

# Ad Hoc of the Patent Committee (PatCom) of the IEEE-SA Standards Board

*Intended for recommendation to the IEEE-SA Standards Board*

## **IMPORTANT NOTICE**

Participants on this reflector were asked to provide comments or recommendations in response to proposed text modifications to the IEEE-SA Standards Board Bylaws regarding the IEEE-SA patent policy and to include a rationale for each comment or recommendation.

The Ad Hoc has considered all comments and recommendations that were submitted, along with the rationales offered for those comments and recommendations. The Ad Hoc has prepared the following comment resolutions. The purpose of the Ad Hoc's responses to comments is not to debate with each commenter, but simply to indicate the outcome and the general basis for the Ad Hoc committee's determination. These comment resolutions may respond to a comment/recommendation or to both the comment/recommendation and associated rationale. Reviewers of the Ad Hoc's responses or other public statements should not assume that the Ad Hoc's recommendation on accepting a comment or recommendation necessarily means that the Ad Hoc accepts or rejects the associated rationale.

Freedman, Barry P 1 L 16-19 # 1  
Alcatel-Lucent

Comment Type **S** Comment Status **D**

We believe that an arbitration tribunal is better suited to make a RAND determination. In addition, while a party can bring arguments relating to essentiality, infringement and validity to the tribunal, we believe that there should be no final determination made as to these issues; a revised definition is needed to clarify.

*SuggestedRemedy*

Appropriate Adjudication" shall mean a fair, independent, and internationally-recognized adjudication process to determine whether any set of license terms and conditions offered by the Submitter is not inconsistent with its LOA; the Appropriate Adjudication shall consider relevant arguments in such determination, subject to the time constraints, but shall not be required to issue separate determinations of the essentiality, infringement, validity, or enforceability of any Essential Patent Claim.

Proposed Response Response Status **W**

PROPOSED ACCEPT IN PRINCIPLE.

We have edited the text at former lines 146 to 150. The draft policy does not preclude arbitration of any issue.

Freedman, Barry P 1 L 23-24 # 2  
Alcatel-Lucent

Comment Type **S** Comment Status **D**

Not clear why components should be mentioned explicitly

*SuggestedRemedy*

"Compliant Implementation" shall mean a product or service that conforms to mandatory portions, optional portions, or both, of the normative clauses of an IEEE Standard.

Proposed Response Response Status **W**

PROPOSED REJECT.

Text has been revised; however, components are mentioned explicitly for clarity because some readers have expressed uncertainty over what is included.

Freedman, Barry P 2 L 52-64 # 3  
Alcatel-Lucent

Comment Type **S** Comment Status **D**

"Reasonable Rate" definition lists three particular factors, all of which are based on speculations and tend to reduce patent value; these three should be discarded and replaced by factors introducing tangible reference points by referring to pre-existing agreements (new Nr. 1) and business practices (new Nr. 2). It is also important to include a reference to the purposes of the RAND commitment, with the inherent balancing test (new Nr. 3).

*SuggestedRemedy*

Remove Nr. 1, Nr. 2 and Nr. 3 (Lines 55-64); add the following new Nr. 1: "The royalties received by the patentee for the licensing of the Essential Patent Claim in other comparable circumstances", add the following new Nr. 2: "The portion of profit or of the selling price that may be customary in the particular business to allow for the use of the invention or analogous inventions that are also covered by RAND-committed patents"; add the following new Nr. 3: "The amount that a licensor and a licensee would have agreed upon if they were both considering the RAND commitment and its purposes, and had been reasonably and voluntarily trying to reach an agreement".

Proposed Response Response Status **W**

PROPOSED REJECT.

We believe that a Reasonable Rate should be based on the value of the essential patent, not on its inclusion in the standard. None of the commenter's listed factors achieve that objective.

Freedman, Barry *P 3* *L 144-146* # 4  
Alcatel-Lucent

*Comment Type S* *Comment Status D*

Excludes the opportunity to seek an injunction while refraining from enforcing it; Nr. 2 includes an appeal which could takes years to reach during which the LOA Submitter has no recourse, hence is tilted in favor of unwilling licensee; arbitration should be the default given its flexibility and capacity to award compensation on a global basis (cf. definition of Appropriate Adjudication in connection with lines 16-19)

*SuggestedRemedy*

A Submitter shall not Exclude a potential licensee, other than one in breach of a license agreement with the Submitter covering such Essential Patent Claim, unless the potential licensee fails, within sixty days of receiving a written request, to agree in writing i) to enter into a license pursuant to the LOA and ii) in the case of dispute to participate in, and be bound by, Appropriate Adjudication of whether the terms and conditions offered are reasonable. "Exclude" shall mean to actually enjoin (e.g. through enforcing a Prohibitive Order) from implementing the IEEE standard referenced in such LOA.

*Proposed Response* *Response Status W*

PROPOSED REJECT.

Negotiations between a Submitter and a potential licensee should attempt to value the contribution of the Essential Patent Claim without considering the possibility of a Prohibitive Order.

Among other things, the commenter's proposed remedy does not provide a mechanism for adjudication of other issues such as patent validity, enforceability, essentiality, and infringement before a Prohibitive Order is available.

Hermele, Daniel *P 3* *L 95* # 5  
QUALCOMM Incorporated

*Comment Type S* *Comment Status D*

[Applicable to lines 95-97] It should be made explicit that the commitment that a Submitter "will grant" a license is contingent on the satisfactory conclusion of licensing negotiations and the agreement on fair and reasonable terms.

*SuggestedRemedy*

<A statement that the Submitter will grant a license for Essential Patent Claims to an unrestricted number of applicants on a worldwide basis without compensation or under Reasonable Rates, with other reasonable terms and conditions that are demonstrably free of any unfair discrimination, to the extent such Rates and other terms and conditions are agreed upon between the parties. >

*Proposed Response* *Response Status W*

PROPOSED ACCEPT IN PRINCIPLE.

We have changed "will grant" to "will make available."

Hermele, Daniel *P 3* *L 99* # 6  
QUALCOMM Incorporated

*Comment Type S* *Comment Status D*

[Applicable to lines 99-101] The provision should make clear that rates are but one element of a licensing agreement among many possible terms and conditions.

*SuggestedRemedy*

<Such a statement signifies that reasonable terms and conditions, including without compensation or under Reasonable Rates, in addition to such other terms and conditions as are reasonable under the circumstances, are sufficient compensation for a license to use those Essential Patent Claims.>

*Proposed Response* *Response Status W*

PROPOSED REJECT.

The sentence as written already addresses the point of the comment, and the suggested remedy is unnecessary.

P 3 L 105 # 7  
 Hermele, Daniel QUALCOMM Incorporated

Comment Type S Comment Status D

[Applicable to lines 105-108] The proposed change would prohibit a Submitter from requesting any cross-license beyond the Essential Patents for the particular IEEE standard for which the Submitter's patents are also essential, or from requesting that the Applicant take a license to any patents other than those particular Essential Patents. These limitations on the parties' ability to negotiate licensing terms that provide value are unjustified, and ignore the recognized benefits of broad, potentially portfolio-wide licenses and cross-licenses. These include the broader dissemination of technology, the elimination of transaction costs, the elimination of uncertainty and potential chill on innovation when technologies are the subject of overlapping patent protections. The industry recognizes these benefits and employs the whole-portfolio licenses and cross-licenses that this provision would prohibit.

*SuggestedRemedy*

Delete the following sentence: <The Submitter shall not require the Applicant (a) to grant a license to any of Applicant's Patent Claims that are not Essential Patent Claims for the referenced IEEE standard, or (b) to take a license for any of the Submitter's Patent Claims that are not Essential Patent Claims for the referenced IEEE standard.>

Proposed Response Response Status W

PROPOSED REJECT.

The draft policy does not preclude "requesting" in the scenarios listed. It does preclude refusing to grant a license if the implementer prefers other reasonable terms. The draft policy does not preclude portfolio licensing if mutually agreeable to the parties.

Specifically, the draft policy states, "Nothing in this policy shall preclude a licensor and licensee from voluntarily negotiating any license under terms mutually agreeable to both parties."

We do not comment on the completeness and accuracy of the commenter's description of industry licensing practices.

P 3 L 105 # 8  
 Hermele, Daniel QUALCOMM Incorporated

Comment Type S Comment Status D

[Applicable to lines 105-108] The proposed change would prohibit a Submitter from requesting any cross-license beyond the Essential Patents for the particular IEEE standard for which the Submitter's patents are also essential, or from requesting that the Applicant take a license to any patents other than those particular Essential Patents. These limitations on the parties' ability to negotiate licensing terms that provide value are unjustified, and ignore the recognized benefits of broad, potentially portfolio-wide licenses and cross-licenses. These include the broader dissemination of technology, the elimination of transaction costs, the elimination of uncertainty and potential chill on innovation when technologies are the subject of overlapping patent protections. The industry recognizes these benefits and employs the whole-portfolio licenses and cross-licenses that this provision would prohibit. It is an insufficient response to these comments to simply state that cross-licensing is permitted if parties agree; if patent holders are prohibited from seeking a ruling from a court that a request for a cross license is reasonable and non-discriminatory holders of essential patents would be at a substantial and unwarranted disadvantage in the marketplace.

*SuggestedRemedy*

<Unless it would be reasonable under the circumstances, the ~~The~~ Submitter shall not require the Applicant (a) to grant a license to any of Applicant's Patent Claims that are not Essential Patent Claims for the referenced IEEE standard, or (b) to take a license for any of the Submitter's Patent Claims that are not Essential Patent Claims for the referenced IEEE standard.>

Proposed Response Response Status W

PROPOSED REJECT.

The draft policy does not preclude "requesting" in the scenarios listed. It does preclude refusing to grant a license if the implementer prefers other reasonable terms. The draft policy does not preclude portfolio licensing if mutually agreeable to the parties. Specifically, the draft policy states, "Nothing in this policy shall preclude a licensor and licensee from voluntarily negotiating any license under terms mutually agreeable to both parties."

Regulators and various commenters at PatCom meetings have suggested that some limitations on reciprocity are appropriate. The draft policy is consistent with those suggestions.

Hermele, Daniel P 3 L 105 # 9  
 QUALCOMM Incorporated

Comment Type S Comment Status D

[Applicable to lines 105-108] The proposed change would prohibit a Submitter from requesting any cross-license beyond the Essential Patents for the particular IEEE standard for which the Submitter's patents are also essential, or from requesting that the Applicant take a license to any patents other than those particular Essential Patents. These limitations on the parties' ability to negotiate licensing terms that provide value are unjustified, and ignore the recognized benefits of broad, potentially portfolio-wide licenses and cross-licenses. These include the broader dissemination of technology, the elimination of transaction costs, the elimination of uncertainty and potential chill on innovation when technologies are the subject of overlapping patent protections. The industry recognizes these benefits and employs the whole-portfolio licenses and cross-licenses that this provision would prohibit.

*SuggestedRemedy*

<Unless it would reduce transaction costs or the costs of monitoring potential infringement, or provide other value to the Submitter and Applicant as determined by the Submitter and Applicant, the Submitter shall not require the Applicant (a) to grant a license to any of Applicant's Patent Claims that are not Essential Patent Claims for the referenced IEEE standard, or (b) to take a license for any of the Submitter's Patent Claims that are not Essential Patent Claims for the referenced IEEE standard.>

Proposed Response Response Status W  
 PROPOSED REJECT.

The draft policy does not preclude "requesting" in the scenarios listed. It does preclude refusing to grant a license if the implementer prefers other reasonable terms. The draft policy does not preclude portfolio licensing if mutually agreeable to the parties. Specifically, the draft policy states, "Nothing in this policy shall preclude a licensor and licensee from voluntarily negotiating any license under terms mutually agreeable to both parties."

Regulators and various commenters at PatCom meetings have suggested that some limitations on reciprocity are appropriate. The draft policy is consistent with those suggestions.

Hermele, Daniel P 3 L 105 # 10  
 QUALCOMM Incorporated

Comment Type S Comment Status D

[Applicable to lines 105-108] A prohibition on cross-licenses or requirements that an applicant also license other Essential Patent Claims not essential to the particular referenced IEEE standard is profoundly inefficient. Under the IEEE's patent policy, such Claims will be the subject of requests from the IEEE for Letters of Assurance as well, and it makes sense to conduct one licensing negotiation over all essential patents owned by Submitters and Applicants at once.

*SuggestedRemedy*

<The Submitter shall not require the Applicant (a) to grant a license to any of Applicant's Patent Claims that are not Essential Patent Claims for the referenced IEEE standard, or (b) to take a license for any of the Submitter's Patent Claims that are not Essential Patent Claims for the referenced IEEE standard.>

Proposed Response Response Status W  
 PROPOSED REJECT.

The draft policy does not preclude cross-licensing on a voluntary basis. It does preclude refusing to grant a license if the implementer prefers other reasonable terms. The draft policy does not preclude portfolio licensing if mutually agreeable to the parties. Specifically, the draft policy states, "Nothing in this policy shall preclude a licensor and licensee from voluntarily negotiating any license under terms mutually agreeable to both parties."

Regulators and various commenters at PatCom meetings have suggested that some limitations on reciprocity are appropriate. Therefore, what is contained in the draft policy is reasonable and appropriate and consistent with that suggestion.

Hermele, Daniel P 4 L 134 # 11  
QUALCOMM Incorporated

Comment Type **S** Comment Status **D**

[Applicable to lines 134-135] No justification exists for prohibiting the seeking of an injunction as a remedy for infringement of an essential patent. The proposed change may be based on the false presumption that a Submitter could use an injunction to gain leverage in licensing negotiations. However, an injunction could only be granted after adjudications of infringement, and the validity and essentiality of the patent. In addition, RAND-based defenses to infringement could be asserted would have to be resolved before such an adjudication. Thus there is no risk that a court would enjoin a willing licensee which had been negotiating in good faith with a Submitter.

*SuggestedRemedy*

Lines 134-135: <A Submitter of an Accepted LOA who has committed to license Essential Patent Claims shall ~~not~~ ~~neither seek, nor seek to~~ have enforced, . . . >

Proposed Response Response Status **W**

PROPOSED REJECT.

Negotiations between a Submitter and a potential licensee should attempt to value the contribution of the Essential Patent Claim without considering the possibility of a Prohibitive Order.

Hermele, Daniel P 4 L 134 # 12  
QUALCOMM Incorporated

Comment Type **S** Comment Status **D**

[Applicable to lines 134-145] The availability of injunctions or other exclusionary remedies is necessary for holders of essential patents to combat the unwilling infringer - that is, an Applicant (or other potential licensee) who infringes even after having been offered reasonable terms by the Submitter. The possibility of an injunction discourages unwilling infringers and encourages market-driven resolutions of licensing disputes through negotiation. Applicants and other potential licensees with the knowledge that an injunction is unavailable should they infringe would have much less reason to engage in good faith negotiations with Submitters.

*SuggestedRemedy*

Delete lines 134 to 145.

Proposed Response Response Status **W**

PROPOSED REJECT.

Negotiations between a Submitter and a potential licensee should attempt to value the contribution of the Essential Patent Claim without considering the possibility of a Prohibitive Order.

Hermele, Daniel P 4 L 134 # 13  
QUALCOMM Incorporated

Comment Type **S** Comment Status **D**

[Applicable to lines 134-145] The proposed changes to the IPR Policy to generally prohibit the seeking or enforcement of injunctions or other exclusionary remedies with limited exceptions are unbalanced in that they restrict the rights of patent holders without requiring any obligation on potential licensees. A balanced approach would offer the potential licensee a safe harbor from injunctions provided it agrees to a practicable process to arrive at a license on RAND terms including a RAND adjudication in case of dispute.

*SuggestedRemedy*

Delete lines 134 to 145. Add: Balanced Safe Harbour Approach (2-stage RAND determination)

An owner of Essential Patent Claims relating to an IEEE Standard and subject to a RAND licensing assurance shall not EXCLUDE a potential licensee, other than one in breach of a license agreement with the owner of Essential Patent Claims covering such Essential Patent Claims, unless the potential licensee fails, within sixty days of receiving a written request, to agree in writing to enter into a license if RAND terms are offered by the owner of Essential Patent Claims and, in the case of dispute to participate in, and be bound by, a RAND ADJUDICATION to verify or determine RAND terms which will then constitute a binding licence agreement between the Essential Patent Claims owner and the potential licensee.

A potential licensee may challenge, outside the RAND ADJUDICATION, the essentiality, infringement, validity, or enforceability of any Essential Patent Claims without losing the benefit of this Clause.

**DEFINITIONS**

RAND ADJUDICATION shall mean a fair, independent, and internationally-recognized adjudication process to determine primarily whether license terms and conditions offered by the Essential Patent Claims owner are not inconsistent with the Essential Patent Claims owner's RAND licensing assurance. Only if such terms are determined to be inconsistent with the Essential Patent Claims owner's RAND licensing undertaking, then the adjudication process shall secondarily determine the RAND terms. The adjudication process shall consider relevant arguments subject to the time constraints of the adjudication process, but shall not be required to issue separate determinations of the essentiality, infringement, validity, or enforceability of any Essential Patent Claims. The adjudication process may allow a period for negotiation between the primary and secondary determinations. EXCLUDE shall mean to enjoin (e.g. through an injunction or exclusion order) from practising any of the rights set forth in the RAND licensing assurance under such Essential Patent Claims.

Proposed Response Response Status **W**

PROPOSED REJECT.

Negotiations between a Submitter and a potential licensee should attempt to value the contribution of the Essential Patent Claim without considering the possibility of a Prohibitive Order.

Among other things, this proposed remedy would allow seeking and enforcing a Prohibitive Order before issues of patent validity, essentiality, enforceability, infringement, etc. have been adjudicated.

Hermele, Daniel P 4 L 134 # 14  
QUALCOMM Incorporated

Comment Type **S** Comment Status **D**

[Applicable to lines 134-145] The proposed changes to the IPR Policy to generally prohibit the seeking or enforcement of injunctions or other exclusionary remedies with limited exceptions go way beyond what is needed to deal with the risk of the use of injunctions to facilitate "hold up", because all that is needed to deal with that is to ensure that owners of Essential Patent Claims comply with their RAND commitments before getting injunctions. An approach sufficient to address any supposed "hold up" risk would merely reinforce obligations to ensure that RAND licensing assurances are complied with.

*SuggestedRemedy*

Delete lines 134 to 145. Add: A Submitter of an accepted LOA including a RAND licensing assurance shall not, subject to reciprocity, prohibit an implementer to practise the rights set out in such licensing assurance by means of any exclusionary remedy (including, but not limited to injunctions, preliminary injunctions, exclusion orders, and border detention orders) with respect to a particular Essential Patent Claim if it is in breach of such licensing assurance with respect to such implementer. This shall not be interpreted as limiting or precluding any other defenses an implementer may have according to the laws of a particular jurisdiction.

Proposed Response Response Status **W**  
PROPOSED REJECT.

Submission of an LOA is voluntary. By submitting an LOA with licensing assurance (excluding selection of LOA Box 1d), a patent holder has agreed either: to make available a license with Reasonable Rates and other reasonable terms and conditions; or to not assert its patent rights.

