

# **Facilitating SEP Licensing -JPO's Approach-**

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- Guide to Licensing Negotiations involving SEPs
- Essentiality Check utilizing Advisory Opinion System

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## In the Past

**Negotiations among  
ICT Companies**

Telecommunications  
Company  
vs  
Telecommunications  
Company

## In IoT Era

**Negotiations among Parties  
from Different Industries**

Telecommunications  
Company  
vs  
Company  
in other Industries



Cross-Licensing

**Possible**

**Difficult**

Perspectives on License rate

**Basically  
on the same page**

**Significantly  
different**

Perspectives on Essentiality

**Have capability to assess**

**Lack capability to assess**

## “Administrative Adjudication System” discussed in Japan:

- Allows only implementers to request,
- Covers only Japanese patents, not resolves global disputes,
- Requires JPO’s competency to determine proper license terms, and
- May raise global concerns of a compulsory license

## Needs and Expectations from Industries:

- Useful information to help parties without experiences for license negotiations on SEPs



**The Guide to license negotiation involving SEPs**

## I. Purpose of this Guide

- Aiming to
  - Enhance transparency and predictability
  - Facilitate negotiations between rights holders and implementers
  - Help prevent or quickly resolve disputes concerning SEPs
- Not legally binding, Not intended to be prescriptive
- Not “recipes”
- Only FRAND-encumbered SEPs

## II. Licensing Negotiation Methods

### A. Good Faith

- Issues relating to actions at each stage of negotiations
- Notes on parties’ actions

### B. Efficiency

- Parties to negotiation in supply chain
- Geographic scope of license
- Patent pool
- Transparency of SEPs

## III. Royalty Calculation Methods

### A. Reasonable royalties

- Royalty Base
  - SSPPU, EMV
- Royalty Rate
  - Royalty stacking
  - Top-down Approach, Bottom up Approach

