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Contribute to the S&OS Newsletter!
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CHAIR'S CORNER

Our subcommittees focus on important topics at the intersection of IP and competition law – Standards, Open Source, and Programs – with periodic virtual meetings in which members of our subcommittees share important developments in their focus areas with members of the Committee as a whole. Please reach out to the subcommittee chairs to get involved!

For this year, we are focusing on two main areas, outlined for the AIPLA leadership recently. (We also changed our acronym to include an ampersand).

The two main areas of focus for the S&OS Committee this year will be on 1) legal topics and 2) the practice and practical implications in the areas related to Standards and Open Source and their interconnections and dependencies in areas where licensing of IP has become and remains controversial as a source of revenue and costs to clients.

To do this we will focus on two main areas of activity.

1) Creating and supporting presentations in these topic areas. For CLE we hope to focus on adding programs to the three AIPLA meetings that are important to the large membership of our committee. For example, by adding current events topics in important technologies like AI, IOT, or Quantum Computing that relate to the IPR

disputes and controversies in the S&OS realms, we believe that proposals from our committee to create CLE programs for AIPLA meetings will provide value to the AIPLA. As a matter of course, we are also bringing in speakers who volunteer to provide similar information of value to our members on these topics in our main committee meeting and in our subcommittee meetings to the extent we can. In the last few months, we have had a panel describing how international standardization is viewed from China and a speaker describing statistical reliability of patent essentiality checks, in the context of determining licensing fee liabilities. Next month we will have a speaker to describe a new business model for patent pool licensing, presented by the creators of that model. We will be adding content to our newsletter to reflect all of this, and sending out meeting minutes for our meetings to our members.

2) Responding to government inquiries and for AIPLA requests for amicus briefs as they come in when related to these to topic areas (such as our current work with the Antitrust and Licensing Practice committees in considering an AIPLA response to the DOJ's joint agency statement (with the USPTO and NIST) related to licensing Standards Essential Patents).

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(Chair's Corner continued from P.1)

We are off to a good start and appreciate your participation.

OUR CURRENT NEWSLETTER

Our current newsletter includes two short articles: a summary of comments submitted to the IEEE Standards Association's patent committee on possible revisions to its patent policy, and (2) an analysis of a patent applicant's option of both designating a Unitary Patent and filing a German patent application for the same SEP related invention. The S&OS Committee publishes this newsletter three times a year in connection with the three regularly scheduled AIPLA meetings and distributes it electronically to our Committee members. It is also posted on the Committee webpage, and more widely distributed by the AIPLA. We welcome articles from regular as well as first-time contributors on any relevant topics of interest. If you would like to contribute an article, please contact our newsletter editor Per Larsen of Holland & Hart.

GUEST SPEAKERS AT MONTHLY CALLS

We have continued our series of guest speakers at our monthly Committee calls. Recent presentations have included:

- Paul Ragusa led a discussion on “Global FRAND – Jurisdictional Warfare Between the UK and China” at our December 13, 2021, meeting. His presentation is available on our S&OS website [here](#).
- Keith Mallinson from WiseHarbor gave a presentation at our January 10, 2022 meeting on “Essentiality Rate Inflation and Random Variability in SEP Counts with Sampling and Essentiality Checking for Top-Down FRAND Royalty Rate Setting.” His [slides](#), [summary article](#), and [full paper](#) are available from [wiseharbor.com](#).

All relevant presentation materials are posted on the S&OS website, if available. We welcome our Committee members (and non-members who are interested) to present any relevant topics of interest as guest speakers at our monthly calls. If you would like to present as a guest speaker, please contact Wenjie Li.

Finally, please check out the S&OS web site for access to papers presented at meetings, and to help you plan to participate in our monthly committee calls. Participation in these calls will help you to keep abreast of S&OS activities and give you opportunities to participate and strengthen our community.

Best regards,
The S&OS Committee Leadership,
Chair: Michael Atlass, Qualcomm
Vice Chair: Wenjie Li, IBM



SUB-COMMITTEE REPORTS

STANDARDS – PER LARSEN

The Standards Subcommittee has held lively discussions touching on topics related to Standards and SEPs. In particular, the Standards Subcommittee provides a forum for in-depth discussion of current events, with the goal of highlighting topics and possible presenters for future presentations either for the S&OS Committee meetings, or CLE events at the AIPLA meetings. Additionally, we look for areas where AIPLA comments may be warranted.