Negotiations between a Submitter and a potential licensee should take place without considering the possibility of a Prohibitive Order.

The commenter's proposed remedy does not address this issue. A patent holder could erroneously but in good faith believe it has satisfied the requirements in the commenter's proposed remedy and could therefore assert the right to seek a Prohibitive Order.

Hermele, Daniel P 4 L 134 # 15  
QUALCOMM Incorporated

Comment Type **S** Comment Status **D**

[Applicable to lines 134-145] The availability of injunctions or other exclusionary remedies is necessary for holders of essential patents to combat the unwilling infringer - that is, an Applicant (or other potential licensee) who infringes even after having been offered reasonable terms by the Submitter. The possibility of an injunction discourages unwilling infringers and encourages market-driven resolutions of licensing disputes through negotiation. Applicants and other potential licensees with the knowledge that an injunction is unavailable should they infringe would have much less reason to engage in good faith negotiations with Submitters.

*SuggestedRemedy*

<A Submitter of an accepted LOA who has committed to license Essential Patent Claims shall ~~neither seek, nor seek to not~~ have enforced, in any jurisdiction, a Protective Order against an implementer based on alleged infringement of any Essential Patent Claim within the scope of assurance of the Accepted LOA except that a Submitter may do so:

....  
2. If the implementer has refused an offer from the Submitter of fair and reasonable licensing terms fails to comply with a final adjudication by an Appropriate Court and after a first-level appellate review, if sought by any party within applicable deadlines, that affirms such adjudication in that jurisdiction.>

Proposed Response Response Status **W**  
PROPOSED REJECT.

Negotiations between a Submitter and a potential licensee should attempt to value the contribution of the Essential Patent Claim without considering the possibility of a Prohibitive Order.

The commenter's proposed remedy does not address this issue. For example, a patent holder could erroneously but in good faith believe it has satisfied the requirements in the commenter's proposed remedy and could therefore assert the right to seek and enforce a Prohibitive Order.

Hermele, Daniel  
 P 1 L 22-23, 29 # 16  
 QUALCOMM Incorporated

Comment Type S Comment Status D

As we demonstrated at the December 9, 2013 PatCom meeting, the ad hoc's statements in response to the prior round of comments that the new definition of "Compliant Implementation" was simply a codification of what is in the policy are incorrect. The current policy states that the licensing commitment applies to "implementations of the standard". The language relied upon by the ad hoc is in the definition of Essential Claim, and it makes sense there because of the purpose of that definition. But that definition does not work for the rest of the policy, and, as reflected in the comments recieved to the first draft, does not represent many participants' understanding of the meaning and intent of the curent policy. If the ad hoc group seeks to create a defined term that reflects what is already in the policy then it should do so based on the current language in the licensing commitment, and the language defining "Essential Claim" should be left alone.

*SuggestedRemedy*

Revise definition of Compliant Implementation to read:  
 "Compliant Implementation" shall mean an implementation of the mandatory portions of the normative clauses of an IEEE standard." Reverse use of defined term in definition of Essential Claim and revert to original language.

Proposed Response Response Status W

PROPOSED REJECT.

Partly based on this comment, the definitions for Compliant Implementation and Essential Patent Claim have been edited.

The commenter's proposed remedy seeks to limit the licensing commitment to apply only to products conforming to "mandatory portions of the normative clauses of an IEEE standard." It could be interpreted to mean all mandatory portions of all the normative clauses of an IEEE standard and that remedy is not consistent with how conforming products are implemented in the marketplace.

Hermele, Daniel  
 P 1 L 22-23, 29 # 17  
 QUALCOMM Incorporated

Comment Type S Comment Status D

As we demonstrated at the December 9, 2013 PatCom meeting, the ad hoc's statements in response to the prior round of comments that the new definition of "Compliant Implementation" was simply a codification of what is in the policy are incorrect. The current policy states that the licensing commitment applies to "implementations of the standard". The language relied upon by the ad hoc is in the definition of Essential Claim, and it makes sense there because of the purpose of that definition. But that definition does not work for the rest of the policy, and, as reflected in the comments recieved to the first draft, does not represent many participants' understanding of the meaning and intent of the curent policy. If the ad hoc group seeks to create a defined term that reflects what is already in the policy then it should do so based on the current language in the licensing commitment, and the language defining "Essential Claim" should be left alone.

*SuggestedRemedy*

ALTERNATIVE: Revise definition of Compliant Implementation to read:  
 "Compliant Implementation" shall mean a product that conforms to the mandatory portions of the normative clauses of an IEEE standard." Reverse use of defined term in definition of Essential Claim and revert to original language.

Proposed Response Response Status W

PROPOSED REJECT.

Partly based on this comment, the definitions for Compliant Implementation and Essential Patent Claim have been edited.

The commenter's proposed remedy seeks to limit the licensing commitment to apply only to products conforming to "mandatory portions of the normative clauses of an IEEE standard." This language could be interpreted to mean all mandatory portions of all the normative clauses of an IEEE standard and that remedy is not consistent with how conforming products are implemented in the marketplace.



Hermele, Daniel  
 P 1 L 22-23, 29 # 18  
 QUALCOMM Incorporated

Comment Type S Comment Status D

As we demonstrated at the December 9, 2013 PatCom meeting, the ad hoc's statements in response to the prior round of comments that the new definition of "Compliant Implementation" was simply a codification of what is in the policy are incorrect. The current policy states that the licensing commitment applies to "implementations of the standard". The language relied upon by the ad hoc is in the definition of Essential Claim, and it makes sense there because of the purpose of that definition. But that definition does not work for the rest of the policy, and, as reflected in the comments recieved to the first draft, does not represent many participants' understanding of the meaning and intent of the curent policy. If the ad hoc group seeks to create a defined term that reflects what is already in the standard then it should do so based on the current language in the licensing commitment, and the language defining "Essential Claim" should be left alone.

*SuggestedRemedy*

ALTERNATIVE: Revise definition of Compliant Implementation to read:  
 "Compliant Implementation' shall mean a product that conforms to the the normative clauses of an IEEE standard. For the avoidance of doubt, a product need not conform to any of the optional portions on an IEEE standard to be a Compliant Implementation."  
 Reverse use of defined term in definition of Essential Claim and revert to original language.

Proposed Response Response Status W  
 PROPOSED REJECT.

Partly based on this comment, the definitions for Compliant Implementation and Essential Patent Claim have been edited.

The commenter's proposed remedy seeks to limit the licensing commitment to apply only to products conforming to "the normative clauses of an IEEE standard." This language could be interpreted to mean all the normative clauses of an IEEE standard and that remedy is not consistent with how conforming products are implemented in the marketplace.

Hermele, Daniel  
 P 1, 3 L 38-39, 93, 98 # 19  
 QUALCOMM Incorporated

Comment Type S Comment Status D

References to the rights that are required to be granted in a license (or required not to be enforced) should be clear, grounded in rights that are well understood, and recognized in patent law. "Have sold" and "implement" are vagure terms that are not recognized in patent law and should be deleted.

*SuggestedRemedy*

Delete "have sold" from line 98, "having sold" from lines 38 and 93, "implement" from line 98, and "implementing" from lines 39 and 93.

Proposed Response Response Status W  
 PROPOSED ACCEPT.

Hermele, Daniel  
 P 2 L 66-72 # 20  
 QUALCOMM Incorporated

Comment Type S Comment Status D

Confining the condition of reciprocity to licensing back only to specific patent holders fails to protect the IEEE and potential implementers of IEEE standards from opportunism by holders of Essential Claims who do not participate in IEEE standardization. A better approach is to condition RAND licensing on the Applicant's submitting an LOA with a licensing commitment for its Esessential Claims for the benefit of all. Otherwise the Applicant could be blocking the implementation of the standard by anyone who does not hold its own Essential Claims.

*SuggestedRemedy*

Revise definition of "Reciprocal Licensing" to read: "Reciprocal Licensing' shall mean that the Submitter of and LOA has conditioned its granting of a license for its Essential Patent Claims upon the Applicant's submission of an LOA with a licensing commitment as to the Applicant's Essential Patent Claims for the referenced IEEE standard."

Proposed Response Response Status W  
 PROPOSED REJECT.

The suggested remedy appears to create more problems than it solves, in part because it may cause some implementers to choose not to implement IEEE standards, thereby reducing their market acceptance.

Hermele, Daniel P 2 L 66-72 # 21  
QUALCOMM Incorporated

Comment Type **S** Comment Status **D**

The condition of reciprocity should not extend beyond what is covered by OpsMan 6.3.5.

*SuggestedRemedy*

Delete "including any amendments, corrigenda, editions, and revisions" from lines 66-67; add "in accordance with section 6.3.5 of the Operations Manual" after "revisions" in line 68.

Proposed Response Response Status **W**

PROPOSED REJECT.

The purpose of the Ops Man provision is different from the purpose of the reciprocity provision contained in the draft policy. The comment does not justify the suggested remedy.

Hermele, Daniel P 2 L 49 # 22  
QUALCOMM Incorporated

Comment Type **S** Comment Status **D**

[Applicable to lines 49-61] The following factor appropriately reflects that licenses will be on terms parties have agreed to be RAND or that have been adjudicated to be RAND, and that licenses are typically negotiated with full knowledge that patents are probabilistic: "Any existing licenses covering the use of Essential Patent Claims for products fully compliant with the IEEE Standard, including the fact that licenses negotiated in advance of a determination of validity and infringement will be discounted as compared to licenses negotiated after such a determination."

*SuggestedRemedy*

Add, after factor 3 in lines 60-61, following additional factor: <4. Any existing licenses covering the use of Essential Patent Claims for products fully compliant with the IEEE Standard, including the fact that licenses negotiated in advance of a determination of validity and infringement will be discounted as compared to licenses negotiated after such a determination.>

Proposed Response Response Status **W**

PROPOSED REJECT.

It is not appropriate to enshrine previously negotiated agreements as a factor for determining a Reasonable Rate for an Essential Patent Claims without regard to the circumstances surrounding such agreements. Nevertheless, the draft policy does not preclude the Submitter and Implementer from considering any factors that they wish to consider during their bilateral negotiations.

We do not comment on the factual accuracy of the commenter's implied suggestion that a license negotiated in advance of a determination of validity/infringement will always and necessarily be discounted.

Hermele, Daniel P 2 L 49 # 23  
QUALCOMM Incorporated

Comment Type **S** Comment Status **D**

[Applicable to lines 49-61] The current IEEE Patent Policy recognizes the value provided by non-royalty licensing terms. This value should be weighed in assessing whether the royalty terms of a license are "reasonable."

*SuggestedRemedy*

Add, after factor 3 in lines 60-61, following additional factor: <4. The other terms proposed by the Submitter, including but not limited to up-front fees, Reciprocal Licensing provisions, non-assert provisions, and term and termination provisions.>

Proposed Response Response Status **W**

PROPOSED REJECT.

The draft patent policy does not attempt to list all the factors that may be considered in determining a "Reasonable Rate," but it does list those that must be considered.

Hermele, Daniel P 2 L 49 # 24  
QUALCOMM Incorporated

Comment Type **S** Comment Status **D**

The proposed definition of a Reasonable Rate does not even incorporate a requirement that the compensation be reasonable overall under the circumstances. This is a feature of the status quo policy, which requires terms to be reasonable.

*SuggestedRemedy*

Make the following addition to line 49: <"Reasonable Rate" shall mean reasonable compensation . . . .>

Proposed Response Response Status **W**

PROPOSED REJECT.

The identified factors provide guidance for determining reasonableness overall. It would not be appropriate to create a circular definition by using the word "reasonable" in the definition of "Reasonable Rates."

Hermele, Daniel P 2 L 52 # 25  
QUALCOMM Incorporated

Comment Type S Comment Status D

[Applicable to lines 52-54] This factor seeks to discount any value attributable to the claimed invention of an Essential Patent Claim due to its being essential to the IEEE Standard. However, patent holders are, at least in some circumstances, entitled to a portion of the value, if any, "associated with the Essential Patent Claims being essential to the IEEE standard". See for example, the speech of David L. Meyer Deputy Assistant Attorney General, Antitrust Division U.S. Department of Justice (available at <http://www.justice.gov/atr/public/speeches/234124.htm>) : "Hold up also should not be taken to refer to every situation in which the incorporation of IP into a standard enhances the value of the IP. Efficient standards typically expand output, unlocking new markets for the technologies used to implement them. This added value should not necessarily be attributed to the standard rather than the IP. If particular IP provides a uniquely efficient way to solve a problem that must be overcome in order for a standard to work, the IP holder's desire to earn a return reflecting the value of solving that problem is not hold up; it is better thought of as a reflection of the intrinsic value of the IP. This is so even if the standard unlocks value in IP for which there was no market until the standard was created."

*SuggestedRemedy*

Delete clause beginning in line 52 <, not including . . . >. Lines should read:<The value of the claimed invention or inventive feature within the Essential Patent Claim. Note that "hold up" does not refer to every situation in which the incorporation of IP into an IEEE standard enhances the value of the IP. Efficient standards typically expand output, unlocking new markets for the technologies used to implement them. This added value should not necessarily be attributed to the standard rather than the IP. If particular IP provides a uniquely efficient way to solve a problem that must be overcome in order for a standard to work, the IP holder's desire to earn a return reflecting the value of solving that problem is not "hold up"; it is a reflection of the intrinsic value of the IP. This is so even if the standard unlocks value in IP for which there was no market until the standard was created.

Proposed Response Response Status W  
PROPOSED REJECT.

A Submitter will participate in the value of a successful standard because more units incorporating the Submitter's patent will be sold. The proposed remedy (which we assume stops before the word "note") would provide no guidance for implementing the philosophy that the commenter suggests. Note, however, that the relevant text has been edited.

Hermele, Daniel P 2 L 52 # 26  
QUALCOMM Incorporated

Comment Type S Comment Status D

[Applicable to lines 52-54] This factor assumes the existence of "patent hold-up" and "lock-in", and that these phenomena add "value" to the Essential Patent Claim's essentiality to the IEEE standard. However, there is no empirical evidence that licensing regimes governed by flexible RAND commitments have resulted in "hold-up". The status quo SSO IPR policies, including the current IEEE policy which does not define "Reasonable Rates", have been sufficient to allow all industry participants to invest in the development of new technologies, which have progressed at an astonishing rate in the last several years. In addition, such policies have allowed implementers, such as wireless operators and device manufacturers, to garner significant profits, far greater than the cumulative royalties paid out to patent-holders.

*SuggestedRemedy*

ALTERNATIVE: Delete clause beginning in line 52 <, not including . . . >. Lines should read: <The value of the claimed invention or inventive feature within the Essential Patent Claim.>

Proposed Response Response Status W  
PROPOSED REJECT.

Although the comment is rejected, it should be noted that the specific language of "hold-up" and "lock-in" have been removed.

Regulators and various commenters at PatCom meetings have suggested that standards setting organizations explore setting guidelines on what constitutes a FRAND rate and therefore some guidance is needed beyond the word "reasonable". The former first factor (now integrated into the preceding paragraph) is believed to provide helpful guidance.

Hermele, Daniel P 2 L 52 # 27  
QUALCOMM Incorporated

Comment Type **S** Comment Status **D**

[Applicable to lines 52-54] As discussed in previous comment, there is no empirical evidence to substantiate a "hold-up" or "lock in" problem. However, if there were, and this is to be a meaningful factor, the Applicant should provide evidence of the value added by hold-up or lock-in that should not be considered as part of a "Reasonable Rate".

*SuggestedRemedy*

At the end of line 54, replace <to the IEEE Standard.> with <to the IEEE Standard, if an Applicant provides independence evidence of any such value.>

Proposed Response Response Status **W**

PROPOSED REJECT.

Although the comment is rejected, it should be noted that the specific language of "hold-up" and "lock-in" have been removed. As rephased, previous factor 1, which is now better integrated into the text, must be considered but not how the parties should reach a conclusion on that factor.

Hermele, Daniel P 2 L 52 # 28  
QUALCOMM Incorporated

Comment Type **S** Comment Status **D**

[Applicable to lines 52-54] This factor precludes the patentee from sharing any portion of any value "associated with the Essential Patent Claim's being essential to the IEEE Standard", even if this value is not a result of "any patent hold-up, [or] lock-in". There is no sound reason that patentees should not participate in part in such value, or that all such value should be captured by licensees.

*SuggestedRemedy*

Lines 53-54: delete <or other value associated with the Essential Patent Claim's being essential to the IEEE Standard." Line 53 should read: <including any value that might result from any patent hold-up or lock-in."

Proposed Response Response Status **W**

PROPOSED REJECT.

A Submitter will participate in the value of a successful standard because more units reading on the Submitter's patent will be sold. Note, however, that the language containing the phrase "associated with" has been substantially revised.

Hermele, Daniel P 2 L 52 # 29  
QUALCOMM Incorporated

Comment Type **S** Comment Status **D**

[Applicable to lines 52-54] Courts should not take into account any factors which might be argued to require a theoretical ex ante incremental value test whereby the value of an invention in an essential patent or essential patent claim is determined as the incremental value over the "next best alternative" invention available prior to adoption of the Standard or "lock-in". This test has been widely discredited by economists and courts.

*SuggestedRemedy*

At end of line 52, delete <not including any value that might result from any patent hold-up, lock-in, or other value associated with the Essential Patent Claim's being essential to the IEEE Standard.> Line 52 should read <The value of the claimed invention or inventive feature within the Essential Patent Claim.>

Proposed Response Response Status **W**

PROPOSED REJECT.

Although the comment is rejected, it should be noted that the specific language of "hold-up" and "lock-in" have been removed.

The draft policy neither proposes nor rejects the "incremental value test."

We do not comment on the accuracy of the final sentence of the comment.

Hermele, Daniel P 2 L 52 # 30  
 QUALCOMM Incorporated

Comment Type **S** Comment Status **D**

[Applicable to lines 52-54] Courts should not take into account any factors which might be argued to require a theoretical ex ante incremental value test whereby the value of an invention in an essential patent or essential patent claim is determined as the incremental value over the "next best alternative" invention available prior to adoption of the Standard or "lock-in". This test has been widely discredited by economists and courts.

*SuggestedRemedy*

ALTERNATIVE: At end of line 52, delete <or other value associated with the Essential Patent Claim's being essential to the IEEE Standard.> Add, <Theories of ex ante incremental value are not to be used in considering the value of the claimed invention or inventive feature within the Essential Patent Claim.> Line 52 should read <The value of the claimed invention or inventive feature within the Essential Patent Claim, not including any value that might result from any patent hold-up, lock-in. Theories of ex ante incremental value are not to be used in considering the value of the claimed invention or inventive feature within the Essential Patent Claim.>

Proposed Response Response Status **W**

PROPOSED REJECT.

Although the comment is rejected, it should be noted that the specific language of "hold-up" and "lock-in" have been removed.

The draft policy neither proposes nor rejects the "incremental value test."

We do not comment on the accuracy of the final sentence of the comment.

