

February 18, 2011

(Via electronic mail to [SOS\\_RFI@nist.gov](mailto:SOS_RFI@nist.gov))

Dr. Patrick D. Gallagher, Director  
National Institute of Standards and Technology, and  
Co-Chair, National Science and Technology Council's  
Sub-Committee on Standards

Re: Standardization Feedback for Sub-Committee on Standards  
Comments of the American Intellectual Property Law Association (AIPLA)

Dear Dr. Gallagher:

The American Intellectual Property Law Association (“AIPLA”) submits these comments in response to the Request for Information (“RFI”) issued by the National Institute of Standards and Technology (“NIST”), (75 Federal Register 76397 (December 8, 2010)). The approximately 16,000 members of AIPLA include corporate and outside counsel and those involved in government service. They work daily on issues involving patents, trademarks, copyrights, and trade secrets and understand the legal and business issues underlying the development, commercialization, exploitation, and licensing of intellectual property.

Recognizing the growing importance of intellectual property rights (“IPR”) in the context of standards setting, AIPLA formed a committee to, among other things, monitor and address intellectual property issues that may arise in connection with the development and/or adoption of industry standards. Since that time, AIPLA has submitted comments in response to a number of IPR-related standards initiatives.<sup>1</sup> These comments reflect AIPLA’s general views that: 1) AIPLA favors standards-setting organizations (SSOs) having the flexibility to formulate their own policies and procedures; 2) AIPLA does not support legislative, regulatory, judicial, or administrative action that requires all SSOs to adopt a single prescribed IPR/licensing and disclosure policy; and 3) AIPLA favors the practice by SSOs of making clear and publicly available information relating to the SSOs’ standards development and their IPR / licensing and disclosure policies.

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<sup>1</sup> *E.g.*, Comments of the American Intellectual Property Law Association on National Standards Formulation and Revision Plan of Standardization Administration of China, the Disposal Rules for the Inclusion of Patents in National Standards, March 1, 2010; AIPLA Response to Draft Guidelines on the Applicability of Article 101 of the Treaty on the Functioning of the European Union to Horizontal Co-operation Agreements, SEC (2010) 528/2 June 24, 2010; AIPLA Response to Request for Comments on Draft BSI PAS 98 Standards Consortia–Part I and Part II, July 20, 2010; Draft Provisional Rules Regarding Administration of the Establishment and Revision of National Standards that Involve Patents, November 30, 2009.

Regarding the RFI, AIPLA concurs that emerging technologies offer great potential for delivering new and improved products and services in the global economy and that standards can enable further innovation and enhance the value of these new technologies. Indeed, the current voluntary consensus-based system has been at the center of the innovative technologies seen in the market today. Further, for many types of standards, particularly in technology industries such as those enumerated in the RFI, implementation of a standard involves IPR (particularly patents) owned by participants in the relevant standards-development process.

And, while the RFI appears to focus on Federal agency participation in the process of developing and implementing standards, AIPLA respectfully suggests that, in general, certain attributes of this process promote sound and effective standards whether or not a Federal agency is a participant. As discussed below, these attributes include open and transparent processes that permit all stakeholders to participate, clear and balanced rules and policies that are publicly available, and publication of patent information voluntarily submitted by patentees.

Regarding transparency, AIPLA notes that globally accepted principles of standardization development emphasize that the standards-development process should be open and transparent. This proposition is clear in the work of such well-recognized standards bodies as the American National Standards Institute (ANSI), International Telecommunication Union (ITU), International Organization for Standardization (ISO), and the International Electrotechnical Commission (IEC).

For example, to maintain ANSI accreditation, standards developers are required to consistently adhere to a set of requirements or procedures known as the “ANSI Essential Requirements,” which govern the consensus development process. Such due process includes ensuring that industry standards are developed in an environment that is equitable, publicly accessible, and responsive to the requirements of various stakeholders including promoters, contributors, and implementers of these standards. An open and fair standard-setting process ensures that all interested and affected parties have an opportunity to participate in a collaborative, balanced, and consensus-based process.

One area that may not receive much attention involves SSOs’ governance documents. Many SSOs provide a basic level of transparency to such foundational documents as their articles of incorporation, bylaws, and antitrust and intellectual property rights policies. Yet others either do not make their governance documents available, or make them difficult to find. Further, some SSOs do not provide more complete access to additional documentation, such as patent self-declarations, which may identify patents with essential patent claims and/or may include patent licensing commitments. This information can be crucial for patentees who wish to participate in the standards-setting effort and for entities who desire to implement standards, especially since this information will differ from SSO to SSO.

For patents on standards, it is important to recognize that stakeholders in standards development may view patents from many different perspectives, depending on a myriad of factors. For example, some firms invest in research and development and contribute patented technology into the standards-development process. These firms may choose to license their patents to implementers and users to generate revenue for further research and development.

