



## **Tensions between intellectual property rights and standardisation: reasons and remedies**

22 November 2010  
Madou Tower, Brussels

Standardisation can play a major role in helping to unlock the potential of innovative markets and strengthen the position of the European economy through more efficient capitalisation of its knowledge base. European ICT producers in particular need to be able to rely on standards to ensure the interoperability and success of new products, as the result would otherwise be fragmented ICT markets. However, as key ICT standards are perceived by many to be critical technology platforms with a strong public-interest dimension, concerns are being voiced that intellectual property rights (IPRs) and their exclusivity potential may form a barrier to standardisation. Are today's IPR features still compatible with fast-moving markets and the very complex requirements of ICT standardisation in a global knowledge economy environment? Where are the problems that we can we fix? To find out, the European Commission and the European Patent Office (EPO) are organising a conference to address specific issues relating to patents and ICT standards.

Interoperability is a crucial issue for the further development and market acceptance of innovative ICT services and applications. Consensus-building between stakeholders on relevant technical matters often leads to standards. A common approach is therefore of importance for European consumers and companies alike, and will allow the EU to become a global leader in the sector.

However, as technology, and hence interoperability, become more complex every day, ownership, patents, copyright and related IPR policies play an increasingly significant role in ICT standardisation. Some maintain that problems relating to IPR issues may hinder or prevent standardisation and thus even become an obstacle to the introduction of services and applications. On the other hand, the rights of the owners of intellectual property incorporated in standards-compliant solutions need to be properly taken into account and rewarded. Although all agree that this should happen in a fair, balanced and accountable way, there is often disagreement as to whether these principles are always followed, at least in key standardisation endeavours.

This conference, which is part of an open dialogue process that the Commission is undertaking with key stakeholders, is the first to be organised in co-operation with the EPO in this very important domain and aims to provide a platform for the exchange of ideas and suggestions on the following topics:

- Who needs standards-related patent registers and what should such registers look like?
- Is there a need to improve standards-related patent quality and if so, how can we do it?
- How should ex-ante commitments to licensing terms best be drafted?
- How can we ensure certainty regarding the availability and continuity of essential IP rights for licensing?
- What is the best relationship between standards and open source software and freely available technologies?

The EPO and the Commission hope to organise further events and meetings on issues relevant to IPR and ICT standards, with the objective of improving transparency and predictability in this crucial field. A previous workshop in November 2008 was a fact-finding event to map the challenges and stakeholder positions. This conference and any future events will aim to find policy solutions to the identified challenges.

<b>Time</b>	<b>Programme</b>	<b>Speakers</b>
08.30 - 09.30	Registration and coffee	
<b>Opening session</b> 09.30 - 10.00	<ul style="list-style-type: none"> <li>• Welcome</li> <li>• Keynote address</li> </ul>	<ul style="list-style-type: none"> <li>- Michel Catinat, Head of unit ICT for Competitiveness and industrial Innovation , DG Enterprise and Industry</li> <li>- Nikolaus Thumm, Chief Economist, EPO</li> </ul>
<b>EPO</b> 10.00 - 13.00	<b>What role can patent authorities play in improving patent-related transparency in standardisation?</b>	

<p>Panel 1 10.00- 11.00</p>	<p><b><u>Who needs standards-related patent registers and what should they look like?</u></b></p> <p>There is undoubtedly an urgent need to increase transparency in the technology ownership landscape (including transfer of ownership), based on a standard in development, implementation and use. Users, implementers and co-developers should know, before they commit themselves to a standard, who owns what, where and for how long. (The question about how much, i.e. the financial implications (RAND, ex ante, etc.) is part of the afternoon programme.)</p> <p>Provided such a 'service' is desirable and the specifications clear, who could/should do the job and how should this information be fed into the standardisation process and made available to interested stakeholders?</p> <p>What could be the role of the standards developers (companies), SDOs and patent offices in achieving these goals?</p>	<p><b>Chair</b> Konstantinos Karachalios, Policy Officer, EPO</p> <p><b>Speakers</b> - Erik Jansen, Director, Legal Affairs, ETSI</p> <p>- Serge Raes, Rapporteur Patent Guidelines issues, ITU TSB Director's Ad Hoc Group on IPR</p> <p><b>Questions from</b> - Tim Frain, Director, IPR Regulatory Affairs, Nokia</p> <p>- Amy Marasco, General Manager, Standards Strategy, Microsoft</p>
<p>11.00 - 11.30</p>	<p>Coffee break</p>	
<p>Panel 2 11.30 - 13.00</p>	<p><b><u>Is there a need to improve standards-related patent quality and if so, how could this be achieved?</u></b></p> <p>In critical fields with global repercussions, such as certain ICT</p>	<p><b>Chair</b> Joachim Schwerin, Competition Team Leader,</p>

