

## 2013 Report of Q222

### Standards and Patents

#### Names and Functions of Committee Members

Chair:	Michael Fröhlich	(Germany)
Co-Chair:	Gertjan Kuipers	(The Netherlands)
Secretary:	Claudia Wallman	(Sweden)
Members:	Martin Fährdrich	(Germany)
	Jesus Arribas	(Spain)
	Louis-Pierre Gravelle	(Canada)
	Maohua Wang	(China)
	Masatusugu Suzuki	(Japan)
	Kiyoko Nakaoka	(Japan)
	Stephane Tronchon	(France)
	Valeria Falce	(Italy)
	Ivan Rajkovic	(Australia)
	Lindsay Casey	(Ireland)
	Márcio Merkl	(Brazil)
	Calvin Park	(Korea)
Responsible Reporter:	John Osha	(USA)

## 1. Summary

### 1.1. Current and future issues

Special Committee Q222 has the task of following developments concerning the topic of standards and patents. The Committee is working on identifying possible problems and shortcomings, including the analysis of the role antitrust law plays in this context. Where appropriate, the Committee will formulate standpoints and opinions.

During the reporting period, the Committee had a 2-days physical meeting at the AIPPI Congress in Seoul, and 2 meetings per teleconference. The Committee made some progress on selected topics of the work plan, which currently consists of 7 topics (see Annual Report 2012). In particular, progress was made on the following three issues:

- “Availability of injunctive relief for FRAND-committed standard essential patents, incl. FRAND defence in patent infringement proceedings”,
- “FRAND commitment following transfer of patent”, and
- “Prior art documentation in Standard Development Organisations (SDOs) and access for Patent and Trademark Offices (PTOs) to such documents”.

In addition, Members of the Committee have attended and reported back from a number of relevant conferences and workshops (see below Section 2).

Finally, several relevant developments that have taken place over the last year have been identified and discussed by the Committee (see below Section 3).

Priorities for the next reporting period are:

- (1) Further intensifying the work on selected topics of the work plan with a view of establishing a standpoint, which is ideally consensus based;
- (2) Producing deliverables on these topics;
- (3) Increasing AIPPI's visibility by identifying and participating in relevant public consultations, meetings or other projects of relevance;
- (4) Improving the involvement of all members of SC Q222.

## 1.2. Deadline for any action

At present no deadlines in the work of Q222 are open.

## 1.3. Action recommended

- The Committee recommends that this Report be addressed by the Chairman of Q222 in one of the ExCo meetings in Helsinki. This is to allow and encourage wider involvement of the membership of AIPPI in the work of Q222.
- Given the high relevance of the topic and the dynamic of the current debate, the Committee suggests to the Programme Committee to organise another workshop on 'Standards and Patents' during the AIPPI Congress in Toronto 2014.

## 2. **Report of Committee's activities**

### 2.1 Membership

The Committee has presently 15 members from 13 jurisdictions:

- |                         |                 |
|-------------------------|-----------------|
| - Calvin Park           | South Korea     |
| - Claudia Wallman       | Sweden          |
| - Gertjan Kuipers       | The Netherlands |
| - Ivan Rajkovic         | Australia       |
| - Jesus Arribas         | Spain           |
| - Kiyoko Nakaoka        | Japan           |
| - Louis-Pierre Gravelle | Canada          |
| - Lindsay Casey         | Ireland         |
| - Maohua Wang           | China           |
| - Marcio Merkl          | Brasil          |
| - Martin Fähndrich      | Germany         |
| - Masatsugu Suzuki      | Japan           |
| - Michael Fröhlich      | Germany         |
| - Stéphane Tronchon     | France          |
| - Valeria Falce         | Italy           |

Oleksandr Slobodyanyuk (Ukraine) has resigned from the Committee (September 2012).

## 2.2 Appointment of a Co-Chair

Gertjan Kuipers has been appointed Co-Chair of the Committee.

## 2.3 New responsible Reporter

New responsible Reporter for SC Q222 is John Osha. This change was made necessary because Nicola Dagg, who was the responsible reporter for Q222, has retired from her mandate.