Alternatively, firms may use their patent portfolios defensively, *e.g.*, they may enter into cross-licenses to protect their products that incorporate standardized technology where the sale of such products creates revenue for further research and development. Other firms do not invest in research and development, but rather rely on products and services that use the standardized technology to support their particular business. Still other firms may support all of these business models, and, accordingly, the demarcation line among these various stakeholders may blur.

In addition, depending on the standard being developed, the government may have a particular interest in a standard. Regardless of the various stakeholders involved, the current voluntary consensus-based standardization process is effective at balancing these various interests while promoting innovation for the benefit of all.

To balance the various interests in IPR discussed above, most voluntary consensus-based SSOs craft an intellectual property policy and, in particular, a patent policy. These patent policies reflect the interests of the SSO's membership and, therefore, may vary extensively from one SSO to another. Yet, to be successful, it is essential that they remain balanced and unbiased. For example, SSOs need to recognize that implementers investing in products that use the standard want to know that they can rely on licensing commitments, including those made by predecessors in interest. SSOs also want to be able to rely on commitments made by patent owners to preserve the integrity and reliability of their processes.

At the same time, SSOs need to recognize the value of including patented technology in standards, while providing fair and reasonable incentives to patent holders to offer licensing commitments and to participate in standards development. Those incentives may include the ability to seek royalties, or they may include the ability to expand design freedom through reciprocal licensing requirements and defensive suspension provisions. Thus, a participant could agree to license patents essential to implement a standard in return for a reciprocal licensing commitment from the implementer of the standard.

SSO diversity has created a dynamic and flexible standards ecosystem, able to respond to market needs as they change and, importantly, able to ensure that standards do not limit competition but instead promote competition and innovation. SSOs, however, generally share a common goal. They seek to avoid developing a standard that cannot be implemented because a participant in the standards-development process holds a blocking patent that it refuses to license or refuses to license on reasonable terms. To address this concern, most SSOs typically require participants in the standards-development process to follow rules concerning patent disclosure and/or patent licensing commitments.

Patent disclosure rules specify when and how a patentee participating in the standards-development process should disclose its patents. Rules regarding patent licensing commitments typically refer to situations in which a patentee declares its willingness to offer a license or undertakes a commitment to license particular patent claims to implementers of the standard on certain terms and conditions, typically reasonable and non-discriminatory (RAND). AIPLA understands that under a typical IPR policy, either as a result of explicit language or by implication, the specific terms of a license remain to be agreed upon between the owner of the patent claim and the implementer of the standard.

Despite the increasing number of proposals regarding patent disclosure and licensing commitments in the context of standards setting generally, however, few, if any, have been made to ensure that SSOs' patent policies and related information are clearly stated and made publicly available. While regulators, legislators, and policy makers worldwide are focusing on specific aspects of patent policies, they have failed to focus on fundamental improvements that could be made—namely the publication of clearly stated patent policies and publication of patent information voluntarily submitted by patentees. It is critical that the rules are unambiguous and clearly understood by all stakeholders.

For example, implementers of standards may wish to avoid infringement by seeking appropriate licenses, but may not do so if they do not know or understand the relevant patent policy and/or the patent declarations made pursuant to the relevant patent policy. Similarly, participants in a standards-setting initiative who do not follow the relevant patent policy, either because they are unaware of it or do not understand its terms, could be said to have waived important patent rights, or may be accused of serious violations such as antitrust violations or fraud under applicable law.

While certain principles such as open, transparent processes and clear and balanced policies are key attributes of sound and effective standards, AIPLA is not suggesting that SSOs should follow a single patent policy. To do so would constrain the flexibility that has benefited standards for decades. SSOs and their members are in the best position to review their patent policies and to determine what, if any, changes should be made.

In this regard, AIPLA has expressed its concerns about recent proposals that could be interpreted to limit the diversity of patent policies adopted by some SSOs. See, for example, the Standards Administration of China and the China National Institute of Standards draft proposed rules concerning the patent policy for Chinese National Standards, and the British Standards Institution proposal concerning good practices for standards consortia.

In summary, the current voluntary consensus-based system has continued to be successful due to its ability to adapt and respond to market needs. The government, along with other stakeholders, has a strong interest in promoting policies and processes that support this system, including open processes and balanced policies that permit all stakeholders to participate, clear rules and policies that are publicly available, and publication of patent information voluntarily submitted by patentees.

AIPLA appreciates the opportunity to provide these comments and would be pleased to answer any questions these comments may raise. We thank you in advance for your consideration of these views.

Sincerely



Q. Todd Dickinson  
Executive Director