



Welcome to the World of Standards



GLOBAL GOVERNANCE FOR SEPS – SEEKING A BALANCE

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The views expressed are personal to the speaker and do not necessarily represent those of ETSI

- About ETSI
- What could be done /What has been done
 - ETSI IPR policy
 - ETSI Guide on IPRs
- What could be improved
 - ETSI IPR Special Committee





ABOUT ETSI

- ICT standards organization, based in France, with global reach
- At the forefront of emerging technologies: NFV, IoT, smart cities, ITS
- Global membership: over **800** companies and organizations of various sizes, from **68** countries on **5** continents
- Direct participation-consensus based
- Staff of **120**, supporting around **7000** industry experts/year
- More than **35 000** free publications
- More than **90** partnerships
- Global network of alliances (regional/technical): 3GPP and oneM2M
- Major focus on Interoperability: Center for Testing and Interoperability
- Renowned IPR policy

- Membership driven organization open from multinational companies to SMEs, academia and governmental organizations
- Technical work disconnected from legal matters on IPR matters
- Free availability of ETSI standards
- Commercial discussions outside ETSI

- Direct participation allowing dialog between patent holders and implementers
- Disclosure of SEPs in a timely fashion
- Declaration of SEPs implies availability (or not) of FRAND license

- Self declaration mechanism of SEPs
- Unnormalized data flowing around which jeopardize accuracy
- Increase of SEPs : “little objective verification” CRA report
Transparency, Predictability and Efficiency of SSO-based
Standardization and SEP Licensing A Report for the European
Commission
- Increase of implementers with a bargaining shift in favor of
implementers against developers Justice Briss Unwired Planet c/
Huawei
- Lack of transparency regarding licensing conditions



WHAT COULD BE DONE/WHAT HAS BEEN DONE

- Apply the ETSI IPR policy and follow the IPR guide
- Case C-170/13, Huawei vs ZTE, Court of Justice of the European Union
- National courts decisions

- 3.1 It is ETSI's objective to create STANDARDS and TECHNICAL SPECIFICATIONS that are based on solutions which best meet the technical objectives of the European telecommunications sector, as defined by the General Assembly. In order to further this objective the ETSI IPR POLICY seeks to reduce the risk to ETSI, MEMBERS, and others applying ETSI STANDARDS and TECHNICAL SPECIFICATIONS, that investment in the preparation, adoption and application of STANDARDS could be wasted as a result of an ESSENTIAL IPR for a STANDARD or TECHNICAL SPECIFICATION being unavailable. In achieving this objective, the ETSI IPR POLICY seeks a balance between the needs of standardization for public use in the field of telecommunications and the rights of the owners of IPRs.
- 3.2 IPR holders whether members of ETSI and their AFFILIATES or third parties, should be adequately and fairly rewarded for the use of their IPRs in the implementation of STANDARDS and TECHNICAL SPECIFICATIONS.
- 3.3 ETSI shall take reasonable measures to ensure, as far as possible, that its activities which relate to the preparation, adoption and application of STANDARDS and TECHNICAL SPECIFICATIONS, enable STANDARDS and TECHNICAL SPECIFICATIONS to be available to potential users in accordance with the general principles of standardization.



- “Members are encouraged to make general IPR undertakings/licensing declarations that they will make licenses available for all their IPRs under FRAND terms and conditions related to a specific standardization area and then, as soon as feasible, provide (or refine) detailed disclosures. This process reduces the risk of the standards making process being blocked due to IPR constraints.” “ETSI expects its members (as well as non-ETSI members) to engage in an impartial and honest Essential IPR licensing negotiation process for FRAND terms and conditions.”



- Members are not obliged to inform ETSI of any updates to their essential IPRs. Nevertheless, members are encouraged to update and complete their information statements in line with the forms (see Annex 6 of the ETSI Rules of Procedure). A minimum of information should be provided, which allows verifying the essentiality or the potential essentiality of an IPR.

- Members developing products based on standards where there may be Essential IPRs, but there is uncertainty, have mechanisms available which they can use to minimize their risk. As a non-exclusive example, a member might wish to put in place financial contingency, based on their assessment of "reasonable", against the possibility that further/additional license fees might become payable.

4 Other ETSI IPR Policy matters

4.1 Licensing terms and ex ante disclosure

Specific licensing terms and negotiations are commercial issues between the companies and shall not be addressed within ETSI. Technical Bodies are not the appropriate place to discuss IPR Issues. Technical Bodies do not have the competence to deal with commercial issues. Members attending ETSI Technical Bodies are often technical experts who do not have legal or business responsibilities with regard to licensing issues. Discussion on licensing issues among competitors in a standards making process can significantly complicate, delay or derail this process.

