

METI JPO-RIETI国際シンポジウム
標準必須特許を巡る紛争解決に向けて
プレゼンテーション資料

クリスチャン・ロヤウ
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Welcome to the World of Standards



IDEAL MODALITY OF NEGOTIATIONS ON SEP LICENSING

Presented by Christian Loyau for JPO-RIETI International Symposium “Licensing 5G SEPs”

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- What are good-faith licensing negotiations?
- How can the information on SEPs be made more transparent?

- Introduction of the opinion of Advocate General Wathelet delivered on 20 November 2014 in Case C-170/13 Huawei Technologies Co. Ltd v ZTE Corp., ZTE Deutschland GmbH

(8) In the light of the questions submitted by the referring court, I shall confine my observations in this Opinion to competition law and, in particular, to the question of abuse of a dominant position.

CASE C-170/13 - HUAWEI V ZTE

- SEP holder must notify SEP user of alleged infringement
 - SEP user must state willingness to enter into license agreement
 - SEP holder must make specific FRAND offer
 - SEP user must respond diligently, in good faith, without delay
 - If rejected by SEP user, SEP user must promptly submit FRAND counteroffer
 - If rejected by SEP holder, SEP user must provide security and render accounts
 - SEP user may not be criticized for challenging validity and essentiality
 - Parties may by agreement request 3rd party to determine royalty
- => No abuse of dominant position when injunction**

Art. 12: "Law and Regulation" of ETSI IPR Policy

The POLICY shall be governed by the laws of France. However, no MEMBER shall be obliged by the POLICY to commit a breach of the laws or regulations of its country or to act against supranational laws or regulations applicable to its country insofar as derogation by agreement between parties is not permitted by such laws.

Any right granted to, and any obligation imposed on, a MEMBER which derives from French law and which are not already contained in the national or supranational law applicable to that MEMBER is to be understood as being of solely a contractual nature.

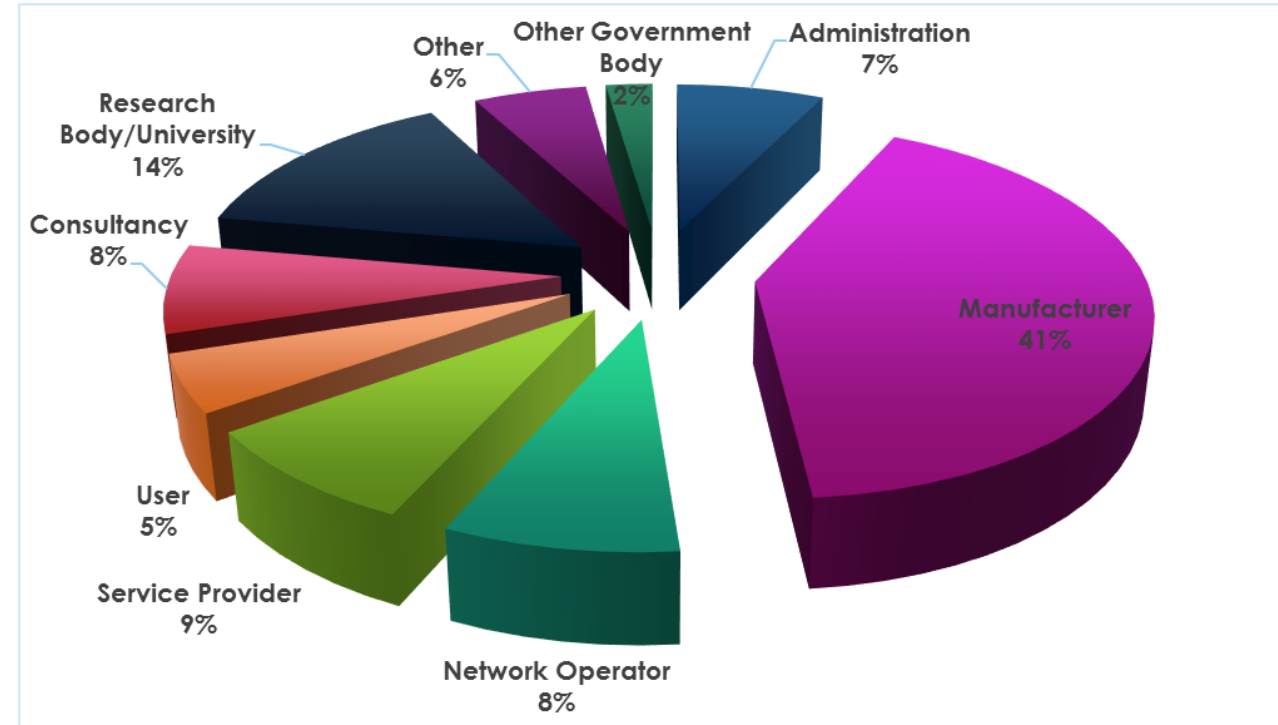
- License agreement presents the characteristics of a lease agreement provided it complies with the code of intellectual property - Art. 1713 s. C.civ
- Art. 1104 C.civ
« Contracts must be negotiated, formed and executed with good faith »
- Art 1112 C.civ
« The initiative, the conduct and the termination of pre-contractual negotiations are free. They must satisfy good faith requirements»

