Chapter 6 The Alternative Approach of Clearinghouses: Distinctive Features and Applications in Biotechnology

A. Defining Characteristics

Clearinghouse mechanisms might constitute another approach to facilitate access to technological domains characterized by a high density of patent rights.[561] Actually, the concept of a "clearing house" has gained more popularity in the entertainment industries, notoriously for the distribution of music, movies, software and similar products, as well as for the subsequent collection of the royalties connected with copyrights, from which the conventional term of "collecting societies" derives.[562]

In a more general IP context, clearinghouses are basically administering facilities for the management of rights on behalf of their owners.[563] Specifically relating to patent rights, the term might effectively bring to mind the underlying target of "clearing" the way through the "patent thicket" of overlapping IP rights, where such entities may act as intermediate agents between the multiple patent owners and the prospective licensees in the marketplace.[564]

Drawing a consequent parallel with "tangible goods", a clearinghouse may resemble a real estate agency: in fact here, other than in a patent pool, the right owners are not contractually bound to each other, but only by way of respective mandates to

561 For a comprehensive review and comparison of patent pools and intellectual property clearinghouses, as systems for promoting efficient access to licensable IP, thereby enhancing a market for technology, see: Aoki R., "Promoting Access to Intellectual Property: Patent Pools, Copyright Collectives, and Clearinghouses", R&D Management, March 2008, vol. 38, issue 2, p. 189 *et seq.*

562 In fact, the term "clearing house" originally comes from banking practices and refers to the mechanism by which cheques and bills are exchanged amongst members of the bank in order to finally transfer only the net balance in cash. Nowadays, the concept has gained a wider meaning as relating to any mechanism whereby providers and users of goods, services or information are suitably matched. See in this respect: Krattinger A., "Financing the Bioindustry and Facilitating Biotechnology Transfer", Ithaca NY, USA, BioDevelopments-International Institute Inc., IP Strategy Today, 2004, vol. 8, p. 1 *et seq.*

563 IP clearinghouses have made the object of attention of several recent studies, such as: Van Overwalle G. *et al.*, "A Clearinghouse for Diagnostic Testing: the Solution to Ensure Access to and the Use of Patented Genetic Inventions?", Bulletin of the World Trade Organization, 2006, vol. 84, issue 5, p. 352 *et seq.*; OECD, "Genetic Inventions, Intellectual Property Rights and Licensing Practices: Evidence and Policies", 2002, available at: www.oecd.org/dataoecd/42/21/2491084.pdf; Graff G. and Zilberman D., "Towards an Intellectual Property Clearinghouse for Ag-biotechnology", IP Strategy Today, 2001, vol. 3, p. 1 *et seq.*

564 In fact, the idea of a clearinghouse as "a middleman in the market for technology that facilitates exchanges between IP owners and IP users" has been also expressed by: Aoki R., *supra*, fn. 561, p. 195.

https://doi.org/10.5771/9783845226316-167 https://www.inlibra.com/de/agb - Open Access -

the administering entity. Accordingly, the distinct technology holders, only independently from each other and pursuant to different patterns and level of commitment, entrust the management of their rights to the clearinghouse, this latter serving as sole unitary point of reference towards third parties and potential licensees willing to engage in negotiations to eventually purchase one or more licenses, choosing from the clearinghouse's "catalogue" of available offers.

Therefore, it would not be completely correct, and somehow misleading, to refer to "members" of a clearinghouse - in the same way as you are normally not considered a "member" of a real estate agency for the mere fact that you put your house on sale or renting it out by entrusting it to such administering facility. Indeed, the concept of a membership normally presupposes a certain "communion of intent" among the participants, as is for instance the case when entering a patent pooling agreement. In this respect, although some high-profile academics that closely studied such licensing schemes have expressly referred to both patent pools and clearinghouses as "collaborative models for facilitating access to gene patents",[565] the latter attribute does not seem appropriate in this context. In fact, if on the one hand it is true that the patent owners represented by a clearinghouse have entrusted it with some competences in relation to their individual IP rights, certainly on a voluntary basis, on the other hand the alleged "collaboration", if we may call it that way, would be eventually limited to the particular relationship between the single patentee and the clearinghouse, within the scope of the respective administering mandate. Thus it would rather appear that a proper collaboration, which embraces an active and cooperative inter-connection among the patent holders involved, is not given here.

