



FOCUS ON: LEGAL ISSUES

From the government's use of voluntary standards in regulation to issues surrounding standards-essential patents to federal guidance on U.S. participation in international forums, the standardization community has a unique set of legal considerations to stay on top of. This special issue explores the hot-button topics on the legal agenda right now for standards developers, technical experts and participants, conformance professionals, and all of those who rely on their critical work, both domestically and across the globe.

Laying Down the Law: Legal Issues Affecting the U.S. Standardization Community

By Patricia Griffin, Vice President and General Counsel, American National Standards Institute (ANSI)

As vice president and general counsel of the American National Standards Institute (ANSI), much of my work focuses on how organizations engaged in standard-setting activities are affected by legal developments. And never in my tenure has there been a time with more activity that is of critical importance to the entire standardization community. At the top of that list is the issue of incorporation by reference (IBR) of standards into regulation and the reasonable availability of those standards to the public. And also on the agenda is the resolution of disputes related to the licensing of standard-essential patents (SEPs) on reasonable and non-discriminatory (RAND) terms, to be discussed briefly at the end of this article.

In what can be viewed as headline news for the standardization community, in February 2014 the White House Office of Management and Budget (OMB) released for public comment a proposed revision of OMB Circular A-119, "Federal Participation in the Development and



Use of Voluntary Consensus Standards and in Conformity Assessment Activities." The proposed changes reaffirm the importance of government use of voluntary consensus standards in federal regulations, and present further clarity on the incorporation by reference

process, reasonable availability, and the intellectual property rights retained by referenced standards, among other related issues.

(Ed. Note: Further detail on the particulars and language of the revision are covered in Brian Scarpelli's article, "U.S. Government Proposes Updated Policies on Government Use of Standards and Participation in Standards Development," on page 5 of this newsletter, and in slides from ANSI's recent webinar on the OMB revisions, available for [download here.](#))

OMB on Reasonable Availability

The Code of Federal Regulations (CFR) states that when a standard is to be incorporated by reference, or "IBR-ed," a federal agency should determine that the standard is "reasonably available" to those affected by the anticipated regulation. The proposed revisions to OMB Circular A-119 describe several factors should be considered as part of this determination: *(continued)*

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IEC symbols for electrical current:



ALTERNATING CURRENT (AC)



DIRECT CURRENT (DC)



AC/DC

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- Whether the standards developer is willing to make read-only access to the standard available for free on its website during the comment period, since access may be necessary during rulemaking to make public participation in the rulemaking process effective
- The need for access to achieve agency policy or to subject the effectiveness of agency programs to public scrutiny
- The cost to regulated and other interested parties to obtain a copy of the material, including the cumulative cost to obtain incorporated materials, and their ability to bear the costs of accessing such materials in a particular context
- Whether the standards developer can provide a freely available, non-technical summary that generally explains the content of the standard in a way that is understandable to a member of the public who lacks relevant technical expertise

The proposed revisions go on to state that reasonable availability is context-specific, and that the absence of one or

more of these factors alone should not remove a standard from consideration.

This is a significant step in the right direction for the standards community, and ANSI is strongly supportive of this language.

First, it is in alignment with December 2011 recommendations by the Administrative Conference of the United States (ACUS), which encouraged agencies to “take steps to promote the availability of incorporated materials within the framework of existing law.” That availability is defined as “... on a reasonable basis, which may include monetary compensation where appropriate” (see http://www.acus.gov/sites/default/files/Recommendation-2011-5-Incorporation-by-Reference_0.pdf).

Second, the revised text is flexible and non-prescriptive. This allows for a number of different reasonable availability scenarios, which will go a long way to accommodating the different needs and business models of the various standards developing organizations (SDOs) whose work is being referenced.

Protecting a System That Works

This need for flexibility has been one of ANSI’s main assertions as we have met with policy makers, regulators, and SDOs to help find a path forward on IBR-related issues. Over the past two years, all three branches of the government have joined the discussion in one way or another – whether via court cases, Congressional hearings, or recommendations from Executive bodies or agencies.

As coordinator of the U.S. standardization system, ANSI has taken a lead role in informing government and industry about the economics of standards setting,



Patricia Griifn, ANSI vice president and general counsel, testifies at House hearing on “The Scope of Copyright Protection.”

the importance of copyright protection of standards, and how altering this infrastructure would undermine U.S. competitiveness. In January 2014, I testified on behalf of ANSI before the U.S. House of Representatives Committee on the Judiciary, Subcommittee on Courts, Intellectual Property, and the Internet, at a hearing on “The Scope of Copyright Protection,” to assert the importance of copyright protection of IBR-ed standards. We’ve hosted public events on the topic and developed consensus-based responses to relevant Federal Register notices based on feedback from ANSI members. We’ve continually worked to educate the public about the importance of protecting our effective standardization system.

ANSI has been continually focused on informing our constituents about these important developments, soliciting input from stakeholders, and developing strong, effective consensus messaging aimed at communicating the importance of safeguarding the U.S. standardization system.

And it seems our message is being heard. In addition to the reasonable availability language discussed above, the revisions to OMB A-119 reaffirm that agencies should “observe and protect” the right of copyright holders when voluntary consensus standards are IBR-ed. The very purpose of this policy is to *(continued)*

ONE OF THE GREAT STRENGTHS OF THE U.S. APPROACH TO STANDARDS AND CONFORMANCE IS THE EFFECTIVE WORKING RELATIONSHIP BETWEEN THE PUBLIC AND PRIVATE SECTORS.