### B. Non-Discriminatory

- Royalties for different uses

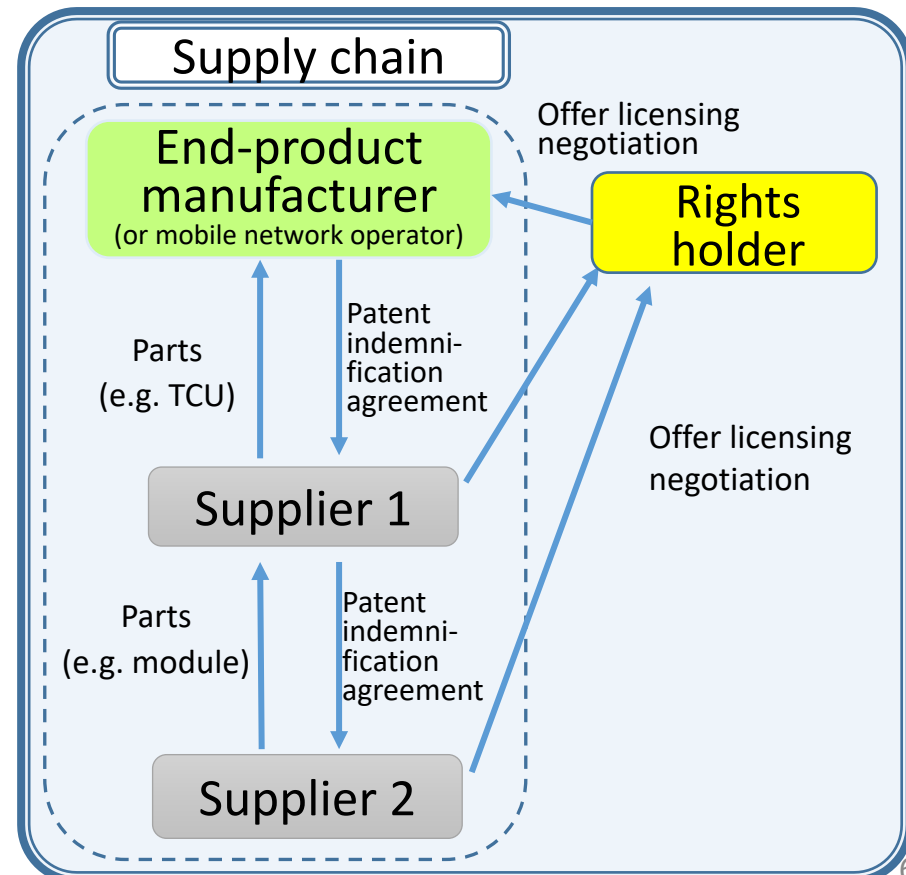
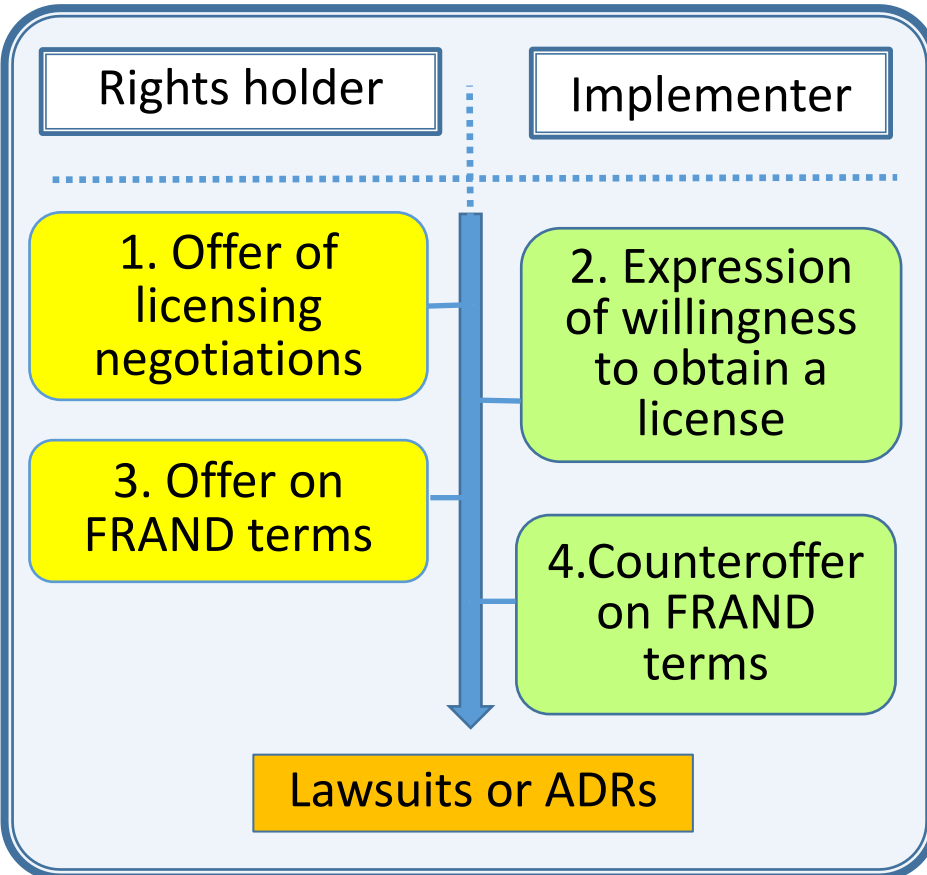
### C. Other Factors

## Stages in Licensing Negotiations

- Provides specific issues based on the CJEU framework
  - Scope of Information to be provided
  - Reasonable amount of time for response

