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Report Q 157

in the name of the Italian Group
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The Relationship between Technical Standards and Patent Rights

The Italian group acknowledges the difficulties of the problems arising from this question, but anyway expresses doubts about the general structure of the working guidelines, as they include many generic questions that can hardly be answered. Probably, the usual AIPPI approach by which the single countries are requested to give their position is not very appropriate for this subject; in fact, for this subject the differences are more often due to the different technical areas and to the different standardisation authorities involved rather than to the different countries.

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?

In our Country, any types of domestic and international standards exist: compulsory standards provided by law, voluntary standards set up by private bodies and also "de facto" standards imposed by market power.

Standards provided by law are particularly common where safety or public health are involved.

A major "de facto" standard exists (likely in the rest of the world) in the software field, where every creator must conform his product to one of the major available operating systems. Other "de facto" standards exist in connection with technical requirements imposed by those big companies (mainly state owned or state controlled) that operate under more or less monopoly conditions, for example in the fields of telecommunications, railway systems, electric power supply, television broadcasting etc. However, the number and the relevance of such cases is decreasing, due to the fact that most of those companies have just become or are going to become private, and their monopolies are disappearing.

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?

Standards are addressed to all manufacturer in any technical fields.

Normally, standards are not known very much outside their specific field of applicability, but some of them have become better known, perhaps due to the popularity of the respective field; this is the case, for example, of ETSI in the telecommunication field. ETSI - as mentioned in the working guidelines themselves, section 4 - has developed a specific IP policy.

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.

Obviously, the above mentioned "de facto" standards can have no legal effect, while standards imposed by law do have such effect.

Voluntary standards normally provide for "internal enforcement", i.e. associate companies that do not comply with a standard can be sanctioned within the body managing the standard.

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?

Conflicts between patents and standards may arise when a standard imposes one or more technical characteristics that are protected by a patent.

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?

Confidentiality for everything disclosed each other by the parties involved in setting up a standard appears to be desirable, although practically difficult. Such confidentiality could avoid any prejudice to the validity of patent applications filed afterwards.

Some rules seem to be necessary, at least in respect of: identification of the persons involved, definite duration of the obligation to confidentiality, keeping of documents, acceptance of the rules for participating in the procedure of setting up the standard. Keeping of documents would have a key role in the settlement of disputes regarding any kind of authorship or inventorship.

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?

Our group does not see any particular problems related to territorial aspects, apart from the obvious consideration that for an international standard conflicts with patent rights may exist only in some of the countries involved in the standard.

When considering standardisation organizations, mainly voluntary standards are involved, so no party is compelled to participate to (and to comply with) the standard; it is however essential that any party desiring to participate be allowed to.

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

Anti-trust provisions seem to be the best tools to control the correct behaviour of parties involved by a standard, either participating or not participating.

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?

Owners should have the burden of declaring their IP rights which could be relevant to the standard as soon as possible during the process of setting up a standard. The level of relevance could be determined afterwards, once the standard has been finally set up.

Sanctions must be provided for a member of a standardisation organization that does not inform about a relevant IP right in time during the process of setting up a standard, unless the member agrees to give free licence to the other members. Such sanctions should be rather strong, particularly when the hidden IP right is such as to cover technical features imposed by the standard, so that fulfillment of the standard would imply infringement of the IP right. In the latter case, the ban from the organization might be appropriate.

In principle, a problem of disclosure might exist in case of patent applications that have not been made available to the public yet and are considered relevant by their owner during the process of setting up a standard. However, the problem can be solved by avoiding the disclosure, provided that the owner of that IP right informs the other members of just the existence of a relevant right and at the same time undertakes to grant licences for that IP right.

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?

No owner of an IP right should be forced to let it be used.

An exception could be provided under the already existing provisions of public interest in the particular country. In such a case, the matter should be ruled by means of the usual compulsory licence system.

