

## 2012 Report of Q222

### Standards and Patents

by Michael FRÖHLICH

#### Names and Functions of Committee Members

|                      |                  |                  |
|----------------------|------------------|------------------|
| Chairman             | Michael Fröhlich | (Germany)        |
| Co-Chairman          | tbd              |                  |
| Secretary            | Claudia Wallman  | (Sweden)         |
| Responsible Reporter | Nicola Dagg      | (United Kingdom) |

#### 1. Summary

##### 1.1. Current and future issues

Special Committee Q222 has the task of following developments concerning the issue 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.

Over the last year the ramp-up phase of the Committee has been finalized. A number of new members have joined the Committee and a Secretary has been appointed. The Committee had 4 meetings per teleconference. A workplan has been agreed and members of the Committee have attended a number of relevant conferences and workshops (see below Section 2). In addition, several relevant developments that have taken place over the past months have been identified and discussed (see below Section 3).

Priorities for the the near future are (1) to intensify the work on the topics on the work plan, and (2) to ensure coverage of pertinent upcoming events.

##### 1.2. Deadline for any action

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

##### 1.3. Action recommended

The Committee presently has no recommendation.

## 2. Report of Committee's activities

Over the last year the ramp-up phase of the Special Committee has been finalized.

### 2.1 New members

6 new members have joined the Committee:

- Claudia Wallman                      Sweden
- Ivan Rajkovic                         Australia
- Lindsay Casey                        Ireland
- Marcio Merkl                         Brasil
- Oleksandr Slobodyanyuk            Ukraine
- Valeria Falce                         Italy

The Committee has now 16 members from 14 jurisdictions.

### 2.2 Appointment of a Secretary

Claudia Wallman has been appointed Secretary of the Committee.

### 2.3 Meetings

The Committee had 4 meetings. All meetings were held by teleconference.

### 2.4 Workplan

The Committee has agreed to work on the following workplan:

#### *(1) Patent Disclosure Rules*

- Caretaker: Louis-Pierre Gravelle
- Topics may include issues such as:
  - o What considerations drive variation in disclosure policies
  - o What is the timing for disclosure
  - o Reasonable endeavours or Patent searches
  - o Disclosure of patent applications
  - o Disclosures of patents held by non-members
  - o Consequences of over- / under-disclosure, and remedies within SDOs and legal systems
  - o Cases of over- / under-disclosure, e.g. Dell, Unocal, Rambus, ETSI GSM 03.19, Nokia v InterDigital, etc.
  - o Etc.

#### *(2) Ex-Ante Disclosure of Licensing Terms and Ex-Ante Discussion/Negotiation of Licensing Terms*

- Caretaker: Stéphane Tronchon
- Topics may include issues such as:
  - o Differences between IEEE, VITA, and ETSI IPR Policy
  - o Differences between EC DG Comp and FTC/DoJ

- Experiences with ex-ante disclosures, eg NGMN TTP process, disclosures made for UMTS, LTE
- Ex ante group discussion or negotiation of license terms through the SSO
- How do such group discussions or negotiations occur
- Etc.

*(3) FRAND licensing commitment*

- Caretaker: Claudia Wallman
- Topics may include issues such as:
  - How is “reasonableness” and “non-discriminatory” to be assessed and what factors have to be looked at when making this assessment
  - Etc.

*(4) FRAND commitment following transfer of patent*

- Caretaker: Kiyoko Nakaoka
- Topics may include issues such as:
  - Under what circumstances should a FRAND commitment given by a patent owner bind later owners of the patent?
  - What steps have been taken by SDOs (eg obligation to bind transferee to the same terms as transferor vs obligation to notify FRAND commitment to transferee)
  - Interrelation of a more liquid market for patents and the issue of Patent Assertion Entities
  - Cases, e.g. Rembrandt, N-Data, IPCOM, etc.
  - Etc.

