

**TELECOMMUNICATIONS INDUSTRY
ASSOCIATION
(TIA)**

IPR AND STANDARDIZATION

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Telecommunications Industry Association

The Telecommunications Industry Association (TIA) is a leading trade association which represents the global information and communications technology industries. As a full-service association it engages in the development of standards, representation of its members in government affairs, promoting business opportunities, and furnishing market intelligence. In addition, it sponsors certification programs and an additional service informing TIA members on environmental regulatory compliance throughout the world.

TIA has more than 600 member companies who are involved in telecommunications, broadband, mobile wireless, information technology, networks, cable, satellite, unified communications, emergency communications, and the greening of technology.

Originally organized in 1924 as a group of manufacturers and suppliers to the independent telephone industry in the United States, the group in 1979 incorporated as a separate association, the United States Telecommunications Suppliers Association (USTSA), sponsoring telecom exhibitions and seminars, including the sponsorship of the United States pavilion in the renowned World Telecom exhibit of the ITU. USTSA changed its name to TIA in April 1988 as a result of the merger of USTSA and the Information and Telecommunications Technologies group of the Electronic Industries Association (EIA).

TIA and Standards Formulation

TIA is accredited by ANSI, the American National Standards Institute. TIA sponsors over 70 standards formulating groups and is one of the largest producers of American National Standards. Its activities in standards and technology are described each year in the publicly available Standards and Technology Annual Report, now available on the TIA Website.

<http://www.tiaonline.org/standards/about/star.cfm>

Participation in TIA standards formulating groups is open to all interested parties and does not require TIA membership.

Standards and other technical documents are formulated in TIA pursuant to rules established in TIA's Engineering Manual. The Manual, which is reviewed periodically, was last revised effective March 10, 2005. To assist users of the Manual, TIA's relevant committee also prepared Guidelines to the intellectual property rights policy of TIA.

<http://www.tiaonline.org/standards/procedures/manuals/engineering.cfm>

Review of the Manual and Guidelines is done by the Intellectual Property Rights Standing Committee (IPRSC) which I have the privilege of chairing. The standing committee meets from time to time and is currently in the process of reviewing the Manual in the light of recent developments, including judicial and administrative proceedings. The changes in the 2005 Manual, some of which will be now highlighted, are reflections of that process and the work done by the IPRSC.

Standardization rules and policies

The process of standards formulation and the role of TIA in that process is introduced in the Guidelines:

“TIA is the administrator of the standards formulation process; TIA is not the writer of standards. This latter work is carried on by the many participants in the Formulating Groups and its sub-elements (also known as Engineering Committees, Subcommittees and Working Groups) who carry on the writing and developing of standards with the administrative oversight and assistance of TIA and its Standards and Technology Department.”

TIA's policy is similar in its treatment of intellectual property to the treatment in a number of internationally known standards formulation bodies, including the ITU, ISO, IEC, ETSI and IEEE. Although TIA is accredited by ANSI, some aspects of its policy deal with matters not dealt with by ANSI. However, TIA's policy is consistent with the ANSI policies, and subject to review and audit by ANSI, which has reaffirmed TIA's accreditation after such review.

TIA's policy differs from that of ANSI in two respects:

- TIA treats published pending patent applications in the same manner as issued patents;

and

- TIA applies its IPR policy to essential copyright in software subject, however, to certain cautionary provisions.

Software

TIA's Manual notes that "inclusion of software is to be discouraged, but guidance is given to a Formulating Group that opts for its inclusion."

"In general, TIA discourages Formulating Groups from including essential copyrighted software in a Standard in such a manner that the Standard cannot be practiced without infringing the copyright rights in the absence of a license. It should also be noted that if a different expression of the same ideas as are contained in the copyrighted software is possible so those wishing to do so may practice the Standard without infringing the copyright, then such copyright is not deemed essential and these guidelines do not apply."

"If a Formulating Group is considering a decision to incorporate copyrighted Software as a Normative element in a Standard, then the following shall apply:

- (a) Software Copyright Holder shall submit, in addition to a submission cover sheet with required elements as specified in Section 6.4.5, and as part of its submission, a Software Copyright Statement in the form of ANNEX 1, "Software Copyright Holder Statement."**
- (b) if the Formulating Group so decides, a submission of Software will not be considered for inclusion in a Standard unless the Software Copyright Holder agrees to grant a license to all who apply for it for the purpose of evaluating the Software for inclusion in the proposed Standard." A prescribed license agreement is provided in ANNEX J of the Manual, Software Evaluation License.**
- "(c) the Formulating Group shall use reasonable efforts to define responsibility for the maintenance of the Normative Software."**

Essential IPR Disclosure

Like many others, TIA encourages the early disclosure of essential patent claims, but does not mandate disclosure and does not require the making of a search for patents.

To further such encouragement, TIA takes a three-part approach:

(i) The chairs of formulating groups are required to insure that everyone in attendance is aware of TIA's intellectual property rights policy and where it can be found.

