



Brussels, 14 October 2014

Patents and Standards

A modern framework for standardisation involving intellectual property rights

Questionnaire

I. Formal aspects

Topic and objective

The objective of this consultation is to gather information and views on the interplay between standardisation and intellectual property rights (IPR) such as patents.

Standardisation is the voluntary process of developing technical specifications based on consensus among the interested parties. Standard setting takes place in the European and International Standardisation Organizations (ETSI, CEN, CENELEC, ITU, ISO, IEC) but also in other organizations and fora or consortia on national, European or international level. Many standards comprise technologies that are patent-protected. Public authorities and the standardisation community have developed rules and practices to ensure the efficient licensing of these standard-related patents.

The purpose of the present consultation is to allow stakeholders interested in standardisation involving patents, to bring to the Commission's attention their views on

- how the current framework governing standardisation involving patents performs and on
- how it should evolve to ensure that standardization remains efficient and adapted to the fast-changing economic and technological environment.

The European Commission has the task of ensuring that the European Union's internal market functions efficiently. Therefore harmonisation standards are particularly important for the EU. Furthermore, an efficiently performing standardization system is also crucial for the EU's objectives in the areas of industrial policy, innovation, services and technological development.

Target group(s)

Companies of all sizes, organizations, public authorities, citizens and any other interested stakeholders are welcome to contribute to this consultation.

We particularly encourage those having direct experience with standardisation involving intellectual property rights to share with us their experiences and insights. This includes those currently active in

standardisation activities or planning to become active, as well as those who use standards without taking part in their formulation.

We also encourage participation of those having direct experience with

- patent transfers
- patent pools and other types of patent market intermediation
- patent dispute resolution (Courts, ADR service providers, users of ADR services etc.).

Period of consultation

The consultation is open from 14 October 2014 to 31 January 2015.

Study on "Patents and Standards"

In 2013 DG Enterprise and Industry commissioned a fact-finding study on the issue of patents and standards. This fact-finding study analyses the rules and practices developed to ensure efficient licensing of standard-related patents. It also covers barriers to efficient licensing and ideas discussed among stakeholders for dealing with these barriers.

The study can be found here:

http://ec.europa.eu/enterprise/policies/industrial-competitiveness/industrial-policy/intellectual-property-rights/patents-standards/index_en.htm

The study is useful background reading for this public consultation. The questionnaire is stand-alone and can be answered without having read the study. We encourage you to structure your reply along the modules of the public consultation document (below). Where you want to comment on aspects in the study that do not directly fit to any specific part of the questionnaire, please do so in the section that is closest to the subject matter.

How to submit your contribution

Please submit your observations by sending your contribution to the following e-mail address:

ENTR-SEP@ec.europa.eu

You can submit observations on all questions in this consultation or on specific sections alone. In either case, please ensure that we know to which question your answer belongs.

Respondent profile

Please indicate clearly on your submission the following information about yourself:

- Your name or the name of the submitting organization
[Dr. István SEBESTYÉN](#)
- Type of respondent (enterprise, association, citizen, public authority, judge/law firm, other)
[citizen](#)
- Country of residence or location of headquarters
[Switzerland](#)
- Your contact details including an e-mail address
[Rue des Uttins 1B](#)
[1110 Morges](#)

Switzerland

Tel: [+41792063200](tel:+41792063200)

Email: istvan@sebestyen.de

In case you reply as an association, please also:

- Indicate whether you are registered in the EU Transparency Register (see below)
- State clearly whom you represent (see below)

In case you reply as an enterprise, please also indicate:

- Your main field of business activity and the field of activity related to the consultation's topic (if not identical to the overall business activity)
- Whether your enterprise can be classified as a "small or medium sized enterprise" (SME) according to the EU definition¹. In case of doubt in this regard, please make a judgement call.

Submissions that are sent unanimously will not be published nor taken into account. If you include the above information but wish that your contribution is published without this information, please submit a non-confidential, anonymized version as well.

The Commission may contact you in case a clarification regarding your submission is needed. If you do not wish to be contacted, please state this clearly in your reply.

Transparency and registering

In the interest of transparency, organisations (including, for example, NGOs, trade associations and commercial enterprises) are invited to provide the public with relevant information about themselves by registering in the Transparency Register² and subscribing to its Code of Conduct.

- If you are a Registered Organisation, please indicate the name and address of your organisation and your Register ID number on the first page of your contribution. Your contribution will then be considered as representing the views of your organisation.
- If your organisation is not registered, you have the opportunity to register now. Please then return to this page to submit your contribution as a Registered Organisation.
- Responses from organisations that are not registered will be published separately.

The Commission asks organisations who wish to submit comments in the context of public consultations to provide the Commission and the public at large with information about whom and what they represent. If an organisation decides not to provide this information, it is the Commission's stated policy to list the contribution as part of the individual contributions. (Consultation Standards, see COM (2002) 704, and Communication on ETI Follow-up, see COM (2007) 127 of 21/03/2007).

Confidentiality and data protection

The replies submitted will be published after the end of the consultation period on:

http://ec.europa.eu/enterprise/policies/industrial-competitiveness/industrial-policy/intellectual-property-rights/patents-standards/index_en.htm

¹ http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/sme-definition/index_en.htm

² <http://ec.europa.eu/transparencyregister/info/homePage.do>

Please indicate clearly at the beginning of your reply if you do not wish your contribution to be published. If you consider that certain parts of your reply are personal data or business secrets and should not be published, please submit a confidential and a non-confidential version and mark them as such prominently at their respective starts. In this case, we will only publish the version marked as non-confidential.

Please find information on the protection of your personal data on the website indicated above.

Contact details

European Commission
DG Enterprise and Industry
Unit A4 - Industrial Competitiveness Policy for Growth
Avenue d'Auderghem 45, 1040 Brussels, Belgium
ENTR-SEP@ec.europa.eu

II. Context and key issues

Patent based standardisation

Standardisation and intellectual property rights, such as patents, are key contributors to industrial innovation and industrial competitiveness. Standards facilitate rapid diffusion of technologies and ensure interoperability and compatibility between products thus enabling innovation dissemination. Patents provide incentives for research and development and facilitate knowledge transfers. Effective standard setting and the protection of intellectual property rights are thus crucial for promoting innovation and the development of new technology areas.

Many standards comprise innovative technologies that are protected by patents. Where standards comprise patented technologies, efficient licensing is crucial for the success of the standard as well as for a fair return for innovators' efforts.

The need for a modern framework

Public authorities and the standardisation community have developed rules and practices to ensure the efficient licensing of patents on technologies that are included in standards. These rules and practices aim to give patent holders a fair return on investment in innovation effort, including research and development, and at the same time to allow all users of the standard fair access at a reasonable cost.

The framework governing standardisation involving patents needs to reflect the requirements of all stakeholders and needs to adapt to a constantly evolving technological and business context. The Commission is therefore closely following the ongoing debate on the use and role of IPR in standards and is in the process of assessing whether it needs to address the issue in a dedicated initiative³.

Key issues

The present consultation focuses on eight key issues concerning standardisation involving patents. You are kindly invited to structure your submission around these eight issues.

You are free to choose which issue you want to comment upon as well as the degree of detail you want to express for each of the chosen issue. Wherever you would like to bring detailed observations to the Commission's attention on one or more of these issue, you are invited to draw upon the more detailed questions found further below (Section III).

The eight key issues for which we are seeking your feedback are:

1. Standardisation involving patents is common in the telecommunication industry and in the consumer electronics industry. Which **other fields of standardisation** comprise patent-protected technologies or are likely to do so in the future?
2. A variety of **rules and practices** govern standardisation involving patents. Which elements of these rules and practices are working well and should be kept and/or expanded? Which elements on the other hand can be improved?

³ See the Commission's 2014 Communication on Industrial policy "[For a European Industrial Renaissance](#)".

3. **Patent transparency** seems particularly important to achieve efficient licensing and to prevent abusive behaviour. How can patent transparency in standardization be maintained/increased? What specific changes to the patent declaration systems of standard setting organizations would improve transparency regarding standard essential patents at a reasonable cost?
4. Patents on technologies that are comprised in a standard are sometimes **transferred** to new owners. What problems arise due to these transfers? What can be done to prevent that such transfers undermine the effectiveness of the rules and practices that govern standardisation involving patents?
5. Patent pools combine the complementary patents of several patent holders for licensing out under a combined licence. Where and how can **patent pools** play a positive role in ensuring transparency and an efficient licensing of patents on technologies comprised in standards? What can public authorities and standard setting organizations do to facilitate this role?
6. Many standard setting organizations require that patents on technologies included in their standards are licensed on "**fair**", "**reasonable**" and "**non-discriminatory**" (FRAND) terms, without however defining these concepts in detail. What principles and methods do you find useful in order to apply these terms in practice?
7. In some fields standard essential patents have spurred disputes and litigation. What are the causes and consequences of such disputes? What **dispute resolution mechanisms** could be used to resolve these patent disputes efficiently?
8. How can holders of standard essential patents **effectively protect** themselves against implementers who refuse to pay royalties or unreasonably delay such payment? How can it be ensured that **injunctions** based on standard essential patents are not used to (a) either exclude companies from implementing a standard or (b) to extract unreasonable, unfair or discriminatory royalties?

Please note that Issue 1 asks for the prevalence of standardisation involving patents (as compared to standardisation where patents do not play a role). Issues 2-8 above apply only to those areas where standards include patented technologies. Please also note that Issue 2 is more general, while Issues 3-8 concern more detailed elements of standardisation involving patents.

Quantitative answers

We are particularly interested in learning more about the practicalities involved in complying with the current set of rules and practices on standardization involving patents as well as in the quantitative impacts of possible changes.

For this reason, many of the more detailed questions below concern the costs and benefits of specific developments and/or changes to the current framework. When replying to these questions please provide as much detail as possible. We encourage you to provide quantitative estimates, even where this is only possible in the form of a range. Please provide an explanation of such estimates for example by splitting up overall estimates into person-hours, hourly wage of the person performing a task, etc.. Where you consider that your estimate depends on certain factors, please state these factors.

In our analysis of the submissions to this consultation we will pay particular attention to these fully explained quantitative estimates.

