



## ITU Kaleidoscope 2014

Living in a converged world - impossible without standards?

# STANDARDS: INHOSPITABLE TERRAIN FOR INNOVATION?

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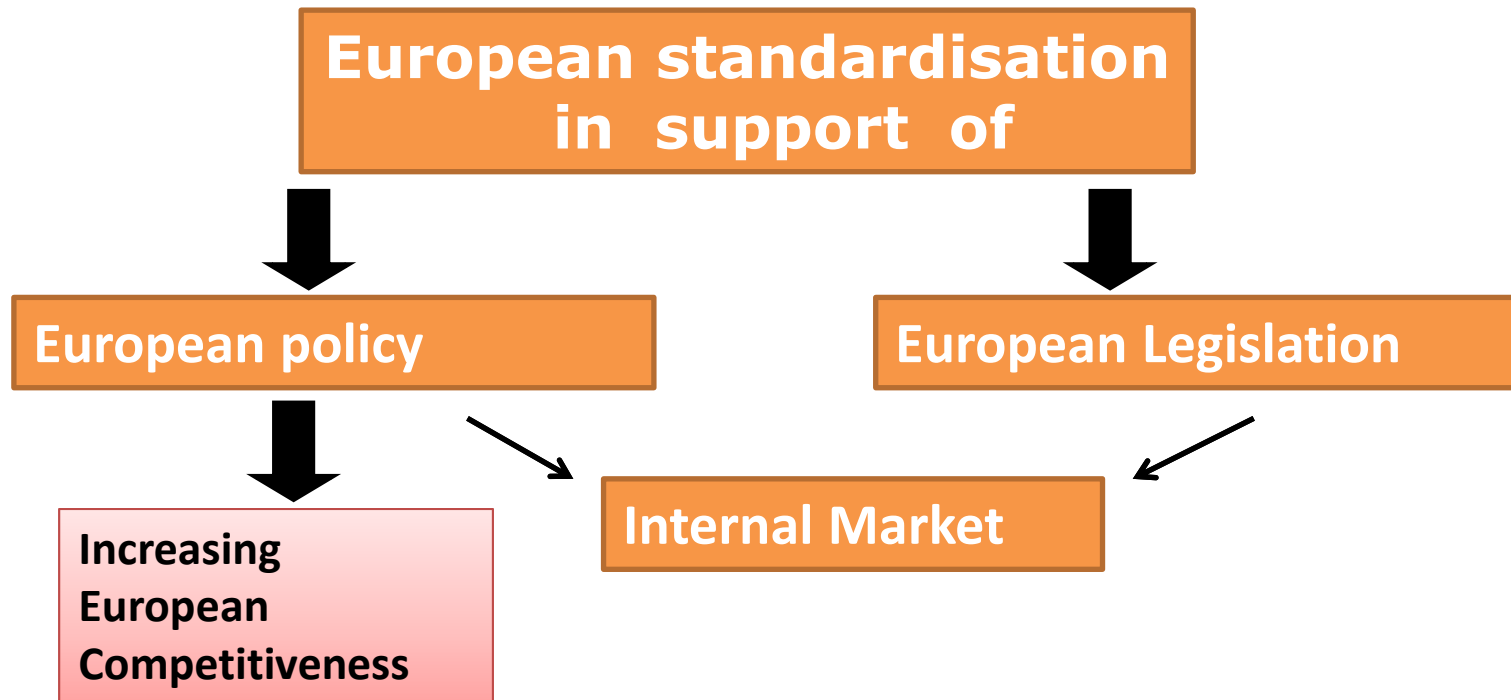
# Purpose of the Paper

- To Explore the correctness of the uncategorical assumption that standardisation is a catalyst for innovation.