Recent topics of discussion at Standards Subcommittee meetings have included:

- The Draft DOJ/USPTO Policy on SEP Remedies released on December 6, 2021
- The NIST Comment Request on People's Republic of China (PRC) Policies and Influence in the Development of International Standards for Emerging Technologies
- UK Government's call for views on SEPs
- IEEE PatCom request for comments on options for changes to the 2015 Patent Policy
- Recent cases related to SEPs including
 - *Nokia Technologies v. Oneplus Technology* (UK)
 - *Ericsson v. Apple* (US and other jurisdictions)

The Standards Subcommittee meets on the first Tuesday of each month at 1:00 pm Eastern Time. Please email Per Larsen (phlarsen@hollandhart.com) if interested in attending.

OPEN SOURCE – JOHN LYON

The Open Source Subcommittee discusses topics that might be of interest for future CLE presentations or S&OS Committee meetings. Recent meetings have included discussions on The Software Freedom Law center lawsuit against Vizio (the company that makes TVs and monitors), which was brought to create case law that

allows third parties to bring suits for violations of OSS terms; and the U.S. Copyright Office's publication of a new exception to allow circumventing the DCMA to identify OSS violations. The Open Source Subcommittee welcomes additional suggestions for potential topics for presentations on open-source software.

The Open Source Subcommittee meets the second Tuesday of each month at 12:00 pm Eastern Time. Please email John Lyon (J.Lyon@thip.law) if interested in attending.

PROGRAMS – PAUL RAGUSA

The Programs Subcommittee has been very active in developing programs for upcoming AIPLA and S&OS Committee meetings, including:

- On November 17, 2021, the Antitrust, IP Practice in China and Standards and Open Source Committees presented a program on "The Evolving Standards Landscape in China - SEP Litigation, Global FRAND, Domestic SDOs, IPR Compliance, Competition and Antitrust Issues." Jennifer (Youping) Ma from the Bridgeon law firm discussed the new Chinese IP Court and SEP cases in China (e.g., Oppo appellate decision addressing global FRAND rates). Mandy Luo from Bestao Consulting provided an introduction to China's ICT regulatory and standardization landscape, association standards and China's strategies on intellectual property rights, technology standards, and innovation including the "Outline for the Development of National Standardization." Jing He from the GEN Law Firm discussed recent developments in China's antitrust and competition law impacting SEPs, enforcement of China's competition law, and application of the essential facilities doctrine.

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(Sub-Committee Reports continued from P.3)

- The APILA Mid-Winter Meeting:
 - Our Committee worked with ECLC and the Emerging Technologies Committee on a Joint Committee CLE presentation, delivered to the MWI attendees on Open Radio Access Networks (Open RAN) on Thursday, February 3, 2022. Per Larsen is the coordinator from our Committee for the meeting, and the speakers included Judson Cary from CableLabs, David Marr of Qualcomm, and Jaisha Wray of the National Telecommunications and Information Association, with J. Scott Karren of Holland & Hart LLP moderating.
- Our Committee has organized another annual Partnering in Standards program for the U.S. Government, which are virtual sessions scheduled for February, 2022. The sessions, which will be managed by the National Institute of Standards (NIST) and closed to the public, will address current issues in Standards, Open Source Software and related topics of interest to NIST, and to other agencies that NIST invites.
- We are working on a joint committee event for the Spring meeting, addressing AI, which may include discussion of recent efforts at the IEEE. Please reach out if you are interested in assisting!
- We are also looking for additional speakers for our Committee Meetings.

NEWS & NOTEWORTHY CASES

USDOJ, USPTO, and NIST, “Draft Policy Statement on Licensing Negotiations and Remedies for SEPs subject to Voluntary F/RAND Commitments”

On December 6, 2021, three U.S. government entities requested public comment on a new draft policy statement concerning standards-essential patents (SEPs) that seeks to promote good-faith licensing negotiations and addresses the scope of remedies available to patent owners that have F/RAND obligations. This draft statement is in response to the recent Executive Order on Promoting Competition in the American Economy, which encouraged the agencies to review the 2019 policy statement by these same government entities on this topic. The agencies requested comments on eleven specific questions. The public comment period closed on February 4, 2022. The announcement is available here: <https://www.justice.gov/opa/pr/public-comments-welcome-draft-policy-statement-licensing-negotiations-and-remedies-standards>. The AIPLA leadership chose the leadership of the Antitrust Committee to do the drafting, together with input from this committee and from the IP Transactions Committee. A copy of the AIPLA's comments can be found here: <https://www.regulations.gov/comment/ATR-2021-0001-0119>.

