**PATENT ROUNDTABLE**

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**SEP litigation and RAND licensing commitments**

Litigation concerning standard-essential patents (SEPs) is particularly interesting from the policy making perspective: This issue concerns the role of patents in the promotion of innovation and the need to strike sustainable compromises between opposing interests within the industry and *vis-à-vis* consumers, as well as between the areas of patent law and policy, competition law and policy, and standard setting.

According to the World Trade Organization’s (WTO) Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), “the protection and enforcement of intellectual property rights should contribute to the promotion of technological innovation […]” (Article 7 on Objectives of the Agreement). Attempts to use SEPs to extract royalties that extend beyond the commercial value of the patent or to block competition by refusing a license to a willing and able competitor may in many cases run counter to this public policy objective.

On the other hand, patents cannot fulfill their public policy objective if they are of little value to the patent holder. In the case of patent infringement, remedies must be available to enforce the patent. The question arises whether a patent holder, by participating in standard setting activities and thereby committing to license its patent on reasonable and non-discriminatory (RAND) terms, may be subjected to a limitation of those legal remedies that are usually available in the case of patent infringement. Recent case law in the United States has attached considerable importance to the potential blocking effects of SEPs, excluding the availability of injunctions and instead referring the right holder to the award of damages.[[2]](#footnote-2)

The ITU Patent Roundtable should provide the possibility to exchange views on the impact of RAND commitments on patent remedies and the wider implications for innovation. Special attention should be paid to the situation in developing countries, where companies in order to become competitive depend on the accessibility of standards, but may lack the expertise to participate in standard setting activities and may not own a patent portfolio sometimes needed for the negotiation of favorable licensing terms with holders of SEPs.[[3]](#footnote-3)

In addition, there is a need to discuss the potential role of multilateral institutions in the areas of standard setting, intellectual property and trade. The decision by the Chinese Government to develop national standards and to temporarily exclude certain international standards[[4]](#footnote-4) may have had multiple reasons, but there should be increased efforts at the multilateral level to ensure the participation of emerging economies and developing countries in standard setting activities. A division of standards is harmful to international trade, to the detriment of the industry and the consumer, and should thus be avoided. The handling of SEP litigation and the interpretation of RAND play an important role in this regard.

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1. \* Legal Expert, Intellectual Property Unit, UNCTAD. The views expressed in this contribution are the author’s personal views and may not be attributed to UNCTAD. [↑](#footnote-ref-1)
2. *Apple, Inc. v. Motorola, Inc.,* 22 June 2012, United States District Court for the Northern District of Illinois (Eastern Division). The decision referred to the 2006 *eBay v Merc Exchange* decision by the US Supreme Court, which had established clear limitations on the availability of injunctions in patent infringement cases. [↑](#footnote-ref-2)
3. See UNCTAD-ICTSD Policy Brief No. 3, February 2009, “Addressing the Interface between Patents and Technical Standards in International Trade Discussions” (<http://unctad.org/en/docs/iprs_pb20093_en.pdf>). [↑](#footnote-ref-3)
4. Ibid, pp. 7/8. [↑](#footnote-ref-4)