## 2.4 Meetings

The Committee had a 2-days physical meeting at the AIPPI Congress in Seoul. The meeting was attended by 12 members (1 member attending remotely by telephone).

During the reporting period the Committee had 2 additional meetings by teleconference.

## 2.4 Workplan

The workplan currently consists of 7 topics (see Annual Report 2012). The Committee has focussed its work on the following three topics of the workplan:

- "Availability of injunctive relief for FRAND-committed standard essential patents, incl. FRAND defence in patent infringement proceedings",
- "FRAND commitment following transfer of patent", and
- "Prior art documentation in Standard Development Organisations (SDOs) and access for Patent and Trademark Offices (PTOs) to such documents".

Based upon the work done by the members of the Committee, detailed discussions have been held during the meetings. As a result thereof, questionnaires have been put together, answers to which are to be provided by the members of the Committee. This should then provide the basis for a comparative legal analysis of these topics by the Committee and serve as a basis for further action.

## 2.5 Attendance at workshops, conferences, etc.

The members of the Committee have covered and discussed the following events (attendance was in their own personal capacity, except for ETSI IPR SC meeting #12):

- U.S. National Academies' Board on Science, Technology, and Economic Policy symposium on IP management in standard-setting processes, Washington D.C., 3-4 October 2012
- ITU-T Patent Roundtable, Geneva, 10 October 2012
- ETSI IPR Special Committee #12, Sophia-Antipolis, 15-17 October 2012
- IBIL FRAND Conference, London, 6-7 November 2012
- U.S. Federal Trade Commission and U.S. Department of Justice workshop on Patent Assertion Entities, Washington D.C., 10 December 2012

### 3. Recent developments relevant to the Committee's question

As per the previous year (see Annual Report 2012, available at: <https://www.aippi.org/download/committees/222/Report222Report+Executive+Committee+Meeting+Seoul+2012English.pdf>), the Committee has identified an important number of developments relevant to the Committee's question:

#### 3.1 Court cases

##### 3.1.1 United States

###### 3.1.1.1 *U.S. District Court for the Western District of Wisconsin, Apple Inc. v Motorola Mobility Inc., Civil Action No. 3:11-cv-00178-BBC (W.D. Wisc. 2011, Order 10/29/12)*

This case originated in the International Trade Commission, where Motorola filed an infringement action against Apple and is seeking an exclusion order that would prevent Apple from selling its allegedly infringing products in the United States. Apple filed a series of counterclaims including claims for breach of contract based on Motorola's pursuit of injunctive relief in light of its FRAND licensing commitments to the IEEE and ETSI. Examining those FRAND commitments, Judge Crabb held that "[t]here is no language in either the ETSI or IEEE contracts suggesting that Motorola and the standards-setting organizations intended or agreed to prohibit Motorola from seeking injunctive relief. In fact, both policies are silent on the question of injunctive relief. Moreover, in light of the fact that patent owners generally have the right to seek injunctive relief both in district courts, [...] and in the International Trade Commission, [...] that any contract purportedly depriving a patent owner of that right should clearly do so. The contracts at issue are not clear. Therefore, I conclude that Motorola did not breach its contracts simply by requesting an injunction and exclusionary order in its patent infringement actions." The court hence refused to declare that Motorola breached its contracts. The court also dismissed Apple's antitrust claims pursuant to the Noerr-Pennington doctrine, as well as all of Apple's remaining claims, particularly including claims for declaratory relief in which Apple had asked the court to set a FRAND rate for Motorola's patents. The decision is on appeal.