This can be applied easily to national standards, while it may be difficult in case of international standards, because in the latter case it would be difficult to decide what authority is competent in ruling public interest, and also what authority is competent in ruling the terms of a compulsory licence.

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?

Features covered by an IP right that has not been made available for standardisation shall not be included in the standard.

Thus, it is advisable that participation in the standardisation process be subject to an undertaking to grant licences both to other members and to non-members once the standard has been defined.

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.

These kinds of conflicts do not appear to cause special problems with respects to other kinds of conflicts. Each standardisation organization should be free to establish its own rules for settling disputes, either between members or between members and the organization itself.

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?

Directive bodies of the standardisation organization should have the power to set at least guidelines for determining the conditions of licence agreements and the amount of reasonable royalties. To be reasonable, like in any other situations, royalties should be low enough to leave a profit sufficient to justify manufacturing.

Art. 31 of TRIPS should apply.

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.

The usual principles for licence conditions should be applicable to this area too.

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?

The amount of the royalties can be determined by means of an arbitration procedure. In that case, the arbitration procedure should be made compulsory by the undertaking to give licences mentioned under 3.3.

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?

Any undertaking to grant licences is a contract between the parties involved.

Right to challenge the validity of any IP rights must be preserved.

Obviously, it has no sense that the owner of a patent retains the right to enforce that patent against licensees, nor that he or she gives up his right to enforce the patent against others.

Finally, the Italian group is of the opinion that the possible relationship and/or interference between standards and intellectual property rights should be further studied.

Résumé

Les droits de propriété intellectuelle et les standards techniques ont nature différente et semblent en conflit entre eux. Comme est connu, un brevet garantit un droit de monopole pour une invention, tandis que un standard industriel doit rendre l'innovation technologique ouverte à tous les producteurs légitimes. Au jour d'hui, il y a encore de problèmes, surtout pour l'absence de règles claires se référantes à les droits de propriété intellectuelle dans le monde des standards. Dans cette situation, le group italien reconnait la nécessité de règles, au moin pour ce qui régard la confidentielité des descriptions et des documents pourvus, la conservations des papiers et du temps pour déclarer les droits de brevet qui peuvent etre importantes pou le standard qu'on va préparer (la vrai importance doit etre evaluée plus tard). La délivrance de licences avec conditions équitables et non discriminants peut etre un bon instrument pour éviter des disputes. La solution des conflits entre brevets et standard aura pour consequence temps plus courts pour la creation des standards, une augmentation du nombre des demandes de brevet et évitera disputes de grand cout e qui comportent beaucoup de temps.

Zusammenfassung

Geistiges Eigentum und technische Normen haben verschiedene Natur und sehen in Widerstreit miteinander aus. Wie schon bekannt gewährleistet ein Patent ein Recht von Monopol für eine Erfindung, während Industrienormen suchen danach, technische Neuheiten öffentlich zu allen zugelassenen Herstellern zu machen. Zum jetzigen Zeitpunkt sind einige Probleme noch vorhanden, da hauptsächlich es keine klare Regeln bezüglich auf geistiges Eigentum innerhalb der Normen gibt. In dieser Situation sieht die italienische Gruppe die Notwendigkeit von Regeln ein, mindestens bezüglich auf Vertraulichkeit von Beschreibungen und von gelieferten Dokumenten, von Erhaltung von Dokumenten und Einwurfen und von Zeit um die für die Normen erforderlichen/grundsützlichen Patentrechte zu erklären (die wirkliche Erforderlichkeit soll später beurteilt werden). Die Lieferung von

Lizenzen unter gerechten und nicht diskrimierenden Bedingungen sieht ein gutes Mittel aus, Streiten zu vermeiden. Die Lösung der Widerstreit zwischen Patenten und Normen wird sicher die Zeit zur Herstellung der Normen abkürzen, die Nummer neuer Patentanmeldungen erhöhen und sehr aufwändliche und lange Streite vermeiden.