Definitions for the purpose of this consultation

For the purpose of this consultation, and without prejudice to the use of these terms in other contexts, the following definitions apply:

- **Standardisation:** Standardisation is the voluntary process of developing technical specifications based on consensus among all interested parties, such as industry (including Small and Medium-sized Enterprises), consumers, trade unions, environmental Non-Governmental Organisations, public authorities, etc.).
- **Standard setting organizations (SSOs):** Standard setting organizations are entities in which standardisation work takes place. This includes the formal European and International Standardisation Organizations (ETSI, CEN, CENELEC, ITU, ISO, IEC) but also other organizations and fora or consortia on national, European or international level.
- **Standards/Standardisation involving patents:** Standardisation involves patents where the standard comprises patented technologies. This is often the case for standards that ensure interoperability between products, where the interoperability is resulting from a patented technology.
- **Technologically neutral standards:** A technologically neutral standard is a standard that does not explicitly comprise specific technologies. Examples of such standards are standards that set abstract performance criteria, without specifying how these should be attained. Technologically neutral standards are not the focus of the present consultation and are covered only in Questions 1.3.1 and 1.3.2.
- **Standard essential patents (SEPs):** Standard essential patents are patents on technologies that are comprised in a standard. This essentiality results from the fact that products implementing the standard will infringe the respective patent(s). The notion of "standard essentiality" is objective and independent of whether a patent has been declared, or not, to the respective standard setting organization.
- **FRAND/RAND:** The abbreviation "FRAND" stands for **f**air, **r**easonable and **n**on-**d**iscriminatory. FRAND is a concept that is used by many standard setting organizations to specify the terms under which the holders of standard essential patents commit to licence these patents. Other standard setting organizations use the term "RAND", without a difference on substance necessarily intended.
- **Portfolio license:** Portfolio licenses cover groups of patents owned by the licensor. These groups of patents can be subsets of the patent holder's total patent holdings (e.g. all patents related to a specific product) but could also cover all patents held by the licensor, sometimes also including future patents.
- **Cross-licensing:** Cross licensing describes a licensing arrangement where two entities grant each other licenses to their respective patents. For each of the two entities the licences it obtains are (part of) the compensation for the licences it grants.
- **Patent pools:** For the purpose of this public consultation the term "patent pool" is defined as an agreement by which two or more holders of patents agree to licence these patents under a joint licence to each other and/or third parties.

- **Patent thickets:** A patent thicket is a situation where a multitude of patents bear on a specific product and where these patents are held by different entities. Any company wishing to produce or market the product must thus obtain licences from a multitude of patent holders.
- **Royalty stacking:** For the purpose of this public consultation, the term "royalty stacking" describes a situation where patents bearing on the same standard (or product) are held by different entities and each of these entities requests royalty payments. The royalty burden on the company making the (standard-compliant) product is thus the sum (or "stack") of these royalty demands.
- **Alternative dispute resolution (ADR):** The term "alternative dispute resolution (ADR)" should be understood as comprising all forms of dispute resolution other than Court litigation. The most common forms are mediation and arbitration. Mediation describes a process by which the parties to a dispute ask a third party to facilitate negotiations between them. Arbitration describes a process by which the parties to a dispute agree to mandate a third party to decide on the dispute.

III. More detailed questions

About myself: I have been working as an electrical engineer in technical standardization area for about 30 years. I was employed as standards engineer and later as one of the Directors of Standards at Siemens in Germany. I did standardization work among others in several formal standards bodies, such as the ITU-T, ISO/IEC JTC1, ETSI, CEN, DIN and SNV. I did also work in Consortia like MCCOI, IMTC, etc. Over the years I have also kept in those standardization bodies and consortia various leading positions. Currently I work for an SSO Secretariat, Ecma International, in Geneva. Thus I believe to know reasonably well both the SSO Secretariat and the SSO membership side. However, I am not a lawyer. Patents in standards and associated licensing is an “interdisciplinary discipline” where different type of organizations and people with different professional training and background have to work together.

I have read the questions of this survey, and generally found that many of them require rather sensitive and in some cases subjective answers. For this reason I prefer to answer them solely in my personal capacity as a citizen, and my answers should in no way be linked to any of the organizations listed above, who may have completely different official views. These answers just represent my current way of thinking. I reserve the right to be wrong on some of the points, and also to change opinion, if I get convinced of anything better. Nevertheless, I hope that my experience in the subject provides some useful information.

Key issues 1 and 2 – Scope of standardisation involving patents; best rules and practices

Objective of this section and definitions

This section of the consultation relates to the scope of standardisation involving patents and to best rules and practices. We are particularly interested in:

- The technological/product areas where standardisation comprises patented technologies;
- The trends concerning standardisation involving patents;
- The decision whether a standard should include (or note) a patented technology;
- Links between patents and standardization other than the direct incorporation of patented technologies into a standard;
- Best rules and practices available across the standardization domain.

You can find background information on trends in standardization involving patents in chapter 3 of the Study on "Patents and Standards" (link see above; hereafter referred as "the Study").

Questions on the prevalence and effect of standardisation involving patents

The first set of questions aims at identifying the prevalence of standardisation involving patents. When answering these questions, please specify the technological/business/product fields with the appropriate degree of detail.

Q 1.1.1 Fields of standardisation involving patents: To your knowledge, in which technological areas and/or fields of on-going standardisation work are patents likely to play an increasingly important role in the near future? What are the drivers behind this increase in importance?

My expertise is in the ICT area. Therefore I can only identify standardization fields there. Historically we saw there patents in standards in fields like media coding and compression, mobile

communications, modems and XDSL access devices, etc. The question is more for what conditions are those patents available (if at all); are they free; if not do they really apply; is the price really FRAND; is there royalty stacking. etc.

In general, we have observed that in the ICT standardization area since mid 1980ies patents and licensing play a more increasing role. It can be expected that this trend will continue, certainly it will not be less. Why? Patents are being used by patent holders both for “defensive” and “offensive” purposes. While in the 1980s the “defensive” purpose was dominating, in the 1990s we saw significant increase of use of patents in standards for “offensive” purposes. Why? Simply the business models of many companies have changed and many new entrants have appeared. E.g. in the 1980s in the ITU-T (at that time CCITT and CCIR) the major drivers of technical standards were usually state owned operators, and large telecom manufacturers where the main income was not expected to come patents revenues in standards. In the 1990s this has changed. For most companies all type of revenue and profit generation became a major driver. Even more, several companies entered the standardization area whose sole business model was not on selling equipment and / or services but to generate income and profit from patent licenses. In dealing with them the old “defensive” patent policy (often via “cross-license” agreements) often simply did not work.

Which will be the technical areas in the future? Difficult to predict. In the end the market will decide.

Q 1.1.2 Trends and consequences: Do you see a general trend towards more/less standards involving patents?

This depends on the standardization technology area and on the SSOs that carry out the standardization. As an example in video coding standardization in ISO/IEC JTC1 MPEG and ITU-T SG16 there are usually many patents and many patent holders because that is the culture and the consensus of those standardization groups. In addition the patent policy of the SSO (ITU and ISO/IEC) is a RFRAND based policy, which permits but does not support the development of RF standards.

On the other hand “baseline” Internet and especially Web-standards may have patented technologies included but they will remain Royalty-Free, because there is consensus in their membership and the respective SSO (e.g. W3C) driving the standardization to do it under a RF patent policy regime.

So actually we see two different trends, which influence each other.

Are there any practical consequences of this trend?

Could be, but very difficult to predict it concretely. As an example video coding standardization in ISO/IEC JTC1 MPEG and ITU-T SG16 in the future could be less and less implemented if in new generation of devices non-standardized RF video codecs could be downloaded and the coding could be performed e.g. in the browser using real-time capable scripting languages (e.g. RF ECMAScript).

There is a saying that “it is especially difficult to predict the future”. In other words the market will decide on each and every case.

Are business models changing?

As said the business models have already changed in the 90ies, and it might stay so for a while. But maybe we will see another change should the market (or some segments of it) get tired that in some segments of the industry there appears to be a “licensing war” on standard based solutions. If, when and how, again this is a decision by the market.

Q 1.1.3 Standardisation prevalence/complexity: In general, do you observe an increasing role of (any type of) standardisation in your fields of activity/interest?

I would say on the whole it has been always about the same. But of course there are always old standardization areas that have been completed or where technology got outdated but also new areas where new standards are urgently needed.

Are standards becoming more, or less, detailed and comprehensive? How does this trend impact on the functioning of the standardization system?

Each case is different. This depends on the concrete standardization topic and the stage of the standardization. An ITU-T H.265 video coding standard of 2014 is of course more complex the "father" ITU-T H.261 from 1992. Or an ECMAScript Edition 6 in 2015 is significantly more complex than an Edition 3 from 1999. Interrelations are also possible. As example in the "pipeline" there is ECMAScript Edition 7 planned to be approved in 2016 which would allow a significant speed-up of scripting language performance in native browsers, meaning that any standard or non-standard media codec could be downloaded and run on any ECMAScript capable platform. That might have an effect on the use of the standard-based media codec mentioned above.

However, in general the standardization system can cope with that. It is a different question (well not in the above example) what will be implemented by the market and how successful the standard will be. That is a decision by the market. It is however true that a complex standard needs more time to be developed (depending also on SSO procedures), but often the market does not permit that much time. Then often we see non-standard implementations or the emergence of "de-facto" standards.

Q 1.1.4 Standardisation in support of innovation: Do you consider that standardisation involving patents contributes to innovation and to the uptake of new technologies?

It is a mistake to draw general conclusions like that, because each case has its own story and they may differ significantly. As an example in the ITU-T and ISO/IEC JTC1 Still image Standard JPEG (a very innovative standard and one of the most used standards still today) the so-called "baseline" mode (which had to be implemented in all implementations) was at the development time at the end of the 80ies targeted by the JPEG standard developing group as RF standard, they were mainly only a few RF patents, if any. The optional so-called "arithmetic coder" had in the first proposal a solution with one FRAND patent holder. That solution worked technically well, but 2 other FRAND patent holders also insisted to insert their technology into the arithmetic codec standard. As a result the technical solution got worse, but that was the price for the consensus to move the standard forward. So it was adopted. Later in practice the FRAND "arithmetic codec" option did not make a market penetration, because it could not effectively compete on the market with the RF "baseline". In a different case the optical storage standards of Ecma International and ISO/IEC JTC1 could not have been effectively defined without technologies based on FRAND patents.