###### 3.1.1.2 *U.S. District Court for the Western District of Washington, Microsoft Corp. v. Motorola Mobility Inc., Civil Action No. C10-1823JLR (W.D. Wash 2010, Findings of facts and conclusions of law, 04/25/13)*

On 25 April 2013, U.S. District Court for the Western District of Washington decided on an appropriate range of RAND royalty rates for certain of Motorola's patents essential to the implementation of Wi-Fi and video coding standards used by Microsoft in its Xbox and other products. This is the first time that a U.S. court has made a determination of (F)RAND licensing terms for standard-essential patents. In reaching its decision, the court developed a framework for assessing RAND terms. Specifically, the court decided to simulate a hypothetical, bilateral negotiation between the parties and relied on the well-known Georgia-Pacific factors with modifications to account for the RAND commitment and the asserted essentiality of the patents. In this context, the court held that "the parties in a hypothetical negotiation would set RAND royalty rates by looking at the importance of the SEPs to the standard and the importance of the standard and the SEPs to the products at issue". The court further noted that a proper rate must "address the risk of royalty-stacking by considering the aggregate royalties that would apply if other SEP holders made royalty demands of the implementer". The decision is on appeal.

3.1.1.3 *U.S. International Trade Commission, Certain Electronic Devices, Including Wireless Communication Devices, Portable Music and Data Processing Devices, and Tablet Computers, Inv. No. 337-TA-794 (USITC, Notice of Final Determination, 6/4/2013)*

This investigation by the ITC originated with a complaint brought by Samsung against Apple back in June 2011, in which Samsung accused various Apple products of infringing five patents. Apple raised affirmative defenses based on Samsung's participation in ETSI, alleging that Samsung forfeited its rights to exclusion or cease-and-desist orders based on its FRAND commitments, and that Samsung failed to disclose the SEPs, rendering them unenforceable. On 4 June 2013, the ITC has determined that certain Apple products infringed a Samsung patent essential to UMTS, and issued an exclusion order preventing importation into the USA, and a corresponding cease-and-desist order preventing sales/distribution of products already within the USA. The ITC held that Apple failed to prove affirmative defense based on Samsung's FRAND declarations. The ITC determined that Apple was unable to prove by a preponderance of the evidence that its FRAND defense precludes the Commission from finding a violation of Section 337. The ITC also rejected Apple's "failure to disclose argument", noting that Apple itself has questioned whether or not the relevant patent is actually essential. The ITC further noted in this context that it is unclear what the requirements of a "timely disclosure" are, and that the policy concerns underlying this defense do not apply here, as Samsung has already licensed its declared-essential patents to a number of companies. Commissioner Pinkert dissented on public interest grounds from the Commission's determination. Specifically, he considered that Samsung's FRAND obligations are relevant to public interest considerations and weigh against issuing a limited exclusion order and cease-and-desist order. The ITC's Final Determination is currently reviewed by the U.S. President and the U.S. Trade Representative, who have 60 days to decide whether or not to veto the ITC's decision.

3.1.2 Europe

3.1.2.1 *Landgericht Düsseldorf, Court order of 21 March 2013, Docket no.: 4b 0 104/12, Huawei v ZTE*

In a decision of 21 March 2013, the Regional Court of Düsseldorf (Landgericht Düsseldorf) has referred five questions the Court of Justice of the European Union (CJEU) for a preliminary ruling concerning the availability of remedies (primarily, but not only injunctive relief) to holders of FRAND-committed SEPs prevailing in patent infringement actions. In essence the Düsseldorf court is asking the CJEU whether the requirements established by the German Federal Supreme Court in the so-called "Orange Book Standard case" are in compliance with Article 102 of the Treaty on the Functioning of the European Union (TFEU). The reason for the referral is the Düsseldorf court's view that there is a conflict between the Orange-Book requirements and the conditions set out by the European Commission in its press release of 21 December 2012 announcing the Statement of Objections against Samsung (see below Section 3.2.1).

The German Federal Supreme Court in its 2009 "Orange Book Standard" decision made a successful FRAND-defence subject to the conditions that:

- the potential licensee has made an unconditional and binding offer to license the SEP; and
- the potential licensee has acted as if licensed (implying amongst other things the payment of license fees).