(ii) The second part of the approach is a notification on each ballot for a proposed standard encouraging the identification of essential patent claims or published patent applications.

(iii) Finally, the Manual provides for an optional, voluntary disclosure statement on a submission cover sheet. For this purpose, TIA provides a suggested submission form (Annex G.1), some provisions of which are mandatory when this form is used.

Patent Holder Statements

When a party is prepared to submit a patent holder's statement to TIA, it is required to use the form appended to the Manual as Annex H. Patent holder statements are archived in the TIA Website containing the following cautionary note:

“TIA's IPR patent holder statements contain patent holder statements or copyright holder statements which have been provided to TIA and claim IPR or pending patent applications as being essential, or potentially essential, to the implementation of TIA standards. Unless otherwise specified, all patent holder or copyright holder statements contained herein have been provided to TIA, with an undertaking from the owner to grant licenses according to the terms and conditions of TIA's Engineering Manual which contains TIA's patent policy.

TIA makes no representations or warranties, and disclaims any and all responsibility, with respect to the accuracy, correctness, completeness or scope of such statements, or any claims of IPR contained or identified therein.”

The use of the Patent Holder Statement as contained in the Manual is mandatory. Among the statements' central provisions are the following (emphasis added):

“On behalf of the above Patent Holder, and being authorized by the Patent Holder to make such statements, the following is indicated:

With respect to any Essential Patent(s) necessary for the practice of any or all Normative portions of the above Reference Document as it exists on the date of submittal of this form, should such Reference Document be approved as a Standard.

Patent Holder Statements (Cont'd)

The undersigned Patent Holder states one of the following:

a) A license under any Essential Patent(s), the license rights to which are held by the undersigned Patent Holder, will be made available to all applicants under terms and conditions that are reasonable and non-discriminatory, without monetary compensation, and only to the extent necessary for the practice of any or all of the Normative portions of the above Reference Document for the field of use of practice of the Standard;

OR

b) A license under any Essential Patent(s), the license rights to which are held by the undersigned Patent Holder, will be made available to all applicants under terms and conditions that are reasonable and non-discriminatory, which may include monetary compensation, and only to the extent necessary for the practice of any or all of the Normative portions of the above Reference Document for the field of use of practice of the Standard.”

Either Paragraph (a) or (b) “whichever is selected above, may be modified below by marking one or both of the following:

(i) The commitment to license above selected will be made available only on a reciprocal basis. The term “reciprocal” means that the licensee is willing to license the licensor in compliance with either Paragraph (2a) or (2b) above as respects the practice of the above Reference Document.

(ii) The undersigned Patent Holder hereby limits its commitment to license under either Paragraph (2a) or (2b) above to the Essential Patent(s) identified by issuance and filing dates and numbers on Exhibit “A” attached hereto, and represents that Exhibit “A” contains all the undersigned’s known licensable Essential Patent(s) rights, as of the date stated below, only to the extent necessary for the practice of any or all of the Normative portions of the above Reference Document. The undersigned Patent Holder undertakes to advise TIA of any licensable Essential Patent(s) rights of the undersigned which become known to the undersigned after this date and to notify TIA whether a license will be made available with respect thereto in accordance with the TIA IPR Policy. Nothing in this statement requires the undersigned Patent Holder to make a patent search.

Patent Holder Statements (Cont'd)

The statements contained in Paragraphs (2a) or (2b), if marked, along with any modifications selected above are irrevocable and shall be binding upon the undersigned. In the event the rights of the undersigned in and to the Essential Patent(s) subject to such commitments are assigned or transferred, the undersigned shall notify the assignee or transferee of the existence of such commitments.

Another optional statement is provided in the mandatory form applicable to software statements: “The license made available by the undersigned will include the right to modify the Software, provided the licensee is willing to make available to the licensor a license to reproduce, use and distribute any modifications to the Software, in both cases and only to the extent necessary for the practice of any or all of the Normative portions of the above Reference Document for the field of use of practice of the Standard.”

Some of the current issues under consideration by the IPRSC.

1. A definition of the term “Open Standards.” The attached draft of this document has been completed by the IPRPC and is being sent to TIA’s governing bodies for consideration as an expression of TIA policy. Some key points will be summarized in this presentation.
2. The “Irrevocable” Clause and whether it should be amplified further in the light of recent legal developments in U.S. law or discussions underway in other standards bodies. A recent development relating to the issue of revocation is the action of the U.S. Federal Trade Commission, concerning which TIA has filed comments, in the N-Data case. Both the FTC’s explanation of its action and the TIA comments are available on the FTC Web site.
3. Whether to reduce to writing the existing option to include unilateral, voluntary *ex ante* licensing statements. It is the practice of TIA to allow such a statement to be affixed to a Patent Holder Statement, but the practice has not been previously discussed in the Manual.
4. The IPRSC has recently voted not to provide for any further expansion of any *ex ante* requirements or options.

