

## IEEE-SA Patent Policy

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## Who is the IEEE-SA?

The IEEE Standards Association (IEEE-SA) is a leading consensus building organization that nurtures, develops, and advances global technologies. We bring together individuals and organizations from a wide range of technical and geographic backgrounds to facilitate standards development and collaboration. With thought leaders in more than 160 countries, we promote innovation, enable the creation and expansion of international markets, and help protect health and public safety. Our work drives the functionality and interoperability of a wide range of products and services that transform the way people live, work, and communicate.



## Why does the IEEE-SA have a patent policy?

IEEE strives to develop industry relevant standards that can be implemented without hindrance. A potential hindrance could be the assertion of Essential Patent Claims [i.e., standards essential patents (SEPs)] in the absence of an Accepted Letter of Assurance that provides licensing assurance. The IEEE-SA patent policy provides rules and processes related to the goal of seeking and obtaining patent letters of assurance (LOAs) indicating licensing assurance.



## What is an Accepted Letter of Assurance that provides licensing assurance?

- An Accepted Letter of Assurance is an LOA that has been **voluntarily** submitted by the patent holder and has been accepted by IEEE. Accepted Letters of Assurance are made available to the public at no charge on IEEE's website.
- An Accepted Letter of Assurance is a contract between IEEE and the patent holder, but implementers are intended beneficiaries of the contract. Users and implementers may seek to enforce the terms of any Accepted Letter of Assurance.
- A patent holder that **voluntarily** provides an LOA with licensing assurance is **voluntarily** agreeing to be bound by the IEEE-SA patent policy.



## What is an Accepted Letter of Assurance that provides licensing assurance? (continued)

- IEEE-SA uses a template LOA form, which offers the patent holder the following options in regards to providing licensing assurance:
  - Royalty-free licensing with reasonable, non-discriminatory terms and conditions; or
  - Licensing under Reasonable Rates with reasonable, non-discriminatory terms and conditions; or
  - Non-enforcement of Essential Patent Claims
- The IEEE-SA patent policy allows for, but does not require, disclosure of potentially Essential Patent Claims.
  - Greater emphasis is placed on seeking licensing assurance than on disclosure of specific patent information.



## What happens if IEEE does not receive an LOA with licensing assurance?

- IEEE-SA procedures require a 'call for patents' during every standards-development meeting.
- The IEEE-SA patent policy requires that each individual participating in the standards development process inform IEEE of the holder of any potential Essential Patent Claims of which they are personally aware and that are not already the subject of an existing Letter of Assurance, owned or controlled by the participant or the entity that the participant is from, employed by, or otherwise represents.
  - The policy further states that those individuals should inform IEEE of any other holders of potential Essential Patent Claims that are not already the subject of an existing Letter of Assurance.
  - The obligation on individuals participating in the standards development process is the same regardless of whether the individual makes a contribution or not.



**What happens if IEEE does not receive an LOA with licensing assurance?** *(continued)*

- The working group chair then requests licensing assurance from any identified holders of potential Essential Patent Claims.
- Ultimately, decisions on which technologies to include in an IEEE standard are made by technical experts and materially interested parties who participate in the IEEE standards development process, using decision criteria of their choosing consistent with IEEE-SA policies. An Accepted Letter of Assurance, or lack of one, may influence Working Group members in making decisions regarding whether to include a technical contribution in a draft standard.



**What happens if IEEE does not receive an LOA with licensing assurance?** *(continued)*

- The IEEE-SA Standards Board has provided guidance via some resolutions from 2015:
  - If the IEEE-SA Standards Board Patent Committee (PatCom) or the IEEE-SA Standards Board becomes aware of an asserted potential Essential Patent Claim for which an Accepted LOA does not exist, information will be shared with the relevant working group.
  - Participants in the development of the standards project at issue should be aware that the lack of an Accepted LOA is a fact that the IEEE-SA Standards Board will take into account when deciding whether or not to grant final approval to the draft standard. Thus, participants may wish to consider alternative technologies.
  - In addition, the IEEE-SA Standards Board reserves the right to withdraw an approved standard if it is determined that market implementation is being hindered by the assertion of Essential Patent Claims in the absence of an Accepted LOA.