In contrast to the German Federal Supreme Court's approach, the European Commission expressed a less strict approach and takes the preliminary view that under the specific circumstances of the case recourse to injunctions should not be permissible where a FRAND-commitment has been given, and where a potential licensee has shown itself willing to negotiate a FRAND licence. In its press release of 21 December 2012 announcing the Statement of Objections against Samsung, the Commission, however, did not determine any criteria under which such a willingness to negotiate a license may practically be assumed. In the meantime, the Commission provided at least some criteria for such determination, as it noted in the Statement of Objections against Motorola (see below Section 3.2.2) that the acceptance by the potential licensee of binding third party determination for the terms of a FRAND licence in the event that bilateral negotiations do not come to a fruitful conclusion is a clear indication that a potential licensee is willing to enter into a FRAND licence, and that the fact that the potential licensee challenges the validity, essentiality or infringement of the SEP does not make him unwilling.

Although the Düsseldorf Court had no obligation to make a reference to the CJEU, it nevertheless exercised its discretion because of the relevance of this topic.

The first question referred by the Düsseldorf court to the CJEU focuses on whether the principles in the Orange-Book case are to be applied, or whether it is sufficient for the potential licensee to be willing to negotiate a licence on FRAND terms in order to avoid injunctive relief.

The second question focuses on what is needed for a potential licensee to be regarded as a "willing licensee", in particular whether there are specific requirements for said willingness to negotiate in substantive and/or chronological terms.

The third question focuses on whether there are requirements to the offer to be made (e.g. does the offer have to set forth all of the commercial terms? Can the offer be conditioned upon actual use and/or validity of the SEP?).

In the fourth question, the Düsseldorf court has requested clarification on whether there are particular requirements with respect to a pre-contractual fulfilment of obligations arising from the requested license (e.g. does the potential licensee have to pay pre-contractual royalties? Can an obligation to pay pre-contractual royalties also be fulfilled by giving security payment or putting money into escrow?).

The fifth question, is asking whether the presumption of abuse of a dominant market position by an owner of a SEP also applies to other remedies for patent infringement (rendering of accounts, recall of infringing products from distribution channels, damages).

At present, no information on the timeline of the CJEU is available. But based on the experience in other referral cases, it can be expected that the Opinion of the Advocate General might become available in Spring/Summer 2014 and the decision of the CJEU will follow some months thereafter. The progress of this case is interesting also in light of the Statement of Objections against Samsung (see below 3.2.1) and Motorola (see below 3.2.2). While there is typically no obligation on the European Commission to wait for the CJEU to render its judgment, the decision – once issued – will be binding on the European Commission as well as all the national courts of the Member States. A decision of the CJEU will now come much earlier than it would have come following the pending antitrust investigations of the Commission and subsequent appeals.

### 3.1.3 Asia

#### 3.1.3.1 *Tokyo District Court, Decision of 28 February 2013, Samsung v Apple*

On 28 February 2013, the Tokyo District Court rejected Samsung's request for a preliminary injunction against Apple on a patent essential to 3G. With respect to Apple's motion for a declaratory judgment that Samsung does not have a right to claim damages based upon infringement of its patents, the court found that although Apple's products infringe certain asserted patents and those patents are valid, Samsung does not have a right to a demand for damages. The court held in this context that under the Japanese civil code, parties in contract negotiations owe a duty to each other to provide the other party with important information and negotiate in good faith. The court ruled that Samsung breached this duty of good faith, because it failed to provide information to support the calculation of its royalty demands. Samsung has appealed the decision to the Japanese Intellectual Property High Court.

#### 3.1.3.2 *Shenzhen Intermediate People's Court, Decision of 4 February 2013, Huawei v InterDigital*

On 4 February 2013, the Shenzhen Intermediate People's Court issued two rulings in the dispute between Huawei and InterDigital. Although these decisions have not (yet?) been published, certain details have been the subject of reports, incl. a SEC-filing by InterDigital. According to these reports, the Court awarded Huawei RMB 20 million (approx. US\$ 3,3 million) in damages and decided that InterDigital violated China's Anti-Monopoly Law (AML) by charging excessive royalties. The court ruled in this context that the royalties to be paid by Huawei for InterDigital's Chinese patents essential to 2G, 3G and 4G should not exceed 0.019 percent of the actual sales price of each Huawei product. The court apparently did not explain how it arrived at this amount. The court further held that InterDigital breached its FRAND-commitment by (1) filing complaints to the ITC and the Delaware District Court seeking an injunction to ban Huawei from using those patents - while the licensing negotiations were still ongoing, and (2) by tying the licensing of essential patents to the licensing of non-essential patents, and grant-backs of certain patent rights. InterDigital's SEC filing suggest that the court construed the FRAND-commitment under Chinese law, even though the SDO agreements were governed by French law. The judgments are on appeal.