NIST Comment Request on PRC Policies and Influence

On November 4, 2021, the National Institute of Standards and Technology (NIST) solicited public comment on People's Republic of China (PRC) policies and influence in the development of international standards for emerging technologies. The National Defense Authorization Act of 2021 directs NIST to conduct a study and provide recommendations with respect to the effect of policies of the PRC on international bodies engaged in developing and setting international standards for emerging technologies. NIST sought comments

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(News and Noteworthy Cases continued from P.4)

to provide information for the study and resulting recommendations. Topics for comment include the effect of the standardization strategy of the PRC, as identified in the “China Standards 2035” plan, on international bodies engaged in developing and setting standards for select emerging technologies, such as advanced communication technologies, cloud computing and cloud services. Another topic is whether international standards for select emerging technologies are being designed to promote interests of the PRC, as expressed in the “Made in China 2025” plan, to the exclusion of other participants. Forty comments, which were due on December 6, 2021, were submitted and are available here: <https://www.regulations.gov/document/NIST-2021-0006-0001/comment>. The request for comments is available here: <https://www.federalregister.gov/documents/2021/11/04/2021-24090/study-on-peoples-republic-of-china-prc-policies-and-influence-in-the-development-of-international>.

UK Government open consultation for views on SEPs and innovation (December 7, 2021)

The UK government has solicited views on whether the Standard Essential Patents (SEPs) ecosystem (i.e., the enabling participants, commercial relationships, infrastructure, and legal and regulatory environment) is functioning efficiently and effectively and striking the right balance for all entities involved. The purpose of the consultation is to help assess whether government intervention is required to produce the optimal IP framework for the UK that will promote innovation and creativity. Comments are due by March 1, 2022, on a broad swarth of topics including the relationship between Standard Essential Patents, innovation and competition; competition and market functioning; transparency in the system; Patent infringement and remedies; licensing of SEPs; and SEP litigation. The open consultation is available here:

<https://www.gov.uk/government/consultations/standard-essential-patents-and-innovation-call-for-views/standard-essential-patents-and-innovation-call-for-views>.

Ericsson and Apple open legal battle after licensing agreement expires

On December 17, 2021, Apple sued Ericsson in U.S. District Court in the Eastern District of Texas claiming that (i) Ericsson breached the 2015 SEP license agreement between the parties; (ii) Ericsson breached its FRAND obligation to offer FRAND terms for a new license; (iii) Apple should be awarded a judicial determination of FRAND terms for Apple to license Ericsson’s SEPs globally, and (iv) Apple should be awarded a declaration that its iPhones don’t infringe a collection of Ericsson standard essential patents on 5G technology.

MPEG-LA and Unified Patents form Alium Patent Pool for Open RAN Patents

On December 5, 2021, [Alium](#) announced a patent pool for 3GPP Infrastructure. Alium is a joint venture between [MPEG LA](#) and [Unified Patents](#). According to Alium, the Alium Open RAN Radio Unit License provides a mechanism for vendors to receive a patent license starting in Q1 2022. A copy of the announcement can be found here: <https://www.alium-llc.com/blog/first-patent-pool-for-3gpp-infrastructure-launched-to-help-accelerate-5g> and in the S&OS meeting of February 14, two Alium speakers will explain their system to the members who attend.

UK Court invalidates Interdigital Wireless Technology Patent asserted against Lenovo

On January 6, the London High Court invalidated a wireless technology patent that InterDigital asserted against Lenovo. The court found that the 3G patent lacked novelty. This case is a part of a larger patent battle between the two companies.



STAKEHOLDERS WEIGH IN ON CONTROVERSIAL IEEE PATENT POLICY

by Angela Morris¹

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The IEEE invited comments on whether it should amend its controversial 2015 patent policy. SEP owners responded by saying they would like to see it scrapped, while implementers warned that changes could cause a wave of litigation.

With a public comment period closing in October of 2021, the board of governors of the Institute of Electrical and Electronics Engineers Standards Association must now decide whether to amend its controversial 2015 patent policy.

Deep disagreements between the implementer community and SEP owners over the six-year-old document are evident in the 54 comments that were submitted to the organisation after it called for input on whether to make changes.

The passage of six years has not brought any resolution to profound differences over key provisions of the policy, including one that limits SEP owners' ability to seek prohibitive orders and another which sets out optional factors to consider when determining a reasonable licence rate.

About 70% of respondents wrote in support of the status quo, while 16 of the comments advocated for change. There will be few surprises about which companies lined up on which side of the debate. Amazon, Apple, Cisco, Dell and Google are among those wanting to keep things as they are; while big SEP owners – such as Ericsson, Fraunhofer, Huawei, Nokia, Qualcomm and InterDigital – submitted comments that called for scrapping the contested

provisions altogether.