Laying Down the Law: Legal Issues Affecting the U.S. Standardization Community (continued)

permit the government to benefit from the efficiencies of the voluntary consensus standards development process. When the government references copyrighted works, those works should not lose their copyright, but the responsible government agency should collaborate with the SDOs to ensure that the public does have reasonable access to the referenced documents. And that is just what is being done.

For its part, ANSI has launched an online IBR Portal providing a voluntary, centralized infrastructure that can help the hundreds of SDOs in this country make their IBR-ed standards available in read-only format, should they wish to participate (see "ANSI Launches IBR Portal," page 4).

The standardization community believes that the development of complex, highly specialized, technical standards requires a massive investment of time, labor, expertise, and money. Federal agencies should continue to incorporate privately developed standards, eliminating costs of developing government-unique standards, and benefitting our nation's global competitiveness, public safety, economic strength, and much more.

"Why aren't standards free?"

Unfortunately, the issue will not end here. We will all still hear the question, "Why

aren't standards free?" ANSI is working hard to broadly disseminate the important facts and potential consequences that must be considered in answering that question, including the following:

- Every standard is a work of authorship and, under U.S. and international law, is copyright protected (for more information, see "Why Voluntary Consensus Standards Incorporated by Reference into Federal Government Regulations Are Copyright Protected").
- Although many people working on standards development are volunteers, SDOs incur significant expenses in the coordination of these voluntary efforts. Tens of thousands of staff employed by SDOs across the nation provide direct support for the technical development activities of the volunteers.
- Standards sales also allow non-profit SDOs to recoup basic administrative costs while passing on to implementers all of the benefits of the voluntary and inclusive process of standards development, including openness, balance, opportunities to participate, and protection from undue influence.
- The funding for standards development has to come from somewhere. Increasing participation



EVERY STANDARD IS A WORK OF AUTHORSHIP AND IS COPYRIGHT PROTECTED UNDER U.S. AND INTERNATIONAL LAW.

fees to offset lost sales revenue would disenfranchise consumers, small businesses, and local governments.

- Standards must be maintained and the publication kept up to date. This requires ongoing development, revision, and administrative costs. The government and taxpayers benefit from the current system by not paying for these recurring costs.
- If SDOs cannot afford to stay in business, safety standards would not be updated, with the potential for dangerous consequences. And standards for new technologies would *(continued)*

ANSI Antitrust Policy



The American National Standards Institute (ANSI) neither develops standards nor conducts

certification programs but instead accredits standards developers and certification bodies under programs requiring adherence to principles of openness, voluntariness, due process and non-discrimination. ANSI, therefore, brings significant,

procompetitive benefits to the standards and conformity assessment community.

ANSI nevertheless recognizes that it must not be a vehicle for individuals or organizations to reach unlawful agreements regarding prices, terms of sale, customers, or markets or engage in other aspects of anti-competitive behavior. ANSI's policy, therefore, is to take all appropriate measures to comply with U.S. antitrust laws and foreign competition laws.

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go unwritten, affecting U.S. competitiveness and innovation. The government would have to step up, take over what is now a market-driven system, and somehow find the money, time, and expertise – for every single technology and industry area.

- Finally, decisions made about our national standardization system and our priorities for action reach far beyond our borders, especially when it comes to the continued success of our products, services, and workforce on the global stage.

Arbitration of RAND Disputes

Switching gears, another topic gaining attention is the licensing of standard-essential patents (SEPs) on reasonable and non-discriminatory (RAND) terms

and the use of arbitration to resolve related disputes. A SEP is a patent that has been deemed essential to the implementation of a given voluntary consensus standard. A number of recent high-profile SEP disputes in the mobile device sector have brought increased attention to RAND commitments and prompted examinations of ways to resolve RAND disputes efficiently and with reduced litigation (see related article, “Standards Essential Patents in the Public Policy Eye,” page 7).

In October 2013, ANSI held a Legal Issues Forum on the topic as part of the World Standards Week events. Nearly 70 legal experts and other stakeholders explored the pros and cons of arbitration, which many have pointed to as a possible means of resolution for such disputes.

An interactive roundtable discussion moderated by Jorge Contreras, associate professor of law at American University, saw a panel of legal professionals from business, industry, and academia discussing the legal complications inherent in defining RAND terms. With respect to arbitration, panelists noted that proceedings are private and can be arbitrated by an individual with demonstrated technical expertise, but that there can be significant variations in outcome depending upon the arbitrator. Support was voiced by some panelists for arbitration as a method for resolving disputes over the licensing of SEPs, with the caveat that arbitration is likely to be most effective in resolving disputes when it is entered into voluntarily by both parties. ☺

ANSI Launches IBR Portal as One Solution for “Reasonable Availability”

In October 2013, ANSI announced the official launch of a tool that will help successfully address the incorporation by reference (IBR) “reasonable availability” issue: the ANSI IBR Portal. This new site provides free online access to read-only versions of voluntary consensus standards that have been incorporated by reference into U.S. federal laws and regulations.

In response to input from the Administrative Conference of the United States (ACUS) and the National Institute of Standards and Technology (NIST), as well as hundreds of standards developing organizations (SDOs) and other partners’ input from both the public and private sectors, ANSI developed the IBR Portal with the goal of providing a single solution to ensure reasonable access to incorporated standards without

endangering the viability of the standards development process as a whole.

