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February 17, 2011

Ajit Jillavenkatesa  
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Gaithersburg, MD 20899-1060

Re: Standardization Feedback for the National Science and Technology Council,  
Committee on Technology, Subcommittee on Standards Request for  
Information

Dear Mr. Jillavenkatesa:

The ABA Section of Science & Technology Law appreciates this opportunity to respond to the National Institute of Standards and Technology ("NIST") Request for Information regarding the Effectiveness of Federal Agency Participation in Standardization in Select Technology Sectors dated December 8, 2010 ("RFI"). The views expressed herein are presented on behalf of the Section of Science & Technology Law (the "Section") of the American Bar Association ("ABA"). These comments have not been approved by the House of Delegates or the Board of Governors of the ABA and, accordingly, should not be construed as representing the position of the ABA. The Section of Science & Technology Law was formed in 1974 to provide a forum for addressing issues at the intersection of law, science, and technology. The Section's Committee on Technical Standardization (the "Committee") has long addressed the issue of standardization as essential to technological development and seeks to improve the development of solutions to policy issues having a mixture of legal and technical factors. Our Committee comprises legal experts in the law of technical standardization from industry, government, legal practice and academia.

In this response, we address two general areas in which the RFI seeks input: (1) perspectives on federal governmental roles in standards-setting activities, and (2) approaches relating to the handling of intellectual property rights ("IPR"), and particularly patents, in standards-setting activities. Specifically, we propose that NIST develop an informational resource and make it available from a publicly accessible source that catalogs the various government agencies involved in standards setting activities and their interests in such activities. We also suggest that a high-level checklist that would identify known Intellectual Property Rights (IPR) issues potentially blocking the implementation of specific standards of interest, could be useful to all stakeholders, including government stakeholders, to the extent that such a checklist would not negatively impact the benefits and diversity of the existing standards ecosystem.

## 1. Government Role in Standards-Setting Activities

The federal government has traditionally played an active role in formulating and adopting industry standards to protect public health and safety, national security, and the environment. Federal agencies such as the Food and Drug Administration (“FDA”), U.S. Department of Agriculture (“USDA”), Federal Communications Commission (“FCC”), Department of Homeland Security (“DHS”), Environmental Protection Agency (“EPA”), Nuclear Regulatory Commission (“NRC”) and the National Highway Transportation Safety Administration (“NHTSA”) routinely cooperate with industry in the promulgation of standards in the areas that they oversee. In addition, we understand that federal agencies have been active in setting standards that define and improve governmental processes such as voting, licensure, and immigration.

The federal government has traditionally played a less active role, however, in the development of standards relating more exclusively to the commercial sphere, such as standards enabling the interoperability of software, communications and electronic devices (the so-called information and communications technology, or “ICT”, sector). In this sphere, a complex ecosystem of voluntary standards-setting organizations (“SSOs”), some accredited by the American National Standards Institute (“ANSI”) (“ANSI Accredited SSOs”) and others not accredited (“Unaccredited SSOs”), has arisen to meet market needs and drive innovation and competition. To date, federal, state and local governmental agencies have participated in such voluntary groups primarily as participants or observers, and importantly, as individual agencies with their own unique objectives. The federal government abides by an explicit policy, embodied in the Office of Management and Budget (“OMB”) Circular A-119, of deferring to voluntary standards groups in these areas whenever possible, rather than developing government-specific standards. This deference to the voluntary standards ecosystem has both enabled rapid standards-development through nimble and commercially-incentivized participants, and has allowed optimal standards to be selected through the natural operation of competitive market forces.

The RFI identifies several areas, however, in which the sphere of activity traditionally dominated by private standards-setting groups has expanded or merged into areas subject to governmental oversight and involvement. These areas include the national smart grid for electrical power usage and distribution, information technology for healthcare applications, cyber security, and emergency communications interoperability.

We recognize the need for careful consideration of governmental involvement and interest in the establishment and coordination of standards in these areas, and commend the Subcommittee on Standards and NIST for seeking public input on this important issue. The Section urges the federal government to continue to abide by the principles set forth in OMB Circular A-119 and to continue seeking input from all relevant stakeholders representing industry, academia, civil society, and the public in formulating its approach to governmental involvement in standardization, reflecting

this input in its decisions, and making all such decisions in a transparent and open manner.

To this end, we also suggest that the federal government facilitate the interaction of its agencies and the private standards-setting community, particularly in sectors that are unaccustomed to governmental involvement in standards setting. The number of potential agencies that may become involved in standardization in areas such as the smart grid, healthcare IT, and cyber security alone is daunting, and companies that provide products and services in these sectors may not be attuned to the activities and requirements of such agencies. A federal agency such as NIST would be ideally-situated to serve as an interface between federal agencies and the commercial sector, both by providing a centralized, uniform point for disseminating information about governmental requirements, inquiries, and activities in different sectors, and for collecting input and information from commercial, academic and public stakeholders for the benefit of federal agencies. For example, simply identifying all of the federal (and state and local) agencies involved in the smart grid activities at a single, online location would be of great service, and providing an online forum for such agencies to post their various initiatives, requirements, requests and inquiries would streamline the information gathering and dissemination processes, would better enable private enterprises to monitor governmental activities in areas of interest, and would facilitate public-private interaction in standardization activities. Such an informational clearinghouse, if it could be created and updated across all sectors that include ICT standards, would have the potential to facilitate governmental involvement in standards-setting activities and to make such involvement more transparent and meaningful to existing participants in standards setting.

