

Perspectives for Licensing for Licensors and Licensees in 5G

Update and Information regarding CEN-CENELEC CWA 95000:

Core Principles and Approaches for Licensing of Standard Essential Patents

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Background to CWA Process



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- What is a CWA?
- Why are there two CWAs?
 - CWA1: IP Europe and Nokia
 - CWA2: Fair Standards Alliance & ACT | The App Association
- Comment period and timing
 - FSA Comments to CWA1 (<https://fair-standards.org/wp-content/uploads/2019/01/FSA-ACT-Letter-to-CWA1-31-12-18.pdf>)
 - CWA2 Comment Period now open (<https://www.cencenelec.eu/news/workshops/Pages/WS-2019-001.aspx>)



CWA2 Structure

- Discussion of practical issues and approaches to SEP licensing
- Market and legal background for SEP issues
- Explanation and support for Core Principles
- FAQs
- Summary of materials useful to negotiations

CWA2: Core Principles

Core Principle 1 (SEP Injunctions):

A FRAND SEP holder must not threaten, seek or enforce an injunction (or similar de facto exclusion processes) except in exceptional circumstances and only where FRAND compensation cannot be addressed via adjudication, e.g. lack of jurisdiction or bankruptcy.

Parties should seek to negotiate FRAND terms without any unfair “hold up” leverage associated with injunctions or other de facto market exclusion processes.

CWA2: Core Principles



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Core Principle 2 (License Availability):

A FRAND license should be made available to anybody that wants one to implement the relevant standard.

Refusing to license some implementers is the antithesis of the FRAND promise. In many cases, upstream licensing can create significant efficiencies that benefit the patent holder, the licensee and the industry.

CWA2: Core Principles



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Core Principle 3 (Court FRAND Methodologies):

SEPs should be valued based on their own technical merits and scope, not based on downstream values or uses. In many cases this will involve focusing on the smallest component that directly or indirectly infringes the SEP, not the end product incorporating additional technologies. As noted by the European Commission, SEP valuations “should not include any element resulting from the decision to include the technology in the standard.” Moreover, “[i]n defining a FRAND value, parties need to take account of a reasonable aggregate rate for the standard.”

CWA2: Core Principles



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Core Principle 4 (Patent Bundling):

While in some cases parties may mutually and voluntarily agree to a portfolio license (even including some patents subject to disagreements), no party should withhold a FRAND license to patents that are agreed to be essential based on disagreements regarding other patents within a portfolio. This approach can allow parties to identify areas of agreement within a patent portfolio despite other areas of disagreement. For patents that are not agreed upon, no party should be forced to take a portfolio license, and if there is a dispute over some patents, a SEP holder must meet its burdens of proof on the merits (e.g., to establish that the alleged SEP is infringed and requires payment, and to establish the FRAND rate).

CWA2: Core Principles



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Core Principle 5 (NDAs & Fairness):

Neither party to a FRAND negotiation should seek to force the other party into overbroad secrecy arrangements. Some information, such as patent lists, claim charts identifying relevant products, FRAND licensing terms, aspects of prior licensing history and the like are important to the evaluation of potential FRAND terms, and public availability of those materials can support the public interest in consistent and fair application of FRAND. A patent holder should not seek to exploit its information advantage regarding the patents or prior licenses to interfere with the potential licensee's ability to effectively negotiate.

CWA2: Core Principles



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Core Principle 6 (Patent Transfers):

FRAND obligations remain undisturbed despite patent transfers, and patent sales transactions should include express language to that effect. Patent transfers likewise should not alter value sought or obtained for particular patents. Where SEP portfolios are broken up, the total royalties charged for the broken-up parts (and the remaining part of the portfolio) should not exceed the royalties that would have been found to be FRAND had the portfolio been retained by a single owner, or that were charged by the original owner. And patent transfers should not be used to defeat a potential licensee's royalty "offset" or similar reciprocity rights.

Thank You