For this first phase of the portal’s roll-out, IBR standards from fifteen major domestic and international standards developers have been made available, and more are expected to be added. All of the standards are available for viewing exclusively as read-only files. The portal

contains a number of built-in security features that prevent viewers from printing, downloading, or transferring any of the posted standards; screenshots are also disabled and all documents will contain an identifying watermark.

MORE INFORMATION

Visit the portal at ibr.ansi.org. ☺



U.S. Government Proposes Updated Policies on Government Use of Standards

By Brian Scarpelli, Director, Government Affairs, Telecommunications Industry Association (TIA)

Recently, the White House's Office of Management and Budget (OMB) issued a number of proposed changes to its Circular A-119, "Federal Participation in the Development and Use of Voluntary Consensus Standards and in Conformity Assessment Activities." Last revised in 1998, OMB Circular A-119 provides, in part, guidance on how agencies could meet the intent and implement the standards and conformity-assessment-related provisions of the National Technology Transfer and Advancement Act of 1995 (NTTAA), in which Congress stated that Federal agencies "shall use technical standards that are developed or adopted by voluntary consensus standards bodies, using such technical standards as a means to carry out policy objectives or activities," except when an agency determines such use "is inconsistent with applicable law or otherwise impractical."

Circular A-119 Basics

OMB Circular A-119 directs agencies to use voluntary consensus standards in lieu of government-unique standards except where inconsistent with law or otherwise impractical. Moreover, it provides guidance to agencies on participation in the development of voluntary consensus standards, and articulates policies relating to the use of standards by Federal agencies.

The Telecommunications Industry Association (TIA), with an ANSI-accredited process that serves its members across the information and

communications technology (ICT) industry, fully appreciates the importance of Circular A-119 and its goals to remove barriers to innovation, investment, and international trade. Government efforts towards ensuring that public authorities can more easily acquire ICT services, applications, and products that meet their specific requirements should be encouraged.

For governmental entities, the ability to partake in voluntary consensus standard development has many benefits and is consistent with goals of the U.S. government as reflected in the NTTAA. The U.S. government is a heavy user of open, voluntary, and consensus-based standards across industries, and these standards are often relied upon in regulations and other guidance documents. The current Circular A-119's policies allow for reliance on open consensus from subject matter experts (both within and outside of the government), while further preserving agency resources by supporting the value

of "voluntary consensus standards." This term is defined broadly to include standards from ANSI-accredited SDOs and also a wide range of consortia, further evidencing the government's recognition of the value of having competition and diversity among standards-setting organizations.

Circular A-119's policies also set an important example to the rest of the globe on governmental participation in the development and use of standards to meet legitimate policy goals, and not used as a means of protectionism resulting in impediments to trade. There is strong recognition by governments of the important role that standards play in international trade as demonstrated by the World Trade Organization (WTO) Agreement on Technical Barriers to Trade. Moreover, bilateral and regional trade agreement negotiations, such as the Transatlantic Trade and Investment Partnership (TTIP) and Trans-Pacific Partnership (TPP), will typically include provisions to avoid standards policies that result in unnecessary barriers to trade.

The U.S. Government serves an important role in terms of advocating the "multiple path" approach to developing international standards, raising concerns when there may be trade-related or other standards issues that arise among different nations and as a stakeholder in the standards development process in technology areas.



THE CORE MISSION OF WHITE HOUSE'S OFFICE OF MANAGEMENT AND BUDGET (OMB) IS TO IMPLEMENT THE PRESIDENT'S VISION ACROSS THE EXECUTIVE BRANCH.

OMB's Proposed Changes

Generally, the updated Circular A-119 can be divided into four major categories:

(continued)

U.S. Government Proposes Updated Policies on Government Use of Standards (continued)

1. Standards Developing Organizations' Process Issues

- Consistent with the 1998 version, OMB proposes that agencies defer to voluntary consensus standards over standards developed by the government. While OMB also proposes non-consensus standards – a new term for purposes of the Circular – could be appropriately relied upon by federal agencies in certain cases; it would continue to clearly prioritize consensus standards over non-consensus standards in all possible cases.
- The updated Circular A-119 would urge federal agencies to participate in both the activities of intergovernmental organizations and voluntary non-consensus bodies (where consistent with agency missions and the objectives of the Circular).
- OMB proposes an updated definition of a voluntary consensus standard, which would include openness, balance of representation, due process, appeals processes, and consensus.

2. Intellectual Property Rights Issues

- OMB's proposed updates would address the factors an agency should consider regarding the interests of IP holders, more specifically, IP incorporated in the standard and interested parties seeking to implement said standard.
- OMB's proposal would reinforce the rights of IP holders whose technology is incorporated by reference by an agency, and steps agencies should take when promoting availability of those standards. OMB proposes a number of what it perceives as normative factors agencies should consider when deciding what is "reasonably available" for a voluntary standard.

3. Conformity Assessment Issues

- OMB's proposal encourages agencies to consider international conformity assessment schemes and private sector conformity assessment activities in combination with (or where appropriate, in lieu of) conformity assessment activities or schemes developed or carried out by the government (except where inconsistent with law or otherwise impractical).
- OMB would propose steps for agencies when determining conformity assessment procedures, in coordination with both National Institute of Standards and Technology (NIST) and OMB.
- OMB would direct agencies to consult with the Office of the United States Trade Representative (USTR) on the relevant international commitments for conformity Assessment, as well as to conduct conformity assessment-specific retrospective reviews.