*(5) FRAND defence in patent infringement proceedings*

- Caretaker: Martin Fährdrich, Gertjan Kuipers
- Topics may include issues such as:
  - How can a FRAND commitment be enforced, including by third party beneficiaries – Through contract or antitrust law, and what is the difference, if any?
  - How is a FRAND commitment affecting a patent owner’s ability to seek and obtain a preliminary or permanent injunction at civil courts and/or an exclusion order in the International Trade Commission and/or Custom detentions under EC Regulation 1383/2003
  - Cases, eg in Germany (Orange-Book-Standard, Zeitlagenmultiplexverfahren, etc.), The Netherlands (Philips v SK Kassetten, Samsung v Apple, LG v Sony), US, and France, etc.
  - Etc.

*(6) Patent Pools*

- Caretaker: Wang Maohua
- Topics may include issues such as:
  - SDO IPR Policies fostering the formation of patent pools
  - What are the variations in the assessment of patent pools under competition law
  - What are the variations in the internal distribution models of patent pools
  - Reasons why to join / not to join, respectively benefits/downsides

- o Etc.

*(7) Prior art documentation in SDOs and access for PTOs to such documents*

- Caretaker: tbd
- Topics may include issues such as:
  - o Do contributions to the development of a standard constitute prior art ?
  - o Confidentiality clauses in SDO bylaws or RoP
  - o How much information about submissions to and protocols of meetings, and draft standards are available at the SDO (archiving)?
  - o Is PTO allowed to access available information, or does SDO restrict access?
  - o Is information that is available and accessible effectively usable by PTO?
  - o Cases, eg EPO Board of Appeals, T 0202/97 – 3.5.2, EPO Board of Appeals T 0273/02 - 3.5.01, EPO Board of Appeals T 1659/07 – 3.5.03, etc.
  - o Etc.

2.5 Attendance at workshops, conferences, etc.

The members of the Committee have been able to covered the following events in their personal capacity:

- AIPPI Japan Seminar on "Intellectual Property Laws in Germany, the United States and Japan", 31 October 2011
- 2<sup>nd</sup> Joint Conference of the European Patent Office and the European Commission, DG Enterprise on Intellectual Property rights in ICT standardisation: "ICT Standards and Patents: The public authorities and international perspective: how to increase transparency and predictability", 24 November 2011.
- AIPPI China/Asia IP Seminar, 10-12 April 2012
- Workshop of the European Patent Office and European Commission, DG Enterprise on "Transparency and Predictability of Licensing in ICT through Patent Pools?", 18 April 2012

Details on the abovementioned events can be found below in Section 3.5

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

Since the last AIPPI ExCo in Hyderabad, the following selected developments relevant to the Committee's question have been identified and discussed by the Committee:

3.1 Court cases

- 3.1.1 *Ruling of 9 December 2011 by the Landgericht Mannheim (District Court Mannheim), Motorola Mobility Inc. v Apple Sales International, Docket n° 7 O 122/11*

This case relates to Motorola's action against Apple's Irish subsidiary, Apple Sales International. The patent-in-suit was the German part of EP 1 010 336 on a method for performing a countdown function during a mobile-originated transfer for a packet radio system. The patent is purported essential to the GPRS standard. Attacked embodiments were all Apple products which support the GPRS functionalities. Infringement was undisputed between the parties. The main focus of the dispute was on Apple's FRAND-defence. For a FRAND-defence to be successful in German patent infringement proceedings, two conditions have to be met: (1) the party seeking a licence must have made, and remain bound by, an unconditional offer to conclude a licence contract which cannot be rejected by patentee without infringing antitrust law; (2) the defendant must already behave as if the licence had been granted. During the proceedings Apple made an offer to Motorola to take a license on FRAND terms. Apple made the offer conditional and reserved the right to contest infringement and the validity of the patent-in-suit if Motorola would seek damages for past infringement above a FRAND rate. Motorola declined the offer and requested that Apple admits Motorola's claim for damages on the principle. The Mannheim Court rejected Apple's FRAND-defence and decided that Apple cannot reserve the right to contest the validity of the patents in case that the patentee would seek damages for past infringement above a FRAND rate. The Court held in this context that a patentee is entitled to full damages according to all three recognised calculation methods under German law and that as a consequence it can require that the prospective licensee admits the patentee's claim for damages on the principle. As a consequence, the Court issued an injunction against Apple. Apple appealed that decision. Albeit appeals have suspensive effect under German law, the patentee has nevertheless the possibility to annul the suspensive effect, because first instance judgments are typically preliminarily enforceable against provision of a bond. Motorola filed such bond and enforced the injunction.