Divergent landmarks

- Germany : Düsseldorf and Mannheim seem to have different views
 - Possibility to modify a FRAND offer
 - Burden of proof
 - Review of the FRAND defence
 - Prior notification before injunction
- UK: Unwired Planet v Huawei
 - ECJ ruling; a scheme
 - Prior detailed license proposal advisable but no requirement
- France: Appeal postponed in the Core Wireless v LG case

- Patent holders having a clear, accessible, coherent, concise licensing policy will definitively be favorably looked at and be at an advantage by courts or arbitral tribunals.

- Over 800 companies, big and small, from 68 countries on 5 continents
- Manufacturers, network operators, service and content providers, national administrations, ministries, universities, research bodies, consultancies, user organizations



A powerful and dynamic mix
of skills, resources and
ambitions

- ETSI: Non profit organization organized under French laws – no agency of the EC
- EC : Counsellor – attend GA & can participate at Board, SC, Technical without right to vote
- ETSI: membership driven organization working either by consensus or by voting
- ETSI' IPR policy: integral part of the Rules of Procedure (Annex 6) –only the General Assembly can modify Statutes and Rules of Procedures
- ETSI's IPR Policy: EC has obtained exemption pursuant to Art. 85 (now Art.101) of the EC Treaty (95 /C 76/05)

ART.4: “DISCLOSURE OF IPRS” OF ETSI IPR POLICY

- 4.1 Subject to Clause 4.2 below, each MEMBER shall use its reasonable endeavours, in particular during the development of a STANDARD or TECHNICAL SPECIFICATION where it participates, to inform ETSI of ESSENTIAL IPRs **in a timely fashion**. In particular, a MEMBER submitting a technical proposal for a STANDARD or TECHNICAL SPECIFICATION shall, on a bona fide basis, draw the attention of ETSI to any of that MEMBER's IPR which **might** be ESSENTIAL if that proposal is adopted.
- 4.2 The obligations pursuant to Clause 4.1 above **do however not imply any obligation on MEMBERS to conduct IPR searches**.
- 4.3 The obligations pursuant to Clause 4.1 above are deemed to be fulfilled in respect of all existing and future members of a PATENT FAMILY if ETSI has been informed of a member of this PATENT FAMILY in a timely fashion. Information on other members of this PATENT FAMILY, if any, may be voluntarily provided.
- "IPR" shall mean any intellectual property right conferred by statute law **including applications** therefor other than trademarks. For the avoidance of doubt rights relating to get up, confidential information, trade secrets or the like are excluded from the definition of IPR.

ART.6: “AVAILABILITY OF LICENCES”

- 6.1 When an **ESSENTIAL IPR relating to a particular STANDARD or TECHNICAL SPECIFICATION** is brought to the attention of ETSI, the Director General of ETSI shall immediately request the owner to give within three months an irrevocable undertaking in writing that it is prepared to grant irrevocable licences on fair, reasonable and non-discriminatory (“FRAND”) terms and conditions under such IPR to at least the following extent:
- MANUFACTURE, including the right to make or have made customized components and sub-systems to the licensee's own design for use in MANUFACTURE;
 - sell, lease, or otherwise dispose of EQUIPMENT so MANUFACTURED;
 - repair, use, or operate EQUIPMENT; and
 - use METHODS.

The above undertaking may be made subject to the condition that those who seek licences agree to reciprocate.