Interesting is the history of video coding standardization. There the biggest innovation was done in the ITU-T H.261 (part of the ISDN Videophone standard, developed by the famous Okubo Group) approved in 1992. It was a complex standard and more than 30 patent holders claimed to have FRAND patents in it. However, in practice in the ITU there has been a "gentleman's agreement" no to charge license fees for the implementation of H.261. As far as I know this agreement has been kept. However, when H.261 became the basis of ISO MPEG2 / ITU-T H.262 (e.g. for broadcast, DVD movies) in 1995 the more complex FRAND standard became in the licensing practice also RFAND. Though the

level of true innovation has been much lower than in H.261 within 3 years the business model of the standard setting companies have changed. Ever since this trend in MPEG continued.

If so, in which areas? Would technologically neutral standardization promote innovation equally well in these areas? Should standardisation be less specific by excluding those elements that are covered by patents?

In the light of the above these questions are irrelevant.

Questions on the decision to include patented technologies into a standard

The next questions relate to cases where there is a choice on whether or not to base a standard on a patented technology. This can either be the choice to keep the respective standard free of any patented technologies or the choice to include an additional patent-protected technology into a standard that will in any case comprise patent-protected technologies. You can find information as regards the decision to include a patented technology into a standard in sub-section 5.7 of the Study.

Q 1.2.1 Issue of over-/under-inclusion: Are there fields of standardisation in which you consider that standards include too many patented technologies? Are there areas in which standards would benefit from including more patented technologies? Please explain.

As far as I know - all patent policies of SSOs allow the inclusion of several patented technologies in any given standards. Some say in the policy that patents are not excluded in “exceptional” situations, but who decides on that under what criteria? But as mentioned above each individual case is different, and no general answer can be given. However, there are also standards with several FRAND patented technologies included, where the usefulness of some of the patents can be questioned, and where standardization often (usually in the FRAND policy regime) ends up what one may call a “patent armament race” (with patents both for “offensive” and “defensive” purposes). Very often these are the cases where “Patent Pools” have to provide the licensing solution. It should be mentioned that no SSO Secretariat can be of assistance to remedy such situations, as it is always the members’ contributions that drive the standard development. SSOs with RF or mixed RF / RAND based policies are at least better off in avoiding such situations.

Q 1.2.2 Criteria for inclusion decision: What should be the criterion/criteria to use when deciding on whether or not to base a standard on a patented technology and/or to include a further patent-protected technology into a standard?

The real question is usually not if a standard should include patented or not-patented technology, but if there are patented technologies included are they available on RF or FRAND terms? If they are available on RF terms, usually there are no further questions in the standardization process, because e.g. it does not make a difference if a claimed patent really reads on the standard or not. If they are available on FRAND terms, then most likely licensing fees will apply. Then the first question is what patents are they on what territories, and they really do read on the standard or not, etc. An SSO – in spite of usually collecting patent statements – generally it must not decide on the validity of that information. It has neither the expertise nor the mandate. Only the SSO members can do it - outside of the SSO.

The decision to include or not a technology in the standard that may have RF or FRAND patents depends on the consensus of the group that develops the standard. If such a decision is not made explicitly then it simply follows the default patent policy option covered by the SSO’s patent policy

(e.g. FRAND in most cases). But as an example for the contrary in JPEG the standard development group decided at the beginning of the standardization that their goal is to develop a RF “baseline” standard and additionally allow optional FRAND features, like the Arithmetic Coding. This was the goal, the voluntary commitment of the group members, but actually this within the framework of the respective SSO policies (ITU, ISO and IEC) that supported a RFAND development only. So no formal RF commitment could be made and guaranteed, only some voluntary RF statements could be accepted. So the policies only supported this target in the sense that any member was permitted to submit (if somebody wanted to) a RF patent statement. Some SSOs with RF based (e.g. W3C) or mixed policies (e.g. Ecma TC39, TC52) could have been supported such project better, in the sense that they would have had the formal RF commitment of the standard developing group members.

How can a possible cost and benefit analysis be done?

Within the SSO and by the SSO no cost and benefit analysis is done. Any SSO is governed by its members’ wishes. Members themselves may carry out such studies. But I am not sure if they do it in practice.

What could be used as benchmarks?

If such things exist this is outside of the SSO work.

Q 1.2.3 Process for deciding on inclusion: Who should take the decision of including (or not) patented technologies into a standard?

I guess wrong question. Normally the SSO patent policy allows the inclusion of patented items (even when in “exceptional” cases). The key question is under what licensing terms? The decision is always by the members of the SSO when approving the standardization project. E.g. in case of Ecma International it is the Ecma General Assembly who can approve a RF project. If no such decision is taken the default is FRAND.

Should the entity suggesting the patented technology for inclusion be asked to justify the inclusion? If so, what elements should be covered, at minimum, in the justification?

The question so is not precise, because it assumes that patented technology must be always FRAND. But e.g. in case of Ecma International TC39 (ECMAScript) it is the technical group (e.g. TC39) that can request to target a standardization project with technologies that are RF. A justification is for example, that for a Web environment a scripting language technology should be available on RF terms (in practice such a commitment can only be given by members who are participants of the project, so no guaranty if that goal can achieved, but still a good probability). So usually market reasons. Once such a RF decision is taken, in practice it does not really matter if the technology has patents or not.

But yes, the minimum if someone suggests a FRAND patented technology in the standard he should signalize it and gave an explanation and justification for it.

Q 1.2.4 Disputes over inclusion: Are you aware of legal disputes over a decision to include (or not) a patented technology into a standard?

Yes.

What were the main facts and what was the outcome of the dispute?

No comments on some concrete legal disputes.

Questions on other links between standards and patent-protected technologies

The main focus of this public consultation is on the situation where a standard directly and explicitly includes a patent-protected technology.

However, two other links between patents and standards are also frequently discussed in the standardization community:

First, the situation where a standard does not refer to any particular patented technology (in other words it is technologically neutral) but where the standard can in practice only be implemented by using one or more technologies that are patent-protected.

Second, the situation where a product implements a standard but also includes patent-protected technologies which cumulatively (1) cannot be designed around technically and (2) are so important to the customer that the product cannot be sold without the patent-protected technology.

The following questions aim at gathering your views on these two situations. It should be noted that both situations are structurally different from the situation otherwise covered in this public consultation. The patent holder will regularly not have consented to the link between the standard and its patented technology and will also not have given any licensing commitment. We therefore also ask on the patent holder's defences in this situation.

Q 1.3.1 Pertinence of these two situations: To your knowledge, has any of the two situations occurred? If yes, where and how often? In your answer, please explain in detail why the respective conditions specified above were fulfilled. What were the consequences?

If such cases exist, those are definitely badly defined standards and should be avoided. A good standard has to be defined in such a way that all essential patents are under the scope of the standard, where the patent policy works, and not outside the scope of the standard, where the SSO patent policy has no effect at all. Yes, I have also heard about such bad cases, but have not verified them, so I should keep the specifics better to myself. This phenomenon can only be solved by the technical experts of the SSO, but not the SSO Secretariat.

Q 1.3.2 Defences by the patent holder: Do you see a risk that a standard setting process could be abused to obtain (preferential) access to patent-protected technologies?

Generally not. But I cannot exclude that it can or cannot happen. In standardization many things are possible. Has this happened? I have heard some rumours about such cases. Please explain. No explanation. How can the patent holder defend his/her rights? The way, how I understand the two cases is that patent is actually outside the scope of the standard. There the patent holder can fully defend his rights (may be via the help of the courts) and is not even restricted by an SSO patent policy.

Questions on "best rules and practices"

The following questions allow you to submit your views on rules and practices that you find particularly interesting or useful. If you intend to answer the more detailed questions below (Key

issues 3-8), please use Questions 2.1.1-2.1.3 to submit observations that you don't cover when answering the more detailed questions. Question 2.1.3 is targeted at stakeholders who have experience with several standard setting organizations.

Q 2.1.1 Best rules and practices: A variety of rules and practices govern standardisation involving patents. Which elements of these rules and practices are working well and should be kept and/or expanded? Which elements on the other hand can be improved? Would you consider it helpful if standard setting organizations would be more explicit about the objectives of their patent policies?

The questions are too broad for me. Therefore I prefer not to answer them in detail.

However, I would like to observe, that several SSOs (like ITU-T, ISO, IEC) have both a "Policy" document and a "Guide" document. The original intension was that the "Policy" document should be a stable document that should not be changed in the short term. The "Guide" document on the other hand may change more frequently on short term, reflecting current "Best Practices". However, in case of differences between the two documents it is the "Policy" document that has priority.

Other SSOs work with just a single policy document.

Q 2.1.2 Trends and initiatives: The pertinent rules and practices are constantly evolving. Do you see any particular trends?

Yes. Actually with mixed effects. Some go in better, others in worse directions.

What are recent improvement initiatives that you find promising or worthwhile of attention?

I can only give a strongly biased answer to this. I find that the improvements of IPR policies (patent, copyright...) of Ecma International are promising and worthwhile of attention.

Are there initiatives outside the SSO domain that you find helpful (e.g. patent quality initiatives by patent offices)?

Yes, I find it positive that the EU Commission has already for several years the importance of the topic, several events have been organized, studies performed, etc.

Yes, I find it positive that for several years already e.g. patent offices take SSO documents as one of the source for information in their patent work.

Yes, I find it also positive that several organizations and fora build up so called "historical archives" of standardization relevant documents (incl. those related to patents in standards) that their members or the public may use.

Q 2.1.3 Differences in SSO rules and practices: Do you see significant differences between SSOs in terms of their patent policies and/or treatment of standard essential patents in practice?

Yes.

If so: What are the practical consequences of these differences? Which of these differences (if any) pose problems? Which of these differences are justified?