4. Agency Operations Related Issues

- OMB would provide guidance to federal agencies on how to participate in standards development, and how they should coordinate to periodically evaluate relevant developments in standards and conformity assessment.
- For agencies using standards, OMB would include guidance on how to keep references to these standards updated in a timely way.
- OMB proposes that agencies consult with the USTR on issues impacting compliance with international trade agreements.
- OMB would encourage each agency to notify the public when it is participating in the standards development process of a particular body.

OMB has requested that interested parties submit their input on the new proposed version of Circular A-119 by May 12, 2014, via www.regulations.gov.

ABOUT TIA

The Telecommunications Industry Association (TIA) represents manufacturers and suppliers of global communications networks through standards development, policy and advocacy, business opportunities, market intelligence, and events and networking. TIA enhances the business environment for broadband, mobile wireless, information technology, networks, cable, satellite and unified communications. Members' products and services empower communications in every industry and market, including healthcare, education, security, public safety, transportation, government, the military, the environment, and entertainment. Visit tiaonline.org for more details.



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Standards Essential Patents in the Public Policy Eye

By Clark Silcox, General Council, National Electrical Manufacturers Association (NEMA)

Over the past two decades, a relatively small number of lawsuits brought by government antitrust enforcement authorities or private parties have brought scrutiny to the interface between patents and industry standards and the behavior of patent holders and other participants in the standards development process. The litigation has occurred almost entirely in the telecommunications and computing sectors, and the focus of public policy has been principally directed at a potential problem that is referred to as *patent hold-up*: when a standard is adopted, implementers find it difficult to avoid the requirements of the standard, and when the standard incorporates an undisclosed patented technology that is essential to conformity with the standard, the patent holder may be in a position to extract supracompetitive rents from the implementers.

Standards development organizations (SDOs), particularly those accredited by the American National Standards Institute (ANSI), but others as well, have long adopted some form of policy that is directed at addressing this issue. Most SDOs adopt verbatim the patent policy recited in section 3.1 of the *ANSI Essential Requirements*, but a few SDOs have taken the step in recent years to clarify some of substantive and procedural details of that policy. Recently, however, speeches and commentary from officials at the U.S. Department of Justice (DOJ) Antitrust Division and the Federal Trade Commission (FTC) are encouraging SDOs to do more. The problem from the antitrust enforcement authorities' perspective is lack of clarity: when an SDO's patent policy calls for a



A FEW SMALL CHANGES TO SDOS' PATENT POLICIES COULD HELP TO PROMOTE COMPETITION, REDUCE DISPUTES, AND BENEFIT CONSUMERS WORLDWIDE.

commitment by the holder of an essential patent to license on "reasonable and non-discriminatory terms" (RAND), what do "reasonable" and "non-discriminatory" mean?

In remarks to the International Telecommunications Union-T (ITU-T) Patent Roundtable in Geneva in October 2012, Deputy Assistant Attorney General Renata Hesse offered up "Six Small Proposals for SDOs Before Lunch," what she described as "some policy choices that standards bodies could implement which... would promote competition among implementers of the standard, potentially benefitting consumers around the world." This article examines those six proposals.

Six Small Proposals for SDOs

1. Establish procedures that seek to identify, in advance, proposed technology that involves patents which the patent holder has not agreed to license on RAND terms and

consciously determine whether that technology should be included in the standard.

Very few SDOs have institutionalized this procedure, and it is potentially a very costly proposal for most to consider adopting – particularly those SDOs who standards are likely not to ever encounter an essential patent because of the nature of the industry, and those whose standards do not frequently encounter an essential patent. The proposal effectively requires a patent search to be undertaken during the standards development process for those patents not already identified, and then decide whether or not that technology should be included in the standard.

The current process at most SDOs operates in a very different fashion: a standard either already exists and it is up for revision, or, if it is a new standard, proposed text is submitted for consideration to the working group or technical drafting committee. At this early stage, it is possible that a patent holder could disclose that the proposal (or a proposed revision) incorporates an essential patent claim. Since the standards development process typically takes a few years to complete, the likelihood is that a disclosure, if it is made at all, will come later in the process. Sometimes this requires the owner of a patent to assess whether their patent claims are truly "essential" to the standard, a determination that may require consultation with patent counsel. This could take some time.

The *ANSI Essential Requirements* expressly provides that neither ANSI nor the ANSI-accredited standards developer (ASD) have to conduct *(continued)*

Standards Essential Patents in the Public Policy Eye (continued)

a patent search, and the *Essential Requirements* are silent on whether the participants in the standards committee are required to conduct a search of their own patent portfolio.

Because the cost of a search could add significantly to the cost of participating in standards development, a few SDOs have adopted policies that say participants are not obligated to search. This policy relies heavily on the expectation that the persons participating in the standards committees know the relevant patents in their employer's portfolio and they are likely to be familiar with what is in the patent portfolio of others in their field. This expectation is not always realistic; representatives of large multinational corporations who participate in a particular standards committee may know very little about what patents are owned by their employer, and in an IP-intense field it may be near impossible for a participant to have a complete grasp of what others have done in the field.