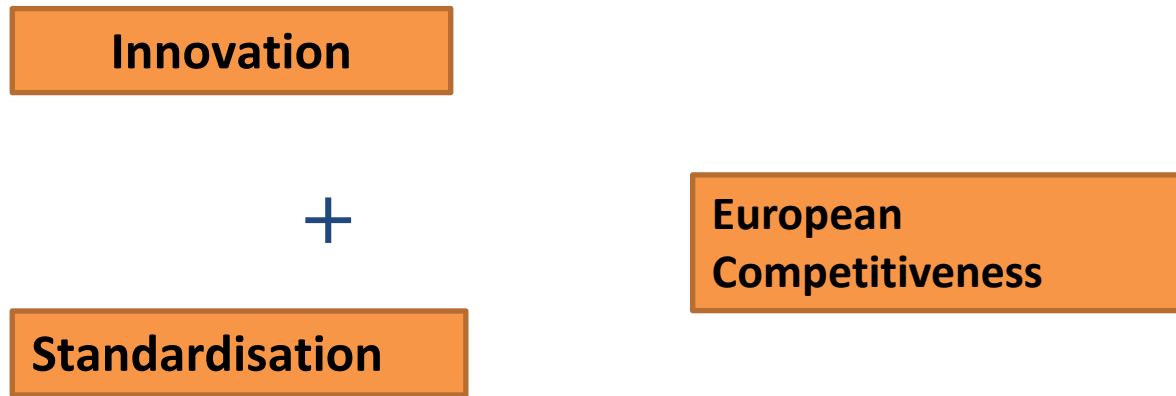
# Paper Structure

- EU stance on the link between standardisation and innovation
- The EU legal framework on ICT standardisation
- The possible drawbacks of standardisation on innovation in light of SMEs
- Conclusion

# EU Stance on Standardisation



# EU Stance on Standardisation



Standardisation harnessing and rewarding the innovation, leading to increased competition. (Horizontal guidelines, chapter 7)

# EU policy for ICT standardisation

## **2009 White Paper setting the goals for EU ICT standardisation framework**

- The use of ICT in Public Procurement;
- Fostering synergy between ICT research, innovation and standardisation
- Solving the issues concerning Intellectual Property Rights in ICT Standardisation

# Reg. (EU) NO 1025/2012

**ICT standards are singled out and put in the context of public procurement**

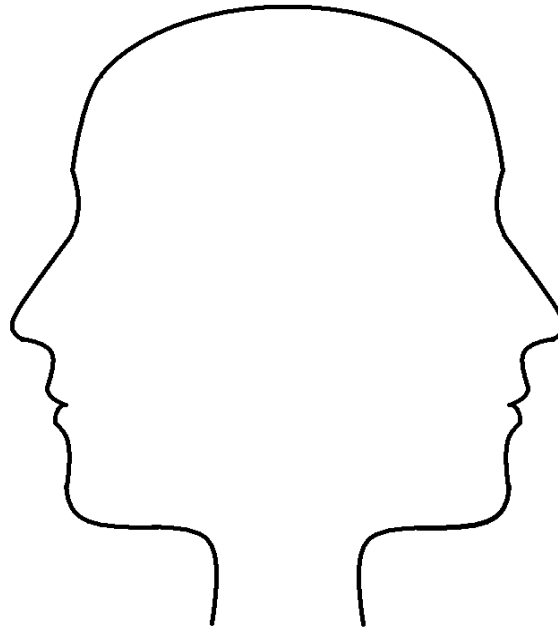
**Steps enabling referencing to selected ICT technical specifications in public procurement :**

1. *Proposals from European Commission and /or Member States*
  2. **Criteria for identification in Annex II** (*market acceptance, enhance interoperability, no conflict with European standards, openness, consensus, transparency, maintenance, availability, IPR FRAND (fair, reasonable and non-discriminatory) licensing policy, relevance, neutrality and stability, quality*)
  3. *ICT multi-stakeholder platform as a consultative entity*
- **Commission Implementing decision of 3 April 2014**, identified 6 ICT technical specifications eligible for referencing in ICT