### 3.2 Activities by antitrust enforcement agencies

#### 3.2.1 *European Commission, DG Competition, Statement of Objections against Samsung on the use of patents essential to mobile phone standards (Case n° COMP/C-3/39.939)*

On 21 December 2012, the European Commission, DG Competition, informed Samsung of its preliminary view that Samsung's seeking of injunctions against Apple in various Member States on the basis of its SEPs amounts to an abuse of a dominant position prohibited by EU antitrust rules. The Commission is of the preliminary view that under the specific circumstances of this case, where a commitment to license SEPs on FRAND terms has been given by Samsung, and where a potential licensee, in this case Apple, has shown itself to be willing to negotiate a FRAND licence for the SEPs, then recourse to injunctions harms competition. The Commission, however, made clear that recourse to injunctive relief is generally a legitimate remedy for patent-holders in case of patent infringements and that the preliminary view expressed in the

SO is therefore not questioning the availability of injunctive relief for SEP holders outside the specific circumstances of the present case.

A Statement of Objections is a formal step in Commission investigations. The Commission informs the parties concerned in writing of the objections raised against them and the parties can reply in writing and request an oral hearing to present comments. The Commission takes a final decision only after the parties have exercised their rights of defence. The sending of a Statement of Objections does not prejudice the final outcome of the investigation.

The official Press Release by the European Commission can be found here: [http://europa.eu/rapid/press-release\\_IP-12-1448\\_en.htm](http://europa.eu/rapid/press-release_IP-12-1448_en.htm). The accompanying Memo can be found here: [http://europa.eu/rapid/press-release\\_MEMO-12-1021\\_en.htm](http://europa.eu/rapid/press-release_MEMO-12-1021_en.htm).

### 3.2.3 *European Commission, DG Competition, Statement of Objections against Motorola Mobility Inc. on the use of patents essential to ETSI standards (Case n<sup>s</sup> COMP/39985)*

On 6 May 2013, the European Commission, DG Competition, has issued a Statement of Objections (SO) against Motorola.

The Commission is of the preliminary view that Motorola has abusively, and in contravention of its FRAND-commitments used certain of its SEP to distort competition in breach of EU antitrust rules. More specifically, the Commission is of the view that Motorola's seeking and enforcing of an injunction against Apple in Germany over a patent essential to ETSI's wireless communication standard GPRS amounts to an abuse of a dominant position prohibited by Art. 102 TFEU. The Commission takes the position that "[w]hile recourse to injunctions is a possible remedy for patent infringements, such conduct may be abusive where SEPs are concerned and the potential licensee is willing to enter into a licence on Fair, Reasonable and Non-Discriminatory (so-called "FRAND") terms". According to the Commission, seeking an injunction in such a constellation threatens to "distort licensing negotiations and impose unjustified licensing terms on patent licensees". It is the Commission's preliminary view that "the acceptance of binding third party determination for the terms of a FRAND licence in the event that bilateral negotiations do not come to a fruitful conclusion is a clear indication that a potential licensee is willing to enter into a FRAND licence". The Commission further noted that the fact that the potential licensee challenges the validity, essentiality or infringement of the SEP does not make it unwilling and that requiring a clause that prohibit such challenges even after the potential licensee has agreed to be bound by a third party determination of the FRAND terms is potentially anti-competitive.

The sending of a Statement of Objections does not prejudice the final outcome of the investigation. Also, the preliminary view expressed in the Statement of Objections does not question the availability of injunctive relief for SEP holders outside the specific circumstances of the present case.