Hermele, Daniel P 2 L 56 # 31  
 QUALCOMM Incorporated

Comment Type **S** Comment Status **D**

[Applicable to lines 56-61] As we pointed out in our first comments, the logical conclusion of expanding the licensing assurance to Compliant Implementations defined to include components, products or services that do not necessarily practice the complete IEEE standard is that licensing will need to be practiced on multiple levels. Bullets 2 and 3 of the definition of "Reasonable Rate" suggest to compare the value of an Essential Patent Claim subject to a licensing assurance to the overall functionality of the smallest saleable Compliant Implementation and the aggregate value that all Essential Patent Claims contribute to the smallest saleable Compliant Implementation. Where a Reasonable Rate is being considered for a Compliant Implementation being licensed which is not a "smallest saleable Compliant Implementation" but which practices additional Essential Patent Claims over any given "smallest saleable Compliant Implementation" and may even practice all Essential Patent Claims in the complete IEEE Standard, how do the relative value tests of bullets 2 and 3: a) capture the value of those additional Essential Patent Claims practiced in that Compliant Implementation being licensed, b) determine which of multiple Compliant Implementations which practice only portions of the IEEE Standard are the smallest saleable Compliant Implementations to use in the suggested comparison, and c) apply when the "overall functionality" and Essential Patent Claims practiced in that Compliant Implementation being licensed are by definition different to those of any given smallest saleable Compliant Implementation suggested to be used for comparison?

*SuggestedRemedy*

Delete bullets 2 and 3 on lines 56-61.

Proposed Response Response Status **W**

PROPOSED REJECT.

Submitters and implementers should consider these factors (and maybe others) in voluntarily concluding a RAND license.

Hermele, Daniel P 2 L 56 # 32  
QUALCOMM Incorporated

Comment Type **S** Comment Status **D**

[Applicable to lines 56-61] If it is not intended that licensing occur at multiple levels, a determination of the value of an essential patent based on its contribution only to the "smallest saleable" Compliant Implementation which does not practice the complete IEEE Standard will substantially undervalue essential patents by ignoring the value they contribute to other Compliant Implementations that practice additional Essential Patent Claims to those practiced by the smallest saleable Compliant Implementation.

*SuggestedRemedy*

Lines 56 - 58: <2. The ~~relative~~ value of the functionality that the Essential Patent Claim contributes to the overall functionality of the ~~smallest saleable~~ Compliant Implementation that practices the Essential Patent Claim.>

Lines 60-61:<3. The value of the Essential Patent Claim relative to the aggregate value that all Essential Patent Claims contribute to the ~~smallest saleable~~ Compliant Implementation that practices the Essential Patent Claim.>

Proposed Response Response Status **W**  
PROPOSED ACCEPT IN PRINCIPLE.

The definition of Compliant Implementation has been changed along with Reasonable Rates.

Any maker of a compliant implementation may seek a license, and it is intended that licensing may occur at multiple levels.

Hermele, Daniel P 2 L 60 # 33  
QUALCOMM Incorporated

Comment Type **S** Comment Status **D**

[Applicable to lines 60-61] Industry participants do not, nor could not, consider the "aggregate value" of all Essential Patent Claims in actual licensing negotiations. Thus, this factor is not a useful component of what should be deemed a "reasonable" rate.

*SuggestedRemedy*

Delete factor 3.

Proposed Response Response Status **W**  
PROPOSED REJECT.

Submitters and implementers should consider these factors (and maybe others) in voluntarily concluding a RAND license.

Hermele, Daniel P 2 L 60 # 34  
QUALCOMM Incorporated

Comment Type **S** Comment Status **D**

[Applicable to lines 60-61] Courts should not take into account any factors that rely on any theoretical "aggregate value" of all Essential Patent Claims. As stated above, it is not possible to consider this in actual licensing negotiations, but neither is it sensible to base royalty rates on an hypothetical cumulative royaltay rate figure that would be likely to result in actual royalty rates different than those negotiated in the real world. Nor should Courts take into account any factors that might suggest the each Essential Patnet Claim (or each essential patent) be accorded equal value in a theoretical universe of all Essential Patent Claims. There is no empirical evidence that licensing regimes governed by flexible RAND commitments have resulted in "royalty stacking". The status quo SSO IPR policies, including the current IEEE policy which does not define "Reasonable Rates", have been sufficient to allow all industry participants to invest in the development of new technologies, which have progressed at an astonishing rate in the last several years. In addition, such policies have allowed implementers, such as wireless operators and device manufacturers, to garner significant profits, far greater than the cumulative royalties paid out to patent-holders.

*SuggestedRemedy*

Delete factor 3.

Proposed Response Response Status **W**  
PROPOSED REJECT

The value of an EPC should be considered relative to the aggregate value that all EPCs contribute to the Compliant Implementation. We agree that not all EPCs will necessarily have the same value. To the extent that this comment implies that courts should make accurate determinations of relative values, we agree.

Hermele, Daniel P 3 L 90 # 35  
QUALCOMM Incorporated

Comment Type **S** Comment Status **D**

The proposed change would allow the IEEE to determine what assurance to request from a Submitter, and would allow the IEEE to dictate the terms of Submitter's assurance. There is no justification for constricting a Submitter's flexibility in the level of assurance it provides, and the change would also permit the IEEE to discriminate among Submitters in the level of assurance requested.

*SuggestedRemedy*

Replace <The licensing assurance that IEEE requests> with <A Letter of Assurance>.

Proposed Response Response Status **W**  
PROPOSED ACCEPT IN PRINCIPLE.

The comment points out an unintended ambiguity. We have changed the text to remove this ambiguity.

Kallay, Dina P 1  
Ericsson L 1-179  
# 36

Comment Type **S** Comment Status **D**

(Text continues through page 5)

Ericsson continues to be troubled by the process through which the current PatCom group formed the current ad-hoc Committee that meets in closed doors to consider what we now see are far-reaching changes to the IEEE S.A. [hereinafter "IEEE"] patent policy.

Ericsson believes the current ad-hoc Committee was formed in violation of the IEEE's own guidelines, which provide that "each IEEE-SA meeting must be preceded by a notice and proposed agenda made available to prospective participants." (see IEEE Antitrust & Competition Policy at 5). Moreover, the current ad-hoc Committee, which has refused requests to accept additional members, operates in a manner contrary to the IEEE's self-proclaimed "neutrality." The closed nature of the ad-hoc Committee is inconsistent with the European Commission's Guidelines for Technology Transfer Agreements which call for SDO's to adopt and use a "process open to all interested parties representing different interests." *Id.* at ¶231.

Neither the formation of the ad-hoc Committee nor its refusal to accept additional members and viewpoints can be justified by any claimed urgency to the project. PatCom's March 4 2013 meetings minutes suggest that PatCom tasked the current ad-hoc Committee with making recommended changes to the IEEE by-laws so as to address comments made by a senior antitrust official at the U.S. Department of Justice during an ITU meeting held in October 2012. See Renata Hesse, "Six 'Small' Proposals for SSOs Before Lunch." (<http://www.justice.gov/atr/public/speeches/287855.pdf>) Yet, Ms. Hesse's speech made clear that the six IP policy changes proposed for consideration had "not been mandated" by any DOJ actions and that the DOJ continues to believe that the development of IP policy is "primarily a private matter for standards bodies."

Therefore if IEEE staff was lead to believe that the newly-proposed changes are somehow required by the DOJ, such belief is inaccurate.

Ericsson is not opposed to a process that allows for a periodic review and revision of the IEEE's IP policy, but such process must be undertaken in accord with the IEEE's internal procedures and fundamental due process considerations, and as part of an ad-hoc group whose mandate includes such a broad review.

The importance of the ongoing due process violation surrounding the ad hoc Committee's work is exacerbated by the significance of this Committee's task in recommending an extensive re-write of the patent section of the IEEE by-laws. Ericsson is further concerned that the ad-hoc Committee is comprised of an unbalanced representation of the IEEE membership, and is dominated by major implementers and net-licensees. These participants share a common interest in driving down compensation to IPR holders, especially with respect to technology previously incorporated into IEEE standards. Ericsson believes that the second draft changes to the IEEE by-laws produced by that current ad-hoc Committee, as discussed in the additional comments below, reflects this sectorial unity of interest and lack of balance.

Ericsson further believes that this state of affairs may affect the public and certain members' ability to trust the IEEE's procedures and processes and their incentive to take part in future IEEE standard-setting.

#### Suggested Remedy

Disband the current unbalanced ad-hoc group whose activity far exceeds its mandate as described in the PatCom March 4, 2013 minutes, and establish a new ad-hoc group, that will be open to all interested IEEE members, and whose mandate will include the broad task attempted by the current ad-hoc group.

Alternatively, at a minimum, open up the ad-hoc group process to all interested IEEE members to allow them to equally weigh into the process, and extend the number of future iterations of this process as multiple interested members have been effectively shut out of the first two iterations.

Proposed Response Response Status **W**

PROPOSED REJECT.

The comment does not propose any revision to the draft policy.

The Ad Hoc Committee agrees that the concepts suggested in the referenced Renata Hesse speech are not mandates. Nevertheless, they are worthy of respectful consideration. The section of the EU publication that the commenter cites pertains primarily to the creation of a "technology pool" which is defined as a vehicle "whereby two or more parties assemble a package of technology which is licensed not only to contributors to the pool but also to third parties"; an earlier paragraph expressly states "There is no inherent link between technology pools and standards. . . ." Forming a technology pool is not the purpose of the present exercise.

The review and updating of IEEE's patent policy is a governance function, and it is not the same as the standards development process. Nevertheless, the Patent Policy development has been open for wide discussion: policy drafts are made public, comments on those drafts are invited and are made public, responses to those comments are developed and made public, the public PP-Dialog email list has been provided to facilitate further discussion, and the recommended text will be considered at public meetings of the IEEE SA.

The PatCom Ad Hoc previously consisted of all PatCom members and one past chair of PatCom (plus IEEE staff). With the reappointment of PatCom for 2014, the membership of the Ad Hoc was also reconstituted. It now consists of all members of PatCom (plus IEEE staff).

P 1 L 1-179 # 37  
Kallay, Dina Ericsson

Comment Type S Comment Status D

(Text continues through page 5)

The ad-hoc group's position, as reflected in its response to Ericsson Comment # 124 as submitted in September 2013, that the proposed revisions to the policy are mere "updates....intended to clarify rather than change the current policy" is wrong as a matter of fact and problematic as a matter of law, and as such is unacceptable.

**As a Matter of Fact – The Proposed re-Writing Significantly Changes the Current Policy**

Overall the proposed so-called "updates" involve the re-writing of over half of the current Patent Policy text, including the addition of 78 lines of new text to the existing 101-line policy, and the deletion of lines of existing text.

Furthermore, the proposed re-written draft policy includes the addition of 5 newly-defined terms ("Applicant", "Appropriate Court", Compliant Implementation", "Prohibitive Order" and "Reasonable Rate") as well as the substantive revision of three existing definitions ("Affiliate", "Essential Patent claim" and "Submitter)

Any attempt to characterize such a comprehensive and far reaching re-write of the policy as a "clarification" is factually wrong and misleading.

During the December 9, 2013 PatCom meeting, it became clear that multiple IEEE members who were present in the room believe the proposed extensive re-writing of the policy constitutes a material change the current policy.

Since the nature of these changes is contested, and may be discussed as part of future litigation(s) IEEE, as a body loyal only to the "public benefit" should refrain from taking a position on their nature, let alone a position that is factually baseless.

**Suggested Remedy**

The current Ad-Hoc Group's response to this comment should acknowledge the extent of the proposed policy re-writing (the second draft shows 78 lines added to the current 101-line policy), and clarify that IEEE is not taking a position as to the nature of this extensive rewrite.

Proposed Response Response Status W  
PROPOSED REJECT.

In the view of the PatCom ad hoc, in considering and potentially adopting the proposed draft policy, IEEE (a) does not seek to amend retroactively the terms of any previously submitted Letter of Assurance, and (b) expresses no view as to whether any specific provision in the draft policy does or does not represent a substantive change from the current policy. IEEE reserves the right to express its views, on either the meaning of existing Letters of Assurance or on the significance of any provisions included in the draft policy.

P 1 L 1-179 # 38  
Kallay, Dina Ericsson

Comment Type S Comment Status D

(Text continues through page 5)

**The Proposed Changes to the Policy Can only Be Forward-Looking**

Any changes to the current policy can only be forward looking in terms of their effect. RAND commitments are contractual in nature, and their terms were determined by the terms of a Letter of Assurance ("LOA") that relied on the terms and conditions of the IEEE patent policy at the time the LOA was submitted. In this regard, the patent policy in effect at the time the LOA being considered and submitted served as a promise, upon which certain patent holders relied and carefully considered before voluntarily submitting their patents to RAND commitments that encumber them. Therefore, under the doctrine of promissory estoppel, the terms of the patent policy in effect at the time specific RAND commitments were given i.e. when the LOAs were submitted shall continue to apply with respect to these specific commitments.

In its July 30 testimony (<http://www.judiciary.senate.gov/pdf/7-30-13KulickTestimony.pdf>) before the Senate Judiciary committee, IEEE explained that patents commitments are "irrevocable once submitted and accepted" explaining that "[a] patent commitment must be durable for the standards development process to function. If a patent holder could withdraw a commitment, then a standards development group could not rely on it... if the standard had already been adopted, the renegeing patent holder would be able to extract monopoly profits from all implementers because there would be no competing and non-infringing alternative for compliance with the standard"

The irrevocable nature of IEEE LOAs is equally the reason why the IEEE patent policy cannot be changed retrospectively. Any attempt to claim that changes to the IEEE patent policy should apply retrospectively after the standard has been adopted and LOAs have been duly accepted by PatCom would amount to IEEE renegeing on the framework on the basis of which the LOAs were submitted, and therefore allowing all implementers to extract monopoly profits from the owners of patents reading on the standard. These sub-FRAND royalty rates would inherently be lower than the FRAND rates and conditions that the patent holders committed to offer.

It is hard to imagine a clearer scenario of reverse hold-up than a scenario whereby a standard-setting body re-writes its patent policy and intends the changes to apply retrospectively after patent holders have been locked into irrevocable letters of assurance and RAND commitments that were submitted based on a different policy.

In this manner, retroactive application of the "Reasonable Rate" provision, discussed above from 6.1, constitutes a form of "reverse hold-up" in which the prospective licensees redefine the nature of the IPR Owners' RAND commitment after it has been irrevocably offered and accepted into the standard.

The ad hoc Committee's position re retrospective nature of changes to the policy engages in "reverse hold-up" by changing the rules applicable to RAND licensing, including the application of the proposed definition of a "Reasonable Rate" to ESSENTIAL PATENTS



committed under pre-existing LOAs, strongly implicates antitrust concerns. For prospective-only application, establishing a common methodology for evaluating a "Reasonable Rate" could arguably offer the potential benefits of reducing uncertainty, and thus, encouraging adoption of the standard and perhaps allowing for greater comparability of the relative costs-benefits, ex ante, of alternative technologies that may be selected as part of the standard adoption process. See U.S. Dep't of Justice Business Review Letter <http://www.justice.gov/atr/public/busreview/222978.pdf>). Similarly, IPR Owners, aware of the applicable IP policies could determine whether to participate in the standards body and whether to provide an LOA. By contrast, the attempt to claim retroactive application of these provisions to ESSENTIAL PATENTS already selected for inclusion in a standard, as addressed in the second draft of proposed revisions to the policy, promises no such virtues, but rather, constitutes the collective establishment of mandatory, uniform license terms that will reduce the compensation for ESSENTIAL PATENTS, akin to a buyer's-side cartel. This type of behavior is antithetical to the "public benefit" that the IEEE is committed to.

In addition, were IEEE to attempt to attribute retrospective application to the proposed changes, such interpretation may have a significant detrimental effects on patent holders' future willingness to submit LOAs. More specifically, and as the ad-hoc has heard during the December 9, 2013 meeting, companies are likely to grow resistant to submit irrevocable LOAs if there is uncertainty as to how those LOAs will be interpreted in the future due to an unknown change of the patent policy that may be said to have a retrospective application. Such hesitance to submit LOAs could have a direct detrimental effect on the proliferation of future IEEE standards, and on the welfare of consumers who may buy products based on IEEE standard(s) that end up being unsuccessful. Such effects run against the public interest in robust and widely adopted standards.

In light of the above analysis, for any patents covered by LOAs that have already been submitted, the nature of licensing assurances to IEEE shall be interpreted under the existing patent policy. The re-written policy shall apply only to RAND commitment that will be provided after it has been adopted.

#### *SuggestedRemedy*

Add new text at the end of line 35 that will read:

**"Letters of Assurance" and LOAs shall be interpreted in conjunction with the IEEE Bylaws language in place on the date they were submitted to PatCom."**

*Proposed Response*      *Response Status*    **W**

PROPOSED REJECT.

In the view of the PatCom ad hoc, in considering and potentially adopting the proposed draft policy, IEEE (a) does not seek to amend retroactively the terms of any previously submitted Letter of Assurance, and (b) expresses no view as to whether any specific provision in the draft policy does or does not represent a substantive change from the current policy. IEEE reserves the right to express its views, on either the meaning of existing Letters of Assurance or on the significance of any provisions included in the draft policy.

P 1

L 22-23

# 39

Kallay, Dina

Ericsson

*Comment Type*    **S**      *Comment Status*    **D**

The proposed new "Compliant Implementation" definition that includes the new word "component" proposes a significant deviation from the current IEEE-SA patent policy.

In addition to significantly changing the policy, the proposed text is inconsistent with industry practice.

These significant changes are unacceptable to Ericsson.

In addition to the above, the newly added definition to "Compliant Implementation" is impractical because something which implements only optional portions is not necessarily "compliant" with a standard.

#### *SuggestedRemedy*

Suggested new "Compliant Implementation" definition should **not** be adopted

In the alternative, the newly introduced definition needs to be made optional, and the non-compliance problem noted to the comment needs by adding the text in red font:

"Compliant Implementation", **unless otherwise noted by Submitter of an the LOA**, shall mean a component, product, or service that conforms to mandatory portion(s), **or both mandatory and** optional portion(s), of the normative clauses of an IEEE Standard"

*Proposed Response*      *Response Status*    **W**

PROPOSED REJECT.

The definition of Compliant Implementation has been edited.

Text has been revised; however, components are mentioned explicitly for clarity because some readers have expressed uncertainty over what is included.

A consistent definition of Compliant Implementation is essential to the administration of the IEEE Patent Policy.

We do not comment on the completeness and accuracy of the commenter's description of industry licensing practices or on the permissibility of such practices if accurately described.

Kallay, Dina P 1  
Ericsson L 37-39  
# 40

*Comment Type* S *Comment Status* D

See above comments to proposed new text in in lines 134-145

*Suggested Remedy*  
Suggested new text should **not** be adopted

*Proposed Response* *Response Status* W

PROPOSED REJECT.

Negotiations between a Submitter and a potential licensee should attempt to value the contribution of the Essential Patent Claim without considering the possibility of a Prohibitive Order.

Kallay, Dina P 2  
Ericsson L 49-61  
# 41

*Comment Type* S *Comment Status* D

**Attempting to define “Reasonable Rate”**

Any determination of what constitutes a “reasonable rate” is highly fact-specific and depends on all the facts and circumstances of the particular case. Not all circumstances can be predicted in advance.