## Parties to Negotiations in the Supply Chain

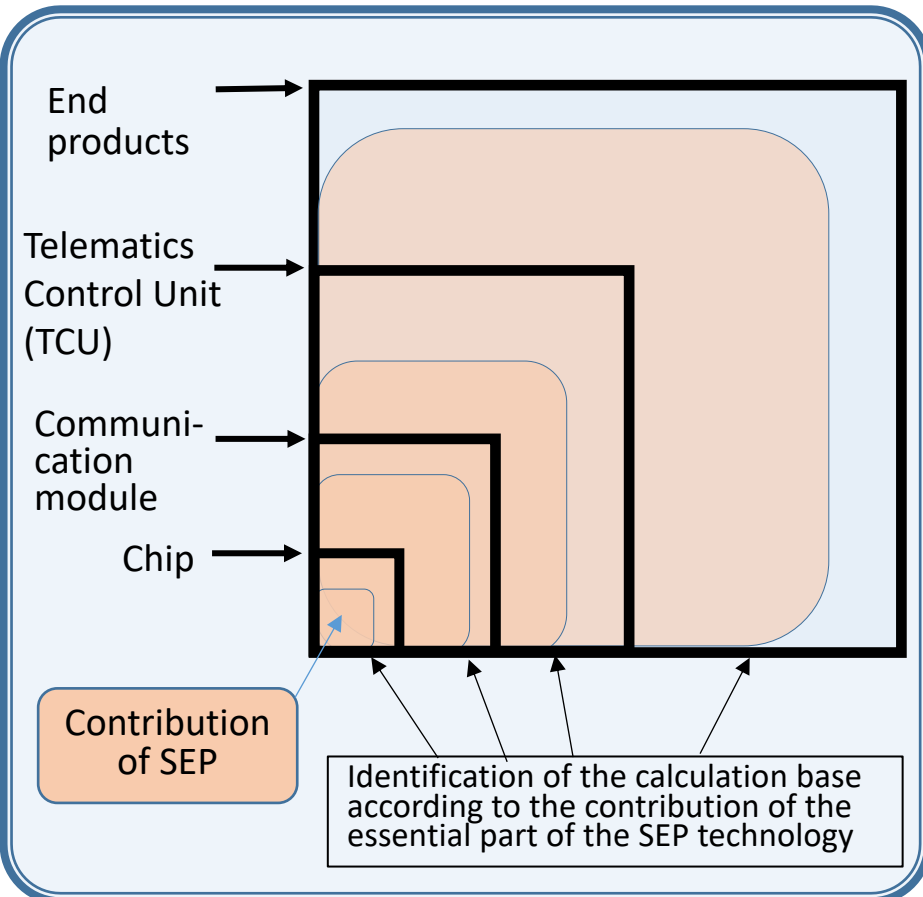
- Identifies elements to be considered
  - which entities in the supply chain should be the parties in licensing negotiations



