

Guidelines for Implementation of the ANSI Patent Policy

**An Aid to More Efficient and Effective
Standards Development In Fields That
May Involve Patented Technology**

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About the American National Standards Institute

ANSI is a nonprofit, privately funded membership organization that coordinates the development of U.S. voluntary national standards and is the U.S. member body to the International Organization for Standardization (ISO) and, via the United States National Committee (USNC), the International Electrotechnical Commission (IEC).

The Institute was founded in 1918, prompted by the need for an “umbrella” organization to coordinate the activities of the U.S. voluntary standards system and eliminate conflict and duplication in the development process. For over seventy years, this system has been successfully administered by the private sector, via ANSI, with the cooperation of federal, state and local governments. The Institute serves a diverse membership of over 1300 companies, 250 professional, technical, trade, labor and consumer organizations and some 30 government agencies. Standards exist in all industries, including safety and health, telecommunications, information processing, petroleum, medical devices, etc.

Some of the Institute’s key functions include:

- Coordinating the self-regulating, due process consensus based U.S. voluntary standards system;
- Administering the development of standards and approving them as American National Standards;
- Providing the means for the U.S. to influence development of international and regional standards;
- Promoting awareness of the growing strategic significance of standards technology to U.S. global competitiveness.

I Purpose

These Guidelines are intended to assist voluntary standards developers, and those that participate in the standards development process, in understanding and implementing the ANSI Patent Policy (the “Patent Policy”, see Exhibit A). Drafted by a task force formed by ANSI for the purpose of studying the Patent Policy, the Guidelines seek to encourage the early disclosure and identification of patents that may relate to standards under development, so as to thereby promote greater efficiency in standards development practices.

By definition, guidelines are suggestions -- adherence is not essential for standards developers to be found in compliance with ANSI’s Patent Policy. Rather, this is an effort to identify possible procedures that a standards developer may wish to adopt, either in whole or in part, for purposes of effectively implementing the Patent Policy. Additional or different steps may also be selected for such purposes.

II An Overview of the ANSI Patent Policy

The Patent Policy is set forth in Section 3.1 of ANSI’s “Essential Requirements: Due process requirements for American National Standards” as approved by the ANSI Board of Directors (the “ANSI Essential Requirements”). Compliance (or non-compliance) with the Patent Policy is one of the criteria to be considered by ANSI’s Board of Standards Review (“BSR”) in determining whether to approve (or withdraw approval of) an American National Standard. See ANSI Essential Requirements, Section 4.2.

As set forth in the ANSI Procedures:

There is no objection in principle to drafting an American National Standard (“ANS”) in terms that include the use of an essential patent claim (one whose use would be required for compliance with that standard) if it is considered that technical reasons justify this approach. ANSI Essential Requirements, Section 3.1.

However, where a proposed ANS or an approved ANS may require the use of such patent claim, the procedures detailed in Sections 3.1 must be followed.

In particular, *the identified party or patent holder* must supply the ANSI-accredited standards developer (“ASD”) with either:

- (a) an assurance in the form of a general disclaimer to the effect that such party does not hold and does not anticipate holding any essential patent claim(s); *or*
- (b) an 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:
 - (1) under reasonable terms and conditions that are demonstrably free of any unfair discrimination; *or*
 - (2) without compensation and under reasonable terms and conditions that are demonstrably free of any unfair discrimination.

ANSI Essential Requirements, Section 3.1.1.

The Patent Holder’s statement of intent to comply shall be retained in the files of both the ASD and ANSI. ANSI Essential Requirements, Section 3.1.2.

An ASD’s Patent Policy may provide for compensation-free types of licensing commitments for essential patent claims, as described in Section 3.1.1 (b)(ii) of the ANSI Essential Requirements, to the exclusion of other types of commitments. However, such a policy must also contain a reasonable mechanism which would allow a patent holder to decline to license identified essential patents or essential patent claims on compensation-free terms (such as an opt-out provision). Such a policy must also comply with Section 1.1 of the Essential Requirements, which requires that participation be open to all persons who are directly and materially affected by the standards activity in question, including directly and materially-affected patent holders who decline to license essential patents or essential patent claims under compensation-free terms.

While ANSI's counsel will verify that the information required from the patent holder has been supplied, counsel will not undertake to evaluate whether the terms and conditions satisfy the substantive test set forth in Section 3.1 (i.e. whether the terms and conditions are "reasonable" and/or "free of any unfair discrimination"). Such a decision is the exclusive province of the Board of Standards Review (or, on appeal, the ANSI Appeals Board) if the issue is raised during the approval process or in a petition for withdrawal of approval. In making its decision, the BSR shall consider all information of record it finds relevant.

