



Welcome to the World of Standards



WHAT MECHANISMS FOR SOLVING DISPUTES IN THE ICT INDUSTRIES? THE CASE OF THE LICENSING OF SEP

Maïssa Bahsoun - Conference on Jurisdiction & Dispute Resolution in the Internet Era

- What is ETSI ?
- Why is there an interaction between SSOs and SEPs?
- What does the ETSI IPR Policy consist of?



- Nonprofit organisation
- Over 800 members from 64 countries and across 5 continents
- Recognised by EU as a European Standards Organisation (ESO)
- Develops ICT standards
 - Standard : “a technical specification approved by a recognised standardisation body for repeated or continuous application, with which compliance is not compulsory” (Directive 98/34/EC)
 - Interoperability > compatibility of devices
 - E.g. GSM, M2M...

- Standard Essential Patent (SEP) or Essential IPRs
 - Patents on technologies that are comprised in a standard > essentiality results from the fact that products implementing the standard will necessarily infringe the respective patent(s) > Many patented inventions involved in ETSI standards
 - No check of essentiality by ETSI

- ETSI IPR Policy seeks a balance between all stakeholders but no involvement of ETSI in licensing negotiations

- Disclosure of SEPs
 - Granted patents & patent applications
 - “In a timely fashion” but no specific deadline

- SEP holder requested to grant an irrevocable Fair, Reasonable and Non-Discriminatory licensing undertaking for their SEPs
 - No further definition of FRAND provided by ETSI

- Determination of a FRAND rate
- Patent validity
- Essentiality
- Injunctive relief



- FRAND is a concept used by many SSOs to specify the terms under which SEP holders commit to licence their SEPs
 - Flexible concept in most SSOs
 - More detailed concept in others

- Upfront > Ex-ante disclosure of maximum licensing terms
 - Pro: might help mitigate non-discriminatory practices
 - Con: difficult to implement in practice (early stage)

- Downstream > Courts / Arbitration
 - Courts: mainly US decisions (e.g. Microsoft v. Motorola)
 - Arbitration better suited in case of patent portfolio? (Core Wireless v. LGE)

- Patent invalidity used as a defense in most patent disputes
 - Invalid patent > no royalty due
 - Some studies question patent validity (e.g. Henkel \approx 75%)

- Upfront > Improvement of quality of patents granted
 - Increased co-operation with patent offices (EPO, JPO)
 - Broader access to “prior art” by direct access to (draft) standards
 - If invention described in prior art, patent on that invention is invalid

- Downstream > Courts / Arbitration & Patent Offices
 - Courts:
 - Rather familiar with ruling on validity; arbitration better suited for patent portfolio?
 - Bifurcated system in Germany
 - Specific procedures before patent offices (re-examination, etc...)

- Used as a defense in most FRAND disputes > A patent infringed is not necessarily essential

- SEPs in ETSI IPR database ‘self-proclaimed’ to be essential
 - No 1/3rd party validation (including by ETSI)
 - Patent may never be granted or with narrower scope

- Upfront > provision of additional information / essentiality check
 - Update of declarations once patent granted/standard adopted
 - Provision of evidence supporting essentiality
 - 1/3rd party essentiality assessment

- Downstream > Courts / Arbitration
 - France – Core Wireless v. LGE > essentiality declaration by expert

- Injunctions are rarely granted

- Upfront > Safe Harbour for willing licensees - EC / Motorola case (29.04.2014)
 - Determined on a case-by-case basis
 - Company, in case of dispute, willing to have FRAND terms determined by a court or arbitrators (if agreed between the parties) and to be bound by such a determination

- Downstream > Courts
 - US : *eBay v. MercExchange* (15.05.2006)
 - Germany: *Orange Book Standard* (06.05.2009)
 - Netherlands: *Samsung v. Apple* (14.03.2012)
 - CJEU: *Huawei v. ZTE* (expected soon)

- ETSI has no preferred solution (Courts v. Arbitration) > best solution depends on the specific circumstances of the case (patent portfolio at stake, confidentiality needed, etc...)
- ETSI supporter of mediation
- Scope of ADR mechanisms flexible (validity, essentiality, FRAND determination)
- ETSI/WIPO co-operation > tailored model submission agreements that parties may use to refer a FRAND dispute to WIPO Arbitration and Mediation Center
- ETSI/WIPO Workshop on ADR for FRAND Disputes
<http://www.etsi.org/news-events/events/956-alternative-dispute-resolutions-workshop>

Contact Details:

Maïssa Bahsoun

maïssa.bahsoun@etsi.org

+33683993221

Thank you!