The proposed “Reasonable Rate” definition limits consideration of the rate to specific asserted measures of “value” and omits reference to all other factors that could appropriately affect the rate, and any consideration of factors that would affect the rate that might be taken into account in bilateral negotiations between the licensor and potential licensee in arms-length transactions.

For these reasons we object to the use of the word “should” and to the requirement that all three proposed factors necessarily be considered.

Furthermore, the policy should reflect the existing industry practice by relating to end-user products, rather than components or the “smallest saleable Compliant Implementation”. There is also no way to define a “smallest saleable” implementation in standard setting contexts. Therefore the reference to “smallest saleable Compliant Implementation” is also impractical. Another reason for the importance of deleting the term “smallest saleable Compliant Implementation” is that fact that the value discussed here should be the value to the end user. The value of the patented technology to a component is not measured on the component level, but rather on the end user’s experience level. Consideration of the Essential Patents’ contribution to the end-user implementation of the applicable standard is a well-accepted factor in RAND licensing and has been used as a baseline metric in numerous completed arms-length license agreements between willing parties per the *Georgia-Pacific* standard. This concept, however, is essentially absent from the proposed “Reasonable Rate” definition and the ad-hoc Committee has previously rejected Ericsson’s proposal for consideration of comparable license agreements as part of the determination of value.

By contrast, the proposed “Reasonable Rate” definition makes exclusive reference linking considerations of “value” to the functionality of the “smallest saleable Complaint Implementation.” Ericsson believes this is merely another means to impose, retroactively, a change in industry practice and understanding from end-use device licensing to compulsory component level licensing. Ericsson believes that the intent and effect of the ad-hoc Committee’s proposed amendment is to drive down licensing rates to sub-RAND levels. This intent was made clear, *inter alia*, through the rejection of Ericsson’s comment #128 to the previous draft that requested that comparable licenses be added as a primary “reasonable rate” factor. As you may be aware, comparable licenses i.e. royalty rates already paid by existing licensees, are repeatedly recognized by U.S. case law as the most useful *Georgia Pacific* factor element for evaluating the reasonableness of royalties. Therefore the rejection of Ericsson’s comment #128 as submitted to the ad-hoc in September, that proposed adding this factor, suggests a collective intention to drive royalties down from where they are under current applicable law.

To the extent that the adoption of the proposed amendment constitutes a collaborative determination by potential licensees of the formula to be used for rate setting, Ericsson believes the proposed text will retard innovation and directly compromise IEEE standards by negatively influencing the willingness of patent holders to participate in IEEE standard-setting process and/or to submit LOAs and could well invite scrutiny under the competition laws of the United States and other jurisdictions. The effects of retarding innovation and compromising the technical level of IEEE standards run directly against the "public benefit" interests that IEEE is committed to.

The U.S. Department of Justice business review letter to IEEE does not authorize collective rate bargaining by licensees. As the DOJ noted, its business review letter relied on the IEEE's representations that IEEE policy prohibited "joint negotiation of licensing terms within standards development meetings" and thus, the DOJ did not provide approval for any such "joint negotiation of licensing terms." Even under a rule of reason analysis, collective action by licensees to jointly influence the rate charged by a licensor, such as through a licensees' rewrite of the patent policy, could be found to violate the U.S. antitrust laws. As set forth below, whatever business justifications the IEEE could offer for this proposed change with respect to future standards and future LOAs would not justify the retroactive application to existing standards and existing "irrevocable" LOAs.

We do not believe it is IEEE's role to collectively define and decide royalty rates. If PatCom insists on inserting new language in this area, a balanced approach would be to reflect existing applicable law in this area, rather than attempting to lower royalty rates. Attempting the latter approach will, over the long term, compromise IEEE standards and thus reduce interoperability and raise barriers to entry in the marketplace, to the detriment of consumers and the public as a whole.

#### *SuggestedRemedy*

Proposed new text in lines 49-61 should be deleted.

In the alternative, should the the ad-hoc group insist on inserting a new "Reasonable Rate" term definition into the patent policy, Ericsson proposes the following text instead of the new text currently proposed in lines 49-61:

**"Reasonable Rate" shall mean compensation that is based on all relevant factors for determining reasonable patent compensation under applicable law.**

*Proposed Response*                      *Response Status*    **W**

PROPOSED REJECT.

The draft patent policy does not attempt to list all the factors that may be considered in determining a "Reasonable Rate," but it does list those that must be considered.

The draft policy does not tell parties what conclusions they must reach based on their consideration of these three factors. Submitters and implementers may also consider other factors during their bilateral negotiations, including prior comparable agreements, if any. There was no agreement that a license negotiated previously will always and necessarily be a "comparable" license.

We do not comment on the completeness and accuracy of the commenter's description of industry licensing practices or on the permissibility of such practices if accurately described.

We disagree with the commenter's suggestion that the proposed policy constitutes "collective rate bargaining by licensees." We also note that DoJ officials have encouraged SDOs to set guidelines to clarify "reasonable rates."

The draft policy, if adopted, will be the result of action by the IEEE, not joint action by either patent holders or potential licensees. In that governance process, members of the PatCom ad hoc, PatCom, the Standards Board and the Board of Governors have a fiduciary duty to the IEEE and not to their employer or affiliation.

	<i>P 2</i>	<i>L 52-58</i>	# <span style="border: 1px solid black; padding: 0 2px;">42</span>
Kallay, Dina		Ericsson	

*Comment Type*    **S**                      *Comment Status*    **D**

The proposed text in the proposed sub-sections (1) – (2) prescribes an analysis that is impractical of being carried out in real life, and is opposed to current industry practice.

#### *SuggestedRemedy*

Proposed text in lines 52-58 should be deleted.

*Proposed Response*                      *Response Status*    **W**

PROPOSED REJECT.

These factors (and maybe others) are to be considered by Submitters and implementers in voluntarily concluding a RAND license. We do not comment on the completeness or accuracy of the commenter's description of "current industry practice."

Kallay, Dina  
 P 2 Ericsson  
 L 63-69 # 43

Comment Type S Comment Status D

We agree with the general principle that reciprocity should not cover non-essential patents, but rather, only essential patents (both terms in lower case letters)

However, we are not sure the proposed language is workable given that commercial products typically incorporate multiple standards from multiples SDOs while the proposed new text that uses the capitalized term "Essential Patent Claims" and is thus limited to IEEE essential patents.

In other words, the proposed text is inconsistent with market realities.

The ad-hoc acknowledged these shortcomings during the December 9, 2013 meeting. It would not be good policy for the IEEE to adopt a policy that is inconsistent with market realities.

*SuggestedRemedy*

This text should not be adopted, unless a fix for this problem can be found.

Proposed Response Response Status W

PROPOSED REJECT.

Regulators and various commenters at PatCom meetings have suggested that some limitations on reciprocity are appropriate. The draft policy is consistent with those suggestions.

It is appropriate for the IEEE draft patent policy to describe reciprocity obligations for IEEE Essential Patent Claims but not for essential patents for non-IEEE standards.

Nevertheless, the draft policy does not preclude a broad cross-license of patents essential to IEEE and non-IEEE standards incorporated into a single product if mutually agreeable to the parties. Specifically, the draft policy states, "Nothing in this policy shall preclude a licensor and licensee from voluntarily negotiating any license under terms mutually agreeable to both parties."

Kallay, Dina  
 P 3 Ericsson  
 L 90-107 # 44

Comment Type S Comment Status D

The proposed change in language from "Letter of Assurance" to "Licensing assurance that IEEE requests" and the new proposed text in lines 101-107 is unacceptable because it introduces new contested requirements to LOAs. As explained in our comments to lines 22-23, 49-61, and 134-145, these revisions are unacceptable, for the following reasons:

(1) Ericsson disagrees with the newly proposed text suggesting that patent holders waive his rights to an injunction against licensees who fail to negotiate in good faith towards a RAND license. The concern of licensees' failure to negotiate in good faith towards a RAND license is concrete, real, and well-known. Ericsson, like the rest of the industry, is witnessing a growing trend of opportunistic behavior by unwilling licensees displaying such behavior.

(2) The proposed new text changes the current balanced status quo of the by-laws because the proposed added new text is not balanced by any addition of a counter-text that establishes the duty of potential licensee to negotiate in good faith towards a RAND license. As noted below in the comment to lines 95-101, the letter of assurance involves making a RAND license offer. For the license to conclude there needs to be a willing licensee on the other end.

(3) As explained in Ericsson's comments to lines 49-61, under the proposed second draft, the "Reasonable Rates" referenced in line 100 are defined in a manner that ensures sub-RAND, and therefore unreasonable, rates.

*SuggestedRemedy*

The proposed new text, and especially the proposed new text in lines 99-101, is unbalanced, unacceptable, and should be deleted.

Proposed Response Response Status W

PROPOSED REJECT.

Partly based on #2 of this comment, we have changed "will grant" to "will make available."

The draft is balanced, fair, and reasonable.

Kallay, Dina  
 P 3 Ericsson  
 L 95-101 # 45

Comment Type S Comment Status D

The current policy has served and continues to serve the IEEE, industry and the public well in leaving some flexibility in terms of where to license Essential Patent Claims in the value chain while ensuring market access for all industry players. Changing this according to the proposed revision will have severe effects on industry cross-licensing, freedom to enter the market and operate in it and, ultimately, access to market for holders of Essential Patent Claims whose technology enabled that market to begin with.

The proposed new "will grant" text in line 95 changes the policy's current RAND commitment into something completely different. The commitment is currently a commitment to **offer a license on RAND terms**. The conclusion (or "granting") of a license is a two-way street. A license cannot be granted unilaterally, where there is no willing licensee on the other side.

See further discussion in the next comment.

*SuggestedRemedy*

The proposed revision should not be adopted

Proposed Response Response Status W

PROPOSED ACCEPT IN PRINCIPLE.

We have changed "will grant" to "will make available."

Also, please note the updated definition of Compliant Implementation.

We do not comment on the completeness and accuracy of the commenter's description of where in the value chain Essential Patent Claims are or should be licensed.

Kallay, Dina  
 P 3 Ericsson  
 L 95-101 # 46

Comment Type S Comment Status D

The newly proposed text requires an LOA submitter to agree to be bound by the proposed newly inserted definition of "Reasonable Rate." As such, this proposal, again, falls outside the DOJ's prior Business Review Letter which addressed a "voluntary" disclosure of licensing terms at the "option" of the IPR owner. The IEEE's own Antitrust and Competition Policy notes that a "patent-holder's disclosure of its maximum royalties and other licensing fees and terms is completely voluntary" and those who chose not to disclose "shall not be coerced into disclosure."

In the current ad-hoc Committee's current proposal, the voluntary, non-coercive framework has been jettisoned. As a consequence, the current proposal would result in the establishment of a compulsory, specific formula for license rates imposed through the joint action of licensees.

If revision of the text in lines 95-101 is to take place, the policy text must clarify that any additional disclosures of licensing terms should be voluntary and at the option of the IPR Owner, and such terms voluntary disclosed shall be used only for prospective purposes in evaluating costs and benefits of alternative technologies

*SuggestedRemedy*

Add new text after line 107 that will read:

**"The requested licensing assurance specification described above in lines 96-107 shall be optional, and shall apply only to LOAs submitted after the above text has been added into the policy"**

Proposed Response Response Status W

PROPOSED REJECT.

The submission of an LOA is always voluntary. Nothing in the draft policy changes that.

The disclosure of not-to-exceed licensing rates on an LOA is voluntary. Nothing in the draft policy changes that.

Various antitrust agencies have suggested that SDOs clarify the meaning of RAND commitments; the draft policy does that.

The draft policy, if adopted, will be the result of action by the IEEE, not joint action by either patent holders or potential licensees. In that governance process, members of the PatCom ad hoc, PatCom, the Standards Board and the Board of Governors have a fiduciary duty to the IEEE and not to their employer or affiliation.

Kallay, Dina  
Ericsson  
P 3 L 105-111 # 47

Comment Type S Comment Status D

Please see Ericsson's comments to the text propose in lines 63-69

*SuggestedRemedy*

Proposed new text should not be adopted unless a solution is found to the problem of commercial products typically incorporating multiple standards from multiples SDOs

Proposed Response Response Status W

PROPOSED REJECT.

Regulators and various commenters at PatCom meetings have suggested that some limitations on reciprocity are appropriate. The draft policy is consistent with those suggestions.

It is appropriate for the draft patent policy to describe reciprocity obligations for IEEE Essential Patent Claims but not for essential patents for non-IEEE standards.

Nevertheless, the draft policy does not preclude cross-licensing if mutually agreeable to the parties. Specifically, the draft policy states, "Nothing in this policy shall preclude a licensor and licensee from voluntarily negotiating any license under terms mutually agreeable to both parties."

Kallay, Dina  
Ericsson  
P 3 L 119-120 # 48

Comment Type S Comment Status D

Today's dynamic business environment leads to frequent acquisitions and significant changes. Members cannot predict who their affiliates will be in the future. It is impossible to make a commitment whose nature is unclear.

Furthermore, given the new proposed text in lines 115-124 which makes it clear that a RAND encumbrance is appurtenant to the patent itself and therefore conveys with the patent – it is unclear what is the purpose of this proposed new text.

*SuggestedRemedy*

Proposed new text is unnecessary and should not be adopted.

If left in, add the following red font text:

An Accepted Letter of Assurance shall apply to the Submitter and its Affiliates **at the time the Letter of Assurance is provided**, except that the Submitter may specifically exclude certain Affiliates identified in the Letter of Assurance.

Proposed Response Response Status W

PROPOSED REJECT.

There were no substantive changes to this text from the existing policy.

For more information on this topic, please see IEEE SA Standards Board Operations Manual clause 6.3.4 as to how LOAs are managed upon acquisition of entities holding Essential Patent Claims.

P 4 L 134-145 # 49  
 Kallay, Dina Ericsson

Comment Type S Comment Status D

#The proposed text is inconsistent with the very nature of the RAND ecosystem. IEEE's thriving success and the great success of its numerous technical standards, as evidenced in its July 30th 2013 Senate testimony, are based on the RAND balancing eco-system that has worked well for IEEE and its standards for many years, and continues to work well today.

The proposed text attempts to change the commitment, by reading into the RAND commitment a new and significant derogation from the patent holder's property right. Such derogation significantly tilts the RAND balance, in a manner that may well discourage many members' participation in future IEEE standard setting, on many levels, and is therefore unacceptable.

Furthermore as a reminder, and as noted above, like any other proposed changes to the IP policy, this change can only be forward-looking. RAND commitments are contractual in nature, and their terms were determined by submitting an LOA while taking into account the terms and conditions of the IEEE patent policy in effect at the time LOA was being considered and submitted. In this regard, the patent policy in effect at the time the LOA was submitted served as a promise, upon which certain patent holders relied and carefully considered before voluntarily submitting their patents to voluntary RAND commitments that encumber them.

Therefore, under the doctrine of promissory estoppel, the terms of the patent policy in effect at the time specific RAND commitments were given i.e. when the LOAs were submitted shall continue to apply with respect to these specific commitments. Any changes to the patent policy can apply only to RAND commitment that will be provided after any modified IP policy was adopted. The IEEE cannot retrospectively change terms that were relied on as part of the RAND contractual commitment and have become part and parcel of specific LOAs.

#### Suggested Remedy

The proposed revision should not be adopted.

If the matters handled by the proposed text in lines 134-145 were to even be considered as a basis for further discussion, the current wording should be revised as follows (new text is in red; deleted text is graphically stricken-through):

"A Submitter of an Accepted LOA who has committed to license Essential Patent Claims shall neither seek, nor seek to have enforced, in any jurisdiction, a Prohibitive Order against a ~~submitter~~ **willing licensee** based on alleged infringement of any Essential Patent Claim within the scope of assurance of the Accepted LOA. except:

~~1. If the An implementer who (a) is not subject to the jurisdiction of an Appropriate Court that can determine a world-wide royalty rate and or does not voluntarily submit to the jurisdiction of an Appropriate Court over a determination of a world-wide royalty rate, or (b) is in bankruptcy and lacks the assets to accept a license offered without compensation or under Reasonable Rates, with other reasonable terms and conditions; shall not be deemed~~

a willing licensee.

~~2. If the implementer fails to comply with a final adjudication by an Appropriate Court and after a first-level appellate review, if sought by any party within applicable deadlines, that affirms such adjudication in that jurisdiction."~~

Proposed Response Response Status W  
 PROPOSED REJECT.

Negotiations between a Submitter and a potential licensee should attempt to value the contribution of the Essential Patent Claim without considering the possibility of a Prohibitive Order.

The commenter's proposed remedy does not address this issue. For example, it introduces the undefined and unclear term "willing licensee." Moreover, it appears to require an implementer to be willing to pay a world-wide rate regardless of the validity, enforceability or infringement of a patent in any jurisdiction, and it implies that a potential licensee should submit all royalty determinations to a single court.

Kallay, Dina  
 P 4 Ericsson  
 L 134-145 # 50

Comment Type S Comment Status D

The proposed new text appears to be directed at preventing the current efficient industry practice of licensing of portfolios of essential patents (also known as package-licensing), or at least making it very difficult to license portfolios of standard essential patents. Instead, the new text encourages an “infringe and litigate” strategy on behalf of the potential licensee, litigating patent per patent, jurisdiction by jurisdiction, only paying when a final court decision tells you to do so (without incurring any costs of such opportunistic behavior). Given their widely recognized efficiency benefits, and given the high cost of litigation – such an approach runs against the public interest that the IEEE is committed to.

The proposed text discourages mutually negotiated agreements, which would be in the better interest of industry and the public. European and U.S. antitrust officials have both acknowledged the significant shortcomings of the proposed litigious approach.

#### SuggestedRemedy

The proposed revision should not be adopted.

Proposed Response Response Status W

PROPOSED REJECT.

The draft policy states: “Nothing in this policy shall preclude a licensor and licensee from voluntarily negotiating any license under terms mutually agreeable to both parties.”

Negotiations between a Submitter and a potential licensee should attempt to value the contribution of the Essential Patent Claim without considering the possibility of a Prohibitive Order.

We do not comment on the completeness and accuracy of the commenter's description of industry licensing practices or on the permissibility of such practices if accurately described.

Kallay, Dina  
 P 1 Ericsson  
 L 1-179 # 51

Comment Type S Comment Status D

(Text continues through page 5)

The combination of all these proposed amendments to 6.1 and 6.2, discussed above, imposed through the collective action of the current ad-hoc Committee of net-licensees would establish a mandatory formula for determining past and future licensing rates that raises material issues of potential antitrust concern. In providing for a uniform rate formula with which submitters must comply, omitting other relevant considerations, exploiting IPR Owners locked-in to “irrevocable LOAs” and effectively limiting the scope of negotiations between the licensor and licensee regarding a “Reasonable Rate,” as well as the scope of adjudicative or judicial resolution of such rate, the proposal could be expected to directly drive-down ultimate license rates and reduce incentives for future innovation through standardization.

