

# CEN-CENELEC/WS SEP IOT

OR

## CWA1

Principles and guidance for licensing Standard Essential Patents in 5G and the Internet of Things (IoT), including the Industrial Internet

# why

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- success of cellular standards
- the new 5G / IoT paradigm
- concern regarding efficient licensing of SEPs in 5G/IoT wrt new entrants/SMEs


# who

- developers and implementers
- with a fundamental interest in the success of 5G and IoT

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# how

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- lots of meetings
  - give and take
  - a professional copywriter
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# what

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- practical guidance
  - easy to read
  - 6 principles
  - Q&A
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Principle 1: Owners of patent rights which are essential for using standardised technologies (SEPs) should allow access to that patented technology for implementing and using the standard.

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#### GUIDANCE

- Access to SEPs may be provided directly between the parties through a licence, indirectly through a licence concluded at another point in the supply chain, or because the owner does not require a licence for access at the time. Access is often provided directly to companies that sell products or services, and indirectly to suppliers of those companies.
- As a general matter, licensing a product or service at a single point in the supply chain is an efficient approach. A SEP owner should consider licensing practices in both parties' specific industries to assist in determining the most appropriate and efficient point to license.

# the other principles

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Principle 2: Both the SEP owner and the potential licensee should act in good faith with respect to each other with the aim of concluding a FRAND licence agreement in a timely and efficient manner.

Principle 3: Each party should provide to the other party, consistent with the protection of confidentiality, information that is reasonably necessary to enable the timely conclusion of a FRAND licence.

Principle 4: "Fair and reasonable" compensation should be based upon the value of the patented standardised technology to its users.

Principle 5: A SEP owner should not discriminate between similarly situated competitors.

Principle 6: If the parties are unable to conclude a FRAND licence agreement within a reasonable timeframe they should seek to agree to third party determination of a FRAND licence either by a court or through binding arbitration.

# Q&A

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Q6. Does every party in a supply chain for a given product or service need a licence?

Q7. What is a patent pool and how do they work?

Q13. What is a typical SEP licensing negotiation process - technical and commercial discussions?

Q15. What principal terms are included in a typical SEP patent licence?

Q21. If there is a dispute between a SEP owner and a potential licensee, how might this be resolved? What is alternative dispute resolution?

Q22. What is an injunction and how might this affect my organisation?



# Q22

An injunction is a court-ordered remedy requiring the party subject to it not to perform certain acts, and imposing penalties in the event they breach the injunction. Court-awarded injunctions against patent infringement typically require the infringer to stop selling and manufacturing, and require the recall and destruction of any infringing products or services.

The willingness of a court to award an injunction will differ from country to country. In some, the award is often granted, whilst in others it may be an unusual outcome. Courts have various tests and requirements; for example, the court may consider whether a monetary award will be an adequate remedy without the need for an injunction.

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# Q22

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Where a dispute concerns SEPs, competition/anti-trust law may also be relevant to whether a court will award an injunction. Again, this differs by country. Factors taken into account may include:

- The nature of the offers made by either party, including whether they were FRAND
- The behaviour of the parties, such as whether they showed willingness to negotiate and conclude a FRAND licence and acted in good faith
- Duration of negotiations, including whether either party used delaying tactics
- Whether financial security of some form has been provided by the potential licensee
- The particular circumstances of each party

In some cases, where a court has determined the FRAND compensation or set the terms of a FRAND licence, an injunction may be awarded by the court against the potential licensee if it refuses to accept a licence on those terms. If proceedings appear likely a potential licensee should seek legal advice, in particular on the question of financial security.

# next steps

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- reviewing all comments
  - modifying document where appropriate
  - approval
  - living document
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thanks from CWA1