In August, the IEEE Standards Association's patent committee issued a [call for comments](#) that invited stakeholders to express views on three possible options for the patent policy:

1. to make no change;
2. to delete provisions about prohibitive orders and reasonable rate definition; or
3. to make the limit on injunctions optional for SEP owners and further clarify that the reasonable rate factors had always been optional.

Tellingly, none of the 54 comment authors advocated for the final, middle-ground option.

IMPLEMENTERS FAVOUR NO CHANGE

Comments from implementers and their supporters say the 2015 policy created clarity and removed ambiguities. Their view is it balances the need of SEP owners to obtain compensation with implementers' rights under the FRAND framework to be free of abusive licensing demands.

This faction claims that SEP hold-up is a real problem and that the IEEE policy has helped to address it by stopping SEP owners from seeking injunctions or other prohibitive orders in most instances. Their comments further say that the policy's guidelines on reasonable rates have eased licensing negotiations between SEP owners and implementers.

Central to these companies' claims is the idea that

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the patent policy has minimised the amount of litigation disputes around Wi-Fi and other IEEE standards.

Deleting the policy's limitations on prohibitive orders, or just making them optional, would destroy clarity in the market, the implementers say.

Comments from the sector also indicate that there is no value in removing the reasonable rate section, since it is already optional. Comments in this vein also stress their strength in numbers, claiming there was wide industry support for the IEEE's 2015 patent policy and that the only firms that opposed it back then are the same ones speaking out now.

SEP OWNERS SEEK DELETION OF CONTROVERSIAL PROVISIONS

On the other side of the equation, SEP owners strongly prefer for the IEEE to revert to the pre-2015 version of the patent policy. However, this is not one of the three options that the IEEE is considering. For that reason, these comments suggest that deleting the provisions about reasonable rates and prohibitive orders would be a good first step.

SEP owners' comments show they believe the 2015 patent policy favours implementers. They insist that judges and courts should decide royalty rates, not the standards organisation. The SEP owners also dispute the implementers' view that patent hold-up is a problem. They say it's in SEP owners' interests to avoid unfair negotiations with implementers that they depend upon to commercialise their technology.

The IEEE has received a multitude of negative letters of assurance from SEP owners that refuse to license their patents under the 2015 patent policy, comments remind the board. Those rights holders are turning away from the IEEE to contribute their technologies to other standards.

The SEP owners' comments point out that other standards bodies such as ANSI and ISO, noticing the many

negative letters of assurance, have chosen to decline US accreditation and to reject international standard status for the IEEE's Wi-Fi standards.

IMPLEMENTERS SPEAK

Here is a selection of quotes from major implementers who submitted comments to the IEEE.

Helene Workman, senior patent counsel at Apple:

"Changing the policy as proposed would cause mass confusion and likely lead to a dramatic increase in IEEE-related standard-essential patent (SEP) litigation, which today is significantly less than litigation of cellular SEPs. ... The improved clarity of the 2015 Patent Policy appears to have helped minimize litigation of IEEE SEPs as compared to SEPs for other standards."

Earl Nied, program director of standards and intellectual property rights at Intel:

"Inappropriate and anti-competitive use of prohibitive orders discourages the adoption of standards by raising the legal and financial risks to build implementing products. When such strategies collect unwarranted funds based on the fear of market exclusion and not the value of the invention, those funds are no longer available for product development and other innovation."

Vanessa Bailey, head of patent public policy at Amazon:

"Innovators who seek to standardize their technologies and yet retain the privileges of exclusive ownership—i.e., inflated royalties and Prohibitive Orders—seek the benefits of both standardization and exclusivity. That is an abuse of the standardization process and does nothing but yield undeserved windfalls to a contributor."

Karin Norton, vice president and senior counsel in the IP office of Samsung Electronics America:

"Allowing SEP owners to choose to seek prohibitive orders without restriction undermines the very concept of



FRAND licensing and undermines every mission of IEEE-SA. Moreover, allowing certain members to opt out of the restrictions on Prohibitive Orders would also allow those members to block implementation of the standard. ... Rather than providing clarity, modification of the current Patent Policy regarding reasonable rate would lead to confusion and complication of licensing negotiations."

SEP OWNERS' COUNTERPOINTS

Rights holders who submitted comments had a different view of the fallout from the patent policy. Here is a selection of quotes from their 16 comments.

John Kolakowski, director of patent licensing, and Hung Ling of Nokia Technologies:

"The IEEE Patent Policy that existed prior to 2015 appropriately balanced the interests of both patent holders and technology implementers. That earlier version of the Patent Policy encouraged both development and use of IEEE's standards, creating a successful and sustainable ecosystem. ... Unfortunately, the Patent Policy changes made in 2015 were biased in favour of implementers."