As a result, if the currently proposed changes were to be adopted the IEEE can expect multiple IEEE members to alter their behavior. e.g. through (1) reducing their participation in IEEE standard-setting activities; (2) refraining from submitting future LOAs; (3) opting to focus their standardization efforts in other standard-setting organizations. Such patterns may, inter alia, compromise the technical level of future IEEE standards, reduce the level of members' participation, and inhibit the proliferation of future IEEE standards, thus directly curtailing the “public benefit” that the IEEE seeks to promote.

#### SuggestedRemedy

Suggested re-writes should not be adopted given the effects they are likely to bear upon IEEE standards and the public.

Proposed Response Response Status W

PROPOSED REJECT.

The comment does not propose any revision to the draft policy. As to the commenter's observations:

The draft policy is merely a proposal and does not constitute collective action by anyone. If adopted by the IEEE-SA Standards Board and Board of Governors, the policy will be an action of IEEE, not its members, and will not be joint action by either patent holders or potential licensees. In the governance process, members of the PatCom ad hoc, PatCom, the Standards Board, and the Board of Governors have a fiduciary duty to the IEEE and not to their employer or affiliation.

The draft policy does not create either a “mandatory formula” or a “uniform rate formula”; rather, it identifies non-exclusive factors for consideration by the parties (and, where applicable, courts).

In the view of the PatCom ad hoc, in considering and potentially adopting the proposed draft policy, IEEE (a) does not seek to amend retroactively the terms of any previously submitted Letter of Assurance, and (b) expresses no view as to whether any specific provision in the draft policy does or does not represent a substantive change from the current policy. IEEE



reserves the right to express its views, on either the meaning of existing Letters of Assurance or on the significance of any provisions included in the draft policy.

Participation in IEEE-SA activities and submission of LOAs is always voluntary. IEEE-SA incorporation of technology is also voluntary, and IEEE-SA is free to decline to incorporate such technology where the holder of disclosed patents chooses to create uncertainty and risk for potential implementers by declining to submit an LOA that provides licensing assurance.

Willingmyre, George  
GTW Associates

P 1 L 1 # 52

Comment Type S Comment Status D

The creation of a separate "rationale" document that describes the how the words for the various requirements came to be will prove to be a important record for entities to whom the requirements will apply. A rational document will also help lead to possible future revisions of requirements text when new information or experience is gained the bears on the rationale how a particular requirement came to be. This comment repeats the observation submitted during the review of the first iteration of the policy about the value of a separate rationale document ... I note the reply to the original comment that IEEE prepares "frequently asked questions FAQs" might serve in some part in this regard but this is to distinguish the helpful role for documents such as "FAQs" that may elaborate or explain a requirement from a rationale statement whose primary purpose is to document how the authors came to the specific requirements words or otherwise why the requirement words are what they are.

*SuggestedRemedy*

Prepare a separate document that may track the various paragraphs in the policy to record how the words came to be or why the words in the paragraph are what they are

Proposed Response Response Status W

PROPOSED REJECT.

The comment does not propose any revision to the draft policy. As the commenter notes, the Ad Hoc committee does expect to prepare a separate set of responses to FAQs. The Ad Hoc disagrees that creating a "rationale" document would serve a useful purpose that would justify the effort expended to create it.

Willingmyre, George  
GTW Associates

P 2 L 53 # 53

Comment Type S Comment Status D

The term "or other value" is too broad and indeterminate. It could be there are some positive "other values" that the clause will prohibit from consideration.

*SuggestedRemedy*

Delete the term "or other value" and substitute any further examples of "other values" that the authors believe should be prohibited from consideration.

Proposed Response Response Status W

PROPOSED REJECT.

The text has been revised and the phrase "other value" has been removed.

Willingmyre, George  
GTW Associates

P 3 L 99 # 54

Comment Type S Comment Status D

The phrase beginning "Such a statement signifies ..." seems more like an interpretation of the meaning of a statement than it seems to be a requirement itself.

*SuggestedRemedy*

If the authors believe that some text such as indicated in the policy has some meaning, then that meaning should be phrased as a requirement. This might be done by creating a new requirement that submitters of LOAs state "XYZ" that describes the meaning and explicitly establishes a requirement to that effect.

Proposed Response Response Status W

PROPOSED REJECT.

The policy is incorporated by reference into the LOA, and by voluntarily submitting an LOA, the Submitter accepts the terms of the policy.

Willingmyre, George P 4 L 134 # 55  
 GTW Associates

Comment Type **S** Comment Status **D**

The phrase "... shall neither seek or seek to enforce ..." is phrased as a requirement the IEEE-SA is imposing on submitters of LOAs.

*SuggestedRemedy*

This requirement is better cast as a condition a maker of an LOA states. Thus the summitter of an LOA would state or check some box that it "... shall neither seek, 135 nor seek to have enforced ..." I suggest that such a condition be something with which a submitter could "agree" and thereby it becomes a self imposed requirement (rather than something IEEE-SA imposes) or it could be something a submitter might not agree. In any event documentation how the particular text for this particular clause came to be what it finally becomes is very important.

Proposed Response Response Status **W**

PROPOSED ACCEPT IN PRINCIPLE.

The draft text has been changed to read:

"The Submitter of an LOA who has committed to license Essential Patent Claims agrees that it shall neither seek nor seek to enforce a Prohibitive Order...."

Workman, Helene P 2 L 60 # 56  
 Apple Inc.

Comment Type **S** Comment Status **D**

The value of the Necessary Claim should be assessed in light of the aggregate value that would result if other owners of Necessary Claims in the same IEEE Standard demanded similar terms.

*SuggestedRemedy*

Revise Factor 3 to read as follows: "The value of the Necessary Claim shall be assessed in light of whether the aggregate royalties that would apply if other owners of Necessary Claims included in an IEEE Standard demanded similar terms are consistent with the widespread adoption of the IEEE Standard."

Proposed Response Response Status **W**

PROPOSED REJECT.

We agree that IEEE standards should be widely adopted.

The value of an EPC should be considered relative to the aggregate value that all EPCs contribute to the Compliant Implementation. Not all EPCs necessarily have the same value, we disagree.

To the extent that this comment implies that courts should make accurate determinations of relative values, we agree.

The current text appropriately captures these concepts.

Workman, Helene P 4 L 143 # 57  
 Apple Inc.

Comment Type **S** Comment Status **D**

The policy should clarify what the final adjudication process determines.

*SuggestedRemedy*

Change "final adjudication" to "Final Adjudication" Add a definition as follows: "Final Adjudication" means a judgment by an Appropriate Court that has determined that the patent holder has carried its burden of proving the potential licensee infringes the Essential Patent Claim, has resolved all related claims and defenses such as invalidity and unenforceability, and then has determined, and required payment of, assessed RAND licensing terms.

Proposed Response Response Status **W**

PROPOSED REJECT.

We believe a court(s) would deal with all issues properly placed before it, and the draft policy should not admonish the court to do so.

Workman, Helene  
 P 4 L 143 # 58  
 Apple Inc.

*Comment Type* S *Comment Status* D

Rather than a first appellate review, it should be a final judgment after appeals have been exhausted.

*SuggestedRemedy*  
 Change "after a first-level ... jurisdiction" to "after all appeals have been exhausted".

*Proposed Response* *Response Status* W  
 PROPOSED REJECT.

The draft policy strikes an appropriate balance between the interests of Submitters and implementers.

Workman, Helene  
 P 2 L 56 # 59  
 Apple Inc.

*Comment Type* S *Comment Status* D

The concept behind this factor is important. Edits are offered to better clarify the concept.

*SuggestedRemedy*  
 Change "The relative value of the functionality that the Essential Patent Claim contributes to the overall functionality of the smallest saleable Compliant Implementation that practices the Essential Patent Claim." to "The value of the Essential Patent Claim shall be assessed with reference to the smallest saleable patent practicing unit bearing the closest relationship to the portion of the invention claimed in the Essential Patent Claim that is essential to the IEEE Standard, but should be further apportioned when the smallest salable patent practicing unit contains functionality beyond that claimed in the Essential Patent Claim. Alternatively, at a minimum, change "practices the Essential Patent Claim" to "practices substantially all of the Essential Patent Claim".

*Proposed Response* *Response Status* W  
 PROPOSED REJECT.

The comment does not justify either change proposed in the remedy. The existing text appears to be sufficiently clear as written.

Workman, Helene  
 P 4 L 146 # 60  
 Apple Inc.

*Comment Type* S *Comment Status* D

The policy should clarify that nothing in this policy shifts traditional burdens of proof.

*SuggestedRemedy*  
 Add "Nothing in this policy shifts any traditional burdens of proof (e.g. the patent owner bears the burden of proving infringement, essentiality, and entitlement to a particular fair, reasonable, and non-discriminatory royalty payment)."

*Proposed Response* *Response Status* W  
 PROPOSED REJECT.

We see nothing in the policy that would suggest the need for this proposed addition.

Vaario, Jari  
 P 1 L 1 # 61  
 Nokia

*Comment Type* S *Comment Status* D

We are still considering that **IEEE IP Policy would be better off without any modifications at all**, and the comments are provided herein only to improve the proposed modifications, if there is any implied need to make any modifications at all. Also not commenting all modifications does not imply that we would agree with them, but, in a good spirit to facilitate the constructive discussions, we want to focus this time only on the most obvious and critical mistakes within the proposed modification.

In general, the modifications are biased for implementers without patents instead of implementers with patents. As the implementers with patents are the IEEE members, who have done the most of technology contribution to IEEE technical work, the proposed new IP Policy would discourage them from any further technical contributions. This is not for the benefit of IEEE as organization and the modifications are putting great doubts on the capability of IEEE continuing the high quality technical standardization in the future.

*SuggestedRemedy*  
 Revert back to original IP Policy and discard all modifications proposed this far.

*Proposed Response* *Response Status* W  
 PROPOSED REJECT.

The Ad Hoc Committee appreciates the commenter's participation in the comment process and acknowledges that submitting comments to improve the draft do not necessarily mean that the commenter otherwise agrees with the draft.

The draft policy aims to continue to achieve a balance between patent holders and implementers. In addition, the draft policy aims to benefit the IEEE and the ecosystems around it by increasing clarity and reducing uncertainty.

If patent holders (including implementers with patents) believe their technology is appropriate for standardization, they will continue to have an incentive to participate and may receive appropriate compensation for their Essential Patent Claim(s).

Vaario, Jari P 1 L 22 # 62  
Nokia

Comment Type S Comment Status D

Comment #158 on the 1st draft

"a component, product, or service" is extending the original scope of the licensing commitment to functionality beyond the IEEE standard compliant functionality. This is not acceptable.

**PROPOSED REJECT.**

*It has always been the intent of the IEEE patent policy to apply to anything that is a Compliant Implementation of normative or optional portions of a standard. [...]*

**COMMENT ON THE COMMENT:**

The above comment is not true. The proposed language extends the license to functionalities other than those recited in the standard. The proposed extension of the scope of Compliant Implementation has never been an intention of IEEE IP Policy and not even the interpretation of it as various court cases have established it. The proposed definition of Compliant Implementation goes well beyond the current IP Policy text by (i) introducing a wider licensing object ("component, product or service") and (ii) expanding the scope of licensed patent claims (because of the proposed modifications to "Essential Patent Claims" and the reference to "Compliant Implementation there).

*SuggestedRemedy*

Delete "a component, product, or service" and replace by "that portion of an end use product".

Proposed Response Response Status W

PROPOSED REJECT.

Text has been revised; however, components are mentioned explicitly for clarity because some readers have expressed uncertainty over what is included.

The comment proposes to limit the licensing commitment to apply only to end-use products. The draft policy does not include the premise that a letter of assurance should apply only to an "end use product."

Vaario, Jari P 1 L 22 # 63  
Nokia

Comment Type S Comment Status D

Comment #158 on the 1st draft

**PROPOSED REJECT.**

*[...] Licensing of essential patents claims currently occurs at all levels. This text makes that current practice clear.*

**COMMENT ON THE COMMENT:**

The above assessment is not true. It is well established practice through IEEE history to license at the end-user level to simplify the licensing programs for both licensors and licensees. This clarifies the situation, because if the licensing happens at various levels, it would only increase the royalty stacking problem and make it difficult to adjust right royalty level. Thus it is the best interest for IEEE members to retain in the original IP Policy and licensing practices at the end-user product level.

*SuggestedRemedy*

Delete "a component, product, or service" and replace by "that portion of an end use product".

Proposed Response Response Status W

PROPOSED REJECT.

The definition of Compliant Implementation has been changed to use an "e.g." to provide examples of products that may conform to an IEEE Standard.

This comment response does not comment on the completeness and accuracy of the commenter's description of "well established" licensing practices or on the permissibility of such practices if accurately described.

Vaario, Jari P 1  
Nokia L 22 # 64

*Comment Type* **S** *Comment Status* **D**

The evaluator of the comment #158 on the 1st draft did not reply to the original comment exposing the fault within the current draft:  
The extension of the licensing commitment beyond the standard functionality cannot be the intention of or even less be mandated by any standardization organization.

*SuggestedRemedy*  
Delete "a component, product, or service" and replace by "that portion of an end use product".

*Proposed Response* *Response Status* **W**  
PROPOSED REJECT.

Text has been revised; however, components are mentioned explicitly for clarity because some readers have expressed uncertainty over what is included. There is no agreement that a letter of assurance should apply only to an "end use product", which itself is an unclear term.

Vaario, Jari P 1  
Nokia L 22 # 65

*Comment Type* **S** *Comment Status* **D**

Comment #159 on the 1st draft  
The well established licensing practice is to license patents at the end user product level. As this is the current practice and widely accepted principle it would be good to insert this explicitly in the policy.  
**PROPOSED REJECT.**  
*It has always been the intent of the IEEE patent policy to apply to anything that is a Compliant Implementation of normative or optional portions of a standard. Calling out examples like component does not change that intent.*  
**COMMENT ON THE COMMENT:**  
The Compliant Implementation definition changes the scope as explained in our earlier comment. As now even the drafters seem to misinterpret the current IEEE IP Policy it is worthwhile to insert the original proposal to clarify the existing practice and as confirmed at various courts.

*SuggestedRemedy*  
Delete "a component, product, or service" and replace by "that portion of an end use product".

*Proposed Response* *Response Status* **W**  
PROPOSED REJECT.

Text has been revised; however, components are mentioned explicitly for clarity because some readers have expressed uncertainty over what is included. The comment proposes to limit the licensing commitment to apply only to end-use products. The draft policy does not include the premise that a letter of assurance should apply only to an "end use product," which itself is an unclear term.

We do not comment on the completeness and accuracy of the commenter's description of "well established" licensing practices or on the permissibility of such practices if accurately described.



Vaario, Jari P 1  
Nokia L 30 # 68

Comment Type **E** Comment Status **D**

Comment #162 on the 1st draft

As the second sentence of "essential Patent Claim" definition is only clarifying the first sentence, it is better to clarify this by adding "For the avoidance of doubt," in front of the second sentence.

**PROPOSED REJECT.**

The existing text is largely the same as the current policy text. We are aware of no instances of misunderstanding.

**COMMENT ON THE COMMENT:**

Maybe the clarification for the text could be introduced just to make the policy clearer. A definition should be one sentence and additional sentences should be marked as explanatory to the main sentence as a basic rule of thumb.

*SuggestedRemedy*

Add "For the avoidance of doubt," in the beginning of the sentence to become: "For the avoidance of doubt, an Essential Patent Claim does not include any..."

Proposed Response Response Status **W**

PROPOSED REJECT.

The commenter's proposed remedy does not improve the definition of Essential Patent Claim. A definition need not be confined to a single sentence.

Vaario, Jari P 2  
Nokia L 49 # 69

Comment Type **S** Comment Status **X**

Comment #163 on the 1st draft

[Definition of Reasonable Rate]

**PROPOSED REJECT.**

Regulators have explicitly suggested that standards bodies may want to provide guidelines on what constitutes a FRAND rate. The recommended text for "Reasonable Rates" has been revised in response to other comments received.

**COMMENT ON THE COMMENT:**

As the drafters note: "... may want ..." is conditional and does not force SDOs to make any changes. In complex business environment it is impossible to create "one-size-fit-all" definition for reasonable rate. It is much better to leave this for the bi-lateral negotiations and case-by-case analysis to be decided. Thus the original proposal is still very valid and well acceptable to regulators as far as we know.

*SuggestedRemedy*

Replace the definition of "Reasonable Rate" to be "'Reasonable Rate' shall be left for bilateral discussions between potential licensees and patent holders based on the evaluation of technical value of the inventions bringing to the end-user products."

Proposed Response Response Status **W**

PROPOSED REJECT.

Regulators and various commenters at PatCom meetings have suggested that standards setting organizations explore setting guidelines on what constitutes a FRAND rate; therefore some guidance is needed beyond the word "reasonable". The draft patent policy does not attempt to list all the factors that may be considered in determining a "Reasonable Rate," but it does list those that must be considered.

Vaario, Jari P 2 L 60 # 70  
Nokia

Comment Type **S** Comment Status **D**

Comment #168 on the 1st draft

It is impossible to estimate the aggregate value of all Patent Claims. It might be feasible to consider this at the end-user product level, where the valuation is much easier to be done, but this is already implied by above change proposal.

**PROPOSED REJECT.**

We do not agree with the commenter's assertion. The recommended text for "Reasonable Rates" has been revised in response to other comments received.

**COMMENT ON THE COMMENT:**

It is impossible to estimate the aggregate royalty level, especially if the licensing is conducting at different level as the draft propose by the Compliant Implementation. The end-user manufacturer could have no clue what is the total royalty through the supply chain, if the licensing is happening at multiple level of supply chain. The aggregated royalty level could be estimated if all licensing is conducted at the end-user product level. I welcome drafts to explain how the royalty levels are aggregated through the multiple licensing points in the supply chain.

*SuggestedRemedy*

Replace this to "3. The value that an Essential Patent Claim contributes to the end-user product in which it is incorporated."

Proposed Response Response Status **W**

PROPOSED REJECT.

Submitters and implementers should consider these factors (and maybe others) in voluntarily concluding a RAND license.

Vaario, Jari P 3 L # 71  
Nokia

Comment Type **S** Comment Status **D**

Comment #176 on the 1st draft

The proposed change of 'a license will be made available' to 'the Submitter will grant a license' is not appropriate as it does not take into account other possible conditions, such as, reciprocity in the licensing situation. The original meaning is 'prepare to license' or 'will offer to license' that should be retained.

**PROPOSED REJECT.**

The text in the policy was changed to match the corresponding text on the letter of assurance form that has been used for the last 5+ years.

**COMMENT ON THE COMMENT:**

In other words, drafters admits that there is a mistake in the letter of assurance. Maybe the change should be made then on the letter of assurance text, as it is clearly indicated that the IP Policy is what overrule the letters.

The intention of the IP Policy has been always as suggested in the original comment, and thus it is still valid and appropriate. It would be inappropriate to transfer a mistake from letter of assurance to IP Policy.

*SuggestedRemedy*

Replace "the Submitter will grant" to "the Submitter is prepared to offer".

Proposed Response Response Status **W**

PROPOSED ACCEPT IN PRINCIPLE.