Neither the standards developer submitting a standard for approval nor ANSI is responsible for identifying patents for which a license may be required by an American National Standard or for conducting inquiries into the legal validity or scope of any patents brought to their attention. ANSI Essential Requirements, Section 3.1.4.

A standards developer seeking approval of a proposed American National Standard should take steps that it reasonably concludes are sufficient to permit a representation to ANSI that the Patent Policy has been met. In turn, ANSI, through its BSR, will take those steps that it reasonably concludes are sufficient to determine that the Patent Policy has been met based on the record before the BSR. Upon publication, the standard shall bear a notice in form specified in Section 3.1.3.

III Possible Procedures for Implementing the Policy

A Early Disclosure of Patent Rights

Participants in the ASD/ANSI standards development process are encouraged to bring patents with claims believed to be essential to the ASD's attention. 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. An ASD may go further and require disclosure of patents containing claims believed to be essential to its proposed or approved standards, though such a requirement is not necessary for compliance with the ANSI Patent Policy.

Accordingly, during the development period, standards developers may wish to adopt

procedures whereby one or more requests are made to participants for the disclosure of patents that may be required for use of standards in process. Such a request could be made, for example, by including it on letter ballots used in connection with the development of a proposed standard. Alternatively, other means could be adopted so that requests are repeated throughout the course of the standards development process -- e.g., by a semi-annual notice mailed to each participant in the development process or appropriate working group(s).

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, nor is it intended to suggest that corporate knowledge should be imputed to the individual directly participating in the standards development process. The objective is to obtain early disclosure concerning the existence of patents, where known.

A standards developer may also consider taking steps to make it clear that any participant in the process -- not just patent holder -- is permitted to identify or disclose essential patents or essential patent claims that may be required for implementation of the standard. Generally, it is desirable to encourage disclosure of as much information as possible concerning the patent, including the identity of the patent holder, the patent's number, and information regarding precisely how it may relate to the standard being developed. Further, to assist in international standardization, a standards developer may deem it appropriate to encourage the disclosure of relevant unexpired foreign patents.

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. Of course, in such a situation the extent of any disclosure may be more circumscribed due to the possible need for confidentiality and uncertainty as to whether an application will mature into a patent and what its claimed scope will ultimately be.

B Early Indication of a Willingness to License

The early identification of relevant essential patents or essential patent claims should also increase the likelihood of an early indication from the patent holder that it is willing to license its invention, that it is prepared to do so on reasonable terms and conditions demonstrably free of unfair discrimination, or that the patent in question is not required for compliance

with the proposed standard. A patent holder may have a strong incentive to provide an early assurance that the terms and conditions of the license will be reasonable and demonstrably free of unfair discrimination because of its inherent interest in avoiding any objection to the standardization of its proprietary technology. As a consequence, patent holders and prospective licensees would be provided greater opportunities to negotiate acceptable license terms.

It should be reiterated, however, that the determination of specific license terms and conditions, and the evaluation of whether such license terms and conditions are reasonable and demonstrably free of unfair discrimination, are not matters that are properly the subject of discussion or debate at a development meeting. Such matters should be determined only by the prospective parties to each license or, if necessary, by an appeal challenging whether compliance with the Patent Policy has been achieved.

It should also be emphasized that, notwithstanding the incentive for patent holders to indicate any early willingness to license, it may not be possible for potential patent holders to give such an assurance until the standards development process has reached a relatively mature stage. It might be that only at that time will the patent holder be aware that its patent may be required for use of the proposed standard. This should not, however, preclude a patent holder from giving an assurance that *if* its patent is required for use of the standard it will license on reasonable terms and conditions demonstrably free of unfair discrimination.

Thus, standards developers may wish to adopt procedures that would permit and encourage the early indication by patent holders of their willingness to comply with the Patent Policy by providing one of the assurances specified therein. Such encouragement might take the form of simply advising participants in the development effort that assurances may be made at an early stage, explaining the advantages of early negotiations, or through other means. While participants in the standards development effort might consider a refusal to provide assurances (or a refusal to commit to offer acceptable licensing terms and conditions) as a ground for favoring an alternative technology, the patent holder is only required to provide assurances as called for by the Patent Policy.

Occasionally ASDs have encountered situations where a potentially essential patent claim(s) becomes known or identified to the ASD but the ASD does not receive a Letter of Assurance (“LoA”). This situation may arise for various reasons and appropriate responses will vary depending on the circumstances. The following is an illustrative list of possible actions based on actions ASDs have taken in the past. Note that this is not an exhaustive list and the items listed may not be appropriate in particular circumstances.