3.1.2 *Ruling of 27 February 2012 by the Oberlandesgericht Karlsruhe (Court of Appeals Karlsruhe), Motorola Mobility Inc. v Apple Sales International, Docket n° 6 U 136/11*

In order to stop the enforcement of the abovementioned decision of the Regional Court Mannheim (see 3.1.1), Apple submitted a revised licence offer to Motorola and filed a motion for a temporary stay of the execution of the Mannheim Court judgment with the Court of Appeals in Karlsruhe. In its revised offer, Apple accepted Motorola's claim for damages on the principle according to all three recognised calculation methods under German law. After a summary analysis of the parties' arguments, the Court of Appeals decided that Apple's new offer meets the criteria for a successful FRAND-defence and that as a consequence Motorola would breach its obligations under antitrust law if it continued to demand that Apple cease and desist. The Court therefore found that Apple's appeal is more likely than not to succeed and stayed the execution of the judgment pending the outcome of the appeals procedure.

3.1.3 *Ruling of 2 May 2012 by the Landgericht Mannheim (District Court Mannheim) General Instrument Corp v Microsoft Corp. and Microsoft Deutschland GmbH, Docket nos 7 O 373/11 and 7 O 376/11*

In this matter, the Regional Court of Mannheim issued two injunctions against Microsoft for infringement of patents essential to ITU's H.264 video codec standard, allowing General Instruments Corp., a fully owned subsidiary of Motorola Mobility, to ban Microsoft from selling its Windows 7, Internet Explorer and Media Player software and Xbox gaming systems in Germany. An appeal is pending, but the judgment is preliminarily enforceable against a bond. However, Motorola Mobility is prevented from enforcing the injunction because of a decision of the U.S. District Court for the Western District of Washington (see below 3.1.4).

3.1.4 *Rulings of 11 April 2012 and 7 May 2012 by the U.S. District Court for the Western District of Washington at Seattle, Microsoft Corp. v Motorola Inc. et. al., Case 2:10-cv-01823-JLR*

On 28 March 2012, Microsoft sought an anti-suit injunction against Motorola Mobility restraining and enjoining Motorola Mobility from enforcing any injunctive relief that it may receive in the abovementioned German actions (see above 3.1.3) until the allegations of breach of FRAND-commitment and anti-competitive conduct which Microsoft had brought earlier against Motorola Mobility in the same Seattle Court are resolved. On 1 April 2012, the Court entered a temporarily restraining order (TRO) prohibiting Motorola from enforcing any German injunction based upon antisuit laws. On 7 May 2012, the Court converted that TRO into a preliminary injunction order that effectively extends the TRO and prevents Motorola from actual enforcement of the abovementioned German rulings re H.264 (see above 3.1.4) until the Court is able to determine whether injunctive relief is an appropriate remedy for Motorola Mobility to seek with respect to Microsoft's alleged infringement of Motorola Mobility's standard essential patents. The Court found that the German court in Mannheim has been belatedly asked by Motorola to decide an issue already placed before the court in Seattle.

The decision stems from Microsoft's complaint that it initiated against Motorola Mobility on 9 November 2010 in the same District Court for the Western District of Washington. In this action Microsoft contends that Motorola Mobility is seeking unreasonable royalty rates for its standard essential patents and therefore breaches its obligations to the IEEE and the ITU to grant licenses on RAND terms. Microsoft seeks, *inter alia*, a declaration that it is entitled to a license on RAND terms from Motorola for all patents subject to Motorola Mobility's commitments to the IEEE and to the ITU. Motorola contests Microsoft allegations. On 6 July 2011, the abovementioned German actions were initiated alleging infringement of European Patents purported essential to the H.264 standard. Against this factual situation, the Seattle Court found that the anti-suit injunction factors are met: The Court held that Microsoft's 2010 action is dispositive of whether a German court may issue an injunction against Microsoft for infringement of the European Patents, and held that the issuance of injunctive relief with respect to the European Patents is an issue squarely before the Seattle Court. The Court further found that because Microsoft filed its lawsuit against Motorola Mobility over the terms of a licensing deal before Motorola Mobility filed its suit in Germany, the continuation of Motorola's German actions would frustrate the court's ability to adjudicate issues properly before it. In this context the Court voiced concerns over forum shopping and duplicative and vexatious litigation, because Microsoft had filed its initial complaint in November 2010 invoking

