IEEE Standards Association (IEEE-SA) Patent Policy

Patent Policy Review at IEEE-SA

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Outline

1. Impetus for the current review
2. Highlights of proposed modifications to the Patent Policy
3. Status of the process
4. Next steps

Enforcement Agencies Challenges to SDOs

- The U.S. DoJ had set out "Six 'small' proposals for SSOs Before Lunch" during the ITU-T Patent Roundtable in October 2012 as a challenge to SDOs to consider actions they could take to help promote competition among implementers of a standard.
- Similar concerns have been expressed by DG-Competition within the EC.

Proposed Change – Definition of Reasonable Rate

- "*Reasonable Rate*" shall mean appropriate compensation to the patent holder for the practice of an Essential Patent Claim excluding the value, if any, resulting from the inclusion of that Essential Patent Claim's technology in the IEEE Standard. In addition, determination of such Reasonable Rates should include, but need not be limited to, the consideration of:

  - The value that the functionality of the claimed invention or inventive feature within the Essential Patent Claim contributes to the value of the relevant functionality of the smallest saleable Compliant Implementation that practices the Essential Patent Claim.

  - The value that the Essential Patent Claim contributes to the smallest saleable Compliant Implementation that practices that claim, in light of the value contributed by all Essential Patent Claims for the same IEEE Standard practiced in that Compliant Implementation.

  - Existing licenses covering use of the Essential Patent Claim, where such licenses were not obtained under the explicit or implicit threat of a Prohibitive Order, and where the circumstances and resulting licenses are otherwise sufficiently comparable to the circumstances of the contemplated license.

- *"Compliant Implementation"* shall mean any product (e.g., component, sub-assembly, or end-product) or service that conforms to any mandatory or optional portion of a normative clause of an IEEE Standard.

Proposed Change – Prohibitive Orders

- The Submitter of an Accepted LOA who has committed to make available a license for one or more Essential Patent Claims agrees that it shall neither seek nor seek to enforce a Prohibitive Order based on such Essential Patent Claim(s) in a jurisdiction unless the implementer fails to participate in, or to comply with the outcome of, an adjudication, including an affirming first-level appellate review, if sought by any party within applicable deadlines, in that jurisdiction by one or more courts that have the authority to: determine Reasonable Rates and other reasonable terms and conditions; adjudicate patent validity, enforceability, essentiality, and infringement; award monetary damages; and resolve any defenses and counterclaims. In jurisdictions where the failure to request a Prohibitive Order in a pleading waives the right to seek a Prohibitive Order at a later time, a Submitter may conditionally plead the right to seek a Prohibitive Order to preserve its right to do so later, if and when this policy's conditions for seeking, or seeking to enforce, a Prohibitive Order are met.
- "*Prohibitive Order*" shall mean an interim or permanent injunction, exclusion order, or similar adjudicative directive that limits or prevents making, having made, using, selling, offering to sell, or importing a Compliant Implementation.

Proposed Change – Prohibitive Orders (continued)

- Nothing in this policy shall preclude a Submitter and an implementer from agreeing to arbitrate over patent validity, enforceability, essentiality, or infringement; Reasonable Rates or other reasonable licensing terms and conditions; compensation for unpaid past royalties or a future royalty rate; any defenses or counterclaims; reciprocal obligations; or any other issues that the parties choose to arbitrate.
- Nothing in this policy shall preclude a licensor and licensee from voluntarily negotiating any license under terms mutually agreeable to both parties.

Proposed Change – Reciprocal Licensing

- On a Letter of Assurance, the Submitter may indicate a condition of Reciprocal Licensing. If an Applicant requires compensation under Reciprocal Licensing to its Essential Patent Claims, then a Submitter may require compensation for its Essential Patent Claims from that Applicant even if the Submitter has otherwise indicated that it would make licenses available without compensation.
- The Submitter shall not condition a license on the Applicant's agreeing (a) to grant a license to any of the Applicant's Patent Claims that are not Essential Patent Claims for the referenced IEEE standard, or (b) to take a license for any of the Submitter's Patent Claims that are not Essential Patent Claims for the referenced IEEE standard.
- Nothing in this policy shall preclude a licensor and licensee from voluntarily negotiating any license under terms mutually agreeable to both parties.
- *"Reciprocal Licensing"* shall mean that the Submitter of an LOA has conditioned its granting of a license for its Essential Patent Claims upon the Applicant's agreement to grant a license to the Submitter with Reasonable Rates and other reasonable licensing terms and conditions to the Applicant's Essential Patent Claims, if any, for the referenced IEEE Standard, including any amendments, corrigenda, editions, and revisions. If an LOA references an amendment or corrigendum, the scope of reciprocity includes the base IEEE Standard and its amendments, corrigenda, editions, and revisions.

Status of the policy review process

- Information located at the IEEE-SA Patent Policy Dialogue web area (see http://grouper.ieee.org/groups/pp-dialog/drafts_comments/index.html)
- The work has been assigned to the 'Enforcement Agencies Challenges Ad Hoc' that reports to the IEEE-SA Standards Board Patent Committee (PatCom).
- The Ad Hoc has circulated 4 drafts for public review and comment.
- Comment period #1 closed on 20 September 2013.
  - 299 comments received. All were reviewed and received responses.
- Comment period #2 closed on 20 December 2013.
  - 139 comments received. All were reviewed and received responses.
- Comment period #3 closed on 06 April 2014.
  - 109 comments received. All were reviewed and received responses.
- Comment period #4 closed on 23 May 2014.
  - 133 comments received. All were reviewed.

Status of the policy review process

- PatCom discussed the draft Patent Policy changes at its 10 June 2014 meeting.
- PatCom voted to move the draft changes forward to the IEEE-SA Standards Board for approval consideration.

Next Steps

- The Standards Board will discuss the draft changes in August 2014.
- If the Standards Board approves the draft changes, the draft changes will be sent to the IEEE-SA Board of Governors for final approval.
- It is possible that final approval could occur within 2014.