We have changed "will grant" to "will make available."

Vaario, Jari P 3 L 93 # 72  
Nokia

Comment Type **S** Comment Status **D**

The newly introduced "having sold" concept is not clear and not a standard language used in the licensing agreements. [Repeated in line 98.]

*SuggestedRemedy*

Delete ", having sold" [in line 98: ", have sold"]

Proposed Response Response Status **W**

PROPOSED ACCEPT.



Vaario, Jari P 3 L 99 # 73  
Nokia

*Comment Type* S *Comment Status* D

Comment #182 in the 1st draft  
As result of our comment a new formulation was proposed. However, the sentence "Such a statement ..." is not comprehensive at all. The meaning, or even the intention, of this sentence is unclear.

*SuggestedRemedy*  
Delete the sentence: "Such a statement ... Essential Patent Claims." in its entirety.

*Proposed Response* *Response Status* W  
PROPOSED REJECT.

The referenced sentence appears to be clear as written.

Vaario, Jari P 4 L 131 # 74  
Nokia

*Comment Type* S *Comment Status* D

The sentence "In jurisdictions where ..." is ambiguous and questionable request as no one knows what those jurisdictions are, but then Submitters are bound to do something in those cases. So drafters suggests some duties to Submitters, even they are not able to provide clear cases when these instructions should be followed.

*SuggestedRemedy*  
Delete: "In jurisdictions where ... assignee or transferee."

*Proposed Response* *Response Status* W  
PROPOSED ACCEPT.

Vaario, Jari P 4 L 134 # 75  
Nokia

*Comment Type* S *Comment Status* D

The request "shall neither seek, nor seek to have enforced" is going too far as there are cases where it is perfectly acceptable to seek injunction in parallel to negotiations and only to refrain from enforcing those injunctions. Anything opposing this is met only to delay the obligation to take a license as long as possible.  
The argument that potential seeking of injunctions is a threat to negotiation is groundless, because if a potential licensee is willing to negotiate and agree to take a license, there is no risk of injunctions, and in most likely the Patent Holder would not even seek the injunctions as it is costly operation.  
If drafters disagree with this, please justify why "not to enforce" would not be sufficient for a willing licensee.

*SuggestedRemedy*  
Replace text: "shall neither seek, nor seek to have enforced" with "shall not enforce".

*Proposed Response* *Response Status* W  
PROPOSED REJECT.

Negotiations between a Submitter and a potential licensee should attempt to value the contribution of the Essential Patent Claim without considering the possibility of a Prohibitive Order.

Fröhlich, Michael      P All      L All      # 76  
BlackBerry

Comment Type S      Comment Status D

As a contributor to IEEE-SA standards and an implementer of IEEE-SA standards, BlackBerry has a material interest in this specific activity and the terms of the IEEE-SA IPR policy. We want to ensure that IEEE-SA follows an open, transparent and consensus-based approach that allows for a comprehensive discussion involving all relevant stakeholders from the onset.. Any changes to the IEEE-SA IPR Policy must balance the interests of all parties. Regrettably, PatCom did not solicit interest from the broader membership to participate in the Ad Hoc, although such calls for interest have been the past practice of PatCom, and past ad hoc committees considering revisions to IEEE patent policies have included much broader and balanced participation. It is unfortunately the case that the Ad Hoc's proposed revisions to the IEEE-SA IPR policy inure to the benefit of only those companies who were allowed to have employees or consultants participate in the Ad Hoc. Many of these proposals have been proposed previously in other SSOs by representatives of the same companies that employ or who otherwise retain certain PatCom and Ad Hoc members. These proposals are highly controversial and failed to attract majority support, let alone consensus. We therefore urge the IEEE-SA to: (i) ensure effective application of Section 5.2.1.4 of the IEEE-SA Standards Board Bylaws and afford the broader membership a meaningful opportunity to participate in the review of the IEEE-SA IPR Policy, in particular by opening up the Ad Hoc group to enable participation of all materially interested members and to allow for a balanced and unbiased composition of the Ad Hoc group that is reflecting the views all interested stakeholders; (ii) clearly identify and attribute the source of any proposed change (as required in Section 5.2.1.5 of the IEEE-SA Standards Board Bylaws); (iii) provide a rationale for the inclusion of a particular proposal; (iv) ensure that the work in the PatCom is driven by consensus, as defined in Section 2.1 of the IEEE-SA Standards Board Bylaws.

#### SuggestedRemedy

IEEE-SA is requested to: (i) ensure effective application of Section 5.2.1.4 of the IEEE-SA Standards Board Bylaws and afford the broader membership a meaningful opportunity to participate in the review of the IEEE-SA IPR Policy, in particular by opening up the Ad Hoc group to enable participation of all materially interested members and to allow for a balanced and unbiased composition of the Ad Hoc group that is reflecting the views all interested stakeholders; (ii) clearly identify and attribute the source of any proposed change (as required in Section 5.2.1.5 of the IEEE-SA Standards Board Bylaws); (iii) provide a rationale for the inclusion of a particular proposal; (iv) ensure that the work in the PatCom is driven by consensus, as defined in Section 2.1 of the IEEE-SA Standards Board Bylaws.

Proposed Response      Response Status W  
PROPOSED REJECT.

The comment does not propose any revision to the draft policy.

The rules cited in the comment apply to the development of standards, not to the IEEE's governance process. Nevertheless, the Patent Policy development has been open for wide discussion: policy drafts are made public, comments on those drafts are invited and are made public, responses to those comments are developed and made public, the public PP-Dialog email list has been provided to facilitate further discussion, and the recommended

text will be considered at public meetings of the IEEE SA. Members of PatCom and the Ad Hoc have disclosed their affiliations, but in this governance process their fiduciary duty is to IEEE, and not to their affiliated entities.

We do not comment on the action or inaction of other SDOs. If action or inaction in other SDOs is based on reasoned arguments that are relevant for IEEE-SA's consideration, however, commenters and meeting participants have been free to offer those arguments for PatCom consideration.

The PatCom Ad Hoc previously consisted of all PatCom members and one past chair of PatCom (plus IEEE staff). With the reappointment of PatCom for 2014, the membership of the Ad Hoc was also reconstituted. It now consists of all members of PatCom (plus IEEE staff).

Fröhlich, Michael      P All      L All      # 77  
BlackBerry

Comment Type S      Comment Status D

The rationale for any change should be based on empirical evidence that current version of the IEEE-SA Bylaws interfered with the development or availability of any IEEE-SA standard. BlackBerry is of the view that it is not enough to simply refer to abstract concerns that have been expressed by some IEEE-SA stakeholders in an attempt to foster their agenda to the benefit of their own business model. We also believe that views expressed by some representatives of competition authorities did not specifically identify a concrete interference of the current version of the IEEE-SA Bylaws with the development or availability of any particular IEEE-SA standard. IEEE-SA should therefore conduct a due diligence process taking into account all empirical evidence before considering a change to its IPR Policy. An IPR Policy, which by and large worked well over the years and which contributed to the successful worldwide dissemination of high quality IEEE-SA standards that meet market expectations.

#### SuggestedRemedy

If it ain't broken, don't fix it. Any change should be based on empirical evidence that current version of the IEEE-SA Bylaws interfered with the development or availability of any IEEE-SA standard.

Proposed Response      Response Status W  
PROPOSED REJECT.

Comment does not propose any specific remedy.

Fröhlich, Michael                      P All                      L All                      # 78

BlackBerry

Comment Type    S                      Comment Status    D

BlackBerry strongly objects and condemns attempts to disguise proposals that would result in significant changes to the policy as "clarifications" or capturing "longstanding intent". We caution IEEE-SA to go down this route. IEEE-SA's IPR Policy including the Letters of Assurance is contractual self-regulation and cannot be changed after the fact by the unilateral action of IEEE-SA. Any textual change to the IPR Policy, incl. the LOA can under no circumstances result in a retroactive effect. Any textual change can only apply ex nunc. Anything else would contradict the legal situation in most jurisdictions.

*SuggestedRemedy*

Avoid the use of the word "clarification" or "intent" as a justification for a change, and instead make clear that the proposed changes are "revision" to the policy. Make clear without any ambiguity that any proposed change to the text of the IPR Policy (incl. contemplated changes to the text of the LOA) does not have retroactive effect and can only be effective ex nunc.

Proposed Response                      Response Status    W

PROPOSED REJECT.

In the view of the PatCom ad hoc, in considering and potentially adopting the proposed draft policy, IEEE (a) does not seek to amend retroactively the terms of any previously submitted Letter of Assurance, and (b) expresses no view as to whether any specific provision in the draft policy does or does not represent a substantive change from the current policy. IEEE reserves the right to express its views, on either the meaning of existing Letters of Assurance or on the significance of any provisions included in the draft policy.

Fröhlich, Michael                      P All                      L All                      # 79

BlackBerry

Comment Type    S                      Comment Status    D

Any proposed changes to IEEE's IPR Policy must be consistent with the existing premise that the IEEE-SA does not interfere with bilateral patent licensing negotiations (see Section 5.3.10.2 of the IEEE-SA Standards Board Operations Manual). Licensing terms, including compensation terms (monetary and non-monetary), may differ from case to case and are left to the determination of the parties concerned.

*SuggestedRemedy*

Do not interfere with bilateral patent licensing negotiations.

Proposed Response                      Response Status    W

PROPOSED REJECT.

The comment does not propose any revision to the draft policy.

Patent Policies, by their very nature, provide background rules against which parties conduct bilateral negotiations, e.g., by requiring Reasonable Rates.

The draft policy does not preclude the Submitter and Implementer from considering any factors that they wish to consider during their bilateral negotiations.

Fröhlich, Michael                      P All                      L All                      # 80

BlackBerry

Comment Type    S                      Comment Status    D

Any proposed change should not result in different rules for assessing the value of essential patents versus any other type of patents. A patent is a patent and it's worth what it's worth. It's value does not increase by mere incorporation into a standard, but the value doesn't decrease either.

*SuggestedRemedy*

Do not create different rules for assessing the value of essential patents versus any other type of patents

Proposed Response                      Response Status    W

PROPOSED REJECT.

We disagree with the commenter's premise that a patent's incorporation into a standard will never have any effect on a patent's value.

We do not comment on whether the factors listed in the draft policy are different from the factors that should otherwise be considered.

Fröhlich, Michael                      **P All**                      **L All**                      # **81**

**Comment Type S**                      **Comment Status D**

Any proposed changes must not result in a decrease of the incentives of both, the holder of an Essential Patent Claim and the prospective licensee, to negotiate in good faith toward a license agreement as compared to the incentives created by the existing framework.

*SuggestedRemedy*

Do not adopt changes that would result in a decrease of the incentives of both the holder of a Essential Patent Claim and the prospective licensee to negotiate in good faith toward a license agreement as compared to the incentives created by the existing framework.

*Proposed Response*                      **Response Status W**

PROPOSED REJECT.

The comment does not propose any revision to the draft policy.

The draft policy states: "Nothing in this policy shall preclude a licensor and licensee from voluntarily negotiating any license under terms mutually agreeable to both parties." Negotiations between a Submitter and a potential licensee should attempt to value the contribution of the Essential Patent Claim without considering the possibility of a Prohibitive Order.

Fröhlich, Michael                      **P All**                      **L All**                      # **82**

**Comment Type S**                      **Comment Status D**

BlackBerry reserves the right to supplement these comments based upon the proposed response from the Ad Hoc group and the input of other parties.

*SuggestedRemedy*

*Proposed Response*                      **Response Status W**

PROPOSED REJECT.

The comment does not propose any revision to the draft policy.

Fröhlich, Michael                      **P 1**                      **L 15-18**                      # **83**

**Comment Type S**                      **Comment Status D**

Defining "appropriate court" is improper and may have unwanted consequences. If, in a given jurisdiction, there is no court that can meet all of the criteria listed for "an appropriate court," this provisions amounts to a total ban on injunctions in that jurisdiction. For example, in some countries the invalidity of the patent in suit cannot be entered as a defence in infringement proceedings. Rather, the court hearing the infringement action is bound by the patent grant and is not competent to give its own ruling on patentability. As a consequence, the challenge of the validity of the patent has to be done through an independent nullity suit that will be considered by a different court than the one dealing with the question of infringement. Such an independent nullity suit has to be filed for example countries such as Japan, China, Chile, Russia, Poland, Hungary, Germany, or Austria. The proposed definition of "appropriate court" would unduly exclude all jurisdictions that operate under a bifurcated system and have the result that the patents in the concerned jurisdictions will be unenforceable. These far reaching implications go way beyond the scope and remit of the IEEE-SA. Patents are national rights and IEEE-SA can't decide in which jurisdictions patents can or cannot be enforced.

*SuggestedRemedy*

Reject the proposed changes regarding "Appropriate court". Delete lines 15-18 and reverse all other relevant changes.

*Proposed Response*                      **Response Status W**

PROPOSED REJECT.

The text has been revised, and the concept of an appropriate court has been integrated into the policy rather than as a separate definition.

The draft policy covers bifurcated jurisdiction by the use of "court or courts." In any given country, there will be a court or combination of courts that satisfies this requirement. In the next draft, "court or courts" has been simplified to "court(s)."

Fröhlich, Michael                      P 1                      L 23-24                      # 84

BlackBerry

Comment Type    S                      Comment Status    D

The proposed change introduces a new understanding in the context of IEEE standardization for the term "Compliant Implementation". For the first time, "components" are included within the meaning of "Compliant Implementation." This is a significant change to the Policy and interferes with bilateral patent licensing negotiations. It is inappropriate for an SDO to dictate a patentee at which level of the value chain it has to license.

*SuggestedRemedy*

Reject the proposed changes regarding "compliant implementation". Delete lines 23-24 and reverse all other relevant changes.

Proposed Response                      Response Status    W

PROPOSED REJECT.

Text has been revised; however, components are mentioned explicitly for clarity because some readers have expressed uncertainty over what is included.

Patent Policies, by their very nature, provide background rules against which parties conduct bilateral negotiations, e.g., by requiring Reasonable Rates.

The draft policy does not preclude licensing at end product levels, but it is entirely appropriate for an SDO to require a Submitter to license "an unrestricted number of Applicants," regardless of an Applicant's level in the value chain.

Fröhlich, Michael                      P 1                      L 23-24                      # 85

BlackBerry

Comment Type    S                      Comment Status    D

Changing the rules mid-stream would put some implementers at a significant competitive disadvantage who have entered long-term license agreements on the reliance of long-standing IPR Policy and industry practice.

*SuggestedRemedy*

Reject the proposed changes regarding "compliant implementation". Delete lines 23-24 and reverse all other relevant changes.

Proposed Response                      Response Status    W

PROPOSED REJECT.

Text has been revised. We do not comment on the accuracy of the commenter's description of the policy as "changing the rules mid-stream."

Fröhlich, Michael                      P 1                      L 23-24                      # 86

BlackBerry

Comment Type    S                      Comment Status    D

The proposed changes are not within the charter of the ad hoc group. According to the minutes of the March 2013 PatCom meeting the "ad hoc was formed to discuss the DOJ challenges and to provide recommendations to PatCom, with an expectation that a report will be given at the June PatCom meeting".

*SuggestedRemedy*

Reject the proposed changes regarding "compliant implementation". Delete lines 23-24 and reverse all other relevant changes.

Proposed Response                      Response Status    W

PROPOSED REJECT.

The ad hoc was chartered "... to provide recommendations to PatCom." The scope was not constrained to narrowly responding to the suggestions from the US DOJ, or any individual's interpretation of those suggestions.

Fröhlich, Michael                      P 1                      L 30-31                      # 87

BlackBerry

Comment Type    S                      Comment Status    D

see previous comment re "Compliant implementation"

*SuggestedRemedy*

see previous comment re "Compliant implementation"

Proposed Response                      Response Status    W

PROPOSED REJECT.

The ad hoc was chartered "... to provide recommendations to PatCom." The scope was not constrained to narrowly responding to the suggestions from the US DOJ, or any individual's interpretation of those suggestions.

P 2 L 49-61 # 88

Fröhlich, Michael BlackBerry

Comment Type S Comment Status D

BlackBerry objects to the proposed attempt to defining reasonable. There is no one size fits all answer. Any determination of what constitutes reasonable is highly fact specific and depends on all the facts and circumstances of the particular case. The proposed changes regarding "reasonable" are inconsistent with the IEEE's deference to parties' bilateral negotiations for the determination of RAND licensing terms.

*SuggestedRemedy*

Reject the proposed changes regarding "reasonable rate". Delete lines 49-61 and reverse all other relevant changes.

Proposed Response Response Status W

PROPOSED REJECT.

Regulators and various commenters at PatCom meetings have suggested that standards setting organizations explore setting guidelines on what constitutes a FRAND rate; therefore some guidance is needed beyond the word "reasonable". The draft patent policy does not attempt to list all the factors that may be considered in determining a "Reasonable Rate," but it does list those that must be considered.

Patent Policies, by their very nature, provide background rules against which parties conduct bilateral negotiations, e.g., by requiring Reasonable Rates.

P 2 L 49-61 # 89

Fröhlich, Michael BlackBerry

Comment Type S Comment Status D

The proposed changes would result in different rules for assessing the value of essential patents versus any other type of patents. This is misguided. A patent is a patent and it's worth what it's worth. It's value does not increase by mere incorporation into a standard, but the values doesn't decrease either.

*SuggestedRemedy*

Reject the proposed changes regarding "reasonable rate". Delete lines 49-61 and reverse all other relevant changes.

Proposed Response Response Status W

PROPOSED REJECT.

We disagree with the commenter's premise that a patent's incorporation into a standard will never have any effect on a patent's value.

Submission of an LOA is voluntary. By submitting an LOA with licensing assurance (excluding selection of LOA Box 1d), a patent holder has agreed either: to make available a license with Reasonable Rates and other reasonable terms and conditions; or to not assert its patent rights.

Fröhlich, Michael  
 P 2 L 49-61 # 90  
 BlackBerry

Comment Type S Comment Status D

The circumstance that representatives of antitrust agencies have suggested that standards bodies should provide guidelines on what constitutes a FRAND rate is not a stand-alone reason for IEEE-SA to jettison its long-standing and existing practice of not interfering with bilateral patent licensing negotiations. The rationale for any change should be based on empirical evidence that current version of the IEEE-SA Bylaws interfered with the development or availability of any IEEE-SA standard. In this context it is important to understand that RAND is not limited to a specific type of licenses formula. When evaluating FRAND, a precise factual analysis relating to specific circumstances has to be made. Intel correctly explained this licensing reality in their 2011 submission to the U.S. Federal Trade Commission stating that "licensing scenarios are quite varied, complex, and idiosyncratic. The specific terms that particular parties ultimately negotiate depend on their circumstances, which differ from case to case." Similarly, Microsoft rightly observed in their 2011 submission to the Federal Trade Commission that "RAND is a time-tested and effective approach to licensing commitments. Like other reasonableness standards, it does not dictate specific licensing terms, but it does provide flexibility across a diverse range of situations. [...] Proposals to somehow reduce RAND to some uniform formula could undermine the value of current practices and restrict some of the flexibility that helps to enable current licensing practices and protect the defensive value of contributed patent technology."