the Seattle's court jurisdiction to determine the worldwide rights and obligations of Motorola Mobility's commitments to the ITU and IEEE with respect to all Motorola Mobility's standard essential patents, including the two European Patents in suit in the German actions. But that it was not until June 2011, over six months after Microsoft initiated its action, that Motorola Mobility initiated the German actions seeking injunctive relief for Microsoft's alleged infringement of the European Patents. The Court found consequently that without the issuance of an anti-suit injunction, the integrity of the action brought by Microsoft in 2010 before it will be lessened. Finally, the Seattle Court also noted that it has strong interest in adjudicating the claims before it, because the lawsuit was initiated by an American company (Microsoft) against another American company (Motorola), and that the matter lacks international issues and foreign government involvement.

While the U.S. ruling is formally not attempting to assert power over the German court, but only affecting Motorola's ability to act, this case is nevertheless without any doubt setting an interesting precedent in a situation where no bilateral agreements on *lis pendens* in related actions exist between two jurisdictions. The decision is on appeal with the Ninth Circuit.

### 3.1.5 *Ruling of 24 April 2012 by the Landgericht Düsseldorf (District Court of Düsseldorf), I/PCOM v Deutsche Telekom and Vodafone, Docket n° 4b O 274/10*

In this case, the Düsseldorf Court rejected defendant's FRAND-defence and granted plaintiff an injunction. This is yet another German ruling confirming the rather high threshold for a successful FRAND-defence against the claim for injunctive relief in patent infringement proceedings. The decision is however remarkable for at least three reasons: (1) because only one day after the Court issued the injunction, the EPO revoked the patent at first instance in parallel opposition proceedings. The revocation of the patent is however suspended pending the appeal; (2) because the Court deals in great length and detail with the conditions of a FRAND-defence under German law, and (3) because the Court made in addition some noteworthy findings regarding the contractual defence based on a FRAND-commitment that has been given by the holder of an essential patent to a standard-setting organisation, in this case ETSI. Regarding the latter, the Court held amongst other things that such a contractual FRAND-commitment merely contains a declaratory concretization of an obligation that exists anyway by operation of competition law (Art. 102 TFEU, Secs. 19 et seq. German Act Against Restraints of Competition). In other words, it doesn't have any particular meaning beyond what follows from antitrust anyhow.

### 3.1.6 *Ruling of 14 March 2012 and 20 June 2012 by the Dutch Rechtbank s'Gravenhage (District Court of The Hague), Samsung Electronics Co. Ltd. v Apple Inc. et al., Docket n° 400367 HA ZA 11-2212, et al.*

The District Court of The Hague had to decide on the availability of injunctive relief in relation to standard essential FRAND pledged patents. According to Dutch case law, the patentee may in principle enforce its SEPs if the licensee has failed to obtain a license prior to entering the market, unless 'special circumstances' apply. In the decision of 14

March 2012, the District Court of The Hague found such 'special circumstances'. The Court considered that the way in which a holder of SEPs (in this case Samsung) wields its powers can contravene its obligations to negotiate on FRAND licenses in good faith. The Court subsequently held that Samsung was never really interested in negotiations on a FRAND license, and thus had not negotiated in good faith. The injunction was denied on the basis of an abuse of rights respectively an act contrary to pre-contractual good faith.

