

IEEE Standards Association Patent Policy

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A good standards-setting process

- Recognizes importance of balancing interests of all participants
- Depends on spirit of cooperation among competitors
- Optimizes for a consensus outcome in a timely fashion

Emerging trend: Get essential patents into standard

- **Many standards have significant market impact**
 - Owners of essential patents can leverage result of the cooperative effort - the standard
 - Alternative technologies not adopted are disadvantaged
- **Competition for essential patents often affects working group effectiveness by:**
 - Increasing competitive posture
 - Creating an imbalance, impacting group's ability to function

Unbalanced IPR Policy: The effect on the standards process

- **Competition for essential patents elevates competitiveness in the working group**
- **Higher levels of competition have the following effects:**
 - **Process becomes confrontational**
 - **Participants become frustrated and lose confidence in their peers**
 - **Time to reach consensus increases dramatically**
- **In other words, the process breaks down**
 - **Consensus becomes difficult or impossible**
 - **Complaints arise citing a burdensome process**
- **Analysis of these issues helped highlight possible areas of improvement to IEEE-SA's IPR Policy**

Objective: **Improve IEEE-SA's Patent Policy**

Objectives targeting a balanced policy

- **SDO's patent policy should be designed to balance**
 - Needs of those implementing a standard
 - Comments of intellectual property owners of technology necessary to implement that standard
- **IEEE-SA's objectives included**
 - Restoring balance
 - More transparency earlier in process
 - Increasing confidence in commitments
 - Ensuring global applicability

IEEE Patent Policy

Basics & Baseline Similarities

- **Basis of Patent Policy consistent with RAND-based policies of other organizations**
 - Assurance required, not specific disclosure
 - RF or RAND with reasonable terms and conditions
 - Inclusion of common terms in eventual license; such as *reciprocity*, *choice of law*, or *arbitration* in the eventual license
- **However, IEEE-SA has enhanced its Patent Policy to make it more durable, dependable, and usable**

Restoring balance

- **Analysis of legacy policy suggested imbalance**
 - **Favored IP owner**
- **Supporting data from several court cases & other forms of governmental intervention regarding process**
 - **Ex-post hold-ups**
 - **Replacement of prior assurance commitments with new, more onerous terms**
- **IEEE-SA enhancements represent initial steps taken to restore confidence and improve balance of all stakeholders**

More transparency earlier in process

- Clear definitions of common terms
- Participants' obligations to disclose awareness of potentially essential patent claims
 - Must identify if holder is self, employer, or affiliate
 - Strongly encouraged to disclose third-party holders
- Allows disclosure of rates, terms, and conditions early in technology selection process
- Allows participants to be informed of assurances
 - Web-accessible letters of assurance are
 - Easy to find and understand
 - Available 24/7
- Specifically allows consideration of licensing costs as part of relative cost comparison activities during technology selection process

Increasing confidence in commitments

- **Specifies applicability of assurance to affiliates**
- **Makes assurances irrevocable**
- **Clearly states duty of participants**
- **Establishes duty to update assurances**
- **Requires notification to assignees/transferees**
- **Ensures IP commitments are global**

Ensuring global applicability

- **High-quality, globally relevant standards are borderless**
- **As a global SDO the IEEE-SA's policies must be globally relevant**
 - **Borderless in applicability**
 - **Applied consistently worldwide**
 - **Ensure a fair and balanced environment for all participants**

The new IEEE-SA Patent Policy

- **Approved by the IEEE-SA in December 2006**
- **Received favorable Business Review Letter from U.S. Department of Justice in April, 2007**
- **Went into effect on 1 May 2007**

IEEE Patent Policy Support Materials

- **Education and support material available at <http://standards.ieee.org/board/pat/pat-material.html>**
 - **Tutorial**
 - **Frequently asked questions (FAQs)**
 - **Working group “call for patents” slides**
 - **Sample letter requesting a Letter of Assurance**
 - **Flow chart**

Observations

- **Very important to ensure proper education on new policy prior to implementation**
- **Concerns that the policy enhancements were too onerous were unfounded**
- **Working groups value ability to include consideration of licensing costs in technology selection efforts**
- **Starting to see assurances with terms and conditions**

Considerations

- One size does not fit all
- Efforts to balance all stakeholder interests requires continuous attention
- Some tools worth considering in IPR policies:
 - Endorsement thresholds
 - Disclosure of essential patents
 - Licensing commitments as early in the development process as reasonable
 - Disclosure of license terms
 - A precise definition of terms, including “RAND”

Thank you!

