

Report Q 157

by the Argentine Group

The Relationship between Technical Standards and Patent Rights

1. Basis for technical standards

1.1 *What types of national and international standards exist in your country? By whom are these standards set up? Are there de jure and/or de facto standards?*

The "Argentinean Standardization Institute" (IRAM) was appointed as Argentinean Standardization Organization by virtue of Decree 1474/94 which set up the National System for Standards, Quality and Certification.

Said system applies to standardization activities and evaluation on compliance within strictly voluntary fields.

Standardization Institute aims to focus on the study and passing of technical standards, essential basis for the national quality system.

IRAM was founded in 1935 following the example set out by German, (DIN -Deutsche Institut Für Normung-), British (BSI -British Standards Institution-) and French standardization institutes (AFNOR -Association Française de Normalisation-) from which the following guidelines were adopted:

- a) Non-profit Association;
- b) All areas were incorporated: General Interests, Production and Consumption;
- c) There were close connections with the State, but it preserved its independence

IRAM represents Argentina before:

International Organization for Standardization (ISO)
Pan-American Commission on Technical Standards (COPANT)
Mercosur Standardization Committee (CMN)

IRAM supports OMC Good Practices Code with the aim of avoiding technical barriers for commerce.

All the standards developed by IRAM are de jure standards.

However, in some cases, standards previously developed by IRAM are turned into compulsory through Rules passed by competent "Secretarías de la Administración Pública Nacional". By way of example, Rule No. 54/1996 for the Secretaría de Obras y Servicios Públicos devoting to fuels, Rule 105/92 from the Secretaría de Energía on environmental procedures during stages of exploitation and exploration of hydrocarbons, Ruke 524/1998 from the Secretaría de Industria, Comercio y Minería over minimum safety conditions in electrical sockets.

Besides, there are two other types of national standards:

- a) emergency standards, adopted in case of urgency and which require abridged treatment.
- b) experimental standards to be revised a year after being issued.

Although there are IRAM standards applicable to practically every technological field, many industries follow standards set up by international organizations (ISO, ITU, AWS, ASTM, etc.)

1.2 Who is the addressee of the standards and in which technical field do standards apply? Are the Groups aware of any standards which explicitly refer to patents?

IRAM develops standards applicable to all technology fields. At the moment the Institute counts on approx. 200 Standardization Committees in all disciplines. It follows guidelines set out by international standardization institutes such as ISO, IEC and ITU. None of the standards explicitly refers to Patents and besides, IRAM's policy is not to develop standards over a specific technology provided there is a patent on this issue.

1.3 What is the legal effect of standards? Are they enforceable? If so, how are they enforced? The Groups are invited to distinguish between the types of standards involved according to question 1.1 above.

All standards developed by IRAM are not compulsory per se.

In the case of standards that have turned compulsory, their compliance is mandatory. Each rule determines the authority to apply said standard as well as applicable administrative procedures in case of infringement.

For example, Good Manufacturing Practices in the case of Pharmaceutical Products are enforced by sanitary authority.

2. Possible conflicts between technical standards and IPR

2.1 What possible conflicts do the Groups see with regard to the relationship between patents and standards?

IRAM sets out standards as minimum requirements to be complied with. Its policy is not to develop standards when they can interfere with protected rights; furthermore, said standards are not compulsory. At present, no conflicts between patents and standards can be foreseen.

On the other hand, according to Argentine Law, a patent is a proprietary right belonging to its creator or legal successor. Consequently, standards generated from the use of technology protected by a patent need to have been duly authorised by patent holder. In the event authorisation has not been given, the use of said technology will not be possible.

2.2 *Which issues do the Groups find relevant with regard to confidentiality, concerning namely the relations between the parties involved in setting up a specific standard or the preservation of confidentiality? Should there be rules for the handling of information obtained during the period of setting up a standard? Likewise, should there be rules for the filing of patent applications during said period? If so, what should the rules be?*

At present, the setting up of national standards is publicly debated and any interested party and/or member can join said debate. Consequently, confidentiality is not part of the procedure. In the event confidential information were disclosed, the risk of making said information public would be run.

Holders of confidential/protected information should make Standardization Committee aware of said fact so that IRAM's policy is preserved and no standard is set up on protected rights.

However, the relationship between parties involved in the setting up of a specific standard, should be stated through an agreement which shall include rules for the preservation of confidentiality as well as identification of whom may be considered holder of the rights that may have arisen while setting up said standards.

2.3 *Are there any issues with regard to the territorial aspect (scope of protection and application of the standard)? What differences do the Groups see with regard to patents of members of the standardization organization and of non-members?*

Discrimination between members and non-members should not exist.

2.4 *Are there rules for patent pools or discrimination against non-members which might constitute a conflict?*

No cases are known. With regards to national standards, IRAM's policy avoids standardising over protected subject matter that may generate a conflict.