3.1.7 *Ruling of 18 May 2012 by the UK High Court, Nokia OYJ v ICom GmbH & Co KG, [2012] EWHC 1446, Case n° HC10 C01233*

Nokia sued ICom in the UK High Court to revoke its '100a' patent (EP 1 841 268), which is a chipset level patent relating to communication channel access control. The patent is alleged essential to ETSI standards. Nokia also sought declarations of non-infringement in relation to certain handset models. At first instance the patent was found valid as amended and infringed by certain Nokia products that are compliant to the UMTS standard. Nokia appealed the decision. With a ruling of 10 May 2012 the Court of Appeal upheld the first instance decision. In parallel opposition proceedings the EPO though revoked the patent at first instance. ICom's appeal is pending. The revocation of the patent is suspended pending the appeal.

The parties returned to the Court to determine whether ICom was entitled to an injunction in the UK. The Court was of the view that it would be inappropriate to grant an injunction, because ICom was willing to grant a FRAND licence in accordance with undertakings given to ETSI and the European Commission, and that Nokia accepted that it would take a licence on FRAND terms (at least for the UK designation of the patent). The Court therefore found that the only remaining issue in dispute was the determination of FRAND terms. The Court ordered directions to a hearing determining those FRAND terms in summer 2013.

3.1.8 *Ruling of 8 December 2011 by the Tribunal de Grande Instance de Paris (District Court of Paris), Samsung Electronics Co Ltd, et al. v Apple Sarl, Docket n° RG 11/58301*

Samsung filed a motion for a preliminary injunction against Apple attacking the iPhone4S. On 8 December 2011, the Court dismissed Samsung's claim, because it found that after a summary assessment of the facts that there are serious doubts against infringement and that this does consequently not justify the grant of a preliminary injunction. The Court found that the likelihood of the infringement alleged by Samsung is not established, because Apple brought serious enough challenges as to the exhaustion of Samsung's rights under the patents in suit. The Court pointed out that Apple had demonstrated that the chips used in the iPhone 4S were made by Qualcomm, which the Court further found had in fact a licence from Samsung for said patents. With this regard, the Court noted that Samsung could neither revoke nor limit the scope of the licence granted to Qualcomm in order to exclude a customer such as Apple, because -



according to the Court - ETSI rules provide that the licences granted for patents declared as being essential are irrevocable.

3.1.9 *U.S. International Trade Commission in the Matter of Certain Gaming and Entertainment Consoles, Related Software, and Components Thereof (Inv. No. 337-TA-752), and in the Matter of Certain Wireless Communications Devices, Portable Music and Data Processing Devices, Computers, and Components Thereof (Inv. No. 337-TA-745)*

On 6 October 2010, Motorola Mobility Inc. filed a complaint alleging patent infringement against Apple Inc. with the U.S. International Trade Commission (USITC). The complaint alleges patent infringement and seeks the issuance of an exclusion and cease and desist order (Inv. No. 337-TA-745). On 17 December 2010, the ITC instituted an investigation on Microsoft based on a complaint filed by Motorola Mobility. The complaint alleges violations of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337 ("section 337") by reason of infringement of certain of Motorola Mobility's U.S. Patents, including standard essential patents (Inv. No. 337-TA-752).

In both cases a large number of companies, organisations, and officials (including FTC) have submitted Public Interest Statement, notably on the issue of availability of injunctive relieve and/or exclusion orders on standard essential patents that are subject to a FRAND commitment. While some have advocated a categorical no-injunction rule on standard essential patents, others have argued that there is no basis for a blanket rule eliminating the availability of exclusion orders for infringement of patents subject to a FRAND commitment made pursuant to the ETSI IPR policy, and that whether an injunction should be granted is a fact-based inquiry which must be decided on a case-by-case basis. Other yet have argued that a FRAND commitment may generally prevent the holder of the standard essential patent to seek and obtain an exclusion order, but that there are circumstances under which an injunction on standard essential patents is legitimate and fully appropriate.

Those Public Interest Statements can be accessed publicly through the [Public Access to Court Electronic Records](#).

