

Question Q 157

The Relationship between Technical Standards and Patent Rights

National Group Report Guidelines

The majority of the National Groups follows the guidelines for the arrangement of their reports and thereby contributes to a quicker and cheaper printing. I am grateful for this support and would like to draw your attention to the guidelines once again:

1. The National Groups are responsible for the contents, spelling and trilingual summaries in their reports. The texts will normally be printed without further correction.
2. Drafts cannot be accepted.
3. Please deliver your reports in the form of computer printouts and, whenever possible, on computer diskettes (DOS or Windows) or by e-mail. Our address is: meisserlaw@spin.ch.
4. If you cannot provide such data files, we will try to machine-read the report. For such purpose we will need the original text (no copies or fax transmissions), without corrections, underlines or footnotes.

Please make sure that your reports are sent before **September 22, 2000**.

J. David Meisser, Editor

Introduction

During its Congress in Montreal 1995 AIPPI held a workshop which dealt with the topic of standardisation of products and patent rights (Workshop No. IX; see AIPPI Yearbook 1995/IX page 356). Since that workshop was extremely well attended and proved that the topic is of great interest to the AIPPI membership, it was decided to further study this issue at the Melbourne Congress. The purpose of this study will be to evaluate the situation in various countries, to set out guidelines for handling issues and conflicts between industrial property rights (IPR) and technical standards and to provide solutions for resolving potential conflicts. As an example one should mention the European Telecommunication Standards Institute (ETSI) which, in cooperation with the European Commission, has set up an IP policy which contains basic rules but which also leaves open quite a few crucial questions.

At first sight, there seems to be tension between technical standards on the one hand and IPR involved in these standards on the other hand. Whereas technical standards serve as a means to unify certain technologies, which should be applied by everybody in the

particular field, patents create a monopoly which puts the patentee in the position to exclude everybody from using the patented technology. However, technical standards as well as patents enhance innovations and technological progress. It seems very likely that both are needed and that one cannot be given up for the sake of the other.

The Groups are invited to give an overview over the situation in their respective country and to express their opinion as to potential conflicts between technical standards and IPR. Since technical standards will mainly have an impact on technical rights, the question Q 157 focuses on the relationship between technical standards and patent rights. The term "patent rights" should be understood in the broadest sense, including utility models, certificates of protection and other technical IPR. On the other hand, know-how should be excluded explicitly from this definition, since know-how is mainly based on confidentiality.

1. Basis for technical standards

Standards can be established by various authorities, agencies or other bodies. Some standards are "compulsory" in the sense that they are set up according to national regulations (e.g. laws). Others are set up by private interest groups. One also has to distinguish between national and international (multinational) standards. Standards which are set up by an organisation can be called "de jure" standards. On the other hand, there are also "de facto" standards which are established by the exercise of market power.

The Groups are invited to describe the situation in their respective country as to how and by whom standards are set up and how the standards are enforced.

- 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?
- 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?
- 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.

2. Possible conflicts between technical standards and IPR

Possible conflicts between patents and standards can arise in various constellations. One will firstly have to distinguish between members of the standardization organisation and non-members. Another distinction will have to be made with regard to the time when the invention has been made, respectively when the application for a patent has been filed. Problems may in particular arise during the period while standards are in the process of being set up. Finally, conflicts with other legal principles may arise from standardization, such as anti-trust law conflicts. Possible issues may be the creation of patent-pools (cross-licenses) or discrimination against outsiders.

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

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

3. IPR policies, conflict resolution means

Some of the organisations have set up an IP policy in order to avoid or to solve IP conflicts. One example can be found in ETSI which was mentioned earlier. An IP policy will have to deal with various issues. Relevant IP rights have to be identified in the first place. Then the right to use those IP rights for purposes of standardization will have to be determined. Finally, means for resolving conflicts between members as well as between members and non-members have to be found. Again, one will have to distinguish between members and non-members with regard to all topics.

- 3.1 How and by whom should the relevant or "essential" IP rights be determined? Should the members of the respective organisation 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?
- 3.2 Can the owner of an IP right which has been detected as relevant be forced to let it be used for standardisation? If so, should this be done by way of licensing? Can the owner deny the use of the IP right?
- 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?
- 3.4 In which way and by whom should conflicts between a member and the organisation 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.

4. Licence policies, royalties

The most common way of solving conflicts might be the grant of a license. E.g. ETSI requires an undertaking by each member to grant licenses if an IP right of that member has been determined as relevant. This undertaking can be made subject to a reciprocal undertaking of the potential licensee. However, also licenses may create conflicts beyond

the problems mentioned above. These problems concern the consequences of such an undertaking, namely the conditions of the license, as well as the options of the parties in view of the undertaking to either challenge the validity of the IP right or to enforce the IP right even against a member of the organization.

- 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?
- 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.
- 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?
- 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?

5. Conclusion

The Groups are invited

- on all of the foregoing questions, to express their opinion as to the current situation,
- to define the essential requirements of an IP policy for standardization processes and
- to put forward any proposal for future IP policies and the resolution of conflicts between IP rights and technical standards.

The Groups are also invited to comment on any other issue which they find relevant in the context of Question Q 157.

Note: It will be helpful and appreciated if the Groups follow the order of the questions in their reports and if they cite the questions and numbers for each answer.