Possible actions before an American National Standard (ANS) issued and while the document is under development:

- ASD stops the ANS approval process (*i.e.*, no ANS issued)
- ASD publishes the document but not as an ANS
- ASD substitutes alternative technology for the suspected technology (*i.e.*, a work around)
- ASD determines (possibly on the advice of IP legal counsel) that the patent claim is not essential and thus the document meets the criteria of the ANSI Essential Requirements (ERs)
- ASD reasonably believes the document meets the criteria of the ANSI ERs (in particular, the Patent Policy) but desires further guidance from ANSI. For example, ASD submits an explanation of the relevant circumstances to ANSI.

Possible actions after an American National Standard (ANS) is issued:

- ASD withdraws the standard as an ANS and abandons the process
- ASD withdraws the standard as an ANS and publishes the document, but not as an ANS
- ASD withdraws the standard as an ANS and re-initiates the ANS process for a document which substitutes alternative technology for the suspected technology (*i.e.*, a work around)

- ASD determines (possibly on the advice of IP legal counsel) that the patent claim is not essential and thus the document meets the criteria of the ANSI Essential Requirements (*i.e.*, original ANS remains as issued)
- ASD reasonably believes the document meets the criteria of the ANSI ERs (in particular, the Patent Policy) but desires further guidance from ANSI. For example, ASD submits an explanation of the relevant circumstances to ANSI.

C Subsequently Discovered Patents

The Patent Policy applies with equal force to situations involving (1) the discovery of essential patent claims that may be required for use of a standard subsequent to its adoption and (2) the initial issuance of a patent after adoption. Once disclosure is made, the holder is obligated to provide the same assurances to ASD as are required in situations where essential patent claims exist or are known prior to approval of a proposed standard as an American National Standard.

Thus, if notice is given of a patent that may be required for use of an already approved American National Standard, a standard developer may wish to make it clear to its participants that the ANSI procedures require the patent holder to provide the assurances contained in the Patent Policy or suffer the withdrawal of ANSI's approval of the standard as an American National Standard.

IV Conclusion

Good standards development is often time consuming and demands considerable effort by those participating in the process. In fields that may involve the use of patented technology in a standard, therefore, it is particularly important that a patent holder's willingness and intention to comply with ANSI's Patent Policy be ascertained as soon as possible. Doing, so, however, does not require participants in standards development meetings to become involved in negotiating the terms and conditions of a possible license with the patent holder. To the contrary, what is required is the use of effective procedures designed to assure an understanding of the Patent Policy and to foster prompt compliance with it.

Exhibit A

ANSI Essential Requirements, Section 3.1

ANSI's Patent Policy

3.1 ANSI patent policy - Inclusion of Patents in American National Standards

There is no objection in principle to drafting an American National Standard (ANS) in terms that include the use of an essential patent claim (one whose use would be required for compliance with that standard) if it is considered that technical reasons justify this approach

Participants in the ASD/ANSI standards development process are encouraged to bring patents with claims believed to be essential to the attention of the ANSI-Accredited Standards Developer (ASD).

If an ASD receives a notice that a proposed, revised or approved ANS may require the use of such patent claim that is not already covered by an existing assurance, the procedures in this clause shall be followed.

3.1.1 Statement from patent holder

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:
 - (i) under reasonable terms and conditions that are demonstrably free of any unfair discrimination; or
 - (ii) without compensation and under reasonable terms and conditions that are demonstrably free of any unfair discrimination.

Such assurance shall indicate that the patent holder (or third party authorized to make assurances on its behalf) will include in any documents transferring ownership of patents subject to the assurance, provisions sufficient to ensure that the commitments in the assurance are binding on the transferee, and that the

transferee will similarly include appropriate provisions in the event of future transfers with the goal of binding each successor-in-interest.

The assurance shall also indicate that it is intended to be binding on successors-in-interest regardless of whether such provisions are included in the relevant transfer documents.

3.1.2 Record of statement

A record of the patent holder's statement shall be retained in the files of both the ASD and ANSI.

3.1.3 Notice

When the ASD receives from a patent holder the assurance set forth in 3.1.1 (b) above, the standard shall include a note substantially as follows:

NOTE – The user's attention is called to the possibility that compliance with this standard may require use of an invention covered by patent rights.

By publication of this standard, no position is taken with respect to the validity of any such claim(s) or of any patent rights in connection therewith. If a patent holder has filed a statement of willingness to grant a license under these rights on reasonable and nondiscriminatory terms and conditions to applicants desiring to obtain such a license, then details may be obtained from the standards developer.

3.1.4 Responsibility for identifying patents

Neither the ASD nor ANSI is responsible for identifying patents for which a license may be required by an American National Standard or for conducting inquiries into the legal validity or scope of those patents that are brought to their attention.