

Trademark Assets and Access to Finance: Opportunities and Challenges in the Canadian Market

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Abstract

The growing importance of intellectual property has increased interest in utilizing trademarks as financial assets. This study examines the opportunities and challenges associated with trademark-backed financing in the Canadian market. It explores how trademarks can enhance access to capital, particularly for businesses with limited tangible assets. The analysis highlights key issues related to trademark valuation, legal enforceability, lender confidence, and regulatory frameworks. While trademark financing offers significant potential to support business growth and innovation, several practical barriers remain. The study provides insights for policymakers, financial institutions, and businesses seeking to maximize the economic value of trademark assets.

Keywords: Trademark Assets; Trademark Financing; Intellectual Property; Intangible Assets; Access to Finance; Secured Lending; Brand Valuation.

Introduction

In the modern knowledge-based economy, intangible assets have become increasingly important drivers of business value, innovation, and competitive advantage. Among various forms of intellectual property, trademarks play a crucial role in distinguishing products and services, strengthening brand recognition, and fostering consumer trust. Strong trademarks often represent significant economic value, enabling businesses to build market reputation and generate long-term revenue streams [1,2]. As the importance of intangible assets continues to grow, businesses and financial institutions are exploring new ways to leverage these assets to support financing and investment activities.

Traditionally, access to finance has depended heavily on tangible assets such as real estate, machinery, inventory, and equipment that can be pledged as collateral. However, many modern enterprises, particularly small and medium-sized enterprises (SMEs), technology firms, and innovation-driven businesses, possess relatively few tangible assets despite holding valuable intellectual property portfolios. This situation has created a financing gap, limiting access to capital for firms whose primary value resides in intangible assets. Consequently, there has been increasing interest in the use of intellectual property rights, including trademarks, as alternative forms of collateral [2].

Trademark financing refers to the practice of utilizing trademark assets to secure loans, attract investment, or support other financing arrangements. By recognizing trademarks as valuable economic resources, businesses can potentially unlock additional sources of capital while maintaining ownership and operational control of their assets. In several jurisdictions, intellectual property-backed financing has gained attention as a mechanism for promoting innovation, entrepreneurship, and business growth [3]. Nevertheless, the practical implementation of trademark financing remains complex due to valuation challenges, legal uncertainties, and lender concerns regarding risk and enforceability.

Canada presents an interesting context for examining trademark-backed financing. The country possesses a sophisticated intellectual property framework, a well-developed financial

sector, and an innovation-oriented economy. At the same time, Canadian businesses increasingly rely on brand value and intellectual property to compete in domestic and international markets. Despite these advantages, the use of trademarks as collateral remains relatively limited compared to traditional asset-based lending practices [4].

This study explores the opportunities and challenges associated with trademark assets and access to finance in the Canadian market. It examines the economic significance of trademarks, the potential benefits of trademark-backed lending, and the legal and financial barriers that may hinder wider adoption. By analyzing these issues, the study contributes to the growing discussion surrounding intellectual property financing and provides insights for businesses, lenders, policymakers, and intellectual property professionals seeking to maximize the value of trademark assets in contemporary financial markets [5].

Materials and Methods

A qualitative and exploratory research approach was adopted to examine the role of trademark assets in facilitating access to finance within the Canadian market. The investigation focused on both the opportunities and limitations associated with the use of trademarks as collateral in financing arrangements. Given the evolving nature of intellectual property-backed lending, an extensive review of existing literature, legal frameworks, and policy documents was considered appropriate for addressing the research objectives [6].

The analysis relied on secondary data obtained from academic publications, legal commentaries, financial reports, government documents [7], and industry studies. Information was gathered from sources discussing intellectual property valuation, secured lending, innovation finance, asset-based financing, and trademark commercialization. Particular attention was given to publications produced by Canadian institutions, including the Canadian Intellectual Property Office (CIPO), as well as international organizations such as the World Intellectual Property Organization (WIPO), the Organisation for Economic Co-operation and Development (OECD), and other entities involved in intellectual property governance and financial regulation [8].

Source selection was guided by relevance, credibility, and contribution to the understanding of trademark financing. Preference was given to recent literature addressing contemporary developments in intellectual property management, intangible asset valuation, and alternative financing mechanisms. Legal analyses concerning secured transactions and intellectual property rights within the Canadian context were also incorporated to provide a broader understanding of the regulatory environment.