Patent Holder Statements (Cont'd)

The current policy of TIA as respects the discussion of licensing terms at a TIA meeting is explained in the Guidelines:

"The new Manual ... also formalizes what has been the policy of TIA--that it will neither be a party to the discussion of licensing terms and conditions nor will it get involved in the issue of whether proposed licensing terms and conditions are reasonable or non-discriminatory. These are matters for resolution by the parties, and they are not the proper subject matter for any discussion at a meeting of TIA or any of its committees or working groups."

FTC vs. N-DATA

- The Federal Trade Commission (Commission) voted to issue a Complaint against Negotiated Data Solutions LLC (N-Data) and to accept the proposed consent agreement settling it. The Complaint in this matter alleges that N-Data reneged on a prior licensing commitment to a standard-setting body and thereby was able to increase the price of an Ethernet technology used by almost every American consumer who owns a computer. Based on the facts developed by staff during the investigation, the FTC found reason to believe that this conduct violated Section 5 of the FTC Act.
 - <http://www.ftc.gov/os/caselist/0510094/index.shtm>
- TIA filed comments during the public comment phase of the proceeding at the FTC.
 - <http://www.ftc.gov/os/comments/negotiateddatasol/534241-00015.pdf>

Open Standards

- TIA believes market-driven **Open Standards** can help promote competition and innovation. Such standards are developed or ratified through a **voluntary, open and consensus-based process**.
- The patent policies of standards organizations typically find a **balance among differing interests**. For example, implementers need to access and use patented technology included in the standard. Patent holders need to preserve their rights in a way that encourages them to contribute their innovative solutions to the standardization effort. “RAND” patent policies seek to provide this type of balance by helping to make that patented technology available to all on “reasonable and non-discriminatory” (*i.e.*, RAND) terms and conditions.

Open Standards (cont'd)

- Consistent with this voluntary, open and consensus-based process, globally recognized standards bodies like TIA, ISO, IEC, ITU, ETSI, IEEE, etc. all produce **Open Standards** that address many important ICT challenges in the marketplace while preserving incentives for further innovation and improvements over time.

- For example, TIA supports the Global Standards Collaboration (GSC) Resolution that outlines the following elements of an “Open Standard”:
 - The standard is developed and/or approved, and maintained by a collaborative consensus-based process;
 - Such process is transparent;
 - Materially affected and interested parties are not excluded from such process;
 - The standard is subject to RAND/FRAND Intellectual Property Right (IPR) policies which do not mandate, but may permit, at the option of the IPR holder, licensing essential intellectual property without compensation; and
 - The standard is published and made available to the general public under reasonable terms (including for reasonable fee or for free).
 - **Resolution GSC-12/05: (Opening Session) Open Standards - www.gsc.etsi.org**

Open Standards (cont'd)

- Recently, there have been some attempts to re-define “Open Standards” that may disrupt this process and its related balance of interests. The concept of “open” is being equated with patented technology that is “free” (without payment) or “free to use freely” (without payment and without any restrictions). These proposed re-definitions are being used to advocate policy changes that would undermine the rights of those who have invested in the development of the standardized technology.
- While the notion of patents being “free to use freely” is superficially attractive, like most “free” things, it comes at a cost. Technological capabilities and innovations most often result from substantial investments in R&D. Such investments typically drive the growth of the investor’s patent portfolio. If patent holders in standards-setting activities are expected to give away or waive their patent rights, there are likely to be significant adverse results including:

Open Standards (cont'd)

- Technology leaders will reduce or cease participation in (or technical contributions to) voluntary standards-related activities, or
- Individuals and organizations will not invest (or will invest less) in the development of innovative and next-generation technology in the technical areas subject to standardization, thereby creating innovation “dead zones” in those areas.
- These types of adverse results would cause (a) the standardization system; (b) its open, voluntary and consensus-based process; and (c) ultimately the resulting Open Standards, to be less effective or successful than they are today.
- Moreover, TIA believes that these results would have a negative impact on global respect for intellectual property that helps stimulate innovation and develops local economies around the world.

Open Standards (cont'd)

Open Standards are Different from Open Source Software (OSS)

“Open Source” Software should not be confused with “Open Standards”:

- Open Standards are technical specifications that are developed and ratified through the open, voluntary, consensus-based process described above.
- “Open Source” Software is software distributed with the source code openly available under a certain specified software distribution license. Open Source Software is distributed under license, often for “free” by distributors who charge instead for other products or services, including upgrades or full-feature proprietary software licenses, customization and maintenance services for the software, or related consulting and integration services.

Open Standards (cont'd)

- While an implementation of a particular standard may be distributed under an Open Source Software license, the development of the standard is independent of the license that the distributor of an implementation may ultimately choose to adopt. The standards development process is neutral to accommodate and balance the interests of all stakeholders and all business models.
- **TIA strongly favors the traditional fundamental elements of Open Standards which support a balance of interests that preserves the incentives to innovate and spreads development costs in and around technology areas that are subject to standardization.**
- In doing so, TIA notes the important distinction between “Open Standards” and “Open Source Software,” which should not be confused.