3. IPR policies, conflict resolution means

3.1 *How and by whom should the relevant or "essential" IP rights be determined? Should the members of the respective organization be required to reveal their relevant IP rights? What should be the consequences if a member does not reveal an IP right? How does this affect the disclosure of new inventions or technologies?*

Standardization committees should be the ones to determine IP rights involved in the process.

Since IRAM does not standardise over patent protected technologies, members of the respective organization should be ethically required to reveal their IP rights.

3.2 *Can the owner of an IP right which has been detected as relevant be forced to let it be used for standardization? If so, should this be done by way of licensing? Can the owner deny the use of the IP right?*

Patent holders cannot be forced to let said IP rights be used for standardization. Consequently, the use of the IP right can be denied, and it cannot become compulsory unless said IP right is expropriated.

3.3 *What should be the consequences of such a denial for the standardization process? Can the membership or the participation in the standardization process be made subject to an undertaking to grant licenses or to make the technology protected by IP rights otherwise available?*

The consequence of such a denial could be the non-development of the standard that is conflict with the IP right.

In the event patent holder proposes said patent for the development of the standard, he should be required to grant a voluntary license on it.

3.4 *In which way and by whom should conflicts between a member and the organization or between members be resolved? The Groups are invited to give their comments on the pros and cons of internal arbitration proceedings on the one hand and of national court proceedings on the other hand, as far as particular conflicts with regard to standards and patents are concerned.*

In the event of a conflict between members of the standardization organization which relates to a de jure standard, said conflict could be subjected to arbitration proceedings provided this were stated in the rules and regulations of said organization.

Arbitration proceedings present the advantage of submitting the issue to the analysis of specialists in said area who can better understand the controversy and thus present better possibilities of reaching a decision which provides for involved interests.

In the event the conflict arises between the organization and any of its members or any third party, the issue should be debated within national courts (due to the fact that the issue is so technical that no other arbitration organization could be really qualified to solve said conflict)

4. Licence policies, royalties

4.1 *Who determines the conditions of a license agreement? What are reasonable royalties? How and by whom can the non-discriminatory character of conditions be defined? Is there any impact, and if yes, which impact does Art. 31 TRIPS have on this type of licenses?*

Each and every case needs to be analysed. Provided no agreement is reached among involved parties, terms of the licence should be set out according to guidelines set forth in Art. 42 and concurrent of the Argentine Patent Law and Art. 31 of TRIPs.

4.2 *Do the Groups see general principles for license conditions? The Groups are invited to submit factual comments on the licensing policy involved in standards, i.e. in comparison to the policies for amicable license agreements.*

There have been no compulsory licenses granted in Argentina, and the Group believe that a better and more legal solution would be the expropriation of the patents in question if exceptional circumstances justifies it.

4.3 *What are the consequences if an agreement cannot be reached between the patent holder and the licensee? How should royalties finally be determined?*

Except for compulsory licenses, if no agreement can be reached there shall be no license.

4.4 *What is the legal quality of the undertaking to grant licenses (e.g. third party beneficiary)? Are the rights of a member or of a third party to challenge the validity of the patent affected in any way by this undertaking? Does the patent holder retain the right to enforce the patent against third parties or the member and, if so, under which conditions?*

According to Art. 38 of the Patent Law, licence undertakings shall not include clauses which could bar the challenging of the validity of the patent.

Notwithstanding the granting of the licence, the patent holder retains the right to enforce his/her rights.

Summary

In Argentina, standards are set up by IRAM. According to the policy of said organisation, all standards are de jure and are not developed if there are no protected rights. Although there are IRAM standards applicable to practically every technological field, many industries follow standards set up by international organisations (ISO, ITU, AWS, ASTM, etc.)

In the event any of said standards were based on patented technology, we understand license requirements should be the same for members and non-members of said organisation.

Résumé

En Argentine, les normes sont établies par l'IRAM. Selon la politique de cette organisation, toutes les normes sont de droit et ne sont pas développées si il n'y a pas de droit protégés. Bien qu'il existe des normes applicables à quasiment tous les domaines technologiques, beaucoup d'industries suivent les normes établies par des organisations internationales (ISO, ITU, AWS, ASTM, ETC.)

Dans le cas où l'une de ces normes est fondée sur une technologie brevetée, nous considérons que les conditions requise pour la license doivent être les mêmes pour les membres et les non-membres de la dite organisation.

Zusammenfassung

In Argentinien werden Normen durch die Organisation IRAM festgelegt. In Übereinstimmung mit der Politik dieser Organisation sind alle Normen de jure und werden nicht weiterentwickelt, wenn es entsprechende Schutzrechte gibt. Obwohl es IRAM-Normen für praktisch alle technischen Bereiche gibt, befolgen viele Industrien Normen die von Internationalen Organisationen (ISO, ITU, AWS, ASTM, etc.) festgelegt worden sind.

Wir sind der Auffassung, dass, im Fall das sich irgendeine der Normen auf eine patentierte Technologie stützt, die Lizenzbedingungen identisch sind für Mitglieder und Nichtmitglieder dieser Organisation.