The patent policy in the *ANSI Essential Requirements* also does not require disclosure of standards essential patents; it only establishes procedures to be followed if a

disclosure is provided with an assurance that a license will be made available on either royalty-free or RAND terms. A few SDOs have adopted disclosure requirements, and some have clarified that the disclosure requirement applies both during the development of a standard and after it is adopted. Some have included provisions that invite participants to ask the SDO to make inquiry of others, including other participants as well as persons not participating in the development of the standard, to advise whether a particular patent that they own contains an essential claim that in light of the standards proposal as currently drafted.

These SDOs have also institutionalized meeting practices to remind the participants regularly of the requirement to make a disclosure of any essential patent claims as well as a certification at the time of ballot that they have no knowledge of any essential patents that need to be disclosed or to make a disclosure if they have not already done so. These are some of the practices and procedures that SDOs can adopt to identify other patents that may contain essential claims.

2. Make it clear that licensing commitments made to the standards body are intended to bind both the current patent holder and subsequent



Clark Silcox, General Council, NEMA

purchasers of the patents and that these commitments extend to all implementers of the standard, whether or not they are a member of the standards body.

ANSI's Essential Requirements do not specifically address this issue either, although the ANSI Intellectual Property Rights Policy Committee (IPRPC) has been considering a proposal that would incorporate this requirement into the ANSI patent policy. A few SDOs have already done so.

Here is the concern: suppose that a patent holder provides an SDO the requisite licensing assurance for others to implement a particular standard, and several years later the patent holder sells its patent containing an essential claim to another party (and perhaps that party subsequently transfers the patent again). The transferee(s) may never have been informed that the patent was "encumbered" by a licensing assurance to an SDO and therefore is not aware that others have relied upon the availability of license either without compensation or on reasonable and non-discriminatory terms. Or if the transferee was aware of the encumbrance, the transferee may ignore the prior commitment. The FTC entered into a consent order in the N-Data case a few years ago that required the transferee to honor the original assurance. *(continued)*

DOCUMENTS OF INTEREST

Stay up on the latest policies, documents, and other offerings from the USNC, IEC, and ANSI by clicking on the titles below.



- [USNC Toolbox of Reference Documents](#)
- [Course: Legal Issues in Standard-Setting](#)
- [ANSI Essential Requirements](#)
- [ANSI Code of Ethics](#)
- [Guidelines for Implementation of the ANSI Patent Policy](#)
- [ANSI Constitution and By-laws](#)
- [ANSI Appeals Board Operating Procedures](#)

Standards Essential Patents in the Public Policy Eye (continued)

3. Give licensees the option to license RAND-encumbered patents essential to a standard on a cash-only basis and prohibit the mandatory cross-licensing of patents that are not essential to the standard or related family of standards, while permitting voluntary cross-licensing of all patents.

This proposal presents the issue that is referred to as "reciprocity": some holders of essential patent claims include in their RAND licensing assurances to the SDO a condition that the licensee must cross-license its patented technology back to the licensor. The proposal aims to restrict this practice to standards essential patents owned by the licensee (under the same standard or family of standards) so that the licensor cannot use its leverage to secure rights to practice non-essential patent claims that it might not otherwise be able to negotiate in the absence of the standard. While the proposal would prohibit mandatory cross-licensing of the licensee's patent claims that are not essential, it would not prohibit voluntary agreements that include cross-licensing of the licensee's non-essential patents as part of RAND terms.

For the holder of an essential patent claim who has given a RAND licensing assurance to implementers, not all prospective licensees present themselves equally. Some of those licensees may also own a patent containing an essential claim under the same standard; other licensees may own a patent containing other standards-relevant, but not essential claims; other licensees may own other non-relevant technology of value that could be part of a bargain under a RAND license for the standards essential patent claim; and finally, some licensees may have no intellectual property of interest to the licensor. This can pose a challenge to the licensor who has agreed to offer a license to all implementers on "non-discriminatory"

terms, because the licensor may take an all cash royalty from some licensees, while, at the other extreme, agreeing to cross-licensing without cash from others which requires a valuation of the cross-licensed technology. The licensor may find the prospective licensee's patent portfolio includes some attractive patent rights, and the licensor may have an interest in a non-cash cross-licensing transaction, if only to avoid the uncertain risk of future patent infringement litigation.

ANSI's patent policy does not currently address the reciprocity issue. A few SDOs have adopted policies that speak to reciprocity, and a few of the questions that arise are: should the policy only permit, as a condition of a license, reciprocal licensing of essential patent claims under the same standard? Or under the same "family" of related standards? What should the policy say about non-essential patent claims?

4. Place some limitations on the right of the patent holder who has made a RAND licensing commitment who seeks to exclude a willing and able licensee from the market through an injunction.

The proposal has its origin in the law of injunctions: if an aggrieved party (e.g., a patent holder claiming infringement) can be made whole by a monetary payment, then an injunction is not the remedy. Inherent in every patent, however, is the legal right to exclude someone from practicing the invention and no monetary payment can satisfy that legal right. Yet where a standards essential patent holder has made a RAND licensing commitment, the patent holder has arguably waived its legal right to exclude and has agreed to



RECENT LITIGATION REGARDING THE INTERFACE BETWEEN PATENTS AND INDUSTRY STANDARDS AND THE BEHAVIOR OF PATENT HOLDERS HAS OCCURRED ALMOST ENTIRELY IN THE TELECOMMUNICATIONS AND COMPUTING SECTORS.

accept a satisfactory monetary payment in exchange for including the technology in the standard. The proposal encourages SDOs to place "some limitations" on the right to pursue an injunction.