# Main Issues (2): How to Calculate Royalties

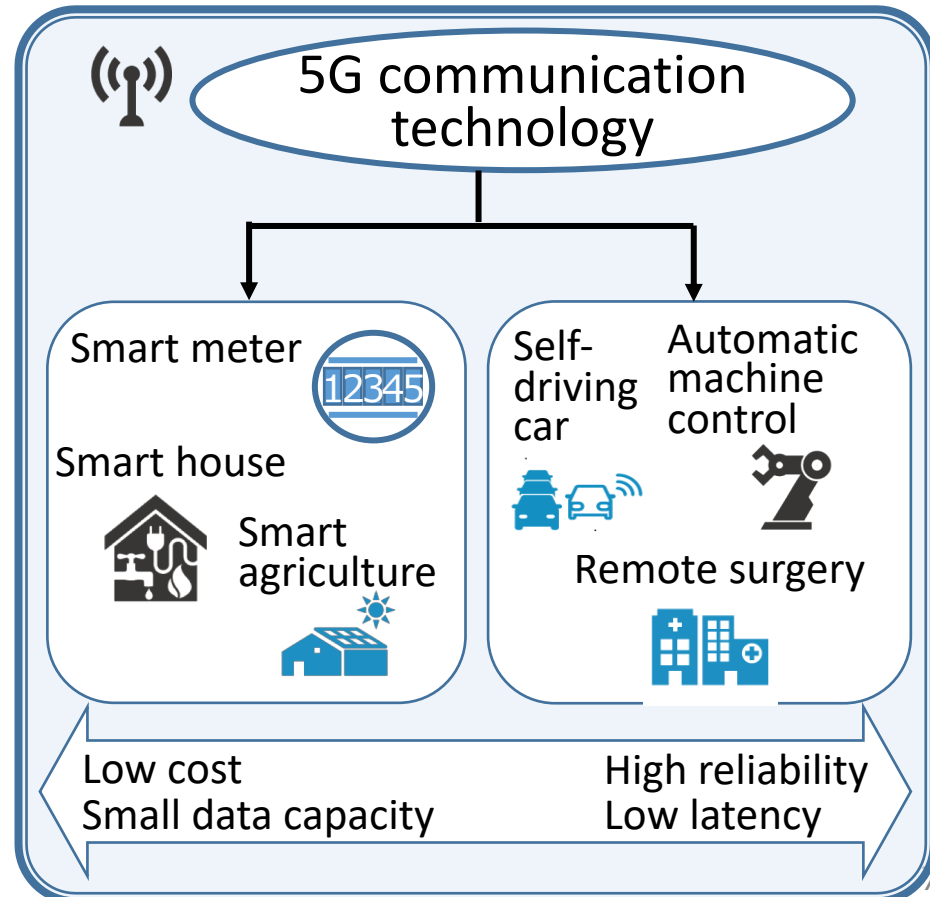
## Contribution of SEP and royalty base

- Identifies elements to be considered in determining the basis for calculating royalties
  - SSPPU or EMV?



## Royalties for Different Use

- Identifies elements to be considered
  - whether the use-based approach is discriminatory