Many SSOs as organizations work in a similar manner but none the same. Therefore there is some commonality in their IPR policies, including patent policies, but they do not have to be the same. Therefore differences are justified. I do not believe in a "one size fits all" patent policy for all SSOs. In detail each patent policy is tailored for the SSO it is supposed to serve. I see the practical consequences of these differences positive. As an example with the Ecma Patent Policy we in Ecma

can better handle some situations, which others (e.g. an ISO patent policy) cannot cope. As an example Ecma would be able to deliver a RF standard while its ISO/IEC JTC1 Fast-Track equivalent will only be FRAND.

Key issue 3 – Patent transparency

Objective of this section and definitions

This section of the consultation relates to transparency regarding standard essential patents.

For the purpose of this consultation, **transparency** should be understood as relating to the ease with which interested parties can establish the patent situation relevant to an area of standardisation. This would cover the existence of particular patents, their scope, ownership, validity, enforceability, and essentiality for a standard. Transparency may be relevant during the discussions leading up to the formal decision on a standard (**ex ante**) but also afterwards when standard-compliant products are marketed (**ex post**).

The efforts of standard setting organizations to achieve patent transparency are based on obligations of their members to declare patents to the respective standard setting organization which then makes these declarations available to the other members or to the public. However, other types of stakeholders such as patent offices, also contribute to patent transparency.

Accordingly, we are particularly interested in:

- The relevance of patent transparency in practice and the different areas or aspects where more patent transparency would be beneficial;
- The different forms of patent declaration obligations and their respective costs and benefits;
- The various ways of handling patent declarations in practice by standard setting organizations;
- Measures to increase patent transparency beyond the system of patent declarations.

You can find background information on patent transparency in Chapters 4.2 and 5.2 of the Study.

Respondent profile with regard to this section

If you wish to reply to this section of the public consultation, please ensure that you mention in your submission any special type of experience you have regarding patent transparency and/or experience with the patent declaration system used in many standard setting organizations (e.g. if you declare numerous patents; if you are a provider of services to increase patent transparency).

If you are both a holder of standard essential patents as well as an implementer of standards including patented technologies, please specify, where pertinent, from which of those perspectives you are answering a particular question.

Questions on the relevance of patent transparency

The first set of questions concerns your views on the relevance and level of patent transparency in the fields of standardisation of interest to you. The questions also aim at identifying the causes of a possible lack of transparency as well as the consequences thereof.

Q 3.1.1 Scope of transparency issue/Priority areas: Is there sufficient patent transparency in the fields of standardisation that are of interest to you? In which of these standardisation field(s) is patent transparency particularly good and in which field(s) is it insufficient? Please explain.

Let me modify the question: Would it be nice to have full patent transparency in the field of standardization of interest to me (or the SSO dealing with that topic)? The answer is: "yes". In practical reality can I have full patent transparency in the fields of standardization that are of interest to me? The answer is: "no". Too expensive, who has the time, the capacity, the expenses to do it? Usually, no one. Fortunately, in practice usually we have a patent transparency that is normally sufficient. But unfortunately, not always, and then one may end up in some standardization problems. Again, often a key question is: are you trying to develop a RF bearing standard or a FRAND standard? If you are in a RF standard developing group then at least within the group you do not care so much which members' patent applies and which not. Outside of the standards groups own patents, like of 3rd parties, those remain of course always a problem (by the way true both for RF and RFRAND standard development groups). So in case of a FRAND standard development group patent transparency is even more important. And of course also the licensing conditions, but the details of those must always be kept out from the standard development discussions in the SSO.

Q 3.1.2 Ex-ante transparency: In your experience, is there sufficient knowledge about the relevant patent situation during the discussions leading to the setting of standards?

This is different from case to case.

Have you experienced a situation where a standard was decided based on significantly incorrect assumptions about the relevant patent situation?

Yes, a few times.

What were the causes of such incorrect assumptions and what were the consequences?

This is different from case to case. Sometimes the information was not available in the group, sometimes the information was available, but withhold by some members of the group. Sometimes there are cases when "patent trolls" are turning up later claiming that this or that patent reads on the standard, etc. The SDO itself cannot do anything about the correctness or completeness of such information. It can only collect and present such information whenever it receives. This is one of the practical limits of the so called patent data bases.

What were the consequences? In case if the standard is not successful in the marketplace (which is very often the case by the way... you never really know that in advance...) there are usually no consequences. But if the standard is successful and the market behind it very strong a great number of troll cases, litigations etc. can erupt.

Could all relevant stakeholders participate in the discussions?

This is different from case to case. In case of some 3rd party patent holders this is definitely not the case. However, this is in practice not really frequent. Very often there is no discussion within the group. Often information is hidden, often information is unknown to the technical expert participating in the meeting, very often – using anti-competition arguments in meeting - information is not shared etc.

Q 3.1.3 Ex-post transparency: Either as licensor or as licensee, how do you initiate the licensing of the relevant patents? What are the means of identifying the relevant patents, the patent holders, the

potential licensees, etc.? What are the respective costs of collecting information on the patent situation?

This is not really my area as an engineer. This is usually done by the legal departments of companies. Also as an SSO Secretariat we are not doing anything on this subject. Standardization and licensing has been kept so far completely separately. Licensing is outside the scope of an SSO. A few years ago - as President of a Technology Marketing and interoperability Testing Consortia (IMTC) – which is not an SSO we tried with other consortia to bring together licensors, licensees and patent pool secretariats to have a solution for a video coding standard, but in the end we had only a sort of mixed success.

Q 3.1.4 Non-transparent aspects: In those areas where you deem patent transparency insufficient, what aspects of the patent situation are insufficiently transparent: (1) existence of patents, (2) validity of patents, (3) essentiality of the patents for the pertinent standard, (4) ownership of the patents, (5) enforceability of the patents, (6) coverage of patent by existing licences/pass through and (7) others? Please explain.

This is different from case to case. Anything from the above might be possible. Again, in practice the SSO can only collect and present information it receives, but cannot validate it, or complete it if something is missing etc.

Q 3.1.5 Consequences/risks: What are the consequences of insufficient patent transparency? What risks occur, and what are the (financial) impacts if these risks materialize? If appropriate, distinguish between ex-ante/ex-post transparency and between the different aspects of patent transparency above.

Again, this is different from case to case. From “nothing” to “huge” impact, anything can happen.

Q 3.1.6 Cost of coping individually: How do you deal with situations where you perceive that patent transparency on one or several aspects of interest to you is insufficient?

Speaking as an SSO Secretariat we can only remind the members to obey the IPR policy of the SSO and put forward to the SSO patent information as soon as possible. An SSO expects that this is done on a “best effort” basis, so no expensive and time consuming patent searches are needed. This is a sort practice as a result of compromise. Do you gather information pro-actively or do you wait to be contacted (e.g. by patent holders requesting royalties, by implementers asking for licences)?

An SSO Secretariat never gathers patent information, that is left to the members and the patent holders. The SSO has only the obligation of reminding all to submit such information, and when those are submitted to it to make it public (e.g. via the SSO web-site). What costs are involved in dealing with situations of low patent transparency?

An SSO Secretariat has no explicit costs to solicit more patent transparency, of course for members with large patent portfolio such costs can be significant. However, since the collection of such information is on “best effort” basis, the expenses can be controlled by the member and / or patent holder.

Questions on the content of the declaration obligation

The second set of questions concerns the obligation imposed by many standard setting organizations on their members to formally declare the patents relevant for the respective standardisation work. We are interested in hearing your views on key aspects of such declaration obligations.

Q 3.2.1 Trigger of obligation: Patent declaration obligations could be triggered either by membership of a standard setting organization, or by participating in a specific standardisation project or by having directly suggested a (patented) technology for a draft standard. What are your views on the respective triggers (advantages, disadvantages)?

No clear answer can be given to this question. The trigger can be different for the various SSOs, depending on the standardization scope of the SSO and the concrete standardization projects. Even within one SSO you may use different triggers. As an example, in Ecma International there is a default policy that all members commit to license their patents on at least on FRAND basis, if they do not speak up separately. Furthermore it is expected that members let their relevant patents known. However, this on “best effort” basis, which leaves some room for interpretation. But for example for a so-called Royalty Free Technical Committee (Ecma has at the moment a few of them) all RF Group members commit themselves to license their relevant patents RF. Since it is RF, the patent transparency there is useful, but not really essential.

Q 3.2.2 Required effort: What effort should be required from a patent holder in identifying relevant patents in his portfolio? Should these efforts be contingent on the degree to which the patent holder participates in a specific standard setting process (for example whether or not he has actively contributed the technology in question)?

Ideal would be to know everything, but in practice one has to come to a practical compromise, like it is explained in the question above.

Q 3.2.3 Process of declaration: If you are a patent holder active in a standard setting body that requires patent declarations, how do you comply, in practice, with the obligation to declare specific patents? What are the concrete steps undertaken to identify such specific patents, and what parts of your organization are involved?

No single answer can be given to this questions. In practice this can be different from SSO to SSO, but even between two standardization projects within the same larger SSO group. The consensus of the group and the trust among the group member plays also an important role. As an example in CCITT / ISO JPEG project such information was available very early on, while e.g. in the parallel MPEG1 standardization project such information was kept back almost until the last minute. Due to the fact how SSO policies were drafted (in that case of CCITT and ISO), in practice both cases are in practice possible, and there is no way how for example an SSO Secretariat could better enforce it.

For identifying a patent by a participating member this can also be different from SSO to SSO and between standardization projects. Usually, in practice it is just the expert’s knowledge about possible patents and the Patent Department is not always involved. This is a sort of “best effort”. Reason: Manpower, cost, and time constrains. Is this enough? Theoretically not. But this is often the practice.

Q 3.2.4 Costs of declaration: What are the costs involved in complying with an obligation to declare specific patents? What are the respective costs of (1) identifying patents and (2) informing the standard setting organization? Would you search for patents in your own portfolio that relate to a standard, even when there is no obligation from the SSO patent policy? If yes, would your approach differ in process and thus in cost? Please be as specific as possible.

If the provision of patent information is on “best effort” basis, such costs can be controlled by the member and / or patent holder. To provide always exact information, especially for a company with large patent portfolio is in practice often impossible (too high manpower, time, cost requirements).