The Press Release by the European Commission is available at: [http://europa.eu/rapid/press-release\\_IP-13-406\\_en.htm](http://europa.eu/rapid/press-release_IP-13-406_en.htm). The accompanying Memo can be found here: [http://europa.eu/rapid/press-release\\_MEMO-13-403\\_en.htm](http://europa.eu/rapid/press-release_MEMO-13-403_en.htm).

### 3.2.4 *U.S. Federal Trade Commission, In the Matter of Robert Bosch GmbH, FTC File Number 121-0081 (November 26, 2012): Consent decree finalized 24 April 2013*



In the context of a merger between two companies that make automotive air conditioning recharging products, the FTC investigated one of the merging parties (Robert Bosch GmbH) for seeking injunctive relief when it enforced SEPs subject to a voluntary RAND licensing commitment. The FTC entered into settlement in which the SEP owner (after the merger) voluntarily agreed to license its SEPs and non-SEPs royalty free and not to seek injunctive relief for RAND-committed SEPs, unless the third party refuses in writing to license the patent consistent with the letter of assurance, or otherwise refuses to license the patent on terms that comply with the letter of assurance as determined by a process agreed upon by both parties (e.g., arbitration) or a court.”

FTC Commissioner Ohlhausen dissented from issuance of this settlement decree, on the ground that the conduct alleged did not violate the FTC Act and because the Noerr-Pennington Doctrine. Commissioner Ohlhausen further claimed that the decision imposes liability on protected petitioning activity and effectively undermines the role of federal courts and the ITC in the adjudication of SEP-related disputes.

On 24 April 2013 and following a public comment period, the Federal Trade Commission has issued its response to public comments and finalized its settlement with Bosch.

The FTC has stated that its consent decrees are limited to the specific facts at hand, and do not have precedential value.

Materials regarding the FTC settlement are available at: <http://www.ftc.gov/os/caselist/1210081/>

3.2.5 *U.S. Federal Trade Commission, In the Matter of Motorola Mobility LLC and Google Inc. (FTC File No. 121 0120) – Proposed consent decree announced 3 January 2013*

In a proposed settlement announced in January 2013, the FTC alleged that Google efforts to enjoin the sale of products implementing standards for which Google claims to own SEPs was a violation of Section 5 of the FTC Act. The FTC entered into a voluntary proposed settlement with Google, in which Google agreed to refrain from seeking injunctive relief under certain conditions.

FTC Commissioner Ohlhausen dissented from issuance of this settlement decree.

The FTC has stated that its consent decrees are limited to the specific facts at hand, and do not have precedential value.

Materials regarding the FTC settlement are available at: <http://ftc.gov/os/caselist/1210120/>

3.3 Legislation

3.3.1 *U.S. Department of Justice and U.S. Patent & Trademark Office, Policy Statement On Remedies For Standards-Essential Patents Subject To Voluntary F/RAND Commitments*

On 8 January 8, 2013, the U.S. Department of Justice (Antitrust Division) and the U.S. Patent and Trademark Office (USPTO) jointly issued a Policy Statement on Remedies for Standards-Essential Patents subject to voluntary F/RAND Commitments.

DOJ and USPTO note in their policy statement amongst other things that *“collaborative standards setting does not come without some risks.”* And that *„[a]s a result [of possible lock-in], the owner of that patented technology may gain market power and potentially take advantage of it by engaging in patent hold-up, which entails asserting the patent to exclude a competitor from a market or obtain a higher price for its use than would have been possible before the standard was set, when alternative technologies could have been chosen.”* DOJ and USPTO are of the view that *“[a] patent owner’s voluntary F/RAND commitments may also affect the appropriate choice of remedy for infringement of a valid and enforceable standards-essential patent [and that in] some circumstances, the remedy of an injunction or exclusion order may be inconsistent with the public interest.”*