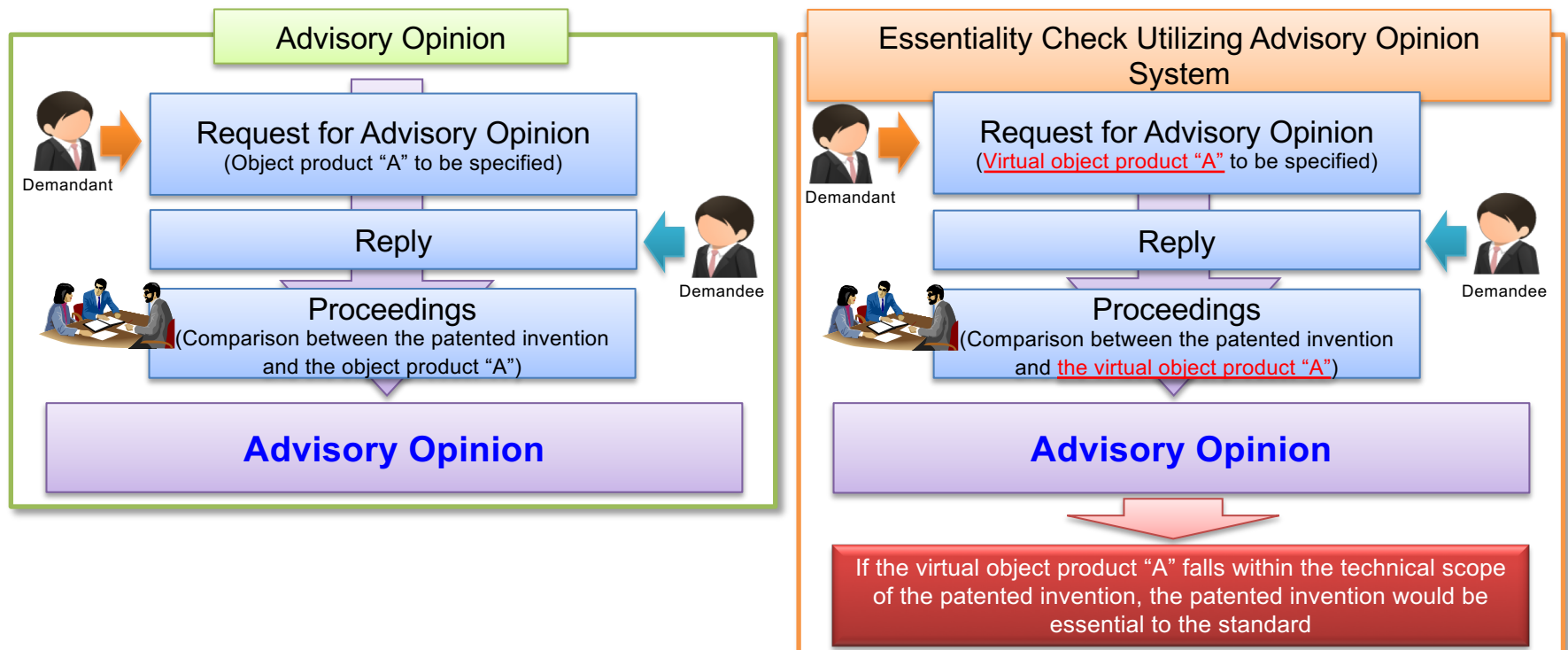




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# Essentiality Check utilizing “Advisory Opinion” System

- “Advisory Opinion” (“Hantei”) is an official opinion of JPO (panel) with regard to whether an object product falls within the technical scope of a patented invention.
- For expeditious dispute resolution and improvement of transparency around SEPs, JPO have considered the essentiality check utilizing the “Advisory Opinion” system.
- JPO began the new operation for essentiality check from 1 April 2018.



- In order to request an advisory opinion for essentiality check, the following conditions shall be met.

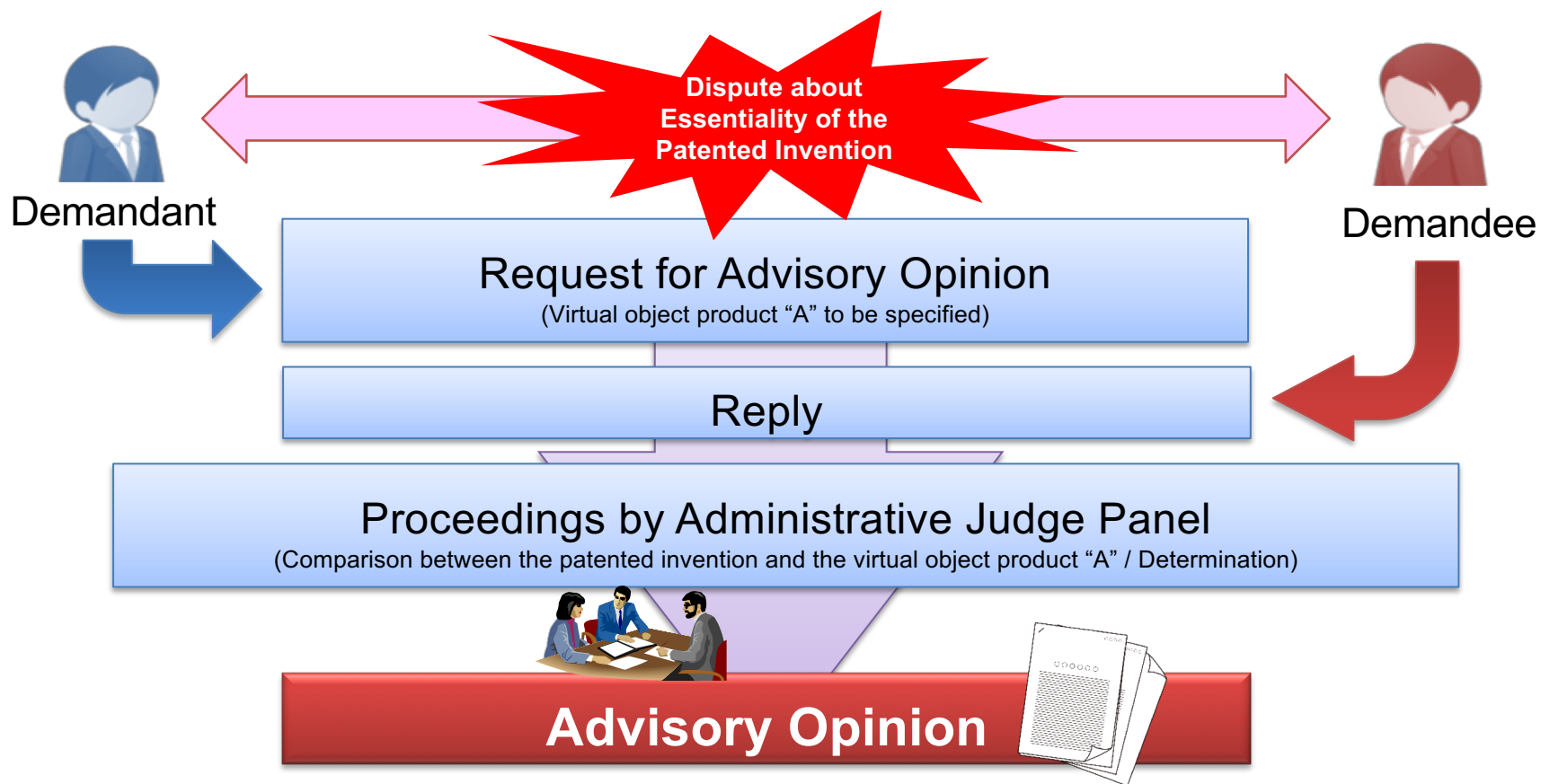
(1) There is a dispute over essentiality of the patented invention between the parties concerned (demandant and demandee).