3.2 Activities by antitrust enforcement agencies

3.2.1 *Approval by the European Commission (Case n° COMP/M.6381) and the US Department of Justice of the acquisition of Motorola Mobility by Google*

On 13 February 2012, the European Commission, DG Competition approved Google's plan to purchase Motorola Mobility and its patent portfolio, deciding that the deal did not raise merger-specific concerns. The Commission warned however that the misuse of standard essential patents (SEPs) and raised concerns if companies would disregard commitments made to license such patents on fair, reasonable and non-discriminatory terms. In addition, the Commission made also clear that non-SEPs can also potentially be the basis for foreclosure of rivals and possible abusive conduct. The text of the full decision can be found at: [http://ec.europa.eu/competition/mergers/cases/decisions/m6381\\_20120213\\_20310\\_2277480\\_EN.pdf](http://ec.europa.eu/competition/mergers/cases/decisions/m6381_20120213_20310_2277480_EN.pdf)

On the same day, the US Department of Justice also approved the acquisition of Motorola Mobility by Google (<http://www.justice.gov/opa/pr/2012/February/12-at-210.html>).

3.2.2 *Opening of a formal antitrust investigation by the European Commission, DG Competition against Samsung on the use of patents essential to ETSI, ITU/ISO/IEC, and IEEE standards (Case n° COMP/C-3/39.939)*

On 31 January 2012, the European Commission, DG Competition decided to open formal antitrust investigations against Samsung's use of patents essential to 3G mobile and wireless telecommunication standards. The investigation follows a complaint by Apple. The Commission will investigate whether Samsung has failed to honour the commitment it gave to the European Telecommunications Standards Institute (ETSI) that it would license its Universal Mobile Telecommunication Service (UMTS) standard essential patents on fair, reasonable and non-discriminatory (FRAND) terms. In particular, the Commission will investigate whether Samsung has failed to honour its FRAND commitment in licensing negotiations, including by seeking injunctive relief before the courts of certain Member States in relation to some of its UMTS standard essential patents. The opening of proceedings means that the Commission will examine the cases as a matter of priority. It does not prejudice the outcome of the investigations.

The official Press Release by the European Commission can be found here: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/12/89&format=HTML&aged=0&language=EN&guiLanguage=en>

3.2.3 *Opening of two formal antitrust investigations by the European Commission, DG Competition against Motorola Mobility Inc. on the use of patents essential to ETSI, ITU/ISO/IEC, and IEEE standards (Cases n°s COMP/39985 and COMP/39986)*

Following complaints by Microsoft and Apple, the European Commission, DG Competition decided in April 2012 to open formal antitrust investigations against Motorola Mobility Inc. into the licensing of patents essential to ETSI, ITU/ISO/IEC, and IEEE standards. While Microsoft's complaint related to the video standard H.264 used amongst other things for web-video applications, the complaint by Apple relates to wireless telecommunication standards. In these proceedings the Commission will assess whether Motorola has abusively, and in contravention of its FRAND-commitments used certain of its standard essential patents to distort competition in breach of EU antitrust rules. The opening of proceedings means that the Commission will examine the cases as a matter of priority. It does not prejudice the outcome of the investigations.

The Press Release by the European Commission is available at: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/12/89&format=HTML&aged=0&language=EN&guiLanguage=en>

### 3.2.4 *Opening of formal antitrust investigation by the U.S. Federal Trade Commission (FTC) on Motorola Mobility*

In June, the U.S. FTC has commenced an investigation to assess whether Motorola Mobility has complied with its FRAND commitments. The investigation follows the opening of similar probes for Samsung and Motorola by the European Commission (see above 3.2.3).

### 3.2.5 *Google complaint against Nokia and Microsoft to EC DG Competition, US Department of Justice (DOJ) and US FTC*

In June 2012, Google filed a complaint with the European Commission, DG Competition alleging that Microsoft and Nokia colluded to increase the price of mobile telephones and raise rivals costs through its joint venture and patent divestitures to 'patent trolls'. The European Commission yet to indicate whether or not it will open a formal investigation. Similar complaints have reportedly been filed with the US DOJ and FTC.

### 3.2.6 *Huawei complaint against InterDigital the European Commission, DG Competition*

On 23 May 2012, Huawei has filed a complaint with the European Commission alleging that InterDigital breached competition law, because the fees requested for the licensing of its standard essential patents are exploitative, discriminatory and in violation of FRAND policies.