A thematic analytical framework was employed to organize and interpret the collected information. Key themes included the economic significance of trademarks, financing accessibility,

valuation methodologies, legal and regulatory considerations, and financial risks associated with intellectual property collateralization. These themes provided a structured basis for evaluating the practical feasibility of trademark-backed lending and its potential contribution to business financing [9].

Special attention was devoted to understanding how trademark assets contribute to corporate value creation and how such value may be transformed into financing opportunities. The review examined the relationship between trademark ownership, brand equity, investment attractiveness, and credit accessibility. Simultaneously, challenges related to valuation uncertainty, lender confidence, market volatility, and enforcement procedures were assessed to identify factors limiting broader market adoption.

Qualitative content analysis was utilized to identify recurring patterns, trends, and perspectives across the selected literature. Comparative examination of legal, financial, and business viewpoints facilitated a comprehensive understanding of the opportunities and constraints associated with trademark financing [10]. The resulting synthesis offers insights into the evolving role of intangible assets within modern financial systems and highlights potential pathways for expanding intellectual property-based financing in Canada.

Although primary data collection was not undertaken, the diversity and reliability of the selected secondary sources provide a strong analytical foundation. The combination of legal, financial, and policy perspectives enables a comprehensive evaluation of trademark-backed financing and its growing relevance within the Canadian business environment.

Results

The analysis revealed that trademark assets possess considerable potential as alternative financial instruments within the Canadian market. Growing recognition of intellectual property as a valuable business asset has encouraged increased interest in the use of trademarks for securing financing and enhancing access to capital. Trademarks were found to provide economic value through brand recognition, customer loyalty, market differentiation, and long-term revenue-generating capacity, making them attractive assets for businesses seeking non-traditional financing options [11].

The review of existing literature and policy documents indicated that trademark-backed financing can be particularly beneficial for small and medium-sized enterprises (SMEs), startups, and innovation-driven organizations that often possess limited tangible assets. By leveraging trademark portfolios, such firms may improve their ability to obtain loans, attract investors, and support expansion activities without relying exclusively on physical collateral. The findings suggest that the increasing importance of intangible assets in modern business environments has strengthened the relevance of intellectual property-based financing mechanisms [12].

Despite these opportunities, several barriers continue to restrict the widespread adoption of trademark financing in Canada. One of the most significant challenges identified is the difficulty associated with accurately valuing trademark assets. Unlike physical assets, trademark value is influenced by market perception, brand reputation, consumer behavior, and future earning potential, making valuation a complex process. Variations in valuation methodologies can create uncertainty for both lenders and borrowers (Table 1) [13].

Legal and regulatory considerations also emerged as important factors affecting the use of trademarks as collateral. Concerns regarding ownership verification, enforcement rights, asset transferability, and recovery procedures in the event of default contribute to lender caution. Financial institutions generally prefer assets with predictable market values and established liquidation mechanisms, which may limit their willingness to accept trademarks as primary security.

Trademark assets represent a promising mechanism for improving access to finance within the Canadian business environment. Their growing economic significance reflects the broader transition toward knowledge-based and innovation-driven economies, where intangible assets increasingly contribute to corporate value. Nevertheless, challenges related to valuation consistency, legal certainty, risk assessment, and lender acceptance continue to limit broader market adoption. Greater collaboration among financial institutions, intellectual property professionals, policymakers, and businesses could support the development of more standardized financing frameworks. Enhanced valuation practices and clearer regulatory guidance may further strengthen the role of trademarks as viable collateral, enabling businesses to unlock additional sources of capital and support long-term growth and innovation.

Discussion

The growing importance of intellectual property within modern economies has transformed the way businesses create, manage, and leverage value. Among the various forms of intellectual property, trademarks occupy a unique position because they represent not only legal rights but also commercial reputation, consumer trust, and long-term market recognition. As businesses increasingly derive value from intangible assets rather than physical resources, the use of trademarks as collateral presents a potentially significant avenue for expanding access to finance, particularly within Canada's innovation-driven economy.