(2) A virtual object product “A” shall be specified only by the indispensable technical features required by the standard documents of a standard setting organization (SSO).

(3) A request is made to allege that the specified virtual object product falls within the technical scope of the patented invention

# (1) Presence of a Dispute over Essentiality of the Patented Invention

- In the case where there is a dispute over essentiality of the patented invention between the parties concerned, JPO will conduct essentiality check on the patented invention, within the Advisory Opinion system



## (2) Specify a Virtual Object Product

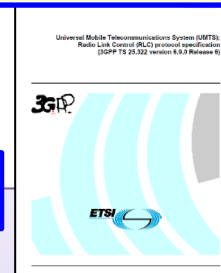
- Demandant shall concretely specify a virtual object product “A” by extracting indispensable technical features from the standard documents of a SSO.
- In order to compare the patented invention with the virtual object product, it is necessary that the virtual object product “A” is specified.
- If the virtual object product “A” falls within the technical scope of the patented invention, the patented invention would be essential to the standard.

### Patented Invention (Claim)

- A. A device that transmits data of a mobile communication system and receives service data units (SDUs) from upper layers...,  
B. ....  
C. ....

※”3GPP TS 25.322 V6.9.0”  
[http://www.etsi.org/deliver/etsi\\_ts/125300\\_125399/125322/06.09.00\\_60/ts\\_125322v060900p.pdf](http://www.etsi.org/deliver/etsi_ts/125300_125399/125322/06.09.00_60/ts_125322v060900p.pdf)

### Standard Document ※



### Virtual Object “A”

#### a. 1 Scope

This document specifies the RLC (Radio Link Control) protocol for the UE-UTRAN radio interface.