InterDigital complained last year to the U.S. International Trade Commission about Huawei, accusing them of violations of section 337 of the U.S. Tariff Act by infringement of several of its patents. The European Commission yet to indicate whether or not it will open a formal investigation.

## 3.3 Legislation

### 3.3.1 *United States Senate Judiciary Committee – Hearing on “Oversight of the Impact on Competition of Exclusion Orders to Enforce Standard-Essential Patents”*

On 11 July 2012, representatives of the U.S. Department of Justice's Antitrust Division and the U.S. Federal Trade Commission (FTC) testified before the U.S. Senate Judiciary Committee regarding issues relating to standard-setting activities and competition policy. Acting Assistant Attorney General Joseph Wayland spoke for the Antitrust Division; Commissioner Edith Ramirez represented the FTC. Both Wayland and Ramirez reported that their agencies were actively engaging the ITC on the impact to competition caused by injunctions that enforce. Concern was expressed about the prospect that companies that own standard-essential patents which are subject to commitments to license on reasonable and non-discriminatory terms may be able to "hold up" other firms by obtaining an injunction or exclusion order blocking those firms' products from the U.S. market. However, both witnesses also clarified that a categorical ban on injunctions or

exclusion orders on FRAND-encumbered standard-essential patents is not appropriate. Like Wayland, Ramirez highlighted in this context the importance of the U.S. Supreme Court *eBay* decision and the divergent approaches to injunctions it had introduced. Ramirez observed that, because the ITC is not subject to Supreme Court precedent in *eBay*, the public interest factors could provide an avenue for the ITC to when considering exclusion orders on FRAND-encumbered standard-essential patents.

The full text of Mr Wayland's testimony is available at:

<http://www.judiciary.senate.gov/pdf/12-7-11WaylandTestimony.pdf>.

Ms Ramirez' testimony is available at: <http://www.judiciary.senate.gov/pdf/12-7-11RamirezTestimony.pdf>.

A webcast of the full hearing is available at: <http://www.judiciary.senate.gov/hearings/hearing.cfm?id=45dca2a38e7309da19dce3a4cc06b817>

### 3.4 Activities by standard-setting organisations

#### 3.4.1 *ETSI IPR SC*

Triggered by letters received from Apple, Google and others (see below 3.5.1), ETSI convened a meeting of its IPR Special Committee to discuss issues such as the of availability of injunctive relief on standard essential patents that are subject to FRAND commitment, reciprocity, meaning of FRAND, and the issue of a transfer of patents that are subject to FRAND. Two meetings were held since. While some progress has been made, no consensus has yet been reached by ETSI members on any of these topics. ETSI's IPR Special Committee will meet again in mid-October.

### 3.5 Other

#### 3.5.1 *Letters to SDO's / Public statements from Apple, Google, and Microsoft on their interpretation of FRAND*

On 7 February 2012, the *Wall St. Journal* reported that, back in November, Apple sent a letter (<http://www.scribd.com/doc/80899178/11-11-11-Apple-Letter-to-ETSI-on-FRAND>) to the European Telecommunications Standards Institute (ETSI) setting forth Apple's position regarding its commitment to license patents essential to ETSI standards. On 8 February 2012, Google released a letter (<http://www.scribd.com/doc/80976133/12-02-08-Google-to-IEEE-on-MMI-Patents>) that it sent to the Institute for Electrical and Electronics Engineers (IEEE), ETSI and several other standards organizations. Like Apple, Google sought to clarify its position on FRAND licensing. On the same day, Microsoft published a statement on its website laying out its view on FRAND licensing (<http://www.microsoft.com/about/legal/en/us/IntellectualProperty/iplicensing/ip2.aspx>). These letters were triggered by the upcoming decision of the Antitrust Division of the U.S. Department of Justice (DOJ) which released its decision on 13 February 2012 to close the investigation of three significant patent-based transactions (see above 3.2.1): the acquisition of Motorola Mobility by Google,

the acquisition of patents formerly held by Nortel Networks by “Rockstar Bidco” (a group including Microsoft, Apple, RIM and others), and the acquisition by Apple of certain Linux-related patents formerly held by Novell. In its decision, the DOJ noted with approval the public statements by Apple and Microsoft, while expressing some concern with Google’s FRAND approach.

