INTERNATIONAL TELECOMMUNICATION UNION

TELECOMMUNICATION STANDARDIZATION SECTOR

STUDY PERIOD 2013-2016

TSAG – C 43 – E Addendum

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English only

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Question(s):

TELECOMMUNICATION STANDARDIZATION ADVISORY GROUP

CONTRIBUTION 43

Source: United States of America

Title: Intellectual Property Rights (IPR)

Note: This contribution was submitted after the TSAG deadline, but in accordance with Article 3.2.5 of Recommendation ITU-T A.1 "Work methods for study groups of the ITU Telecommunication Standardization Sector" TSAG is requested that it be included on the agenda for information and be considered as appropriate.

Background: The Telecommunication Standardization Bureau (TSB) Director's AdHoc Group on IPR (see http://www.itu.int/en/ITU-T/ipr/Pages/adhoc.aspx) is to act as a forum for the exchange of views on intellectual property right (IPR) related issues between experts; and to provide advice to the TSB Director on IPR issues, principally copyrights and patents, related to ITU-T's standardization activities. In the past two years, the group has been engaged in licensing terms on the Standards Essential Patent (SEP) policy issues to seek consensus language regarding the terms reasonableness, non-discrimination, and the use of injunctive relief. A status report on the TSB Director's AD Hoc Group on IPR is given in TD147 - *Report on proposed textual changes to the Guidelines for implementation of the common patent policy for ITU-T/ITU-R/ISO/IEC*[1]

Discussion:

The United States of America recognizes the time, energy, and resources that the ITU Secretariat and experts from a number of companies have expended over the past two years in the TSB Director's IPR Ad-Hoc in attempting to reach consensus on the issue of injunctions, and what constitutes reasonableness and non-discrimination. While consensus has been reached on transfer of licensing commitments, there are still significant differences of opinion among industry on injunctions, reasonableness and non-discrimination.

Recommendation:

The United States proposes that the TSB Director's ad-hoc group on IPR continue to discuss and consider the issues of reasonableness and non-discrimination and that it is premature at this time for TSAG to make or endorse recommendations with respect to these two issues. The U.S. supports the

[1] This report does not relate to the interpretation of existing provisions of the Patent Policy

following view on injunctive/exclusionary relief and recommends that TSAG consider the following:

Licensing terms should be determined by good faith negotiations between the Patent Holder, or its successors in interest, and potential licensees without unreasonable delays by either party.

For any Patent(s) subject to a RAND undertaking, the Patent Holder, or its successors in interest, shall neither seek nor seek to enforce injunctive/exclusionary relief against a potential licensee willing to accept a license on RAND terms. One way in which a potential licensee would be considered willing to accept a license on RAND terms is if the potential licensee commits without unreasonable delay to be bound by an independent judicial or mutually agreed upon arbitral authority's determination of RAND terms.

Injunctive/exclusionary relief may be available to the extent allowed under the laws of the applicable jurisdiction: (i) where money damages would not be adequate to provide RAND compensation for the infringement, or (ii) where the potential licensee refuses to accept a license on RAND terms or engages in conduct to the same effect. Disputes concerning the infringement of any Patent(s) or the RAND nature of any license terms for such Patent(s), and any appropriate remedies including injunctive/exclusionary relief, will be determined by an independent judicial, administrative, or mutually agreed upon arbitral authority on a case-by-case basis under the laws of the applicable jurisdiction. In any such proceeding, each party may assert available relevant arguments and defences.

Annex: Explanatory Text

ANNEX

Explanatory Text

The following text is provided as a companion text to help clarify the injunctive/exclusionary relief in the body of the document.

Industry-led consensus-standards are widely acknowledged to be one of the engines driving the modern economy. They can increase innovation, efficiency, and consumer choice; foster public health and safety; and serve as a fundamental building block for international trade. The United States is committed to promoting innovation and economic progress, including through providing adequate and effective enforcement of intellectual property rights. Such enforcement has helped spur investments in innovation, including patented technologies that have been incorporated into industry standards, such as those developed within the International Telecommunication Union-Telecommunications (ITU-T). ITU-T is an intergovernmental standards setting organization with strong industry participation. To help ensure that standard-setting activities at ITU-T that incorporate patented technologies continue to promote innovation and competition, the United States submitted a contribution for consideration at the June 2014 meeting of the Telecommunication Standardization Advisory Group.

The U.S. contribution covers four elements. These four elements neither require nor encourage portfolio licensing unless it is mutually agreeable to the patent holder and potential licensee. Parties are encouraged to resolve disputes concerning appropriate RAND compensation for Patent(s) that are practiced by the potential licensee without unreasonable delay.

First, licensing terms should be determined by good faith negotiations between the Patent Holder, or its successors in interest, and potential licensees without unreasonable delays by either party.

This element should be self-explanatory. The goal should be that the relevant parties reach mutually-agreed, negotiated outcomes on licensing terms. It is critical that these good faith licensing negotiations be conducted without government involvement.

Second, for any Patent(s) subject to a RAND undertaking, the Patent Holder, or its successors in interest, shall neither seek nor seek to enforce injunctive/exclusionary relief against a potential licensee willing to accept a license on RAND terms.

This element reflects the U.S. view that a voluntary RAND licensing commitment precludes the seeking or issuance of injunctive/exclusionary relief where a potential licensee commits to take a license on RAND terms without unreasonable delay and is not insolvent or otherwise unable to provide RAND compensation.

To provide greater certainty to the marketplace on when an implementer of an ITU-T Recommendation will be free from a threat of being enjoined or excluded from using a patented technology subject to an ITU-T licensing commitment by the patent holder or its predecessor, the text also includes a "safe harbor." Each party may assert available relevant arguments and defenses in any safe harbor proceeding.

Third, injunctive/exclusionary relief may be available to the extent allowed under the laws of the applicable jurisdiction: (i) where a RAND royalty is not obtainable from the potential licensee, or

(ii) where the potential licensee refuses to accept a license on RAND terms or engages in conduct to the same effect.

Where the parties have been unable to reach a resolution of licensing terms through good faith negotiations as provided in paragraph one and where a potential licensee of a patent essential to an ITU-T Recommendation has failed to navigate into the safe harbor described in paragraph two, the third paragraph of the contribution applies.

The first sentence of paragraph three is intended to give guidance to both patent holders subject to an ITU-T licensing commitment and potential licensees of patents essential to ITU-T Recommendations concerning those situations where injunctive/exclusionary relief may be available under the laws of the applicable jurisdiction. Injunctive/exclusionary relief may be available where a RAND royalty (whether in running royalty or lump sum form) is not obtainable from a potential licensee that is practicing the Patent(s) or a potential licensee refuses to take a license on RAND terms (or engages in conduct to the same effect). Both of these scenarios are context-specific.

Fourth, disputes concerning the infringement of any Patent(s) or the RAND nature of any license terms for such Patent(s), and any appropriate remedies including injunctive/exclusionary relief, will be determined by an independent judicial, administrative, or mutually agreed upon arbitral authority on a case-by-case basis under the laws of the applicable jurisdiction.

Where the third paragraph applies, the Patent Holder and a licensee have of necessity reached a point in negotiations where dispute resolution will be needed. In any dispute settlement proceeding, each party may assert available relevant arguments and defenses.

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