#### 4.2.1.2.1 Transmitting UM RLC entity

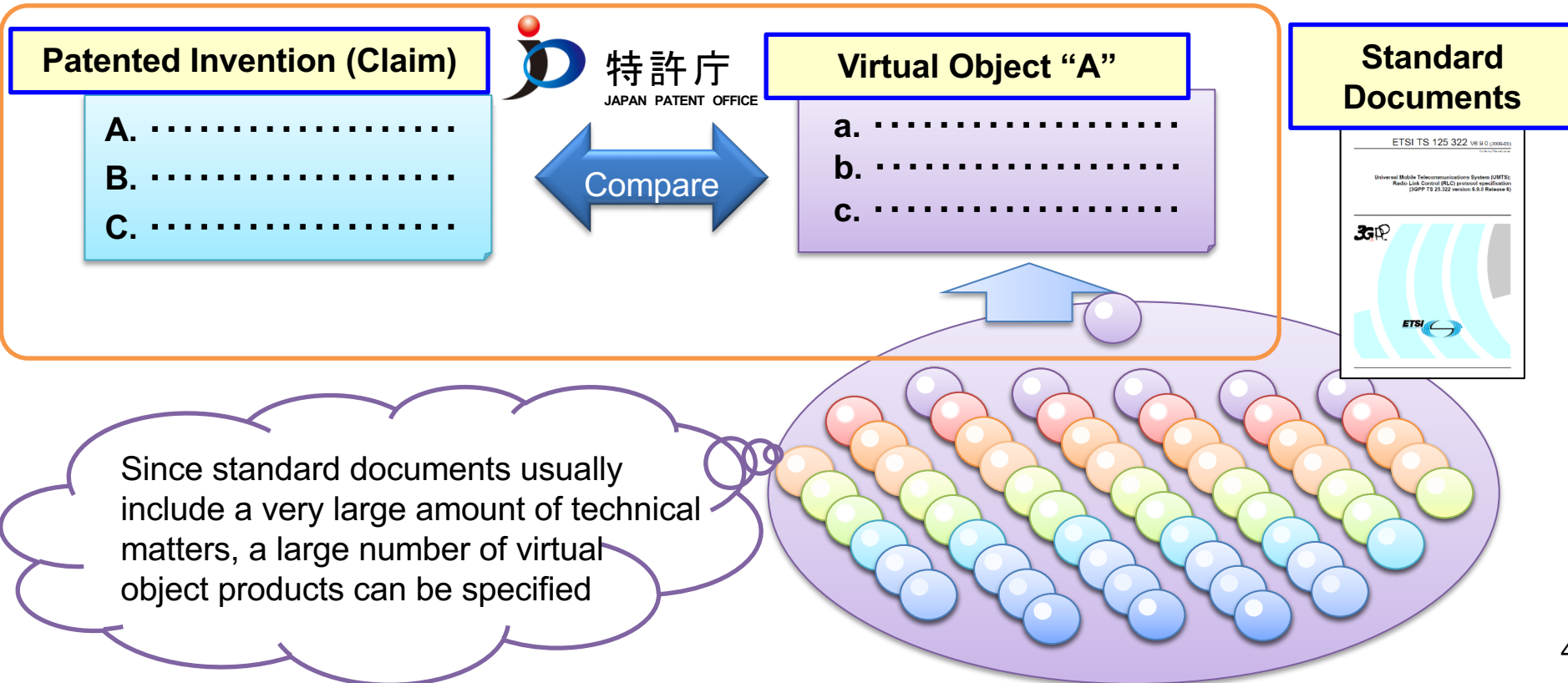
The transmission UM-RLC entity receives RLC SDUs from upper layers through the UM-SAP.

- b. ....  
c. ....



### (3) Allege that the Virtual Object Falls within the Technical Scope of the Patented Invention

- If the virtual object “A” falls within the technical scope of the patented invention, the patented invention would be essential to the standard.
- Even if it does not fall within the technical scope, it does not necessarily mean that the patented invention should not be essential to the standard. Therefore, a request for advisory opinion for essentiality check can not be made in such negative allegation that it does not fall within the technical scope of the patented invention.



Thank you for your kind attention!