Q 3.2.5 Blanket declarations: Some standard setting organizations require their participants to declare that, in general, they hold essential patents over a standard without requiring that these participants identify each of these patents specifically. Do you believe that such declarations provide for enough transparency? Please justify your answer, where necessary distinguishing situations where you consider that this approach is sufficient from those where you do not.

Ideally, all patent details should be known by the SSO, but in practice this is not always possible. Very often an SSO patent policy requires also information about patent applications (not only for patents already granted), and to provide details on that in some countries is not permitted, or members are simply afraid to disturb the patent application process by giving away too much information details. So this is a usual compromise.

Q 3.2.6 Scope/detail: Where standard setting organizations require that patent holders identify the relevant patents individually, what information about the patent should be transmitted? Only the patent number or other aspects? What are the respective benefits and costs of requiring that the patent holder also (1) specifies to which part of the respective standard the declared patent belongs and/or (2) explains why the patent is relevant for the standard?

This is different from SSO to SSO. In most SSO, though everyone agrees that such an information would be desirable, it is usually voluntary and “best effort” basis, for several reasons, including manpower, time and cost factors. Ideally all information should be available, like patent number, country of application, even the relevant claim numbers and how it relates to the standard, but in practice such complete information is only a dream and usually not available.

Q 3.2.7 Consequence of non-compliance: What should be the consequences if a patent holder has failed to comply with its declaration obligation (for the standard, for the patent holder, for licensing negotiations)? Should the respective standard setting organizations take action and what should this action be? Are the consequences of non-compliance sufficiently clear in your experience?

Usually, only the court can decide on this. For most SSOs the provision of such information is on “best effort” basis, and to decide if the “best effort” is fulfilled or not is not up to the SSO to verify. Moreover, an SSO is not in a position to validate if the content of the patent statement is true or not, and if the patent in question really reads on the standard in a normative way. Of course outside of the SSO a member can perform such job. Therefore to implement any consequences and take action by the SSO in practice is very difficult. Certainly on this point there is a big gap in theory and the practice. There are SSOs who only take some expected correction actions, like to withdraw a standard if a relevant court ruling exists. This problem is definitely an area that needs a better solution. But how?

It should be noted, that fortunately, such cases in practice are very rare. I myself saw it in my 30 years of standardization practice such cases only perhaps 2-3 times.

Questions on the quality of patent declarations

The third set of questions concerns possible your experience with the patent declaration system. The transparency ensured by this declaration obligation depends on the accuracy of the information provided, both at the time of the declaration (initial accuracy) and subsequently over the lifetime of the standard.

As regards this second aspect, there are a number of events that can cause an initially correct patent declaration to become factually incorrect, such as (1) the final version of the standard is different from the draft version at the time of the declaration, (2) the patent is invalidated, (3) the scope of the granted patent differs from that of the declared patent application, (4) the ownership of patent changes.

Q 3.3.1 Initial accuracy: In your experience, what is the reliability of patent declarations at the time when they are made?

Mixed. Sometimes good, sometimes just a hint that someone might have a patent. Often one does not get the information at the time it should. Nonetheless, even a patent statement with less information is of more use than no patent statement at all - when it should be one.

In which fields of standardisation and on which aspects of the declaration would initial accuracy need to be improved?

In a RF standard project it is not very important, also if the patent statement covers a patent that reads on the standard, because at the end the licence must be free. It is also less critical, when there are only a few patent holders, and you know that the patent reads on the standard (i.e. when a given technology was “invited” for becoming standard. Very critical is in projects where you have a “patent armament race” among many members (so also danger of patent stacking, too high license fees). There improvement would be desirable.

What causes of initial inaccuracy are particularly detrimental to the usefulness of patent declarations?

When there is no patent statement, when it should be, or when the patent does not read on the standard, but no information is given on the details, when “bluff” patent statements are submitted. Etc. Each case is often different.

Q 3.3.2 Updating requirement: Should declarants be asked to update their patent declarations at key events such as those mentioned above?

Definitely, and as far as I know, this is requested by many SSOs. Of course the SSO cannot check it when an update should be submitted.

What would be the respective advantages and disadvantages?

I see only advantage in clarifying what patents are claimed on a standard. If they read on the standard that is a separate question.

Q 3.3.3 Check of declarations: Should the quality of patent declarations be submitted to a check by someone other than the declarant?

By whom? I think this is a wrong assumption that this could be done. Usually a status of a patent application, this is the most frequent case that an update is needed is only known to the applicant itself (and the PTO of course...). Who should perform this check (peer review by members of the standard setting organization; standard setting organizations themselves; third parties on behalf of

the standard setting organizations; patent offices; etc.)? What should be the scope of the check (essentiality for the standard; validity; enforceability; other)? Who should bear the cost of such a check? If you think the declarant should bear (part of) the cost, how can it be prevented that this creates an incentive to disrespect the declaration obligation?

I understand the intension, but it is a wishful thinking that this can be implemented easily and in a practical, economical way. It is very useful to know if a patent “reads” on standard or not and how? To have such a 3rd party expertise is, however expensive, manpower and time consuming, and also risky, because possible legal consequences of such an expertise.

Q 3.3.4 Essentiality check (in particular): Depending on your answer to the above question, how can the essentiality check be performed in practice? What are the average cost of checking essentiality (for third parties) and what could be done to minimize these costs? Do you see a set-up of such a check that is particularly cost and time efficient? How can it be avoided that this check creates incentives for not respecting the declaration obligation?

Would be nice to have it, but who would (and would be willing) be doing it? The SSO Secretariats have definitely their limits on this. This might also have legal consequences.

Questions on the handling of declared information

The fourth set of questions concerns the practical aspects of the patent declaration system. This includes the ways that the declared information is made available to interested parties.

Q 3.4.1 Publication: Should standard setting organizations make the declared patent information publicly available?

Yes, this is one of the few things an SSO really can do. Ask for the information, and whatever he gets, if it is formally correct, to make it available to the public. The SSO itself cannot make any judgement about the correctness and completeness of the received information, but it should make it possible that anybody else (e.g. members, 3rd parties...) can come to their own conclusions.

Do you see any impacts on the protection of personal data?

No.

Under what conditions would it be justifiable to restrict access or to charge for access?

I do not see any reason not to publish such an information e.g. on the SSO website. This is also the practice that is followed by several SSOs. Though not all. Please do it free of charge. You also do not charge for getting weather information through a TV channel.

Q 3.4.2 Ease of access: What are your views about the various methods used by standard setting organizations to make the declared information available?

Should be done by all.

Which methods do you find particularly useful and why?

Over the SSO public website. Not too expensive. Quick and timely update is possible.

Q 3.4.3 Combining information: Some standard setting organizations combine declared information with information drawn from other sources, such as patent offices. What are your views on this?

Should not be done. The sole role of the SSO should be to ask for such information and to present whatever they get. Additional – self added - information from e.g. patent offices can already be considered as “validating” the statement, and may even pose legal consequences for the SSO.

In what forms and to what fields of standardization could this be expanded? What sources of information (in addition to patent offices) could be used and what types of information could be added?

Questions on transparency improvements beyond the system of declarations

The fifth set of questions relates to possible tools to increase patent transparency other than the system of patent declarations used by standard setting organizations.

Q 3.5.1 General question: What can be done to increase standardisation-related patent transparency other than to strengthen the system of patent declarations used by standard setting organizations?

First, it should be recognized and acknowledged that the possibility what an SSO can do on this problem is limited. Beyond that one would need some kind on interdisciplinary institution (but I do not know what that should be) with technical and legal capabilities that can perform such tasks (what patent reads on a standard and on what part of it?) and carry also the possible legal consequences for such an expertise.

Q 3.5.2 Public patent landscaping: Public patent landscaping in the context of standardisation would be an exercise where (1) patents that are relevant to the particular technological/product area to which the standard relates are identified and (2) this information is then shared with all interested parties. Do you see benefits of such public patent landscaping and in which areas would this be particularly useful? Who should perform this exercise (e.g. patent offices, commercial service providers, public authorities) and how could this exercise be financed?

Interesting idea, I have not heard of it yet. Was it somewhere implemented? Who guarantees that the conclusions are sound and who carries the possible legal responsibilities for the results?

Key issue 4 – Transfer of standard essential patents (SEPs)

Objective of this section and definitions

This section of the consultation addresses issues related to the transfer of standard essential patents.

Particular focus will be on situations where after such a transfer, the patent is no longer owned by the entity that is a member of the SSO. In such situations, the acquiring entity will not necessarily have subscribed to the rules of the SSO such as the commitment to licence the respective patent on FRAND terms.

The Horizontal Antitrust Guidelines⁴ specify that, in order to ensure the effectiveness of the FRAND commitment, there needs to be a requirement on all participating IPR holders who provide such a

⁴ Communication from the Commission "[Guidelines on the applicability of Article 101 of the TFEU to horizontal co-operation agreements](#)".

commitment to ensure that any company to which they transfer their IPR is also bound by this commitment. This could be, for example, implemented through a contractual clause between buyer and seller.

Please note that some questions in Section 2 of this consultation concern transparency as regards patent ownership transfers. Please feel free to cross-reference, in case you reply to both sections.

You can find background information on the transfer of standard essential patents in chapter 5.6 of the Study.

Respondent profile with regard to this section

If you wish to reply to this section of the public consultation, please ensure that you explain in your submission the type of experience you have/had with SEP transfers and, in particular, whether this experience was gained as a buyer or seller of SEPs. Where appropriate, please specify to which business activity, product group, standardization field etc. your respective observations apply.

Questions on the prevalence of transfers and their causes and consequences

The first set of questions aims at gathering your views on the prevalence, causes and consequences of SEP transfers.

Q 4.1.1 Prevalence: How common is it, in your area of activity or interest, that standard essential patents are transferred?

In the ICT area this is very often the case.

Are standard essential patents transferred more, or less, often than other patents? Do you see any trend in the transfer rate? Do transfers usually concern individual patents or larger patent portfolios?

I guess due to the changing companies in the field. It is more often larger portfolios, I guess.

Q 4.1.2 Issues and consequences: In your experience, what are the typical issues that arise in the context of transfers of standard essential patents?