DOJ and USPTO however also note that *“[a]lthough we recommend caution in granting injunctions or exclusion orders based on infringement of voluntarily F/RAND-encumbered patents essential to a standard, DOJ and USPTO strongly support the protection of intellectual property rights and believe that a patent holder who makes such a F/RAND commitment should receive appropriate compensation that reflects the value of the technology contributed to the standard. [...] An exclusion order may still be an appropriate remedy in some circumstances, such as where the putative licensee is unable or refuses to take a F/RAND license and is acting outside the scope of the patent holder’s commitment to license on F/RAND terms. For example, if a putative licensee refuses to pay what has been determined to be a F/RAND royalty, or refuses to engage in a negotiation to determine F/RAND terms, an exclusion order could be appropriate. Such a refusal could take the form of a constructive refusal to negotiate, such as by insisting on terms clearly outside the bounds of what could reasonably be considered to be F/RAND terms in an attempt to evade the putative licensee’s obligation to fairly compensate the patent holder. An exclusion order also could be appropriate if a putative licensee is not subject to the jurisdiction of a court that could award damages.”* In this context, the DOJ and USPTO highlight that *“This list is not an exhaustive one.”* and that *“determinations on the appropriate remedy in cases involving F/RAND- encumbered, standards-essential patents should be made against the backdrop of promoting both, appropriate compensation to patent holders and strong incentives for innovators to participate in standards-setting activities.”*

This document is available at <http://www.justice.gov/atr/public/guidelines/290994.pdf>.

### 3.3.2 U.S. White House’s Legislative Priorities & Executive Actions

In June 2013, the White House issued five executive actions and seven legislative recommendations designed to reduce the harmful effects that Patent Assertion Entities have on innovation and growth. Patent Assertion Entities, in the U.S. President’s words, *“don’t actually produce anything themselves. They’re just trying to essentially leverage and hijack somebody else’s idea and see if they can extort some money out of them”*. The proposed legislative measures and executive steps are aimed to protect innovators from frivolous litigation and ensure better quality patents. An overview of the recommendations and actions can be found at: <http://www.whitehouse.gov/the-press-office/2013/06/04/fact-sheet-white-house-task-force-high-tech-patent-issues>

Additionally, the National Economic Council and the Council of Economic Advisers released a report on ‘Patent Assertion and U.S. Innovation’, detailing the challenges posed and necessity for bold legislative action. The report is available at: [http://www.whitehouse.gov/sites/default/files/docs/patent\\_report.pdf](http://www.whitehouse.gov/sites/default/files/docs/patent_report.pdf)

### 3.4 Activities by standard-setting organisations

#### 3.4.1 *ETSI IPR Special Committee (IPR SC)*

The ETSI IPR Special Committee held four meetings over the last 12 months, during which the topics of 'Availability of injunctions', 'Transfer of FRAND-committed SEPs', FRAND and the related topic of 'Reciprocity' were discussed. The ETSI Secretariat also started to explore the pros and cons of alternative disputes resolution mechanisms in the context of FRAND disputes. The meetings were attended by a large number of ETSI Members, as well as representatives of the European Commission, the U.S. Department of Justice, and the U.S. Federal Trade Commission. AIPPI was officially represented at one of the meetings by Claudia Wallman.

In March 2013, the ETSI General Assembly has adopted clarifications into the ETSI IPR Policy concerning the issue of a transfer of FRAND-committed SEPs. The clarification has been implemented in Article 6.1bis of the ETSI IPR Policy, which provides:

*“FRAND licensing undertakings made pursuant to Clause 6 shall be interpreted as encumbrances that bind all successors-in-interest. Recognizing that this interpretation may not apply in all legal jurisdictions, any Declarant who has submitted a FRAND undertaking according to the POLICY who transfers ownership of ESSENTIAL IPR that is subject to such undertaking shall include appropriate provisions in the relevant transfer documents to ensure that the undertaking is binding on the transferee and that the transferee will similarly include appropriate provisions in the event of future transfers with the goal of binding all successors-in-interest. The undertaking shall be interpreted as binding on successors-in-interest regardless of whether such provisions are included in the relevant transfer documents.”*

Regarding the other topics, the Committee is continuing to analyze various proposals. No consensus has yet been reached and discussion will continue during the next meetings, which are scheduled for September and December 2013.