#### SuggestedRemedy

Reject the proposed changes regarding "reasonable rate". Delete lines 49-61 and reverse all other relevant changes.

Proposed Response Response Status W  
 PROPOSED REJECT.

Patent Policies, by their very nature, provide background rules against which parties conduct bilateral negotiations, e.g., by requiring Reasonable Rates.

Regulators and various commenters at PatCom meetings have suggested that standards setting organizations explore setting guidelines on what constitutes a FRAND rate; therefore some guidance is needed beyond the word "reasonable". The draft patent policy does not attempt to list all the factors that may be considered in determining a "Reasonable Rate," but it does list those that must be considered.

Fröhlich, Michael  
 P 2 L 49-61 # 91  
 BlackBerry

Comment Type S Comment Status D

The sole focus on a "Rate" suggests that Submitters of an LOA are limited to monetary consideration only. This is inconsistent with the recognition that RAND licensing terms accommodate both monetary and non-monetary terms and conditions, all of which are considered part of integrated license agreements. Holders of Essential Patent Claim for which a RAND-commitment has been made are entitled to ask for monetary and/or non-monetary consideration as long as the terms and conditions are reasonable and free of discrimination. If adopted, the proposed changes could not only unilaterally devalue standardized technology, but could also eliminate the defensive value of standard essential patents. The latter would be detrimental to the ecosystem. We are therefore of the view that any proposed change to the IPR Policy must not only be carefully structured to maintain the existing balance of interests between the essential patent holder and the prospective licensee but needs also to account of the defensive value that patents have.

#### SuggestedRemedy

Reject the proposed changes regarding "reasonable rate". Delete lines 49-61 and reverse all other relevant changes.

Proposed Response Response Status W  
 PROPOSED REJECT.

The draft policy does not preclude reasonable, non-monetary terms and conditions.

Fröhlich, Michael  
 P 2 L 52-61 # 92  
 BlackBerry

Comment Type S Comment Status D

There is no justification for stipulating the listed factors and to not mention other factors that are typically used by courts in assessing the value of patents. This is inappropriate and would place those at an unjustified competitive disadvantage who have chosen to contribute their technology to standardization in the general public interest.

#### SuggestedRemedy

Reject the proposed changes regarding "reasonable rate". Delete lines 52-61 and reverse all other relevant changes.

Proposed Response Response Status W  
 PROPOSED REJECT.

Regulators and various commenters at PatCom meetings have suggested that standards setting organizations explore setting guidelines on what constitutes a FRAND rate; therefore some guidance is needed beyond the word "reasonable". The draft patent policy does not attempt to list all the factors that may be considered in determining a "Reasonable Rate," but it does list those that must be considered.

---

Fröhlich, Michael                      **P 2**                      **L 52**                      # 93  
BlackBerry

*Comment Type*    **S**                      *Comment Status*    **D**

The proposed concept of "inventive feature" is fully unclear and confusing.

*SuggestedRemedy*

Reject the proposed changes regarding "inventive feature". Delete "inventive feature" and reverse all other relevant changes.

*Proposed Response*                      *Response Status*    **W**

PROPOSED REJECT.

We believe the words are clear.

---

Fröhlich, Michael                      **P 2**                      **L 52-54**                      # 94  
BlackBerry

*Comment Type*    **S**                      *Comment Status*    **D**

The proposed factor uses a number of undefined buzzwords such as "patent hold-up" or "lock-in". This is confusing and does not provide any clarity. If the proposal is to say that the assessment of reasonableness should be based on whether the consideration bears a reasonable relationship to the economic value of the patent, then this should be made clear. In this context, IEEE-SA should also acknowledge that there are various methods available to make this assessment.

*SuggestedRemedy*

Reject the proposed changes regarding "value of claimed invention or inventive feature". Delete 52-54 and reverse all other relevant changes. Proposed text to be used instead: "The assessment of reasonableness should be based on whether the consideration bears a reasonable relationship to the economic value of the patent. IEEE-SA acknowledges that there there are various methods available to make this assessment."

*Proposed Response*                      *Response Status*    **W**

PROPOSED REJECT.

Although the comment is rejected, it should be noted that the specific language of "hold-up" and "lock-in" have been removed.

The draft patent policy does not attempt to list all the factors that may be considered in determining a "Reasonable Rate," but it does list those that must be considered. Submitters and implementers may consider other factors during their bilateral negotiations.

---

Fröhlich, Michael                      **P 2**                      **L 56-58**                      # 95  
BlackBerry

*Comment Type*    **S**                      *Comment Status*    **D**

The proposed factor seems to be tailored to deal with perceived shortcomings of U.S. damage laws and the entire market value rule. We note in this context that IEEE-SA develops global standards and that different jurisdictions have different damage laws.

*SuggestedRemedy*

Reject the proposed changes regarding "smallest saleable Compliant Implementation". Delete lines 56-58 and reverse all other relevant changes.

*Proposed Response*                      *Response Status*    **W**

PROPOSED ACCEPT IN PRINCIPLE.

The draft policy provides a consistent framework to determine a Reasonable Rate for an EPC, regardless of the jurisdiction in which it is licensed.

The definition of Compliant Implementation has been changed along with Reasonable Rates.

---

Fröhlich, Michael                      **P 2**                      **L 56-58**                      # 96  
BlackBerry

*Comment Type*    **S**                      *Comment Status*    **D**

The proposed changes seem to address an alleged problem resulting from the existence of complex multi-component products in the ICT-industry. IEEE-SA standardization activities, however, are varied and not limited to the ICT-industry. IEEE-SA standards drive the functionality, capabilities and interoperability of a wide range of products and services in a number of industry sectors. The proposed changes may not be appropriate for all those industry sectors and may even result unintended consequences.

*SuggestedRemedy*

Reject the proposed changes regarding "smallest saleable Compliant Implementation". Delete lines 56-58 and reverse all other relevant changes.

*Proposed Response*                      *Response Status*    **W**

PROPOSED REJECT.

The comment does not identify any specific unintended consequences.



Fröhlich, Michael                      P 2                      L 60-61                      # 97

BlackBerry

Comment Type    S                      Comment Status    D

See previous comment re "smallest saleable Compliant Implementation". In addition, the proposed change seems to suggest an apportionment of Essential Patent Claims that is based on proportionality considerations, i.e. somehow determining a royalty rate based on a proportional rate according to the number of the standard essential patents hold by the licensor as compared to the total number of standard essential patents that are somehow determined to exist in connection with the relevant standard. This concept is flawed. It has already been extensively discussed in 2006/2007 and was rejected for good reason. It effectively raises entry barriers for small firms or companies with no or few own essential patents, or lacking the resources to prosecute a large portfolio of numerous patents. The assessment of reasonableness would result in a simple numeric equation in full ignorance of the economic value of the patent. It would lead to an arms race and provide the wrong incentives to participants in the standards setting process.

*SuggestedRemedy*

Reject the proposed changes regarding "value of the Essential Patent claim relative to the aggregate value". Delete lines 60-61 and reverse all other relevant changes.

Proposed Response                      Response Status    W

PROPOSED REJECT.

To the extent that this comment implies that the draft policy assumes that all EPCs necessarily have the same value, we disagree.

Fröhlich, Michael                      P 2                      L 63-69                      # 98

BlackBerry

Comment Type    S                      Comment Status    D

BlackBerry objects to the changes that are tailored to limit the ability of a Submitter of an LOA to engage in broad portfolio cross-licensing and restrict him to a license back for the same IEEE standard only. The proposed changes would constitute a major overreach of the IEEE Bylaws and would be detrimental to common and pro-competitive licensing practices.

*SuggestedRemedy*

Reject the proposed changes regarding "Reciprocity". Delete lines 63-69 and reverse all other relevant changes.

Proposed Response                      Response Status    W

PROPOSED REJECT.

The draft policy does not preclude reasonable, non-monetary terms and conditions.

Regulators and various commenters at PatCom meetings have suggested that some limitations on reciprocity are appropriate. The draft policy is consistent with those suggestions.

The draft policy does not preclude portfolio licensing if mutually agreeable to the parties.

Specifically, the draft policy states, "Nothing in this policy shall preclude a licensor and licensee from voluntarily negotiating any license under terms mutually agreeable to both parties."

Fröhlich, Michael      P 2      L 63-69      # 99  
BlackBerry

Comment Type    S      Comment Status    D

The reciprocity condition has nothing whatsoever to do with what sort of consideration a patent holder may reasonably require in exchange for a license to its Essential Patent Claim subject to a RAND commitment. It is a separate issue to reciprocity whether a holder of Essential Patent Claim is allowed under RAND to ask an implementer for non-monetary consideration in form of a license back that involves patents other than those relating to the same standard.

*Suggested Remedy*

Reject the proposed changes regarding "Reciprocity". Delete lines 63-69 and reverse all other relevant changes.

Proposed Response      Response Status    W

PROPOSED REJECT.

The draft policy does not preclude reasonable, non-monetary terms and conditions.

Regulators and various commenters at PatCom meetings have suggested that some limitations on reciprocity are appropriate. The draft policy is consistent with those suggestions.

In addition, the draft policy states, "Nothing in this policy shall preclude a licensor and licensee from voluntarily negotiating any license under terms mutually agreeable to both parties."

Fröhlich, Michael      P 2      L 63-69      # 100  
BlackBerry

Comment Type    S      Comment Status    D

There is no one size fits all answer to the question whether a holder of Essential Patent Claim is allowed under RAND to ask an implementer for non-monetary consideration in form of a defensive suspension or license back that involves patents other than those relating to the same standard. Proposals to reduce RAND to some uniform formula would not only restrict the patentees commercial freedom, but it may in some circumstance also result in artificial asymmetries. While in some cases the breadth of such a defensive termination provision may be an unreasonable and discriminatory trade-off, in others it may not. Equally, while the scope of grant backs that may be demanded as part of a RAND license can in some cases be non-reasonable, it may not be in others. All of this is case specific and requires a precise factual analysis relating to the specific circumstances.

*Suggested Remedy*

Reject the proposed changes regarding "Reciprocity". Delete lines 63-69 and reverse all other relevant changes.

Proposed Response      Response Status    W

PROPOSED REJECT.

The draft policy does not preclude reasonable, non-monetary terms and conditions.

Regulators and various commenters at PatCom meetings have suggested that some limitations on reciprocity are appropriate. The draft policy is consistent with those suggestions.

In addition, the draft policy states, "Nothing in this policy shall preclude a licensor and licensee from voluntarily negotiating any license under terms mutually agreeable to both parties."

Fröhlich, Michael  
 P 2 L 63-69 # 101  
 BlackBerry

Comment Type **S** Comment Status **D**

We note that proposals for more precision, including for example for rules regarding which types of cross-licenses are permissible and which are not, do not appear justified by economics (see Joshua D. Wright, SSOs, FRAND, and Antitrust: Lessons from the Economics of Incomplete Contracts, 12 September 2013, at p. 12-14).

*SuggestedRemedy*

Reject the proposed changes regarding "Reciprocity". Delete lines 63-69 and reverse all other relevant changes.

Proposed Response Response Status **W**

PROPOSED REJECT.

The commenter's proposed remedy is not justified by the comment.

Regulators and various commenters at PatCom meetings have suggested that some limitations on reciprocity are appropriate. The draft policy is consistent with those suggestions.

The draft policy does not preclude portfolio licensing if mutually agreeable to the parties.

Specifically, the draft policy states, "Nothing in this policy shall preclude a licensor and licensee from voluntarily negotiating any license under terms mutually agreeable to both parties."

Fröhlich, Michael  
 P 2 L 63-69 # 102  
 BlackBerry

Comment Type **S** Comment Status **D**

In other SDOs, where similar changes have been proposed, the proponents of such changes argued that mandating that an Applicant take a license to non-Essential Patent Claims raises competition law concerns and may even result in a "near per se violation". This assertion is not correct. In the U.S. any such antitrust analysis would likely fall under the rule of reason and would not be treated as a per se violation. In Europe the assessment would also have to be based on the specific facts of the case. Assuming arguendo that dominance and abuse could be established, a finding of a possible antitrust violation would further require that the conduct in question was not objectively necessary and does not produce efficiencies which may outweigh any anticompetitive effects on consumers. In sum, there is no one size fits all answer and an antitrust analysis would heavily depend on the specific circumstances of the case. It is therefore inappropriate for IEEE-SA to reduce RAND to some uniform formula, or to use the concept of reciprocity to impose what may be in some circumstances an overly narrow limitation on the licensors ability to ask for different type of non-monetary consideration.

*SuggestedRemedy*

Reject the proposed changes regarding "Reciprocity". Delete lines 63-69 and reverse all other relevant changes.

Proposed Response Response Status **W**

PROPOSED REJECT.

Regulators and various commenters at PatCom meetings have suggested that some limitations on reciprocity are appropriate. The draft policy is consistent with those suggestions.

Fröhlich, Michael                      P 2                      L 63                      # 103

Comment Type    S                      Comment Status    D

The LoA is not the "grant of a license". Existing language in IEEE Bylaws 6.2(b) is that "a license ...will be made available". The proposed change to have 6.2(b) read that the Submitter of a Licensing Assurance "will grant" a license would result in a fundamental change. If the proposed change is adopted, a licensor would be obligated to grant a license, regardless of the conduct of a potential licensee, including bad faith behaviour by the potential licensee, such as for example a refusal to accept a license offered on RAND terms.

*SuggestedRemedy*

Reject the proposed changes regarding "grant of a license". Delete "grant of a license" in line 63, refer to the existing text of 6.2(b) instead (i.e. license will be made available) and reverse all other relevant changes.

Proposed Response                      Response Status    W

PROPOSED ACCEPT IN PRINCIPLE.

We have changed "will grant" to "will make available."

We do not comment on the completeness or accuracy of the hypothetical description of "bad faith behaviour."

Fröhlich, Michael                      P 2                      L 63                      # 104

Comment Type    S                      Comment Status    D

The proposed change goes beyond text of the LOA, which is a declaration that the Submitter will grant a license. Even if assuming arguendo that the text of the LOA would be "to grant a license", this should not be the rationale for a change in the policy. Rather, the normative order would command that the text of the LOA follows the text of the policy (IEEE Bylaws 6.2(b)) and not the other way round.

*SuggestedRemedy*

Reject the proposed changes regarding "grant of a license". Delete "grant of a license" in line 63, refer to the existing text of 6.2(b) instead (i.e. license will be made available) and reverse all other relevant changes.

Proposed Response                      Response Status    W

PROPOSED REJECT.

We believe the use of "granting" in line 63 is correct but please note that the text in line 95 was changed to "will make available."

Fröhlich, Michael                      P 2                      L 63                      # 105

Comment Type    S                      Comment Status    D

The proposed changes are not within the charter of the ad hoc group. According to the minutes of the March 2013 PatCom meeting the "ad hoc was formed to discuss the DOJ challenges and to provide recommendations to PatCom, with an expectation that a report will be given at the June PatCom meeting".

*SuggestedRemedy*

Reject the proposed changes regarding "grant of a license". Delete "grant of a license" in line 63, refer to the existing text of 6.2(b) instead (i.e. license will be made available) and reverse all other relevant changes.

Proposed Response                      Response Status    W

PROPOSED REJECT.

The rationale does not support the remedy, but it should be noted that "will grant" has been changed to "will make available."

Fröhlich, Michael                      P 3                      L 99-101                      # 106

Comment Type    S                      Comment Status    D

The proposed changes would effectively impose a categorical ban on injunctive relief or similar remedy for infringement of Essential Patent Claims. A LOA is not a waiver of the right to injunctive relief. This is an unacceptable change and ignores that there are circumstances under which an injunction or similar remedy on Essential Patent Claims is legitimate and fully appropriate.

*SuggestedRemedy*

Reject the proposed changes regarding "statement signifies that reasonable terms and conditions [...] are sufficient compensation for a license to use those Essential Patent Claims". Delete lines 99-101 and reverse all other relevant changes.

Proposed Response                      Response Status    W

PROPOSED REJECT.

Negotiations between a Submitter and a potential licensee should attempt to value the contribution of the Essential Patent Claim without considering the possibility of a Prohibitive Order.

The draft does not "impose a categorical ban" on Prohibitive Orders. The draft identifies circumstances in which a Prohibitive Order may be appropriate. The draft does not suggest that this list is incomplete.

Fröhlich, Michael                                  P3                                  L 99-101                                  # 107  
BlackBerry

Comment Type     **S**                                  Comment Status     **D**

The proposed changes suggest that Submitters of an LOA are restricted to monetary consideration only. This is inconsistent with the recognition that RAND licensing terms accommodate both monetary and non-monetary terms and conditions, all of which are considered part of integrated license agreements. Holders of standard essential patents for which a RAND-commitment has been made are entitled to ask for monetary and/or non-monetary consideration as long as the terms and conditions are reasonable and free of discrimination.

*SuggestedRemedy*

Reject the proposed changes regarding "statement signifies that reasonable terms and conditions [...] are sufficient compensation for a license to use those Essential Patent Claims". Delete lines 99-101 and reverse all other relevant changes.

Proposed Response                                  Response Status     **W**

PROPOSED REJECT.

The draft policy does not limit the Submitter to seeking only monetary compensation.

Fröhlich, Michael                                  P3                                  L 105-111                                  # 108  
BlackBerry

Comment Type     **S**                                  Comment Status     **D**

See all the comments above regarding "Reciprocity".

*SuggestedRemedy*

Reject the proposed changes regarding "Reciprocal licensing". Delete lines 105-111 and reverse all other relevant changes.

Proposed Response                                  Response Status     **W**

PROPOSED REJECT.

See responses to referenced comments.

Fröhlich, Michael                                  P3                                  L 105-111                                  # 109  
BlackBerry

Comment Type     **S**                                  Comment Status     **D**

The proposed changes would result in a blanket ban on seeking or obtaining any cross license. Attempts to somehow limit the ability of a Submitter of a LOA to include defensive suspension provision or a grant or grant-back of patents not essential to the relevant IEEE standard represents a major and unjustified policy change. This is fully inappropriate and a major overreach of the IEEE IPR Policy. It would be detrimental to common and pro-competitive licensing practices and would result in destroying the defensive use of standard essential patents.

*SuggestedRemedy*

Reject the proposed changes regarding "Reciprocal licensing". Delete lines 105-111 and reverse all other relevant changes.

Proposed Response                                  Response Status     **W**

PROPOSED REJECT.

The draft policy does not preclude cross-licensing if mutually agreeable to the parties.

Specifically, the draft policy states, "Nothing in this policy shall preclude a licensor and licensee from voluntarily negotiating any license under terms mutually agreeable to both parties."

Regulators and various commenters at PatCom meetings have suggested that some limitations on reciprocity are appropriate. The draft policy is consistent with those suggestions.