In the standardization practice we have always assumed – maybe wrongly- that with the change of ownership of a patents old to the SSO given obligations are also changing ownership.

Are such transfers leading to more or less fragmentation of SEP ownership?

More.

Are these transfers leading to more or less disputes/litigation?

More.

What is their impact on royalty rates for the transferred patents and on the total royalty rate for all patents essential for a standard?

If the new owner does believe he has to license RFAND (or RF) basically the entire standardization process and the relevant standard suffers a very severe damage.

Q 4.1.3 Non-practising entities: Have you encountered transfers of standard essential patents to entities that do not produce or market products including the technologies covered by these standard essential patents?

Yes. This is one of the business models of the last 15 years.

What particular consequences have you observed?

Cases like those put the usefulness of the entire standardization process in question.

Questions on the effectiveness of the current rules

The following questions ask for your experience with the effectiveness of the current rules and practices when standard essential patents are transferred.

Question 4.2.4 specifically concerns the "license of right" concept existing in some Member States. Under this concept a commitment to licence SEPs on reasonable and non-exclusive terms can be tied to the patent itself.

Q 4.2.1 Impact on effectiveness: Is there a risk that SEP transfers circumvent existing patent policy rules of standard setting organizations or render them less effective?

Yes.

Please explain and if possible cite specific examples.

There are several cases, just an example: It went also through the press that in case of ITU-T H.324 Mobile multimedia standard the relevant patent portfolio of a major German telecom company were taken over by another company whose business model was just to collect and to exploit the patents in their portfolio. They approached various companies in the industry and sued several companies for large amount of EURs, as they did not feel that the FRAND patent commitment of the original patent holder was not binding for them.

Q 4.2.2 Specific rules: In your area of interest, are there specific rules governing SEP transfers and what is your experience with them? Where there are no specific rules, would you see a need for such rules?

As said, as standard engineers we always thought in the standardization process that these cases were covered by the patent policies of SSOs and by the different patent laws. If the case is not so, this shortcoming must be fixed quickly.

What should be their objectives (achieving transparency about ownership, providing legal/business certainty, reducing litigation risks, facilitating smooth licensing process, fostering research and innovation activity, etc.)?

Yes. All of them.

Q 4.2.3 Transfer of FRAND commitment: How can it be ensured that the new owner of the transferred SEP is bound by the FRAND licencing commitment given by the initial owner? What can standard setting organizations do in this regard? What do the sellers of the SEPs need to do? Should the licencing terms (including royalty rates) practiced by the initial owner influence the interpretation of the concept of "FRAND" for the new owner?

If needed write into the SSO patent policies, including that the patent owner (if he has submitted a patent statement) also commits itself to make a potential later 3rd party buyer of his patents aware what obligations the patent has, and the new owner should declare within a given time limit in a modified patent statement that he is also committed to license under similar FRAND or RF terms. If that is not done the seller should take the legal responsibility for this.

Q 4.2.4 License of right: Have you been involved in the use of a License-of-Right system?

No.

What benefits and risks are, in your opinion and experience, linked with this? Are there important differences across national jurisdictions that reduce the reliability of License-of-Right provisions?

Key issue 5 – Patent pools related to standardisation

Objective of this section and definitions

This section of the consultation concerns the role that **patent pools** play or could play in standardisation. We especially are interested in knowing your views on:

- Possible benefits of standard-related patent pools and difficulties in setting them up;
- Organizational links between standardisation and patent pool creation;
- Incentives for voluntary participation in patent pools.

For the purpose of this public consultation the term "patent pool" is defined as an arrangement by which two or more holders of patents agree to licence these patents under a joint licence to each other and/or third parties.

You can find background information on standard-related patent pools in chapter 5.3 of the Study.

Respondent profile with regard to this section

If you wish to reply to this section of the public consultation, please ensure that you explain in your submission the type of experience you have with patent pools and whether this experience is as a patent pool contributor, as a patent pool administrator/facilitator and/or as a licensee of a patent pool. Your answer can cover on-going or failed attempts at patent pool creation.

Questions on benefits and costs of patent pools

The first set of questions aims at obtaining your views on the possible benefits of patent pools and on difficulties in realizing these benefits.

Q 5.1.1 Target areas: What are the situations/external factors which render a patent pool useful?

Patent pools can be useful if for a standards there are many patent holders who are claiming to have essential patents that reads on the standard. A patent pool can enable a "one stop shopping" of a license with a reasonable cap on the cumulated license fees. It can also help not to include patent holders with patents that are only claimed to be read on the standard, as the patent pool also supposed to examine the validity and usefulness of a claimed patent in a standard.

Are you aware of specific standards for which a patent pool would be useful but where there has been a failure to create one?

Generally, for standards that have more than many essential patent holders (I cannot give a fix number) I would suggest to look into such possibility. Unfortunately, patent pool may not always

work, e.g. in case of essential patent holders who – for whatever reasons – do not want to participate in the patent pool.

Q 5.1.2 Benefits of patent pools: What are the benefits of patent pools in the above situations (Q 5.1.1) respectively for patent holders and/or patent users? What aspects in patent pool governance are particularly relevant in practice to ensure the realization of these benefits?

This is already explained above.

Q 5.1.3 Alternatives to patent pools: What alternatives to patent pools do you see to achieve efficient licensing in situations where ownership of patents which are essential to a standard is widely dispersed?

I am not a legal expert, if alternatives exists or not.

Q 5.1.4 Difficulties of pool creation: What are the main difficulties in setting up a patent pool and how can they be addressed?

Main difficulty is that you cannot force significant patent holders to join the pool if they do not want to.

Are there differences in national law or its application across countries of the EU/EEA or worldwide that make patent pool creation more difficult?

I do not know.

Q 5.1.5 Costs of pool creation: What are the costs involved (do you have estimates)? What do these costs depend on? How are they usually (pre-)financed?

I do not know.

Questions on the incentive for patent pool participation

The second set of questions concerns the incentive for patent holders to license their patents via a patent pool. Please note that Question 5.2.2 applies to situations where patent pool creation would be beneficial but where it has failed (follow-up to Question 5.1.1).

Q 5.2.1 Decision to participate in pool: What factors influence a patent holder's decision to participate in a pool or not?

I am not an expert on this, but as far as I know there are different business models among patent holders to get compensated for their IPRs. It is different if you are an organization for holding only a few, but very valuable patents, or if you are e.g. a multinational company with a large patent portfolio. It also differs if you have income only from patent licenses, or from selling manufactured devices for example. Company practices with cross-licensing agreements and practice may also influence such decision.

Q 5.2.2 Incentives for pool participation: How can this balance be influenced positively? What incentives can be provided by public authorities and/or standard setting organizations to increase patent pool participation?

SSOs should be left out from such a business. If public authorities (which ones?) can mandate the mandatory setting up of a patent pool, and if they can provide incentives in participation? I am not an expert on this.

Questions on the organizational links

The third set of questions concerns the organizational links between standardisation and patent pool creation.

Q 5.3.1 Right moment for pool creation: What is the right moment in the standard setting process to start the process of creating a patent pool? What part of work on setting up a patent pool start could/should be done in parallel to the standard setting discussions?

Technical standardization and licensing should be kept separate. I think it is cleaner to set up patent pools when the technical standardization is completed. Parallel work of a patent pool and of technical standardization sounds to me rather dangerous, e.g. antitrust issues may emerge. E.g. an SSO cannot refuse a technical proposal, just because the potential patent holder is not willing to participate in a patent pool. Different question: what if for example parallel to the standardization two with each other competing patent pools get created?

Q 5.3.2 Role of SSOs: What contribution can standard setting organizations make with regard to patent pools?

Nothing, standard setting and licensing should be kept separate.

Should they provide guidance patent pools?

No.

Should they provide and/or select patent pool administration services?

No.

Q 5.3.3 Role of public authorities: What contribution can public authorities make to facilitate patent pool creation? What role could publicly owned patents play? Are there specific features of non-EU legal systems that could be useful also in the EU? Under what conditions and to what purpose would public financial support be beneficial?

I am not an expert on those questions.

Key issue 6 – Notions of "fair", "reasonable" and "non-discriminatory"

Objective of this section and definitions

The present section of the consultation concerns the commitment to licence standard essential patents on "fair, reasonable and non-discriminatory" (FRAND) terms.

Many standard setting organizations require that their members give such commitments. The FRAND concept is also used in other contexts. In general, the meaning of "fair and reasonable" and of "non-discriminatory" is not explained in detail in the patent policies of standard setting organizations.

We are particularly interested in your views on:

- The definition of the terms "fair" and "reasonable";
- The guidance available on this topic and the so-called ex ante mechanisms in SSOs;
- Specific issues with "fair" and "reasonable" in portfolio licenses and cross-licenses;
- The application of "reasonable" on the overall, cumulative royalties;
- The royalty base and the level in the value chain where licensing takes places;
- The concept of non-discrimination.

You can find background information on FRAND aspects in chapter 5.5 and parts of 5.1 of the Study.

Respondent profile with regard to this section

If you wish to reply to this section of the public consultation, please ensure that you mention in your submission any type of experience you have regarding FRAND licensing.

If you are both a holder of standard essential patent as well as an implementer of standards involving patents, please specify, whenever pertinent, from which of those perspectives you answer a particular question.

Questions on the understanding of and experience with "fair" and "reasonable"

The first set of questions relates to your understanding of the terms "fair" and "reasonable" and your practical experience with these concepts. Methodologies for defining FRAND discussed in the literature are for example:

- definition by reference to the incremental value of the technologies adopted in the standard in comparison to alternative technologies that were rejected;
- definition focusing on the value of the technology before the standard was adopted;
- definition by reference to the market value of similar transactions outside of the standardization context;
- definition by reference to the actual transactions relevant to a given standard (if possible) or similar standards.

Q 6.1.1 Notions "fair" and "reasonable": How, in your view, should the terms "fair" and "reasonable" be understood? Which of the above methodologies do you consider particularly appropriate, which other methodologies do you find important and what could be an appropriate mix of references?