**What is the relevant content of the 2015 update to the IEEE-SA patent policy?**

Key points in 2015 update:

- Patent policy provides more **clarity** on “reasonable” rate
- Patent policy provides more **clarity** regarding:
  - Nondiscrimination between and among implementers (through definition of “Compliant Implementation”)
  - Availability of Prohibitive Orders
  - Permissible demands for reciprocal license



**What is the relevant content of the 2015 update to the IEEE-SA patent policy?**

Reasonable Rate:

- Definition:
  - “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”
  - Patent holder is compensated, but not for value conferred *by inclusion in standard*
- Recommended (non-mandatory) reasonable royalty factors:
  - Value contributed “to the value of the relevant functionality of the smallest saleable Compliant Implementation that practices the Essential Patent Claim”
  - Value contributed “in light of the value contributed by all Essential Patent Claims for the same IEEE Standard practiced in that [smallest saleable] Compliant Implementation”
  - “Existing licenses” that “were not obtained under the explicit or implicit threat of a Prohibitive Order” and are “otherwise sufficiently comparable”



**What is the relevant content of the 2015 update to the IEEE-SA patent policy?**

Nondiscrimination:

- Policy provides a definition of “Compliant Implementation”
  - “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”
- Any maker of a Compliant Implementation is entitled to the benefit of an LOA, but only “for use in conforming with the IEEE Standard”
  - Parties are free to negotiate a license for other uses



**What is the relevant content of the 2015 update to the IEEE-SA patent policy?**

Prohibitive Orders:

- Implementer and patent holder “should engage in good faith negotiations (if sought by either party) without unreasonable delay”
- Policy update describes circumstances where patent holder voluntarily agrees it will not seek Prohibitive Order
- Patent holder not precluded from seeking Prohibitive Order where implementer
  - “fails to participate in” or fails “to comply with the outcome of . . . an adjudication, including an affirming first-level appellate review”
    - Court or courts must have the authority to resolve all patent-related issues
- Patent holder not precluded from conditionally requesting Prohibitive Order where failure to do so would permanently waive its right



### What is the relevant content of the 2015 update to the IEEE-SA patent policy?

#### Reciprocal Licensing:

- Patent holder can require licensee applicant to grant a license to the patent holder for the applicant's own Essential Patent Claims for the same IEEE Standard
- Submitter [of an LOA] cannot demand reciprocal licenses and also seek to exclude patents held by Submitter's affiliate(s)
- Submitter shall not condition a license on the applicant agreeing "to grant a license to any of the Applicant's Patent Claims that are not Essential Patent Claims for the referenced IEEE standard, or . . . to take a license for any of the Submitter's Patent Claims that are not Essential Patent Claims for the referenced IEEE Standard."
- The policy does not preclude a licensor and licensee from **voluntarily** negotiating **any** license under terms **mutually** agreeable to both parties.



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### What is the rationale behind the updates?

- Three main areas that affect the intersection of standards and patents:
  - Laws
  - Guidance/rulings/interpretations from regulatory agencies and the courts
  - Standards Development Organization (SDO) patent policies
- IEEE believes that it is not sufficient for SDOs to avoid their share of the responsibility and to instead simply put the burden on the courts.
- It is much better for the rules of engagement to be known and fully understood up-front (through clear laws and clear SDO rules) than after-the-fact (when a standard has already been developed, implementation occurs, and only then does clarity appear when information/guidance is provided by the courts).



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### What is the rationale behind the updates? (continued)

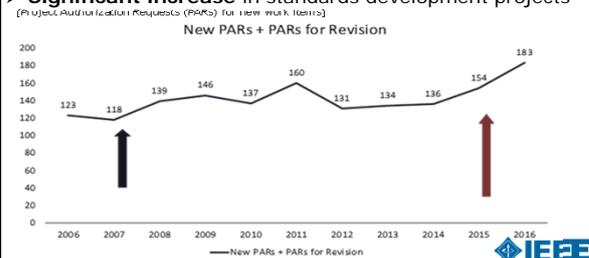
- The message of clarity → balance → stability for a system.
  - Clear rules, understood by all in the same manner, are needed up-front. This will allow for an environment that can be balanced. Balance needs to consider the interests of all parties (patent holders, implementers, regulatory agencies, the courts, consumers/general public/humanity). Once a system is balanced, it can become stable; and stability will, hopefully, lead to an environment that fosters innovation with multiple beneficiaries (win-win-win type scenarios) and minimal disruption (delays due to unknowns).
  - SDO patent policies with an underlying assumption of comity that only provide vague or non-existent definitions of 'reasonable' and/or 'non-discriminatory' are insufficient.
  - IEEE believes that the 2015 updates to the IEEE-SA patent policy provide sufficient clarity to achieve the goal of a stable system that fosters the creation of standards with multiple beneficiaries and fewer disruptions due to unknowns.



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### What has happened at IEEE since the 2015 update to the IEEE-SA patent policy?

- LOAs:
  - IEEE has accepted 150 LOAs that offer licensing assurance.
  - IEEE has accepted 16 LOAs that decline to offer licensing assurance.
- **Significant increase** in standards development projects



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