The growing interest in trademark-backed financing reflects broader changes in corporate asset structures. Traditional lending practices have historically favored tangible assets such as real estate, equipment, and inventory because their values are relatively easy to determine and their liquidation processes are well established. However, many contemporary enterprises, particularly technology firms, creative industries, and small and medium-sized enterprises (SMEs), possess substantial intangible assets while maintaining limited physical collateral. This imbalance has encouraged greater attention toward intellectual property as a financing resource [14].

The opportunities associated with trademark financing are substantial. Strong trademarks can represent considerable economic value through established brand recognition, customer loyalty, and revenue-generating potential. For businesses with recognized brands, trademark-backed lending may provide access to capital that would otherwise be unavailable through conventional financing channels. Such financing can support business expansion, product development, market

Table 1: Opportunities and Challenges of Using Trademark Assets as Collateral in the Canadian Market.

Aspect	Opportunities	Challenges
Access to Finance	Provides alternative financing options for businesses with limited tangible assets.	Limited lender familiarity with intellectual property-backed lending.
Business Growth	Supports expansion, product development, and market entry initiatives.	Financing availability may vary across industries and business sizes.
Asset Utilization	Enables monetization of valuable trademark portfolios without asset disposal.	Difficulty in determining accurate and consistent trademark valuations.
Innovation Support	Encourages innovation-driven firms and SMEs to secure additional capital.	Uncertainty regarding future brand performance and market value.
Competitive Advantage	Recognizes brand equity as an important source of economic value.	Dependence on consumer perception and brand reputation.
Legal Framework	Canadian intellectual property laws provide ownership protection for trademarks.	Complex legal procedures related to collateral enforcement and asset recovery.
Investment Attraction	Strong trademarks may improve investor confidence and business credibility.	Lack of standardized practices for evaluating trademark-backed financing transactions.
Financial Sector Development	Expands opportunities for intellectual property-based lending markets.	Conservative lending policies may limit acceptance of intangible assets as security.

Source: Developed from the analysis of intellectual property financing literature, Canadian regulatory frameworks, and industry reports.

diversification, and innovation activities. In addition, greater utilization of intellectual property assets within financial markets may contribute to broader economic growth by improving capital allocation and encouraging investment in knowledge-based industries [15].

Despite these advantages, several obstacles continue to limit the widespread adoption of trademark collateralization in Canada. A major challenge concerns the valuation of trademark assets. Unlike physical property, trademark value depends on market reputation, consumer perception, competitive positioning, and future commercial performance. These factors introduce uncertainty into the valuation process and can create significant differences between estimated and actual market values. Consequently, financial institutions often face difficulties in assessing the true lending potential of trademark assets.

Legal and regulatory considerations further influence lender confidence. Questions relating to ownership rights, registration status, priority claims, enforcement procedures, and asset recovery in cases of default may increase perceived lending risks. Financial institutions generally seek predictable collateral arrangements, and the complexity associated with intellectual property rights can discourage broader participation in trademark-backed lending.

Continued development of standardized valuation methodologies, clearer regulatory guidance, and increased collaboration between financial institutions, legal professionals, valuation experts [16], and intellectual property specialists could enhance market confidence. Such measures may facilitate greater acceptance of trademarks as collateral and strengthen their role as strategic financial assets within the Canadian marketplace. As intangible assets continue to grow in importance, trademark financing is likely to become an increasingly relevant component of modern business and financial practices.

Conclusion

Trademark assets have emerged as increasingly valuable components of modern business portfolios, offering potential opportunities to improve access to finance in knowledge-based economies. Within the Canadian market, trademarks represent more than legal identifiers; they function as strategic assets capable of generating economic value through brand recognition, customer loyalty, and market differentiation. Their use as collateral presents an alternative financing pathway for businesses, particularly small and medium-sized enterprises and innovation-driven firms with limited tangible assets. However, several factors continue to constrain the broader adoption of trademark-backed financing. Challenges related to asset valuation, legal enforceability, lender confidence, and regulatory consistency remain significant barriers within the financial sector. Addressing these issues through improved valuation standards,

clearer legal frameworks, and greater institutional awareness could strengthen the viability of trademark financing. As intangible assets continue to dominate corporate value creation, trademarks are likely to play an increasingly important role in supporting business growth, innovation, and access to capital in Canada.

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