Speaking from an SSO Secretariat point of view according to the IPR policies of most SSOs we do not interpret the terms "fair" and "reasonable". This is not a "design mistake" but deliberate attitude. Dr. Theodor Irmer, the late director of ITU CCITT and later the TSB – who had a major role in defining the spirit of most current SSO patent policies in the 1980s – told me that they have deliberately separated the standardization part from the licensing part. The Standardization part (done by standards engineers) is the sole responsibility of the SSO, while the SSO should not be involved in licensing, so that is left to the business people, patent lawyers, and if there are problems with licensing finally decisions will be taken by the courts. In his view an SSO should not make any judgement and decisions on patent matters (such as does a patent read on a standard), or are the licensing fees really "fair" and "reasonable". Not because these aspects are not important, but for pragmatic reasons it is better to leave it to others and to keep them outside the SSOs. Normally an

SSO does not have the money, the manpower, the expertise to carry out such tasks, and also the legal liability might create problems.

Of course it is clear that the assessment of “fair” and “reasonable” has to be made by someone, somewhere, I guess best by an institution, that would be “interdisciplinary” in nature (so, not only engineering like an SSO) taking also business and legal points into consideration, and it should be robust enough when it gets to court cases resulting from their decisions.

It just worth to note that in an RF project the whole discussion about FRAND “fair” and “reasonably” etc. becomes irrelevant.

Q 6.1.2 Examples of non-FRAND licences: Are you aware of cases of licenses of standard essential patents that, according to you, do not fulfil the FRAND terms and conditions? Please be as specific as possible.

This to judge is outside the scope of an SSO Secretariat to judge.

Q 6.1.3 Time required for negotiations: In your experience, how long does it take, on average, to negotiate FRAND terms? What does the length of negotiations depend on? Is it more or less difficult/fast to reach an agreement on FRAND terms and conditions for standard essential patents licenses compared to other similar patent licensing deals?

This to judge is outside the scope of an SSO Secretariat.

Q 6.1.4 Initial offer or outcome: Do the terms "fair" and "reasonable" relate to the initial offer of the patent holder or to the actual outcome of negotiations? Are you aware of FRAND adjudication cases where there was a large difference of terms and conditions between the last offers of the licensor on the one hand and the last offer of the licensee on the other?

This to judge is outside the scope of an SSO Secretariat to judge.

Q 6.1.5 Other methods of ensuring reasonableness of licensing terms and conditions: Can patent pool prices for a given standard be a proxy for FRAND terms and conditions? What are the limits of the use of patent pools as a proxy? How can bias coming from such a method be avoided?

This to judge is outside the scope of an SSO Secretariat to judge.

Questions on guidance and mechanisms

This set of questions explores your views on the existing guidance and mechanisms on how FRAND could be better defined.

Q 6.2.1 Existing guidance: To your knowledge, what guidance on FRAND definition already exists (regulators, standard setting organizations, courts)? Which of this guidance do you consider as particularly useful? Would you welcome additional guidance? If so, on what specific aspects of FRAND?

Agreements between licensors and licensees, court decisions – but no SSO involvement.

Q 6.2.2 Unilateral ex-ante disclosure: Would you welcome a larger role for unilateral ex-ante disclosure of licensing terms in order to facilitate the licensing of SEPs? What form could it take? How

should SSO mechanisms be shaped to facilitate this instrument? Should they be mandatory or voluntary? Should the disclosure only concern the most restrictive terms?

Generally, from an SSO point of view, to get more information about relevant patents (even including their licensing terms) is useful. An SSO shall never discuss their content, nor validate them, nor engage itself in any sort of activity that can be viewed as anti-trust violation. An SSO, however, shall store and make available information it receives to anyone who is interested in those (and that should be the public). The current voluntary nature to provide such information is a useful tool (though usually not sufficient). In exceptional cases, to make by SSO members decision to provision of such information as "mandatory" could certainly be a possible extension of the SSO patent policies, and at least worthwhile to discuss it to see it carries any possible drawbacks.

Q 6.2.3 Ex-ante setting of parameters: Alternatively, would it be efficient to set FRAND parameters - within the limits of competition law - at the beginning of discussions of a technical committee within or outside an SSO in order to facilitate the future FRAND licensing? Such parameters could be: the royalty base (at end product or component level, if component what component (s)), royalty type (lump sum, per unit price, percent value of a product/component). What other parameters could be discussed upfront to make licensing more practical, without violation of competition rules?

If "FRAND" parameters are concrete prices, then "no". To dictate licensing bars to patent holders should not be linked to an SSOs (possible anti-trust issues). Otherwise, no comment from an SSO Secretariat point of view.

Portfolio licencing, cross licencing and "freedom to operate"

This set of questions explores issues of FRAND in the case of portfolio licencing and comprehensive licences that are constructed to ensure "freedom to operate" or "patent peace".

Q 6.3.1 Advantages of portfolio licencing: What are the advantages of portfolio licences respectively for the patent holder and for the implementer? How important is the so-called "freedom to operate" or "patent peace" between companies? Please cover in your answer also issues of scope (e.g. geographic scope, product scope, inclusion of future patents).

No comment from an SSO Secretariat point of view.

Q 6.3.2 Determination of portfolio license value: How can the value of licences over large portfolios be determined if there is disagreement over the validity, essentiality/infringement or enforceability of (some) patents included in the portfolio? Is sampling (i.e. the review of a representative set of patents) a good approach for the evaluation of a patent portfolio? If so, how should sampling be done?

No comment from an SSO Secretariat point of view.

Q 6.3.3 Cross-licenses: What are the advantages of cross-licensing? What problems arise? How do the concepts "fair" and "reasonable" apply to cross-licensing?

No comment from an SSO Secretariat point of view.

Overall/cumulative royalty requests

This set of questions concerns situations where a multitude of patents held by different entities are bearing on a specific product so that the licensee needs (royalty-bearing) licences from a multitude of patent holders. For the purpose of this consultation, this situation is called "royalty stacking". This set of questions explores the pertinence of the issue as well as solutions other than patent pools (for patent pools see Section 5).

Q 6.4.1 Pertinence and impacts: In your experience how common is royalty stacking and in which areas of past, ongoing, or planned standardization does it exist or will it likely occur? What problems arise in such situations? How do individual companies deal with such situations and what are the (financial) costs?

If you take into account how many standards get approved, then it is not common, but when it happens, both the standardization process can become difficult and also the acceptance of the resulting standard by the market. We see in practice in those rare cases often what I call "patent armament race", where very often also patents with little effects "have to be taken on-board", just in order to reach consensus in the group. Royalty stacking often happens on subjects when a standard is made that involves complex technology, like a media codecs, modems, mobile systems, etc. where the possible production volumes are high and where income from licenses can be significant. Therefore royalty stacking is always for FRAND projects and obviously for RF projects this phenomenon does not exist.

The costs for the companies who are taking part in the standardization is high, because consensus is more difficult and takes longer, but the chance of a high profit return is also given – if the standard is successful on the market. For the users of the standards the licensing costs can be very high. Because of such dangers even for complex cases, especially in the web area, but even for media codecs (like the original JPEG) several projects are standardized under the RF regime (of course only after consensus in the standard setting group). Effectively this can be done by SSOs who have patent policies that are in support of RF standardization projects (like W3C, Ecma International RF patent policy option, etc.).

Q 6.4.2 Co-ordination mechanisms: What forms of voluntary co-ordination mechanisms are, or could be, efficient for situations of royalty stacking?

In practice, even if there is some consensus in the standard setting group, under FRAND regime no co-ordination mechanism really provides a guarantee that the goal will be achieved. But it can help – if the participants of the group act in "gentleman agreement"-like manner that at least within a group the companies involved try to come to a friendly solution. What makes the situation even more difficult that licensing discussions in a standard meeting should not be performed for various reasons (not responsibility of technical experts, antitrust problems etc...). In most cases I know, if the standard is really successful in the market, such SSO consensus may fall apart. Please note, that in all cases (whether it is a FRAND or RF project) there is always the possibility of 3rd party players who might have or might claim royalties for patents... Such party usually turns up if the standard is successful and when such business model has a chance to generate profits.

Should they be limited to a single standard, or cover families of standards, or cover all standards related to a type of product?

Each case is different, so probably on a standard by standard basis – if at all.

How can the abuse of such mechanisms, for example by a group of dominant license-takers, be avoided?

Good question, I do not know.

Q 6.4.3 Method for allocating value: In order to improve methods to deal with royalty stacking and for adjudicators to find proportionate FRAND value, what are best ways to allocate value between patent holders of a given standard? How can the proliferation of patent applications in case of simple patent counting be avoided?

No comment from an SSO Secretariat point of view, as licensing, costs should be outside the SSO.

Questions on the royalty base and the value chain level

This set of questions concerns the level in the value chain on which SEP licensing takes place. This is linked to the "base" on which royalties are calculated.

Q 6.5.1 Current business practices: On what level of the value chain (e.g. component, bundle of components, final product) does SEP licensing currently take place in the fields of standardization in which you are active/interested? Is this business practice applied by all patent holders/implementers or are there different business practices?

No comment from an SSO Secretariat point of view.

Q 6.5.2 Royalty base: How should the royalty base be selected to allow licensing for different types of products (products that rely entirely on a given standard or set of standards, or rely mostly on a set of standards or on multiple technologies)? For a given implementation of a standards in a product, to what extent would it be desirable or feasible that the royalty type be streamlined, e.g. in a percentage of the product value, royalty per unit sold, or lump sum?

No comment from an SSO Secretariat point of view.

Q 6.5.3 Need for clarity: Is this issue, in your opinion, currently addressed in the patent policies of the standard setting organizations in your area of activity/interest? Is there a need for more explicit rules or should this be left open?

Probably more clarity is needed, what is that an SSO patent policy can do (like no involvement in licensing), and what must be elsewhere.

Q 6.5.4 Impacts of changes: What are the advantages of giving or denying the patent holder the right to licence only on one level in the value chain and thus of allowing or prohibiting that he refuses licences to implementers on other levels? Please distinguish between impacts on patent holders, on component makers, on end product makers and on the standardization system itself.

No comment from an SSO Secretariat point of view.

Questions on the "non-discrimination" principle

This set of questions concerns your views and your experience with the "non-discrimination" element of the FRAND commitment. Please note that the issue of where in the value chain licensing happens - which is sometimes discussed under this heading - is already covered in questions Q 6.5.1-6.5.4 (above).