The U.S. government has recently espoused its views on this subject in a policy statement that the International Trade Commission should not issue exclusion orders under Section 337 of the Tariff Act in cases involving standards essential patents unless the patent holder has first offered a RAND license. This year, two U.S. District Courts in cases involving Microsoft/Apple and LSI Corporation/RealTek Semiconductor have agreed with this view and denied injunctive relief in the absence of a RAND license offer. It has been suggested that the right to seek an injunction should be limited to those situations where a licensee and licensor have not been able to arrive at agreement on RAND compensation (continued)

Standards Essential Patents in the Public Policy Eye (continued)

and the licensee has declined to submit to neutral arbitration or unwilling to accept the arbitrator's RAND determination.

ANSI's *Essential Requirements* do not speak to this issue, and very few SDOs have adopted an arbitration procedure to resolve these disputes.

5. Make improvements to lower the transactions cost of determining RAND licensing terms. Standards bodies might want to explore setting guidelines for what constitutes a RAND rate or devising arbitration requirements to reduce the cost of lack of clarity in RAND commitments.

For institutional reasons, SDOs are generally averse to getting involved in commercial discussions among parties to a licensing agreement and in most cases would be generally averse, if not incompetent, in writing royalty rate guidelines. Participants in the standards development process perceive the SDO as the neutral facilitator for managing an effective technical standards development activity, not for establishing commercial royalty guidelines. Arriving at consensus among the SDOs participants on this issue may be difficult for the SDO. For example, in the case of SDOs whose standards development activity cuts across a very wide terrain of industrial and commercial activity, any guideline is likely to lack utility in lowering transaction costs because no guideline could reasonably anticipate the differences in all these industries. Consideration of including a mandatory, binding third-party arbitration requirement in the licensing assurance requirements may be worth further discussion.

The proposal's primary concern is the difficulty that some parties have in reaching an agreement over what is "reasonable and non-discriminatory." Courts may be better suited to providing that clarity with some authority. Recent federal district court decisions have just

started illuminating how RAND royalties might be assessed. It may take a few more court rulings to fully flesh this subject out, and that guidance should assist parties to a licensing transaction to reach an agreement.

6. Consider ways to increase certainty that patent holders believe that disclosed patents are essential to the standard after it is set. The number of "essential" patents encumbered by RAND licensing commitments at certain standards bodies has increased exponentially in recent years.

The concern that "licensing commitments at certain standards bodies has increased exponentially in recent years" is underscored by the fact that some participants in the standards process routinely make licensing assurances regardless of whether the patent is actually essential so that they will not face legal risk and subsequently be accused of failing to make a disclosure and licensing assurance.

IT MAY TAKE A FEW MORE COURT RULINGS TO FULLY FLESH OUT HOW RAND ROYALTIES MIGHT BE ASSESSED, AND THAT GUIDANCE SHOULD ASSIST PARTIES IN REACHING AN AGREEMENT.



The proposal's recommendation that patent holders reconsider their disclosures and assurances after the standard is adopted attempts to address this fact and the proposal's concern is undoubtedly tied to the third proposal above concerning reciprocity.

The ANSI Essential Requirements do not explicitly define an "essential patent claim," and only parenthetically say it is "one whose use would be required for compliance with that standard." The American Bar Association's Standards Development Patent Policy Manual states the "definition of 'Essential Claims' is one of the most crucial definitions in an SDO's Disclosure Policy. It is used in two important contexts: (i) determining which patent Claims an SDO may require or encourage a Participant to disclose within the context of SDO activities and/or (ii) determining Claims for which a licensing commitment is sought from the Participant in SDOs having Licensing Commitments." The ASDs who adopt the ANSI Patent Policy verbatim only include ANSI parenthetical remark, but there are a number of nuances that could be clarified.

In closing her remarks to the ITU-T, Deputy Assistant Attorney General Hesse made clear that "implementation of these proposals has not been mandated by any of the division's enforcement actions and that we continue to engage in dialogue with standards bodies and their members to further refine our thinking about which practices would be most beneficial to competition. The division has found that determining which intellectual property policies to adopt is primarily a private matter for standards bodies so that industry can benefit from experimentation with different costs and benefits." The "six small proposals" are worthy of thoughtful discussion, and that discussion is currently underway within ANSI's Intellectual Property Rights Committee as well as among the Justice Department and SDOs. ☺

USNC Congratulates Kerry McManama! A Mind Open to All Possibilities

By Aliyah Esmail, IEC Communications Officer • Originally printed in IEC e-tech

e-tech talked to Kerry McManama, the new executive secretary and chief operating officer of IECEE (IEC System of Conformity Assessment Schemes for Electrotechnical Equipment and Components) to find out how he arrived at this point and the challenges he sees in his new role.

Engineering Is the Choice

e-tech: How did you decide to become an engineer?

McManama: Coming out of high school I didn't really know what I wanted to do. I wasn't sure what field I wanted to pursue or where my passion was. I joined the U.S. Navy and it trained me in electronics and in electricity, specifically as they relate to missile systems and gun fire control systems. I operated and maintained the computers and radars associated with those systems aboard ships.