#### 3.4.2 *ITU-T TSB Director's IPR ad hoc group (IPR AHG)*

Following the ITU-T Patent Roundtable in October 2012 (see below Section 3.5.2), the ITU-T TSB Director's IPR ad hoc group started discussions on a possible review of the ITU/ISO/IEC Patent Policy and related Patent Guidelines. The IPR AHG held five meetings during which the topics of 'Availability of injunctions', 'Transfer of FRAND-committed SEPs', FRAND, and issues relating to the nature and structure of the Patent Guidelines were discussed. No consensus has yet been reached and discussion will continue during the next meetings, which are scheduled for July and October 2013.

#### 3.4.3 *Other SDOs*

Other SDOs, such as ANSI, IEEE, or TIA, have in the meantime also started work on the assessment whether a review of their respective IPR Policy is needed.

### 3.5 Other

#### 3.5.1 *U.S. National Academies' Board on Science, Technology, and Economic Policy (STEP)*

The U.S. National Academies' Board on Science, Technology, and Economic Policy (STEP) has been commissioned by the U.S. Patent and Trademark Office to prepare a report on how leading national, regional, and multinational standards bodies address issues of intellectual property arising in connection with the development of technical standards and related issues. The National Academies held a symposium on these issues on 3-4 October 2012. A report is expected by early summer 2013. Detailed information and papers are available at: <http://sites.nationalacademies.org/PGA/step/IPManagement/index.htm>.

### 3.5.2 *ITU-T Patent Roundtable, Geneva, 10 October 2012*

On 10 October 2012, the ITU held a one-day IPR Roundtable event. The stated purpose of this event was to assess the effectiveness of RAND based patent policies and to a neutral venue for industry, standards bodies and regulators to exchange innovative ideas that can guide future discussions on whether current patent policies and existing industry practices adequately respond to the needs of the various stakeholders. All public statements and materials are available at <http://www.itu.int/en/ITU-T/Workshops-and-Seminars/patent/Pages/default.aspx>

### 3.5.3 *IBIL FRAND Conference, London, 6-7 November 2012*

At this conference in London on 6/7 November 2012, a panel of judges from various national jurisdictions across Europe discussed the issue of injunctive relief on FRAND-committed SEPs. The possible benefits and downsides of dealing with disputes over FRAND through arbitration were one point of discussion. Committee members present and speaking at this conference were Gertjan Kuipers and Michael Fröhlich (both in their 'corporate' function).

### 3.3.3 *U.S. Federal Trade Commission and the U.S. Department of Justice workshop on Patent Assertion Entities*

The U.S. Federal Trade Commission and the U.S. Department of Justice hosted a one-day workshop on 10 December 2012 to explore the impact of patent assertion entity (PAE) activities on innovation and competition and the implications for antitrust enforcement and policy. While not exclusively about standard essential patents, participants acknowledged the risks associated with the acquisition of SEPs by PAEs, including but not limited to using PAEs to undo FRAND-commitments and/or to evade "no royalty stacking" pledges that operating companies have made to induce Standard Setting Organizations and industry participants to adopt their technology over alternatives.

Documents and a Webcast of the event are available at: <http://www.ftc.gov/video-library/index.php/ftc-events>.

#### **4. Recommendations**

The Committee recommends that

- this Report be addressed by the Chairman of Q222 in one of the EcCo meetings in Helsinki. This is to allow and encourage wider involvement of the membership of AIPPI in the work of Q222.

Further, and given the high relevance of the topic and the dynamic of the current debate, the Committee suggests to the Programme Committee to

- organise another workshop on 'Standards and Patents' during the AIPPI Congress in Toronto 2014.

The Committee's priorities for the next reporting period are:

- (1) Further intensifying the work on selected topics of the work plan with a view of establishing a standpoint that is ideally consensus based;
- (2) Producing deliverables on these topics;
- (3) Increasing AIPPI's visibility by identifying and participating in relevant public consultations, meetings or other projects of relevance;
- (4) Further improving the involvement of all members of SC Q222.

Report written by:

Michael Fröhlich, Chair of Q222

July 31, 2013