No comment from an SSO Secretariat point of view.

Q 6.6.1 Definition in practice: In your opinion, what is the best definition of the non-discrimination principle? What aspects of non-discrimination do you find important? Is there sufficient clarity on what non-discrimination means and how it is to be applied in practice? Does the non-discrimination principle relate to the initial offer of the patent holder or the actual outcome of negotiations? Does it relate to an offer isolated to a single standard or to multiple standards? Do you consider that the non-discrimination principle creates obligations on the (potential) licensee?

Q 6.6.2 Pertinence: In your experience, is the non-discrimination commitment sometimes/often broken? In what ways is it broken? Please provide examples. Is there sufficient transparency about licensing terms to allow participants to assess whether they are discriminated against?

Q 6.6.3 Justification for discriminations: Are there any reasons why individual implementers could be excluded from the obligation to license to (reciprocity)? What would justify different terms and conditions for FRAND licenses?

Q 6.6.4 Cash-only/cash-equivalent: One idea discussed in the standardization community in order to make licensing terms comparable in cases, where non-cash elements such as cross-licenses are used with some implementers, is to foresee that a cash-only offer is made. What is your opinion on this? Should this idea apply only in some instances and, if so, in which? Should this be a genuine self-binding offer or would a cash equivalent estimation of non-cash components be preferable?

Q 6.6.5 Other mechanisms/differences in national jurisdictions: What other mechanisms for ensuring non-discrimination are you aware of? What are their respective costs and benefits? Where and how should they be implemented (at standard setting organisations or in regulations)? Are there differences across national jurisdictions in the EU/EFTA or worldwide that negatively impact on these solutions?

Key issue 7 – Patent dispute resolution

Objective of this section and definitions

This section of the consultation concerns the role that **alternative dispute resolution (ADR)** plays or could play in resolving disputes over standard essential patents.

For the purpose of this section, the term "disputes" refers to disagreements that are not resolved in the process of negotiation. The term "alternative dispute resolution" includes dispute resolution mechanisms other than one party to the dispute litigating against the other.

We are especially interested in your views on:

- The prevalence, causes and impacts of disputes over standard essential patents;
- The benefits and costs of providing alternative dispute resolution mechanisms;
- The integration of dispute resolution mechanisms into the standardisation process and the incentives for participants to use them;
- The substantive and procedural aspect of setting up such dispute resolution mechanisms.

You can find background information on standard-related patent pools in chapter 5.4 of the Study.

Respondent profile with regard to this section

If you wish to reply to this section of the public consultation, please ensure that you explain in your submission the type of experience you have had with dispute resolution mechanisms and, in particular, whether this experience was gathered as an adjudicator/judge, representative of a party or other (patent holder, potential licensee or other).

Questions on the prevalence and impacts of SEP disputes

This set of questions concerns the prevalence and impact of disputes concerning standard essential patents.

Q 7.1.1 Pertinence of the issue: In your experience how often do disputes over SEPs arise, notably in comparison to patents that are not standard essential but comparable? Are there typical circumstances that make disputes particularly likely to arise? What role do business models or product life-time cycles have in this regard?

Q 7.1.2 Main areas of disputes: What are the main areas of disputes over SEPs (infringement/essentiality, validity, value, etc.)? How are these areas related in the practice of negotiations and litigation?

Q 7.1.3 Cost of disputes: What are the typical costs of settling SEP disputes? What factors drive these costs in practice and to what extent? How do firms try to minimize costs?

Q 7.1.4 Impact of disputes on standardization: Do you perceive an impact of disputes on the standardization work itself? Do standardization participants foresee future disputes and adapt their behaviour during the standardization process accordingly?

Questions on benefits and costs of dispute resolution mechanisms

This set of questions aims at determining your views on the possible benefits and costs of alternative dispute resolution mechanisms for SEP disputes.

Q 7.2.1 Usefulness of alternative dispute resolution: In your experience, does ADR currently play an important role in resolving SEP disputes? Is it regularly considered/discussed when SEP disputes arise? Do you see any trend in its prevalence?

Q 7.2.2 Target areas: Which situations/external factors render an alternative dispute resolution mechanism particularly useful? In what areas of patent based standardisation would ADR be particularly useful?

Q 7.2.3 Suitable forms of ADR: What form of ADR (mediation, arbitration, other) do you consider suitable for what type of conflict?

Q 7.2.4 Benefits of ADR: What are the benefits of alternative dispute mechanisms applied to SEP disputes respectively for patent holders and/or patent users? What are the most important conditions to ensure that these benefits materialize?

Q 7.2.5 Difficulties and costs: What are the main difficulties and costs for parties in agreeing to and setting up a given dispute resolution mechanism? What do the costs depend on? Do rules on ADR differ between jurisdictions and does this create problems?

Questions on the integration of dispute resolution mechanisms into the standardisation process

This set of questions aims at obtaining your views on how to integrate dispute resolution mechanisms into the standardisation process. We are also interested in learning your views on whether and how to create incentives for SEP holders and standard implementers to use such ADR mechanisms for their SEP disputes.

Q 7.3.1 Your experience: Are you participating in SSOs that have ADR mechanisms? To your knowledge are they being used? If so, what are the experiences? If they are not used, why not?

Q 7.3.2 Role of SSOs: To what extent and how should SSOs be involved in the creation and provision of alternative dispute resolution mechanism? Should procedural aspects be further defined in SSOs in order to facilitate the use of ADR?

Q 7.3.3 Incentives to use ADR: What incentives are necessary for parties to use ADR? Please explain those incentives depending on the type of ADR mechanism and/or type of dispute concerned.

Q 7.3.4 Voluntary/mandatory: What are the benefits and risks of making ADR mandatory for the resolution of SEP disputes? What consequences would this have for participation in standardisation, for licensing negotiations and for the implementation of a standard? If ADR would be made mandatory: Should it be linked to membership in SSOs, or to the fact of contributing a patented technology to a standardisation process, or other? Should there be an opt-in/opt-out possibility at the declaration stage? Should ADR replace litigation completely or should it be a mandatory step (e.g. mediation) before litigation?

Questions on setting up such dispute resolution mechanisms

This set of questions aims at obtaining your views on the substantive and procedural aspects of tailoring alternative dispute resolution mechanisms to the specificities of SEP disputes.

Q 7.4.1 Specificities of ADR for SEP disputes: Which particular features should ADR mechanisms have in order to be (more) suitable for SEP disputes? What would constitute a ADR mechanism "tailor-made for SEP disputes"?

Q 7.4.2 Scope of ADR: Which issues such as rate, validity, essentiality and infringement should be addressed by ADR in SEP disputes? Which territory should be covered? When is the adjudication of a global license suitable and when not? Should ancillary claims also be addressed and if so, how?

Q 7.4.3 Procedure: What procedural issues have you experienced in relation to ADR for SEP disputes? What procedural features are particularly important for resolving SEP disputes? What degree of procedural discretion should be left to the arbitrator? Should there be an appeals procedure and if so, in what form?

Q 7.4.4 Timeframe: What would be a reasonable timeframe for dispute resolution mechanisms? In which cases is an accelerated procedure suitable? In what procedural and/or substantive ways should this accelerated procedure differ from the regular one?

Q 7.4.5 Transparency: Should the outcomes of ADR be made public in order to achieve transparency? If only partially, which part? And in what form?

Q 7.4.6 Forms of ADR: Are there forms of decision making by the arbitrator that you consider particularly suitable for SEP disputes? If so, in what situations and why? Is the concept of baseball arbitration, where the arbitrator resolves the dispute by choosing either the offer of the patent holder or the offer of the implementer, a practical form to settle SEP disputes?

Key issue 8 – Unwilling implementers and injunctions

Objective of this section and definitions

This set of questions aims at gathering your views on **efficient protections** for holders of standard essential patents against implementers who are unwilling to take licenses for these patents as well as on the use of injunctions for infringement of a standard essential patent.

For the purpose of this section, **injunctions** are defined as lawsuits against implementers of technologies covered by standard essential patents based on an alleged infringement of these patents and seeking to have the products of such implementers banned from specific markets in a particular jurisdiction.

The Commission has recently adopted **two antitrust decisions** in this area⁵. These decisions state that a patent holder, including a holder of SEPs, is generally entitled to seek and enforce injunctions as part of the exercise of its IP rights. However it can, under specific circumstances, be a violation of EU antitrust law to seek or enforce an injunction against a willing licensee after having given a FRAND licencing commitment. In the context of these decisions, the notion of willingness is referred to as the willingness to enter into a license agreement on FRAND terms and, in case of dispute, to submit to third party adjudication.

Q 8.1 Defences for patent holder: What needs to be done to ensure that holders of standard essential patents have effective means of obtaining appropriate remuneration for their patents and to defend themselves against implementers who are unwilling to pay royalties or who delay payment of such royalties? What can standard setting organizations do in this regard?

Q 8.2 Protection against abuses: How can it be ensured (at the same time) that injunctions based on standard essential patents are not abused to either exclude companies from implementing a standard or to extract unfair, unreasonable or discriminatory royalties from them?

Q 8.3 Prevalence of injunctions: According to your experience, in which fields of standardization and in which situations are/were injunctions based on standard essential patents threatened and/or actually sought? What are/were the consequences? Please be as specific as possible.

Q 8.4 Consequences of banning injunctions: Are you aware of national jurisdictions that have banned injunctions based on standard essential patents or that have restricted injunctions even against unwilling implementers (court cases or legislative changes)? Did this impact on the licensing negotiations, on the royalty rates and/or on the risk of getting no remuneration at all? How did patent holders reacted in these jurisdictions?

Q 8.5 Awareness among stakeholders: In your experience, is there sufficient awareness among standardization participants of the recent EC antitrust decisions cited above? What role can standard

⁵ http://ec.europa.eu/competition/antitrust/cases/dec_docs/39985/39985_928_16.pdf and http://ec.europa.eu/competition/antitrust/cases/dec_docs/39939/39939_1502_5.pdf

setting organizations play in ensuring awareness of these antitrust decisions? On what aspects of the issue as such would you welcome additional guidance, if any?