### 3.5.2 *AIPPI Japan Seminar on "Intellectual Property Laws in Germany, the United States and Japan", 31 October 2011*

The seminar was held on 31 October 2011, at the Imperial Hotel in Tokyo. Prominent Judges (namely, Chief Judge Rader of US CAFC, Judge Grabinski of German Federal Supreme Court, and Judge Iimura of Japanese IP High Court), and University professors from those three countries explained recent developments in the field of IP protection, especially in the context of technical standards. At the end of the seminar, representatives of Sony and FujiFilm joined a panel discussion and discussed several issues that Japanese companies are facing, including USITC litigation by non-practising entities.

### 3.5.3 *Joint workshop by the European Commission, DG ENTR and the European Patent Office on “ICT Standards and Patents: The public authorities and international perspective: how to increase transparency and predictability”*

On 24 November 2011, the European Commission and the European Patent Office jointly organised the conference on ICT standards and patents. This was the second jointly organised conference on the topic. The first joint conference was held in November 2010. The purpose of this was to focus on the role, expectations and responsibilities of public authorities in relation to the use of interoperable ICT technologies in support of competitiveness and innovative applications to meet policy objectives.

The main highlights from the conference were:

- FRAND was recognised by all participants as a general principle in standardization license agreements.
- The cooperation between EPO and SDOs on exchange of and access to information is a good example of increasing transparency in standardisation. In particular, the high level cooperation between EPO and ETSI, ITU and IEEE-SA can serve as a good practice for other major patent offices and other SDOs.
- The industry representatives expressed satisfaction with the draft regulation on European Standardisation and supported the principles laid out in the European Interoperability Framework 2.0.
- Barriers to small and medium-sized enterprises' access to and use of standards still remain
- The delineation between proponents and opponents of royalty-free standards remains unaltered.

Detailed information, including some of the presentations is available on the DG ENTR website at the following URL: [http://ec.europa.eu/enterprise/sectors/ict/standards/extended/event\\_ictstandards\\_patents\\_en.htm](http://ec.europa.eu/enterprise/sectors/ict/standards/extended/event_ictstandards_patents_en.htm).

#### 3.5.4 *European Commission (EC) / European Patent Office (EPO) Workshop on "Transparency and Predictability of Licensing in ICT through Patent Pools?"*

On 18 April 2012, the European Commission (EC) and the European Patent Office (EPO) jointly organised a workshop on licensing in Information and Communication Technology (ICT) through patent pools. This was the third jointly organised event on ICT standardization and Intellectual Property Rights. The purpose of the workshop was to evaluate whether and how patent pools can contribute to further increasing transparency and predictability in IPR treatments in ICT standardisation. The main highlights of the workshop were:

- There is no one-size-fits-all in the domain of patent pools.
- Discussions evolved around the benefits and disadvantages for society of patent pools.
- While there was general support for the use of this tool, some industry representatives tended to favour bilateral agreements over patent pools.
- Patent pools operate in an environment of three systems: The competition rules, the patent system, and the standardisation processes. EPO invited the EC and standard developing organisations to further cooperation in order to ensure that standards and patent pools are based on strong patents.
- It was suggested to settle all issues regarding patent pool, including royalty rate before starting the standardisation process – except the royalty distribution.
- The EC will consider the discussions and take these into consideration in its current review of the European Commission's Technology Transfer Guidelines as part of the overall review process.
- The EC does not, at this stage, plan to take legislative action but merely to facilitate dialogue among stakeholders in this domain.
- The workshop was the first on patent pools in the EC, and the participants encouraged further dialogue on the topic.

Presentations from the conference can be found on the EC's webpage of the conference: [http://ec.europa.eu/enterprise/sectors/ict/standards/extended/patent\\_pools\\_event\\_en.htm](http://ec.europa.eu/enterprise/sectors/ict/standards/extended/patent_pools_event_en.htm)

## 4. Recommendations

The Committee presently has no recommendation. Priorities for the the near future are (1) to intensify the work on the topics on the work plan, and (2) to ensure coverage of pertinent upcoming events.