FAIR REASONABLE AND NON DISCRIMINATORY

- Patent protection & open standardization serve innovation but can be conflicting
- No priority can be given to any of the principles of either system
- Therefore ETSI is eager to maintain the balance
- Freedom to contribute by the members + FRAND license commitment => business neutrality of ETSI
- No involvement of ETSI in commercial discussions between members => no contractual definition of FRAND
- FRAND purpose : make innovation open and attractive

More Generally

- **Transparency:** No effective tools for potential licensees to identify and verify the relevant patents needed to license in order to implement the standardized technology
- **Valuation:** No widely accepted valuation methodologies and therefore no predictability of licensing fees
No sufficient details about the terms “fair”, “reasonable”, and “non-discriminatory”
- **Enforcement:** Litigation on SEP/FRAND + high costs prevent implementers to rely on standardized technologies.
No enforcement certainty for SEP

“The Commission:

- calls on SDOs to urgently ensure that their databases comply with the main quality features described above and will co-operate with SDOs to facilitate this process;*
- calls on SDOs to transform the current declaration system into a tool providing more up-to-date and precise information on SEPs and will co-operate with SDOs in order to facilitate that process;*
- considers that declared SEPs should be subject to reliable scrutiny of their essentiality for a standard, and will launch a pilot project for SEPs in selected technologies with a view to facilitating the introduction of an appropriate scrutiny mechanism. “*

Concerning Transparency

- To improve quality and accessibility of information recorded
- To ensure more up-to-date and precise declarations
- To establish essentiality checks

- Commission
 - “SDO databases not very user friendly”
 - => improvement of accessibility of data, elimination of duplications and other flaws.
 - => proposal of links from SDO databases to Patent Office databases,
 - for including updates of patent status, ownership and transfer. The Commission encourages two measures to improve the relevance of declarations, and reduce over-declaration
- Reference to the relevant section of the standard by the declarant
- Introduction of fees for confirming SEP declarations after standard release
- Suggestion of an independent party for “reliable scrutiny” of essentiality of the declarations
- Call on SDOs, such as ETSI or others, to “urgently” ensure their databases comply with the “main quality features” set out by the Commission
- Reconsidering by the Commission whether some standardization activities fully comply with Article 101.

COMMUNICATION OF THE EC NOV 29, 2017



- Commission
 - “SDO databases not very user friendly”
 - => improvement of accessibility of data, elimination of duplications and other flaws **ETSI is currently doing it**
 - => proposal of links from SDO databases to Patent Office databases, **ETSI has already such links**
 - for including updates of patent status, ownership and transfer. The Commission encourages two measures to improve the relevance of declarations, and reduce over-declaration
- 1) Reference to the relevant section of the standard by the declarant **Currently under discussion in the IPR SC**
- 2) Introduction of fees for confirming SEP declarations after standard release **Not yet discussed**
- Suggestion of an independent party for “reliable scrutiny” of essentiality of the declarations **Currently under discussion in the IPR SC**
- Call on SDOs, such as ETSI or others, to “urgently” ensure their databases comply with the “main quality features” set out by the Commission **ETSI is currently working on “main quality features”**
- No binding effect of this communication on DG Competition **Question of compliance with Art 101 ?**

- SEP: Standard Essential Patent
- SSO: Standard Setting Organization
- SDO: Standard Development Organization
- ESO: European Standard Organization
- FRAND: Fair Reasonable and Non-Discriminatory
- RAND: Reasonable and Non-Discriminatory
- IPR SC: IPR Special Committee – advisory committee to the General Assembly
- C.civ : French Civil Code <https://www.legifrance.gouv.fr/Traductions/en-English/Legifrance-translations>
- IPR: “ shall mean any intellectual property right conferred by statute law including applications therefor other than trademarks. For the avoidance of doubt rights relating to get up, confidential information, trade secrets or the like are excluded from the definition of IPR.”
- Essential:** “ as applied to IPR means that it is not possible on technical (but not commercial) grounds, taking into account normal technical practice and the state of the art generally available at the time of standardization, to make, sell, lease, otherwise dispose of, repair, use or operate EQUIPMENT or METHODS which comply with a STANDARD without infringing that IPR. For the avoidance of doubt in exceptional cases where a STANDARD can only be implemented by technical solutions, all of which are infringements of IPRs, all such IPRs shall be considered ESSENTIAL”.

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Thank you!