



medicines  
patent  
pool

# The Medicines Patent Pool

## Stimulating Innovation, Improving Access

The Medicines Patent Pool is working to bring down the prices of HIV drugs and encourage the development of desperately needed new formulations, such as medicines for children. The Pool does this through voluntary licensing of critical intellectual property - making patents work for public health, while giving pharmaceutical innovators compensation for their work.

### Strategic use of intellectual property to increase access to treatment

The cost of first generation HIV medicines fell by more than 99 per cent over the past decade, from over US \$10,000 per patient per year in 2000 to less than \$70 today. This dramatic drop was driven by competition among generic drug manufacturers in key producing countries such as India, where medicines were previously not patented.

Increased patenting of medicines in developing countries due to changing international trade rules is drastically limiting generic competition on newer generations of HIV medicines.

At the same time, the need for newer medicines is on the rise. Only a third of people requiring treatment for HIV/AIDS today have access to it. And HIV keeps spreading. There were 2.6 million new infections in 2009. Even though the rate of infection is declining, the future needs of people living with HIV are likely to overwhelm the resources available to treat them. With the number of patients growing ever higher, any single-source manufacturer will have trouble meeting the demand. New producers may be needed to manufacture needed medicines.

The World Health Organization recommends that people in developing countries receive newer, better-tolerated HIV medicines. Additionally, HIV medicines gradually

become less effective over time because people develop resistance, meaning that even those who are on treatments will need continued access to newer drugs to survive in the long run. But newer medicines are often patented and therefore significantly more expensive than the first generation of HIV medicines.

Medicines are often not adapted for use in developing country contexts, or for specific population groups, such as children. Because virtually no children are infected with HIV/AIDS in wealthy countries, there is insufficient economic incentive for the pharmaceutical industry to develop medicines tailored to their needs.

Further, patents on individual medicines can hinder the combination of multiple medicines into one pill. These 'fixed-dose combinations' (FDCs) have simplified treatment for patients and been instrumental in helping scale up treatment in resource-limited settings.

### A solution that works for public health, and for drug innovators

The Medicines Patent Pool offers a solution to these problems that works for everybody. The Pool works to stimulate competition by saving generics companies the uncertainty of having to negotiate with several patent holders for the right to produce a particular medicine, making it easier for them to enter the market.

The Pool works for rights-holders as it assures them fair royalty and gives them a concrete, visual way to contribute to global health. It works for innovators focussed on developing countries by making it easier to access the patents needed to develop new products.

Most importantly, it works for people living with HIV/AIDS by bringing prices to affordable levels and helping to provide the missing medicines they need to survive.

## How the Medicines Patent Pool can help:

The Medicines Patent Pool will spread access to HIV/AIDS treatment by:

- Bringing medicines prices down by facilitating competition;
- Fostering the development of better-adapted formulations for developing country contexts, such as medicines for children; and
- Clearing the path for the development of needed fixed-dose combinations.

Meeting the medical innovation needs of people in developing countries

The idea behind the patent pool is that patent holders – companies, researchers, universities and governments – voluntarily licence their patents to the Pool under certain conditions. The Pool then makes licences available to qualified third parties, such as generic drug manufacturers, which then pay appropriate royalties on the sale of the medicines for use in developing countries.

The Pool aims to foster the development of needed

formulations. A company wishing to develop a fixed-dose combination (FDC), for example, might need to obtain licences from at least three different patent holders to be able to develop, produce, export and sell the product.

With the Medicines Patent Pool offering the relevant patent licences, however, the company would only have to deal with the Pool, which serves as a one-stop shop for all parties involved. The Pool facilitates legal and administrative processes involved in obtaining licences, reduces expenses, and increases access to patents essential to making urgently-needed medicines.

Making medicines more affordable, faster

The Pool will help to speed up the availability of lower-priced, newer medicines in developing countries because there will be no need to wait out the 20-year patent term. With licences covering low- and middle-income countries, the scope of the market will be large enough to encourage multiple producers to compete in the market and sustainably drive down prices.

## Features of the Pool

- Focuses on HIV medicines: the Pool focuses on products for which prices are too high and/or suppliers too few (such as newer HIV medicines), and on products that have not yet been developed (such as paediatric and heat-stable formulations).
- Is a voluntary mechanism: the willingness of pharmaceutical patent holders to participate and licence their patents to the Pool is critical.
- Targets developing countries: Licence agreements should make medicines available to people in both low- and middle-income countries, where the need for more affordable and adapted medicines is widespread. It is also important that markets for generic products are large enough to achieve economies of scale and generate price reductions.
- Will require that producers getting licences from the Pool meet agreed quality standards.
- Offers benefits to everyone involved: medicine patent holders are compensated for the use of their technology; generic pharmaceutical companies are able to obtain licences more easily to produce and sell medicines; people in developing countries get faster access to better, more affordable treatments.

## UNITAID : An Important Partner

The Medicines Patent Pool was established with the support of UNITAID in July 2010. UNITAID was established in September 2006 and provides innovative, sustainable funding to improve access to medicines for HIV/AIDS, tuberculosis and malaria. Since 2006, UNITAID has committed nearly US\$ 500 million for AIDS treatment in low- and middle-income countries.