Tong Si of the legal department of Huawei Technologies:

"In line with the neutrality principle, the standards-setting organization should not alter the balance—that has evolved through decades of licensor-versus-licensee litigation in many jurisdictions across the world—between the licensor and licensee with the provision regarding Prohibitive Orders, even when the licensee is unwilling to negotiate for reasonable terms. ... The controversial provision regarding the definition of Reasonable Rate goes against the neutrality principle that the IEEE as a standards-setting organization (SSO) should follow. In addition, an SSO definition of a Reasonable Rate is inappropriate and unnecessary because it is adequately resolved judicially."

Michael Atlass, senior director and legal counsel at Qualcomm:

"As one of the two largest contributors to IEEE 802.11, Qualcomm wants IEEE to succeed, but has been enormously frustrated by the insistence on the structural imbalance the 2015 patent policy created and is hopeful that sensible change is afoot. ... Because the 2015 Policy changes were so tilted towards implementers and directed to reducing the value of technology contributed to IEEE standards, Qualcomm no longer considers the IEEE a desirable forum for the standardization of new technologies."

Jim Harlan, senior director at InterDigital:

"Patent 'hold-up' driving the IEEE's policy change is not an issue for practical reasons. For example, standardization is often a repeat-player game; if a patent holder acts in an unfair manner, it is unlikely that other companies will be willing to urge adoption of the patent holder's technology in future standard setting proceedings. ... The implementer may also be an important player in the field for commercializing the patent holder's technology. ... The 2015 Policy went even further by restricting the availability of injunctive relief, which only increases patent hold-out, where the implementer can drag out infringing activity while delaying licensing negotiations."



STANDARD ESSENTIAL UNITARY PATENTS WITH SIMULTANEOUS PROTECTION

by Gottfried Schüll¹

With the expected start of the Unitary Patent Court (UPC) in the next year, owners of Standard Essential Patents (SEPs) should consider the option of both designating a Unitary Patent (UP) and filing a German patent application for the same invention.

Designating a Unitary Patent may become a standard choice for SEP owners. A UP provides protection in 25 EU countries with about 350 million citizens. For SEPs, it is typical to designate many member states in the classic European Patent (EP), as standard-compliant devices are usually sold in all member states. On top of that, an SEP is typically maintained for the maximum term of 20 years. The corresponding savings offered by the UP for such a typical SEP are likely to be a game changer. Annual fee savings alone can amount to approximately EUR 125,000 per patent. In other words, the costs and the coverage of a UP are now comparable, e.g., to those of a US patent.

SEP owners should currently be considering the possibility of simultaneous protection in Germany that will be introduced at the time of the UP. Simultaneous protection will be made possible by filing a German national patent application, or entering the German national phase via the PCT-route, and simultaneously pursuing a UP. In other words, it will be admissible (and intended) to double-patent an invention by means of a national German (DE) Patent in conjunction with a UP. This possibility will be introduced with the start of the UPC. The governing law has already been passed in Germany. This will secure SEP holders the choice between the German patent infringement courts and the

UPC, the latter of which still has to be built and prove itself. A competition between the two court systems is intended and not limited to the transitional period of the UPC.

Simultaneous protection is particularly relevant for SEP owners and applicants. It is a well-known fact that the German counterparts of classic EP patents play an important role especially for SEPs, as Germany has been one of the major venues for SEP infringement actions worldwide for over two decades now. Patent enforcement in Germany has been a key factor for successful SEP licensing in the past and it will be important for the future to ensure the availability of patent infringement actions with reasonable prospects of success, the availability of an injunction claim combined with a fast schedule and reasonable costs. These benefits of the German jurisdiction as well as the access to the UPC can be secured in the future by combining a UP and a simultaneous DE patent.

The option to file or pursue a national DE patent is dependent upon doing so before the expiration of priority or PCT national phase entry time limits, and these time limits continue to expire each day. While decisions on whether to designate a UP will have to be made as soon as the UPC-system starts, decisions to file for simultaneous protection via a national DE patent in many cases have to be made today.

¹ Gottfried Schüll is a Patent Attorney and Partner in the Düsseldorf Office of Cohausz & Florack. He has managed the successful enforcement and monetization of SEP patent portfolios with worldwide coverage including as lead counsel in well over 750 patent disputes and nullity proceedings. He is active before the Federal Court of Justice, the Federal Patent Court and before German regional and higher regional courts. He is also appointed as an independent court expert (by the Düsseldorf Higher Regional Court) and arbitrator.