Without prejudice to ETSI IPR Policy and other sections of this Guide, voluntary, unilateral, public, ex ante disclosures of licensing terms by licensors of Essential IPRs, for the sole purpose of assisting members in making informed (unilateral and independent) decisions in relation to whether solutions best meet the technical objectives, are not prohibited under ETSI Directives. Licensing terms from such disclosures may, in some circumstances, improve transparency for individual members in considering technologies for inclusion in STANDARDS and TECHNICAL SPECIFICATIONS.

No detailed licensing terms should be available from ETSI to avoid a misleading impression. ETSI may act as a depository, where IPR owners (licensors) can make available information on how and where to access such disclosed licensing terms, and provide links to URLs of IPR owners, which contain the details of licensing terms and conditions, so that information about the availability of licenses can be disseminated to all users of ETSI standards.

However, this provision does not create any obligation for any member to disclose any licensing terms related to any of its IPRs. The lack of disclosure by a member of its licensing terms does not create any implication under the ETSI Directives. Specifically, the requested undertaking in writing of an IPR owner that it is prepared to grant licenses on fair, reasonable and non-discriminatory terms and conditions pursuant to Clause 6.1 of the ETSI IPR Policy is sufficient when selecting technologies for ETSI standards and technical specifications.

Huawei v. ZTE

The process of negotiating FRAND terms (and related injunctions)

by Thibault Schrepel



The potential licensee must express his willingness to conclude a FRAND licence. Otherwise, if he already uses the patent, an injunction may be granted



The patent (SEP) holder must make a specific and written offer



If the two agree on the terms, the license is granted



If the patent holder (SEP) refuses the terms, the potential licensee must then provide appropriate security (as a bank guarantee) for past use



If the patent holder (SEP) agree on the terms, the license is granted



If the potential licensee refuses the terms, he must, promptly and in writing, make a specific counter-offer that corresponds to FRAND terms. Otherwise, an injunction may be granted



The two parties may then request, by common agreement, that the amount of the royalty be determined by an independent third party, by decision without delay



If the two parties do not request the help of an independent third party, they must then go to the courts



If only the potential licensee refuses the intervention of an independent third party, an injunction may be granted

- English Court can set the terms of a worldwide FRAND licence
- FRAND undertaking is legally enforceable by an implementer against a patentee as a matter of French law
- Refusal of accepting FRAND T&Cs determined by the Court injunction can be granted against the implementer
- FRAND royalty can be determined by a benchmark rate governed by the value of the patent holder's portfolio:
 - Size of the implementer has no influence on the benchmarked FRAND rate, (i.e. small new entrants are entitled to pay a royalty based on the same benchmark as established large entities) and will eliminate any hold-up and hold-out.
 - Determination by comparable licences if they are available. Freely negotiated licences are evidence of what may be FRAND.
 - Top down approach can also be used by determining the patentee's share of relevant (i.e. essential) SEPs and applying that to the total aggregate royalty for a standard. However, this may be more useful as a cross-check.
 - Offers made during negotiation regardless the benchmark rate are legitimate so long as they do not disrupt or prejudice the negotiation.

- Theoretically, there is only one set of terms which are FRAND
- No abuse of dominant position by U.P :
 - Issuing proceedings for an injunction prematurely or maintaining a claim for injunction;
 - Seeking a worldwide licence; or
 - Bundling SEPs and non-SEPs in its licensing offers.
- The rates in a worldwide licence can differ depending on territory; for example between some major markets (e.g. UK and US) and China.



WHAT COULD BE IMPROVED

- SEP declaration ; self declaration mechanism with only an assessment by the declarant
- No obligation of any updates of SEPs but only encouragement to update and complete the information statements in line with the forms (see Annex 6 of the ETSI Rules of Procedure). A minimum of information should be provided, which allows verifying the essentiality or the potential essentiality of an IPR
- Additional disclosures on how claims might read on a standard could be beneficial if voluntary

- 🌐 As of today only 1 member has used the article 4.1 of the guide
- 🌐 Diversity of the jurisdictional systems complicates (jury, bifurcation etc...)

Where to find the ETSI IPR Policy ?



- The ETSI IPR Policy (Annex 6 of the ETSI Rules of Procedure)

- Rights and obligations of Members, Technical Body Chairmen and the ETSI Secretariat with respect to IPRs
- Definitions
- IPR Information Statement and Licensing Declaration Forms

<http://www.etsi.org/images/files/IPR/etsi-ipr-policy.pdf>

- The ETSI guide on IPRs

- Background/ Guidance on the interpretation of the rights and obligations deriving from the IPR Policy
- Explanation on the duties of Members, Technical Body Chairmen and the ETSI Secretariat with respect to IPRs
- Where to find information on essential IPRs
- Other ETSI IPR Policy matters

<http://www.etsi.org/images/files/IPR/etsi-guide-on-ipr.pdf>

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Thank you!