When I got out of the Navy, I was hired by a local college to teach basic electronics. That kept me in the field of electronics. Then I changed jobs and went to work for a U.S. defense contractor. I worked for them for about a year, helping them to design and manufacture electronic countermeasure (radar jamming) equipment. At the time of my first performance evaluation I was told: "well Kerry, you've plateaued already. You're in the top position in terms of your training and you can't go any higher." I decided that I wasn't ready for my career to plateau at that point so I went back to school to get my bachelor of science degree in electrical engineering (BSEE) from the University of Illinois.

Coming out of university I was hired by UL (Underwriters Laboratories Inc.). I found the work fascinating enough to keep me there for 21 years. It was different all the time. You saw all kinds of products coming through the door. The work was never boring and monotonous,

and I was able to do a number of different things, both on the technical side and the business, or management, side.

After those 21 years, this job became available. I had greatly enjoyed working with the IEC tangentially in my work at UL. This prospect really excited me as it was a smaller company. UL was about 12,000 people, and here we have about a hundred. Going from a large corporation to a smaller company was something I found interesting and alluring.

Having worked with Chris Agius as the chairman of IECEx (IEC System for Certification to Standards Relating to Equipment for Use in Explosive Atmospheres), I was able to see the type of things that he was doing – business development in the Ex field of conformity assessment, working with stakeholders from all around the world – and that was something I wanted to do so I made the decision to try for this job.

Goals for the Future

e-tech: When you heard that you got the job, what things did you set out to achieve?

McManama: I came with an open mind. I didn't have any preconceived notions of what I wanted to do. I am still assessing where everything's at and what's going on. I don't want to make changes arbitrarily or too quickly. I understand that IECEE has been operating for a decade and a half or more and for the most part it seems to be serving its members well. My desire is not to muck that up. First I want to finish my assessment of where we're at, then I'm sure I'll apply my little touch here and there. Sometimes it will be visible and sometimes it won't be visible.

It's a system that has been operating



KERRY MCMANAMA, EXECUTIVE SECRETARY AND CHIEF OPERATING OFFICER, IECEE

for a long time. Most of the players who have been coming to meetings and participating in working groups have been here for years and years and years. They know every requirement, every comma and period in our Rules and Procedures. I have to get myself to that point so as to be able to be taken seriously and to be able to contribute. Right now I'm doing a lot of listening rather than talking. I would hope that in the near future I will perhaps be able to start putting my mark on things.

New Role, Greater Responsibility

e-tech: What challenges do you see in your new role?

McManama: There are challenges that come along because of changes to International Standards – and I don't even know if I want to classify them as challenges. Our certification bodies and test laboratories have to comply with ISO/IEC 17065, *Conformity assessment – Requirements for bodies certifying products, processes and services*, and ISO/IEC 17025, *General* (continued)

USNC Congratulates Kerry McManama! A Mind Open to All Possibilities (continued)

requirements for the competence of testing and calibration laboratories.

As International Standards change, the assessments that we perform also necessarily have to change to a certain degree because new requirements now exist. Our documentation has to change, our processes on how we function have to change, and it is a challenge to meet the new International Standards that come on board.

Our membership expects us to be efficient and cost effective, and they want us to provide value for the money that they pay to the IEC, and specifically to the IECEE System. We constantly have to show them that we are providing that value with fast responses to emails and questions and we have to do it in a cost effective way. They're being challenged in their companies to cut costs or be more efficient, and they expect the IEC

and IECEE to do the same thing.

Our challenge is always doing more with less at the same time as we are trying to provide better services and faster responses to the needs of the System. That's the kind of juggling act that is difficult to perform sometimes. And we have to be fair and consistent in how we apply the rules, as the secretary is often the arbiter for various aspects of such rules.

External Challenges

McManama: The IEC is a fairly known commodity in the marketplace and so too is the IECEE for the main part. Our biggest challenges are with the differing regulatory systems around the world. Where I, in my position, can step in is in assisting the regulatory agencies with any needs they may have in terms of regulations and Conformity Assessment

as they relate to electrotechnology equipment and components. There have been some successes in doing that, certainly at IECEX.

I think that IEC is viewed as a fair partner, a neutral player in terms of International Standards and Conformity Assessment. Because of that sense of neutrality and the mission and goals of the IEC, the IEC can help open doors to governmental agencies. The fact that we're a non-profit organization and that we're looking to facilitate global trade helps us get through doors and have discussions with regulators and users.

e-tech: *What technological challenges do you see in the future of IECEE?*

McManama: It is difficult to predict future technological changes. I think our main challenge is that we know change is coming – but sometimes we just don't know where it will occur.

If you had asked me that question 15 years ago, I perhaps would not have thought of renewable energies. Wind energy, marine energy and solar are things that have grown over the past 15 to 20 years to the point that we're now looking at a new system for those industries.

What's going to happen over the next 15 to 20 years in terms of technology? I'm not sure. If it continues along the line of renewable energies we'll see some new developments in terms of energy storage whether in terms of batteries or some other technique. It's tough to determine what will come in the course of the coming years.

Striving to Practice Fairness

e-tech: *If there is one thing you want people to know about you, what would it be?*

McManama: What do I want people to know? I think it's that I'm fair, collaborative, and consistent. ☺

LAUGH TRACK



"I can't remember. Are you my lawyer, or am I yours?"

Last Chance: Nominate Young U.S. Electrotechnology Professionals Now!