Nonetheless, clearinghouses remain a potentially valuable mechanism for promoting and facilitating access to key patented technologies - and are on this ground accordingly included within the scope of the present contribution. In fact, facilitating and promoting access to a patented technology is a honourable goal in itself, particularly within an inevitably "imperfect" market. As has also been pointed out in a recent academic report,[566] it is to be expected that so called "information asymmetries" and uncertainties over the value, breath and validity of patents represent factual "trade barriers" and can ultimately represent obstacles to the actual conclusion of agreements between patent owners and potential licensees, thereby impairing potentially successful technology transactions.

Such "market imperfections" - impairing the communication between different market players, for instance on the availability and request of given technologies,

565 See the Presentation held by Van Overwalle G., "Collaborative Models for Facilitating Access to Gene Patents: Patent Pools and Clearing Houses", Centre for Intellectual Property Rights of the University of Leuven, Utrecht, CIER-lectures, February 2006, also available at: http://www2.law.uu.nl/priv/cier/nl/documentatie/CIER%20lezing%2015-02-2006%20Utrecht.pdf

566 Gaulé P., "Towards Patent Pools in Biotechnology?", CEMI Report, April 2006, p. 12. Also available at: http://infoscience.epfl.ch/getfile.py?recid=85505&mode=best

https://doi.org/10.5771/9783845226316-167 https://www.inlibra.com/de/agb - Open Access -

respectively, i.e. in terms of "offers" and "demands" - interfere with potentially gainful negotiations that would otherwise occur in an ideal, perfectly functional and transparent marketplace. Because this situation is eventually detrimental to innovation and technological advancements, hindering the well functioning of economic transactions, this contribution values mechanisms and common practices, such as patent pools and clearinghouses, that may in different ways facilitate the conclusion of such transactions, by conveniently "matching" market's offers and demands, by ensuring non-discriminatory access to available key technologies.[567]

In this context and in order to explore the viability and convenience of such models, concrete examples of clearinghouses, particularly dealing with patented technologies in the field of life sciences,[568] will be provided in the following sections of this contribution.

B. Models and Applications

In the following section this contribution will explore and distinguish a certain number of IP collecting society models. Accordingly, we will provide some selected instances of actual or considered applications of such models dealing with patented technologies, as established in the field of life sciences.[569] The current different templates identified in the next paragraphs will be subsequently complemented by some concrete instances of how these have been implemented in practice.[570]

567 In this respect, clearinghouses have been effectively accredited for providing a "matching service" of varying degrees of sophistications between IP owners and users, ultimately by: Aoki R., *supra*, fn. 561, p. 202.

568 For a broad overview and analytical assessment on the matter, see i.a.: Hope J. et al., "Cooperative Strategies for Facilitating the Use of Patented Inventions in Biotechnology", In: Rimmer M., "Patent Law and Biological Inventions", Federation Press, 2006, Law in Context, vol. 24, p. 85 *et seq*.

569 For an overview, see i.a.: Rimmer M., "Patent Law and Biological Inventions" – "Clearing House Mechanisms", Science, The Federation Press, 2006, p. 93 *et seq.*: Graff G. *et al.*, "Towards an Intellectual Property Clearinghouse for Agricultural Biotechnology", Agricultural Biodiversity and Biotechnology in Economic Development, May 2006, vol. 27, p. 387 *et seq*.

570 For a detailed systematization of clearinghouses, refer to: Van Overwalle G., *et al.*, "Models for Facilitating Access to Patents on Genetic Inventions", Nature Reviews - Genetics, Nature Publishing Group, February 2006, vol. 7, p. 143 *et seq*. Moreover, for a complementary view, mainly distinguishing two bigger functional types of clearinghouses, namely "Informational Clearinghouses" and "Licensing Clearinghouses", depending on whether or not they provide licenses to IP users directly, see: Aoki R., "Promoting Access to Intellectual Property: Patent Pools, Copyright Collectives, and Clearinghouses", R&D Management, March 2008, vol. 38, issue 2, p. 196 *et seq*.

https://doi.org/10.5771/9783845226316-167 https://www.inlibra.com/de/agb - Open Access -