# Two faces of Janus: standardisation

## Standardisation

Harnessing Innovation



Stifling Innovation

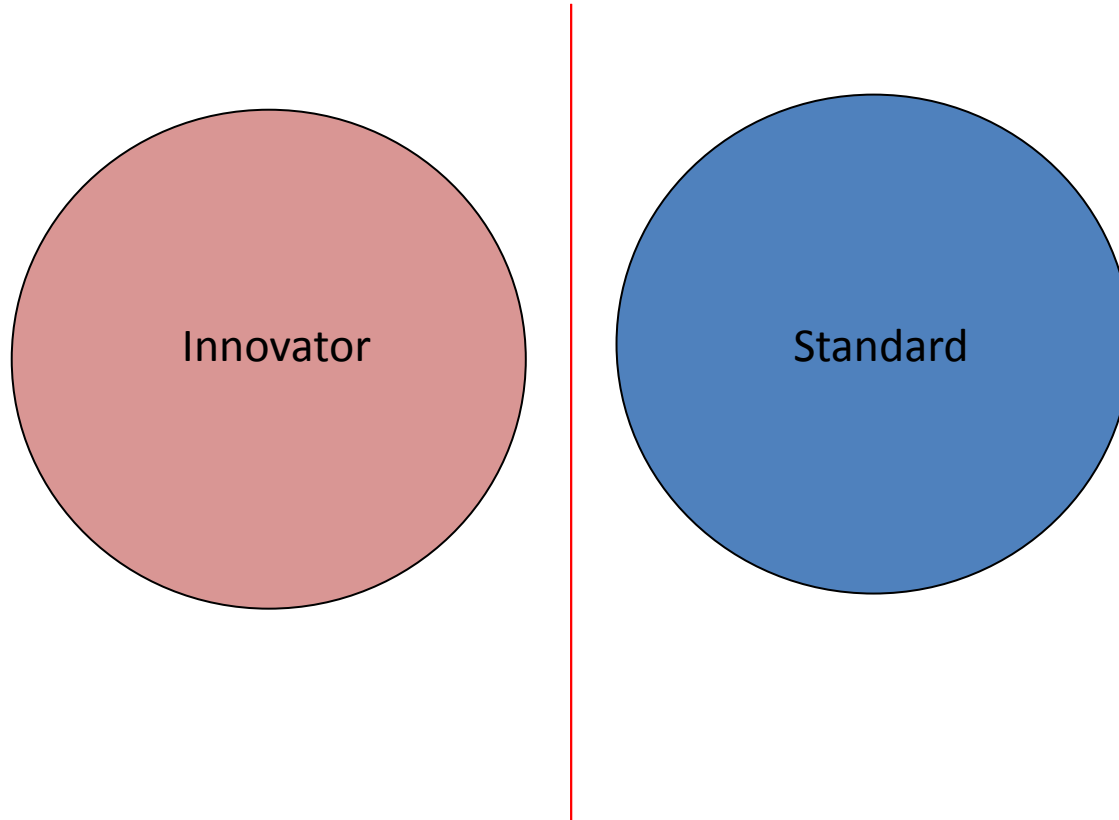


# Restrictive Effects on Innovation?

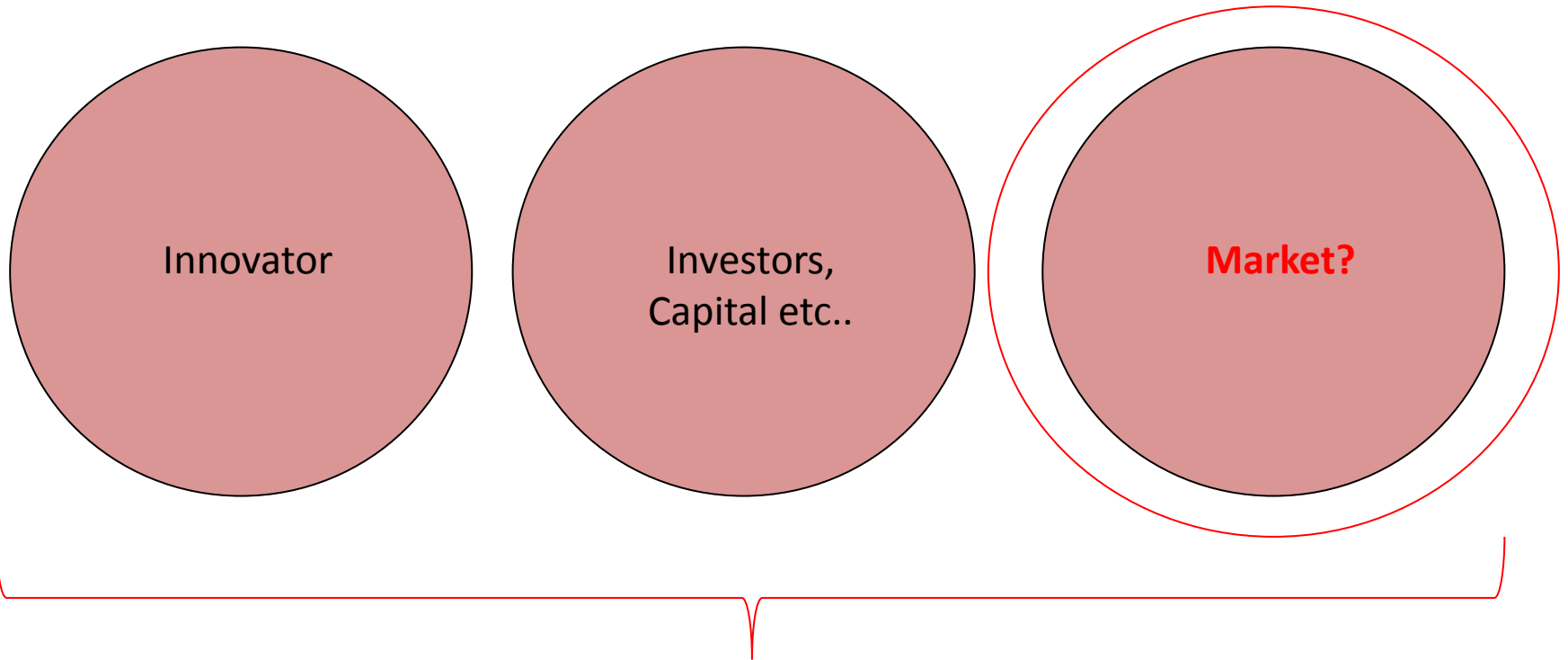
Standard-setting can, in specific circumstances, give rise to restrictive effects on innovation or technical development. This can occur through foreclosure of innovative technologies and exclusion of, or discrimination against, certain companies by prevention of effective access to the standard.

Despite the fact that the innovator may be confident of developing technology superior to those already existing in the standard, they may well choose not to do so where its inclusion in an existing standard seems unlikely.

# Innovation Lockout?



# Innovating



# How to Harness Innovation

While a standard is being developed, alternative technologies can compete for inclusion in the standard. However, the choice of alternative technologies and the subsequent standard is capable of exclusion.

Parts of the standardisation process could potentially lead to innovation concerns. As a starting point the inclusion into the process of technology holders in a meaningful way is required, open access to the process becomes essential.

# Principles of Participation

Where participation in standard-setting is unrestricted the potential for greater technology pooling and incremental innovation is enhanced.