The USNC is seeking nominations of young electrotechnology professionals to participate in the upcoming IEC Young Professionals 2014 Workshop, which will be held on November 10–14, 2014, in Tokyo in conjunction with the 78th IEC General Meeting (GM). Nominations can be submitted using the [USNC Young Professionals Workshop Nomination Form](#) until April 30, 2014.

Now in its fifth year, the Young Professionals Workshop program was initiated to encourage emerging electrotechnology professionals' participation in standardization and conformity assessment activities. The U.S. Young Professionals selected for 2013 were:

Ethan Biery, Design and Development Leader, Lutron Electronics

Diana Bull, Energy Converter (WEC) Modeling Lead, Sandia National Laboratories

Chelsey Schweikert, Product Compliance Design Engineer, Solar Turbines Inc.

Mr. Biery was also one of only three international participants voted as a 2013 Young Professional Leader, acting as an ambassador for the program and helping to shape its ongoing activities.

2013 U.S. YOUNG PROFESSIONALS (L-R) ETHAN BIERY, DIANA BULL, CHELSEY SCHWEIKERT



IEC Young Professionals Programme

The USNC will select up to three young professionals to represent the United States at the 2014 workshop. The selectees may be employed by industry, the government, academic bodies, consumer organizations, or any other members of the U.S. standards and conformance community that uses, benefits from, or contributes to the IEC's work in electrotechnical standardization and conformance. The program is intended for individuals who have completed their undergraduate education and are in the early years of their professional career.

Alongside recipients from other nations, the USNC-selected young professionals will take part in a dedicated workshop covering information about the IEC and relevant strategies for international standardization and conformity assessment work. Participants will also be given the opportunity to visit local industry, receive guidance from a

mentor, and observe a meeting of the IEC Standardization Management Board (SMB) and Conformity Assessment Board (CAB). Individuals chosen to take part in the 2014 Young Professionals Workshop will be financially supported for their travel to Tokyo and for up to three nights of accommodations.

Candidates may be nominated by any interested stakeholder who is not a member of the program's selection panel; letters of support from members of the standardization community testifying to the candidate's appropriateness for the workshop and significant achievements to date are highly encouraged. Prospective candidates may also nominate themselves, but must provide at least one letter of professional recommendation and written assurance that their employers have agreed to allow them to attend the 2014 IEC GM if selected.

Candidates will be judged based on their demonstrated leadership and dedication in connection with standards and conformity assessment activities, as well as their vision of the larger commercial and strategic impact of standards and conformance work, and their accomplishments in their chosen field of activity.

Nominated individuals will be assessed by a selection panel made up of USNC officers, standing committee officers, former U.S. Young Professionals Workshop participants, and a pool of USNC Honorary Life Members. All individuals chosen to take part in the 2014 Young Professionals Workshop will be notified in July 2014.

More Information

To nominate yourself or another individual, complete the [USNC Young Professionals Workshop Nomination Form](#) and email by Wednesday, April 30, 2014, to Charlie Zegers, general secretary of the USNC, at czegers@ansi.org. ☺

SAVE THE DATE

Mark Your Calendar for Upcoming Meetings & Events

ABOUT THIS PUBLICATION

The USNC Current newsletter is distributed to the constituency of the National Committee (USNC) of the International Electrotechnical Commission (IEC). It provides updates on technical activities and other information of interest to members of the electrotechnical community. Some articles are reprinted with permission from the IEC News log.

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HOW TO CONTRIBUTE

Contributions are gladly accepted for review and possible publication, subject to revision by the editors. Submit proposed news items to: Tony Zertuche, USNC/IEC Deputy General Secretary, ANSI 212.642.4892

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Sunday – Thursday

20 – 24 April 2014

COPANT General Assembly

Havana, Cuba

Tuesday 22: Workshop – Education about Standardization (am);

Workshop – Young Professionals Programs (pm)

Thursday 24 – Workshop – Conformity Assessment

Friday – Sunday

25 – 27 April 2014

U.S. Science/Engineering Festival (Exhibit)

Washington, DC

Tuesday – Thursday

29 – 30 April, 1 May 2014

CAPCC/TMC/Council Meetings

Rockwell Automation, Mayfield Heights, OH

Friday

2 May 2014

“Setting Standards: A Simulation Exercise in Strategy and Cooperation in Standardization Processes” – for college students and new professionals

Rockwell Automation, Mayfield Heights, OH

Monday – Friday

5 – 9 May 2014

PASC Meeting

Malaysia

Monday 16 June 2014

CAB, Geneva

Tuesday

17 June 2014

SMB Meeting, Frankfurt

Wednesday 18 June 2014

CB, Geneva

Tuesday – Thursday

30 September, 1 – 2 October 2014

CAPCC/TMC/Council Meetings

TIA, Arlington, VA

Monday – Friday

10 – 14 November 2014

78th IEC General Meeting

Tokyo, Japan

Monday 10: SMB, CAB

Wednesday 12: CB

Friday 14: Council

Tuesday – Wednesday

18 – 19 Nov 2014

IEC Advisory Committee on Electromagnetic Compatibility (ACEC)

IEEE, Piscataway, NJ

For additional event info, visit www.ansi.org/calendar and search for “USNC” or “IEC.”

UPCOMING ISSUES OF THE USNC CURRENT

Q II Emerging Professionals and Other Value-Added Programs

Q III Smart Cities and the New IEC Systems Groups

Q IV Conformity Assessment