



PUTTING IT ALL TOGETHER

How the IRS, IPR, and the Internet impact the business of standard setting

ANSI Legal Issues Forum 2008



Understanding Current Standards IPR Issues

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Disclaimer

- This presentation is for general education and NOT presented as legal advice. You should consult with your own legal counsel for legal advice.



What is the ANSI Patent Group?

- The **Patent Group** is a standing committee of the **ANSI Intellectual Property Rights Policy Committee (IPRPC)**.
- The **ANSI Patent Group** is responsible for developing Institute requirements and procedures in the areas of embedded intellectual property rights. It is also primarily responsible for drafting the revised “Patent Policy” for incorporation into the *ANSI Essential Requirements* and for formulating the *Guidelines* that help explain and illustrate the important and often complex policy considerations relating to these documents.



Agenda

Background on today's issues and the general workings of standards developers might be helpful

Topics

- Refresh on why patents are important
- Patent Disclosure
- Letters of Assurance



Background: Power of Patents

- A patent owner may exclude the making, using, selling, offering to sell and/or importation of infringing products
- Infringement does not require knowledge of the patent
- The patent owner
 - Can pick and choose who to License (if anyone) and at what price (if any); or
 - Exclude anyone from practicing the patent

No requirement to be reasonable or nondiscriminatory



What is Patent Disclosure?

- **Used by some Standards Development Organizations (SDOs) seeking information about potentially encumbered technology**
- **Participants may then**
 - Choose to attempt to work around the technology or
 - Have the SDO seek an assurance from the patent holder that licenses will be made available

The way it works: Participants are asked to report if they have patent claims that may be essential to implementing the final draft standard. In some cases, they may be requested to identify the suspected patents.

Problems and Tradeoffs

■ **Essentiality isn't obvious**

- Request is asking for a predictive response
- Not really known until ex-post
(even then most reliably via a court decision)

■ **SDO rules must be reasonable**

- Typically focus on issued patents and “published” applications
- “Un-published” applications present more difficult challenges
 - Typically undergo significant changes through normal application process
 - Often maintained as a Trade Secret
- SDO approaches have evolved over time and vary based on the anticipated business environment of both participants and implementers of the standard

■ **Courts and/or competition authority options available in case of abuse**



ANSI Patent Policy on Patent Disclosure

■ Early Disclosure (ANSI Guidelines)

- “Early disclosure permits notice of such patent claims to the standards developer and ANSI in a timely manner, provides participants the greatest opportunity to evaluate the propriety of standardizing the patented technology, and allows patent holders and prospective licensees ample time to negotiate the terms and conditions of licenses outside the standards development process itself.”

■ Pending Published Patent Applications (ANSI Guidelines)

- “Similarly, a standards developer may wish to encourage participants to disclose the existence of pending U.S. patent applications relating to a standard under development.”



Other Key Points About ANSI Patent Policy

- **Focused on essential patent CLAIMS vs PATENTS**
- **ANSI encourages early disclosure of patent claims**
 - But stops short of mandating disclosure
- **Being reasonable regards patent searches (ANSI Guidelines)**
 - “This is not to suggest that a standards developer should require any participant in the development process to undertake a patent search of its own portfolio or of any other. The objective is to obtain early disclosure concerning the existence of patents, where known.”



What is a Letter of Assurance?

- **Used by some SDOs to confirm the holder of a potential essential patent claim is willing to offer licenses on terms acceptable to the SDO**
- **SDO may then**
 - Move forward with finalization of a draft standard or maintenance of an already published standard relying on the promise to license

The way it works: Parties suspected of holding essential patent claims are asked to submit a free-form or form-based letter stating their commitment to license on terms acceptable to the SDO

LOA: Problems and Tradeoffs

- **Request may go unanswered or response is not clear**
 - SDO actions vary widely and typically examine each situation on a case-by-case basis
 - Actual blocking of a standard is rare but does occasionally happen
- **Commitment typically to negotiate licenses at a future date**
 - Actual license negotiations (if needed) probably involve broader understanding of potential need and business relationship
 - Typically enable whole products or services under terms unique to the business relationship between licensor and licensee
 - Legal standing of *commitment* may be different from *executed license*
- **Anti-circumvention provisions and revocability**



LOA: Problems and Tradeoffs (continued)

■ IPR policies continue to evolve

- Clarify rules on modification/revocability of commitments
- Promote survival of the commitment even if the patent is transferred or assigned to another party
- Practical limits on what IPR Policies can reasonably accomplish
 - Bankruptcy
 - Legal questions regarding obligations of transferees
 - Can vary by country law in country where patent was issued

■ Potential for competition authority intervention



ANSI Patent Policy on Licensing Assurances

If an ANSI-Accredited Standards Developer (ASD) receives a notice that a proposed ANS or an approved ANS may require the use of such a patent claim, the procedures in this clause shall be followed.

The ASD shall receive from the patent holder or a party authorized to make assurances on its behalf, in written or electronic form, either:

- (a) assurance in the form of a general disclaimer to the effect that such party does not hold and does not currently intend holding any essential patent claim(s); or
- (b) assurance that a license to such essential patent claim(s) will be made available to applicants desiring to utilize the license for the purpose of implementing the standard either:
 - under reasonable terms and conditions that are demonstrably free of any unfair discrimination; or
 - without compensation and under reasonable terms and conditions that are demonstrably free of any unfair discrimination.



Other Key Points About ANSI Patent Policy

- **Triggers on receiving notice**
 - In practice, notice may not be clear or accurate
 - Requests for assurances may be tailored to specific situation

- **Failure to receive an ideally acceptable letter of assurance may trigger other actions**
 - Potential to work around the technology
 - Re-examination of the notice itself
 - Questioning the essentiality of the patent claims
(note: careful consideration required)
 - Potential to rescind a draft or issued standard
 - Other options