## 2. Approaches Relating to Patents in Standards-Setting Activities

Standards-setting organizations (“SSOs”), whether or not ANSI-accredited, may compete and cooperate with one another. They not only compete based on the technologies that they standardize but also on their differing structures, processes, and policies. Some processes may be open and/or slow moving while others may be more limited and/or streamlined. SSOs, however, may also cooperate by referencing and building upon each others’ standards or by submitting their standards to “formal” SSOs<sup>1</sup>, including international SSOs such as the International Organization for Standardization (“ISO”), the International Electrotechnical Commission (“IEC”), and the International Telecommunication Union (“ITU”), regional SSOs such as CEN/CENELEC and the European Telecommunications Standardization Institute (“ETSI”), and national organizations such as ANSI, for ratification. The ratification process often offers input and refinement from stakeholders that might not otherwise participate in the standards development process in the originating SSO.

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<sup>1</sup> Standards developed by formal SSOs are sometimes recognized by governments and can be referenced in official documents including regulations. Accredited and Unaccredited SSOs may have their standards ratified by “formal” SSOs so that they can be more readily referenced in official government documents.

Almost all SSOs today have a written IPR policy that governs the treatment of patents and other IPR relating to standards developed within the SSO. These IPR policies often differ in significant regards and our experience is that there is no ideal or one-size-fits-all IPR policy.<sup>2</sup> Some SSO IPR policies are disclosure-based, in that participants are requested to disclose patents containing essential patent claims (those patent claims that would be infringed by implementing a standard). Once disclosed, patent holders are often required or requested to indicate whether the patent holder is (i) willing to license such essential patent claims to implementers of the standard on a reasonable and non-discriminatory basis, either with compensation (“RAND”) or without compensation (“RAND-RF” where RF refers to royalty-free), or (ii) not willing to license on these or other terms. Other SSO IPR policies are participation-based, in that participants may undertake a RAND or RAND-RF licensing commitment with regard to such participant’s essential patent claims by virtue of their participation in the SSO or working group developing the relevant standard. These participation-based SSOs may or may not have a formal patent disclosure obligation. They also may provide for limited exceptions to the licensing commitment obligation. Since RAND and RAND-RF licensing commitments are not actual licenses, individual implementers and patent holders may need to bilaterally negotiate a license outside the SSO tailored to their particular set of circumstances.

Stakeholders, including government stakeholders, have a legitimate interest in avoiding the unnecessary expenditure of resources to develop or adopt a standard that cannot be implemented because essential IPR is not available. As an initial approach, government agency stakeholders could work with industry to create a high-level check list that would identify issues potentially blocking the implementation

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<sup>2</sup> The Section has itemized and annotated numerous IPR policy terms used by voluntary consensus-based SSOs in its publication *Standards Development Patent Policy Manual* (ABA Publishing 2007). [www.abanet.org/abastore/productpage/5450050](http://www.abanet.org/abastore/productpage/5450050)

The FTC has recognized the wide ranging number and diversity of SSOs and that each has unique needs among its members, their business models, and the technology areas that they address. The FTC has advised several parties in its responses to comments in the *N-Data* proceeding of its understanding that:

“The Commission understands that standards-development organizations craft rules concerning intellectual property rights that recognize the dynamic character of the standards process, the necessary balancing of the interests of stakeholders in the process, and the varied business strategies of those involved. The content and intention of such rules will be one of several factors to be assessed in determining whether, under any given set of facts, challenged conduct by a holder of intellectual property rights may constitute a violation of the FTC Act. In addition, any such assessment would be likely to include (among other things) the timing and content of any assurances provided the holder of IP rights; the nature, timing and offered justification for any changes in those assurances; and the effects of the conduct on the standard-setting process and competition in relevant markets affected by the standards. As with many other competition-related enforcement matters, the question of liability under the FTC Act likely will turn on a careful assessment of the surrounding facts.” (FTC response letter to the American Bar Association)

of the specific standard being considered. For example, such a checklist could include questions regarding whether the SSO has a published IPR policy, whether the SSO makes patent disclosures or licensing commitments public, whether any patent owners claiming to own essential patent claims have disclosed to the standards body in question that they are not willing to license such claims on RAND or RAND-RF terms, and whether there are any known IPR lawsuits, threats of litigation, or settlements involving the standardized technology. Such a checklist could serve two useful functions without impinging on the voluntary standards-setting system. First, it could assist SSOs that are being formed in considering which items they should address in their IPR policies during formation if they wish to ensure that the resulting standards will qualify as "voluntary, consensus standards" under the definition provided in OMB Circular A-119. Second, if the government allocates resources to help develop a standard, or chooses to adopt a standard, such a tool could facilitate and expedite the consideration and adoption process.

Actions taken by government agencies in response to the results of such a checklist could be of significant importance. We would be pleased to continue a dialog as to possible responses government agencies might consider taking based on such results.

We hope that this response is helpful to the Subcommittee and NIST, and we would be happy to discuss our comments in greater detail should you so desire.

Sincerely,

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