shifted from primarily tangible assets—83% in 1975—to primarily intangible assets—84% in 2015. A similar shift in Canada would result in the country’s future economy being driven by the knowledge and innovation that fuel intangible assets.

BDC’s IP fund aims to improve Canada’s IP development by funding companies with promising IP potential, to help these Canadian companies steer their own commercialization efforts. The new initiative will be led by Lally Rementilla as Managing Partner of IP Investments at BDC Capital. Prior to joining BDC Capital, Rementilla launched and ran Quantius Inc., a Toronto-based commercial lender that funded companies with intangible IP assets. Rementilla and her Quantius team will support this and other IP initiatives at BDC Capital with financing and strategic advice at scale.

The new IP initiative will build and develop Canada’s IP leaders through debt and equity financing. The fund will target certain companies in knowledge-based industries that earn at least \$1M in annual revenue and have strong IP portfolios, which may include patents, industrial designs, and trade secrets. BDC will invest \$3 million to \$10 million a company. Ms. Rementilla notes that “it’s meant to be a very flexible, patient and highly customizable strategy”.²

¹ BDC, News Release, “BDC launches \$160M financing envelope to support IP development in Canada” (16 July 2020), online: <https://www.bdc.ca/en/about/mediaroom/news_releases/pages/bdc-launches-financing-envelope-support-ip-development-canada.aspx>

² Sean Silcoff, “BDC commits \$160-million in financing to support Canadian intellectual property development”, *The Globe and Mail* (16 July 2020), online < <https://www.theglobeandmail.com/business/article-bdc-commits-160-million-in-financing-to-support-canadian-intellectual/>>.

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