

## Marketplace of ideas

*A new financial exchange hopes to make it easier to trade patent rights*

THE technology industry is at war over intellectual property. On May 7th the first round of a three-part fight between Oracle and Google over patent and copyright claims relating to the Java programming language ended in a decision that denied outright victory to either firm. Apple, Samsung and others are fighting over smartphone patents. Facebook and Yahoo! are at loggerheads over internet patents. Accusations abound that innovation is taking a back seat to litigation. Only the lawyers are smiling.

All of which makes this a good time to launch a new approach to trading intellectual property, says Gerard Pannekoek, the boss of IPXI, a new financial exchange that lets companies buy, sell and hedge patent rights, just like any other asset. The idea is to offer a patent or group of patents as "unit licence rights" (ULRs), which can be bought and sold like shares. A ULR grants a one-time right to use a particular technology in a single product: a new type of airbag sensor in a car, say. If a company wants to use the technology in 100,000 cars, it buys 100,000 ULRs at the market price. ULRs are also expected to be traded on secondary markets.

This is simpler, faster and cheaper than the lawyer-intensive process of negotiating bilateral licences for intellectual property, the high cost of which discriminates against small companies, leaves patents unused on the shelf and hampers innovation. IPXI's approach does not work for all types of intellectual property—it does not allow exclusive licensing, for example—but should make it easier for companies to make money from their inventions. "It's a great form of non-dilutive funding for start-ups," suggests Mr Pannekoek.

The exchange has signed up 30 members including Philips, an electronics giant, and several universities and research laboratories. IPXI was set up in 2008 by Ocean Tomo, a merchant bank that specialises in intellectual property, and its investors include CBOE Holdings, the parent company of the Chicago Board Options Exchange. On May 4th IPXI published the rulebook that governs how the exchange will work, and it expects to open for business later this year. Its novel approach is ideal for the open, non-exclusive licensing of smartphone-related patents, says Ruud Peters, chief intellectual-property officer at Philips. Good news for innovators, perhaps, but bad news for lawyers?

**Fonte: The Economist, London, v. 403, n. 8784, p. 72, 12-18 May 2012.**