This requires not only participation but also certainty:

- the procedure needs to be transparent;
- the process must be inclusive and weighted.

# Incentive to Participate?

Electronic Communication Related Turnover (mIn)	Votes
<b>SMEs</b> Small medium enterprises, universities, public research bodies and not-for-profit user associations, user & trade associations, additional membership, Micro-enterprises	<b>1</b>
Up to 15	2
136 to 200	3
201 to 450	6
451 to 700	9
701 to 1350	13
1351 to 2000	18
2001 to 3500	24
3501 to 5000	30
5001 to 8000	37
<b>above 8000</b>	<b>45</b>

Source: Mario Marionelli, Lund 2013

# Can the Law do More?

- Yes.
- Current legal framework:
  - Competition Law;
  - Free Movement Law;
- Something missing??
  - Regulate the SSO's in a more comprehensive way, placing greater emphasis on the principles of standardising, inclusion, transparency and participation.

# Take Away Points

- Standardization's positive link with innovation is not absolute;
- Effective standardization must relate to larger EU policy goals, i.e. European Competitiveness;
- There must be a supportive and complimentary legal framework to support these goals and facilitate participation in standard setting activities;
- There is need for a regulatory/legal catch on SSO's to monitor and ensure standardization processes are transparent, inclusive and free from abusive influence.