	<p>standards, the focus has up to now been on how to establish clear and enforceable rules about how to integrate existing patent rights into standards. However, this effort has to be extended to encompass the way patent rights are generated in parallel to and as a consequence of the standardisation process. Under current conditions, grey zones often emerge and friction is caused. Among the sources of such distortions are dissemination and confidentiality regimes, for both input and output documents of the standardisation process, which are not always compatible with the patent system. For example, often there is no binding reference to the dates of public dissemination or expiry of confidentiality of the documents. Furthermore, what is 'confidential' is regularly a hotly disputed matter in opposition procedures and in the courts. Such ambiguity may prevent the use of relevant documents as prior art in the patenting process, with potentially detrimental effects to both the real inventor and the public (patent thickets around essentially the same invention).</p>	<p>DG Enterprise and Industry</p> <p><b>Speakers</b></p> <ul style="list-style-type: none"> <li>- Dirk Weiler, Chairman, IPR Steering Committee, ETSI</li> <li>- Michel Godelis, Director Telecommunications, EPO</li> </ul> <p><b>Questions from</b></p> <ul style="list-style-type: none"> <li>- Michael Fröhlich, Director, EU Intellectual Property Strategy, RIM</li> <li>- Per Hellstrom, Head of Unit, Antitrust: IT, Internet and Consumer electronics, DG Competition</li> </ul>
<p>13.00 - 14.00</p>	<p>Buffet lunch</p>	
<p>Panel 3 14.00 - 15.00</p>	<p><b><u>ex-ante commitments to licensing terms</u></b></p> <p>When an essential patent is identified during the development of a standard, it is common to ask the patent owner to commit to license the patent on fair, reasonable and non-discriminatory terms ("FRAND") terms. With the receipt of that commitment, there is typically no further consideration of that patent in the context of development of the standard. It is left to implementers of the standard to address the exact licensing conditions for such a declared essential patent. Typically, this</p>	<p><b>Chair</b></p> <p>Steve Mills, President-elect, IEEE-SA</p> <p><b>Speakers</b></p> <ul style="list-style-type: none"> <li>- Donald Deutsch, Vice President, Standards Strategy and Architecture, Oracle</li> </ul>

	<p>happens after the standard has been finalised and published ("ex post").</p> <p>Practices that provide for greater attention to an essential patent's implications before the standard has been finalised have become known as "ex ante" practices. It may be very useful to already have an understanding during the actual development process itself of what specific fees or other license terms will be required in order to comply with the standard. In comparison, a FRAND commitment seems to provide fewer criteria for choice among different technologies.</p> <p>The aim of this session is to gain an understanding of the impact of essential patents in standards development, gather information on what ex-ante means and how it could be implemented in practice, and more generally analyse the advantages, disadvantages and feasibility of the ex-ante approach.</p>	<p>- Gustav Brismark, Vice President of Patent Strategies and Portfolio Management, Ericsson</p> <p><b>Questions from</b></p> <p>- Martin Prager, e-Health expert, NORMAPME</p> <p>- Markus Muenkler, Senior Manager Industry Initiatives, Vodafone</p>
<p>Panel 4 15.00 - 16.00</p>	<p><b><u>Certainty of availability and continuity of essential IP rights for licensing</u></b></p> <p>In the standardisation process, owners of IP rights, including patent rights in particular, are asked to commit to licensing on FRAND (fair, reasonable and non-discriminatory) or RF (royalty-free) terms. Certainty as to the availability of IP rights for licensing and the continuation of given licensing commitments is highly important for the standardisation process and the decision to include respective patented technologies into standards. Such rights sometimes belong to so-called "third parties" who are not part of the respective standardisation project, or are sometimes sold or transferred in mergers and acquisitions. In the first case, the question arises whether the IP owner is willing to license his patented technologies, and if so, under what terms and conditions. In the latter case, the question arises whether the new owner is bound by the commitment of the</p>	<p><b>Chair</b></p> <p>Oliver Varhelyi, Head of Unit Industrial Property, DG Internal Market</p> <p><b>Speakers</b></p> <p>- Thomas Vinje, Legal Counsel, ECIS</p> <p>- Joost Demarest, System and Administration Director, KNX Association CEN/CLC</p> <p><b>Questions from</b></p> <p>- Heinz Goddar, former president, LESI</p>

	<p>previous owner. We assume that such commitments, once made, are closely linked to the IPR and cannot be undermined by a change in ownership. Continuity of the commitment is essential in order to guarantee the predictability of implementation costs and thus the reliability of long-term business planning of firms using a given standard. Any attempts to question the permanence of given commitments would lead to a significant reduction in legal certainty and confidence in this instrument.</p> <p>In this session we will discuss whether mechanisms can be developed and implemented which will increase clarity with regard to the availability of IP rights for licensing and certainty of continued adherence to FRAND and RF commitments by any subsequent owner. Is it in the patent system, in the standardisation process, or in both? Would the European Union patent help?</p>	<p>- Nicolas Schifano, IP attorney, IBM</p>
<p>16.00 - 16.30</p>	<p>Coffee break</p>	
<p>Panel 5 16.30 - 17.30</p>	<p><b><u>Open source, freely available software and standardisation</u></b></p> <p>ICT standards that can be implemented in open source and freely available software ensure the interoperability of open source technologies and proprietary technologies. This session will explore potential issues around standardisation and the topic of open source software and free licences. We will look at examples of how standards are successfully implemented in open source. We will also consider licensing issues that may exist regarding the requirement to pay royalties for patents present in standards, as well as other licensing terms and conditions in relation to the community approach common in open source and free software technology development.</p> <p>Government mandates and public sector initiatives increasingly seek the use of standards. These may bring their own separate or additional</p>	<p><b>Chair</b> James Bryce Clark, General Counsel, OASIS</p> <p><b>Speakers</b> - Scott K. Peterson, Senior Counsel, Hewlett-Packard - Karsten Gerloff, President, FSFE</p> <p><b>Questions from</b> - David Hammerstein, TACD - Erwin Tenhumberg, Open Source Programme Manager,</p>

	sets of requirements for cost or ease of licensing and implementation of mandated or recommended technologies.	SAP
17.30 18.00	Closing session: short summarising statement	Karsten Meinhold
18.00	Drinks reception	