Fröhlich, Michael  
 P 3 L 105-111 # 110  
 BlackBerry

Comment Type S Comment Status D

Successful portfolio cross-licensing promotes patent peace and market innovation, and is premised on parties' reciprocal recognition of rights and interests. It removes the need of patent-by-patent licensing and provides the firm taking a licence with the assurance that the same patent holder with whom an agreement has been signed will not be able to ask for a second licence by asserting other patents from its portfolio against the licensed products during the term of the agreement. As the U.S. Department of Justice (DOJ) and U.S. Federal Trade Commission (FTC) put it in their 2007 Report on antitrust and intellectual property rights: "[t]he most significant potential benefit of portfolio cross licensing is that it allows firms operating within a patent thicket to use each other's patented technology without the risk of litigation, including the risk of an injunction that shuts down production. Panelists [at DOJ-FTC hearings] suggested that this elimination of risk, or 'patent peace,' can give firms the freedom they need to improve current products or manufacture new products without fear of infringement." (U.S. Dep't of Justice and U.S. Fed. Trade Comm'n, Antitrust Enforcement and Intellectual Property Rights: Promoting Innovation and Competition 59-60 (April 2007). In a similar vein, the U.S. Federal Circuit Court of Appeals has stated that "such portfolio licensing "can [also] obviate any potential patent disputes between a licensor and a licensee and thus reduce the likelihood that a licensee will find itself involved in costly litigation over unlicensed patents" (US Philips Corp. v. International Trade Com'n, 424 F. 3d 1179, 1192 (Fed. Cir. 2005). Furthermore, such portfolio cross-licensing is pro-competitive and efficiency-enhancing (see for example: L. Coppi and S. Trento, Patent Wars and Technology Transfer Agreements: Should the EU Rules Change?, Competition Policy International 2, 7 (April 2012), and it can remove the patent thicket's "perverse effect of slowing down the commercialization of new discoveries and ultimately retarding innovation." (C. Shapiro, Navigating the Patent Thicket: Cross Licenses, Patent Pools, and Standard-Setting, in: A. Jaffe; et al., Innovation Policy and the Economy, I. Cambridge: MIT Press, 2001, at p. 122)

*SuggestedRemedy*

Reject the proposed changes regarding "Reciprocal licensing". Delete lines 105-111 and reverse all other relevant changes.

Proposed Response Response Status W

PROPOSED REJECT.

The draft policy does not preclude portfolio licensing if mutually agreeable to the parties.

Specifically, the draft policy states, "Nothing in this policy shall preclude a licensor and licensee from voluntarily negotiating any license under terms mutually agreeable to both parties."

Fröhlich, Michael  
 P 3 L 105-111 # 111  
 BlackBerry

Comment Type S Comment Status D

What follows from the proposed change that a Submitter of a LOA shall not be able to require the Applicant to take a license for any of the Submitter's Patent Claims that are not Essential Patent Claims for the referenced IEEE Standard is that the owner of an Essential Patent Claim would be forced to permit use of any of its other patents without compensation even when the Applicant infringes such patent(s). This is an inappropriate attempt to impose wide ranging restrictions on other patents of the licensor, effectively curtailing his rights to enforce such patents against potential infringers. This represents a major overreach of the IEEE IPR Policy.

*SuggestedRemedy*

Reject the proposed changes regarding "Reciprocal licensing". Delete lines 105-111 and reverse all other relevant changes.

Proposed Response Response Status W

PROPOSED REJECT.

Nothing in the policy mandates that a Submitter license its non-essential patents or precludes it from suing for infringement of those patents.

Fröhlich, Michael  
 BlackBerry  
 P 3 and 4 L 121-133 # 112

Comment Type **S** Comment Status **D**

BlackBerry is in general agreement with the condition that commitments made in a LOA should be binding on successors and assignees of Essential Patent Claims. We however believe that the proposed text is not properly dealing with the transfer issue. Amongst other things, the subjective element of "intent of circumventing or negating any of the representations and commitments made ..." is fully unclear and doesn't provide the required certainty. Also, we suggest that a transferee is bound to licensing commitments made by prior Submitter of a LOA, whether or not it had notice of such licensing commitment. Making sure that any transferee is bound whether or not it has notice and irrespective of whether a Statement of Encumbrance is binding on transferees in a particular jurisdiction can be achieved through a simple clause in the IEEE Policy imposing a contractual obligation on the Submitter of a LOA to include appropriate provisions in the relevant transfer documents to ensure that his undertaking is binding on a transferee and that the transferee will similarly include appropriate provisions in the event of future transfers with the goal of binding all successors-in-interest.

*SuggestedRemedy*

Reject the proposed changes regarding "transfer of Essential Patent Claims" and adopt instead the following text: "Licensing assurances made pursuant to Article 6.2 lit a) or b) of the IEEE-SA Standards Board Bylaws shall be interpreted as encumbrances that bind all successors-in-interest. Recognizing that this interpretation may not apply in all legal jurisdictions, any Submitter of a Letter of Assurance who transfers ownership of an Essential Patent Claim that is subject to such licensing assurance shall include appropriate provisions in the relevant transfer documents to ensure that the licensing assurance is binding on the transferee and that the transferee will similarly include appropriate provisions in the event of future transfers with the goal of binding all successors-in-interest."

Proposed Response Response Status **W**

PROPOSED REJECT.

The commenter's proposed remedy does not appear to be a significant improvement over the draft policy.

Fröhlich, Michael  
 BlackBerry  
 P 4 L 134-150 # 113

Comment Type **S** Comment Status **D**

Limiting the ability of Submitter of a Licensing Assurance to seek or to enforce an injunction or similar remedy represents a major policy change. The proposed changes amount effectively to a blanket ban on injunctive relief. This is wholly inappropriate, as there are certain situations in which injunctions or similar remedies are fully appropriate.

*SuggestedRemedy*

Reject the proposed changes regarding "Prohibitive Order". Delete lines 134-150 and reverse all other relevant changes.

Proposed Response Response Status **W**

PROPOSED REJECT.

The draft policy does not propose a blanket ban. The draft policy does acknowledge limited situations where Prohibitive Orders may be appropriate. The comment does not suggest that this list of such situations is incomplete.

Fröhlich, Michael      P 4      L 134-150      # 114  
BlackBerry

Comment Type    S      Comment Status    D

Providing a LOA has never meant and should not mean that injunctive relief or similar remedies may be enforced only under certain limited circumstances prescribed in advance. In most jurisdictions around the globe, recourse to injunctive relief is generally a legitimate remedy for patent-holders in case of patent infringements. Curtailing the patentees' rights in a manner that practically eliminates altogether the use of injunctions by patent-holders is disproportionate and significantly tilts the balance in favour implementers.

*SuggestedRemedy*

Reject the proposed changes regarding "Prohibitive Order". Delete lines 134-150 and reverse all other relevant changes.

Proposed Response      Response Status    W

PROPOSED REJECT.

This comment response does not remark on the completeness or accuracy of the commenter's description of the state of the law or the draft policy.

Submission of an LOA is voluntary. By submitting an LOA with licensing assurance (excluding selection of LOA Box 1d), a patent holder has agreed either: to make available a license with Reasonable Rates and other reasonable terms and conditions; or to not assert its patent rights.

Negotiations between a Submitter and a potential licensee should attempt to value the contribution of the Essential Patent Claim without considering the possibility of a Prohibitive Order, and therefore the statement that "recourse to injunctive relief is generally a legitimate remedy" is not correct.

The draft policy does not "eliminate altogether" Prohibitive Orders. It identifies the limited circumstances in which a Prohibitive Order may be appropriate.

Fröhlich, Michael      P 4      L 134-150      # 115  
BlackBerry

Comment Type    S      Comment Status    D

The proposed changes fully ignore the defensive value that Essential Patent Claims can have and would result in the elimination of defensive use of Essential Patent Claims. See comments above re 'legitimate defensive use of standard essential patents' for more

*SuggestedRemedy*

Reject the proposed changes regarding "Prohibitive Order". Delete lines 134-150 and reverse all other relevant changes.

Proposed Response      Response Status    W

PROPOSED REJECT.

Submission of an LOA is voluntary. By submitting an LOA with licensing assurance (excluding selection of LOA Box 1d), a patent holder has agreed either: to make available a license with Reasonable Rates and other reasonable terms and conditions; or to not assert its patent rights.

Negotiations between a Submitter and a potential licensee should attempt to value the contribution of the Essential Patent Claim without considering the possibility of a Prohibitive Order.

Fröhlich, Michael      P 4      L 134-150      # 116  
BlackBerry

Comment Type    S      Comment Status    D

Whether injunctions or similar remedies are appropriate is inherently fact specific. Courts or, (if both parties agree) arbitration tribunals are able to determine the availability of injunctive relief in each instance.

*SuggestedRemedy*

Reject the proposed changes regarding "Prohibitive Order". Delete lines 134-150 and reverse all other relevant changes.

Proposed Response      Response Status    W

PROPOSED REJECT.

Negotiations between a Submitter and a potential licensee should attempt to value the contribution of the Essential Patent Claim without considering the possibility of a Prohibitive Order.



Fröhlich, Michael  
 P 4 L 134-150 # 117  
 BlackBerry

Comment Type S Comment Status D

If adopted, the proposed changes could result in significant inefficiencies whereby litigation costs can by far exceed the potential damages resulting from infringement. The proposed changes would force the holder of a Essential Patent Claims to litigate every single patent in every jurisdiction around the world up to a final decision by an Appropriate Court and through first-level appellate review (whatever that means), on every possible issue including infringement, validity, enforceability, RAND determination, and other defenses and counterclaims.

*SuggestedRemedy*

Reject the proposed changes regarding "Prohibitive Order". Delete lines 134-150 and reverse all other relevant changes.

Proposed Response Response Status W

PROPOSED REJECT.

Negotiations between a Submitter and a potential licensee should attempt to value the contribution of the Essential Patent Claim without considering the possibility of a Prohibitive Order.

Fröhlich, Michael  
 P 4 L 134-150 # 118  
 BlackBerry

Comment Type S Comment Status D

The duty of good faith and fair dealing is a well-established concept in all contractual relationships. It is an intrinsic part of RAND and applies to both the SEP holder and the potential licensee. The duty of good faith and fair dealing is central for RAND licensing and the determination whether or not injunctive relief is available to the holder of a standard essential patent for which a RAND commitment has been made. This is evidenced by a multitude of recent decisions by courts across various jurisdictions (see e.g. Tokyo District Court, 28 February 2013, Cases nos Tokyo District Ct. 2011 (YO) 22027, 2011 (YO) 22098, and Case no. 2011 (WA) 38969; Seoul Central District Court, 24 August 2012, Case no. 2011 GaHap 39552; German Federal Supreme Court (Bundesgerichtshof), 13 July 2004, Case no. KZR 40/02, GRUR 2004, 966; Milan District Court (Tribunale de Milano), Ordinanza, 5 January 2012, Case nos N.R.G. 59734-2011 and 45629-1-2011; The Hague District Court (Rechtbank 's-Gravenhage), 17 March 2010, Case nos 08-2522 and 08-2524; The Hague District Court (Rechtbank 's-Gravenhage), 14 March 2012, Case nos 400367 / HA ZA 11-2212, 400376 / HA ZA 11-2213, and 400385 / HA ZA 11-2215; European Commission, DG Competition, 13 February 2012, Case no. COMP/M.6381; U.S. District Court for the Eastern District of Texas, 6 August 2013, Case no. 6:10-cv-00473 – Ericsson Inc., et al. v D-Link Systems, et al.; U.S. District Court for the Western District of Washington, 24 September 2013, Case no. C10-1823JLR).

*SuggestedRemedy*

Reject the proposed changes regarding "Prohibitive Order". Delete lines 134-150 and reverse all other relevant changes. Adopt instead the following text: "A Submitter of an Accepted Letter of Assurance who has committed to license Essential Patent Claim shall not enjoin or otherwise exclude an Applicant from practicing any of the rights set forth in its Letter of Assurance for infringement of this Essential Patent Claim, unless the Submitter demonstrates that the Applicant is not acting in good faith."

Proposed Response Response Status W

PROPOSED REJECT.

Negotiations between a Submitter and a potential licensee should attempt to value the contribution of the Essential Patent Claim without considering the possibility of a Prohibitive Order.

A patent holder could erroneously but in good faith believe it has satisfied the requirements in the commenter's proposed remedy and could therefore assert the right to seek a Prohibitive Order.

Fröhlich, Michael  
 BlackBerry  
 P 4 L 134-150 # 119

Comment Type S Comment Status D

The duty of good faith and fair dealing commands a generalized obligation of contracting parties to act reasonably and requires a relationship of trust based on the commercial dealings of the parties. Accordingly, Essential Patent Claims should not be used as leverage to distort a good faith negotiation process in an attempt to extract non-RAND terms. But just as importantly, a potential licensee needs to refrain from bad faith behaviour, such as by employing delaying tactics, plainly or constructively refusing to negotiate by insisting on terms clearly outside the bounds of what could reasonably be considered RAND terms, or attempting to unilaterally access a company's standardised technology, while at the same time seeking to shut down that company's business by preventing it from implementing standardised technology which that company has contributed in the general public interest to standardisation. We are therefore of the view that any proposed change to the IEEE IPR Policy must not only be carefully structured to maintain the existing balance of interests between the essential patent holder and the prospective licensee with regard to potential "patent holdup" or so-called "reverse holdup", but also needs to account for legitimate defensive use of patents.

*SuggestedRemedy*

Reject the proposed changes regarding "Prohibitive Order". Delete lines 134-150 and reverse all other relevant changes. Adopt instead the following text: "A Submitter of an Accepted Letter of Assurance who has committed to license Essential Patent Claim shall not enjoin or otherwise exclude an Applicant from practicing any of the rights set forth in its Letter of Assurance for infringement of this Essential Patent Claim, unless the Submitter demonstrates that the Applicant is not acting in good faith."

Proposed Response Response Status W  
 PROPOSED REJECT.

Negotiations between a Submitter and a potential licensee should attempt to value the contribution of the Essential Patent Claim without considering the possibility of a Prohibitive Order.

The commenter's proposed remedy does not satisfactorily address this issue. For example, a patent holder could erroneously but in good faith believe it has satisfied the requirements in the commenter's proposed remedy and could therefore assert the right to seek a Prohibitive Order.

Block, Marc Sandy  
 IBM Corporation  
 P 1 L 15-18 # 120

Comment Type S Comment Status D

This defn could result in no tribunal qualifying. It would likely also preclude arbitration forums, and would foreclose ITC actions, even where the ITC assesses RAND, SEP, validity, infringement and other issues. The regulators do not require that one tribunal adjudicate and render decisions on all issues.

*SuggestedRemedy*

Delete definition for "Appropriate Court"

Proposed Response Response Status W  
 PROPOSED REJECT.

The text has been revised, and the concept of an appropriate court has been integrated into the policy rather than as a separate definition.

The draft policy covers bifurcated jurisdiction by the use of "court or courts." In any given country, there will be a court or combination of courts that satisfies this requirement; the ITC alone, as currently structured, does not. In the next draft, "court or courts" has been simplified to "court(s)."

Block, Marc Sandy  
 IBM Corporation  
 P 2 L 51 # 121

Comment Type S Comment Status D

*SuggestedRemedy*

Change "three factors" to "factor"

Proposed Response Response Status W  
 PROPOSED ACCEPT.

Block, Marc Sandy *P 2* *L 57* # 122  
IBM Corporation

*Comment Type S* *Comment Status D*

Smallest Saleable Compliant Implementation. A 3L (law student) that I was teaching recently asked me "How do you know what is saleable"? The measure is not what is "sold" but what is "saleable"? Is the eraser on a pencil saleable? And is it worth more as part of the pencil than alone?

*SuggestedRemedy*

Another reason to delete 56-61

*Proposed Response* *Response Status W*

PROPOSED ACCEPT IN PRINCIPLE.

The definition of Compliant Implementation has been changed along with Reasonable Rates. Several US court cases have successfully relied upon the concept of "smallest saleable" in their determination of compensation.

Block, Marc Sandy *P 2* *L 56-61* # 123  
IBM Corporation

*Comment Type S* *Comment Status D*

What is the most relevant information to a court deciding a royalty rate? Many courts have recognized that existing armslength licenses with others is the best marker. Suppose a dozen third party implementers [competitors] have taken a 1% royalty for the known SEPs and one implementer refuses. With the proposed language, the IEEE will be telling the court (and parties) that they can't rely on just those 12 agreements, but the court (and the parties) are required to conduct two excruciating value analyses. ""Rate" shall mean compensation... considering at least the following..." Judge Rader of the Federal Circuit said recently that we should let the courts establish jurisprudence here.

The IEEE draft would also endorse the estimation methods of two cases that looked at stacking (Microsoft v Motorola and Innovatio) and would exclude another court's view (in Ericsson v D-Link) that asked the infringer to show stacking before the court would get into that analysis. I don't know where this will end up, but the IEEE mandate on the courts is ill-conceived. Does the IEEE want to assume the role of court and legislature, globally, on this developing issue?

*SuggestedRemedy*

delete 56-61

*Proposed Response* *Response Status W*

PROPOSED REJECT.

The draft patent policy does not attempt to list all the factors that may be considered in determining a "Reasonable Rate," but it does list three factors that must be considered. Submitters and implementers may consider other factors during their bilateral negotiations.

The draft policy does not tell courts what conclusions they must reach based on their consideration of these (or other) factors.

Block, Marc Sandy *P 3* *L 93 and 98* # 124  
IBM Corporation

*Comment Type S* *Comment Status D*

Unsure what this right is. To some extent, this "right" [that is not specified in the statute] may be covered by exhaustion if the product comes from a licensee. Otherwise, is there some sublicense here, which licensors might not be aware of.

*SuggestedRemedy*

delete "have sold"

*Proposed Response* *Response Status W*

PROPOSED ACCEPT.

Block, Marc Sandy  
 P 3 L 93 and 98 # 125  
 IBM Corporation

Comment Type S Comment Status D

Otherwise, a manufacturer with no reciprocal license obligation could have its products sold by another party and the mfr (with its own design) could then enjoin the licensor. Not good or fair for the licensor or IEEE standards. While IEEE counsel noted that PatCom need not seek balance among stakeholders or other fairness requirements imposed on the technical standard process, too much bias can have adverse effects on IEEE and its standards.

*SuggestedRemedy*

after "have made" insert "(according to the specifications created by or for the licensee)"

Proposed Response Response Status W

PROPOSED REJECT.

If there are niche scenarios where EPCs might not be made available for licensing by a reciprocal licensing requirement, the commenter's proposed remedy does not appear to solve the problem.

Block, Marc Sandy  
 P 3 L 108-111 # 126  
 IBM Corporation

Comment Type S Comment Status D

Under U.S. Supreme Court case of eBay v. Merckexchange, one factor required for injunction is that there be no adequate remedies at law, such as damages. The sentence in the draft could be interpreted as a patent holder admission foreclosing injunction EVEN UNDER THE CONDITIONS ALLOWING INJUNCTION UNDER THE IEEE POLICY. This could come as a surprise to IEEE members, making this sentence not only inconsistent with other sections but also deceptive at best. In any event, this fact can be determined by the court or other tribunal without being policy.

*SuggestedRemedy*

Delete

Proposed Response Response Status W

PROPOSED REJECT.

Negotiations between a Submitter and a potential licensee should attempt to value the contribution of the Essential Patent Claim without considering the possibility of a Prohibitive Order.

The text describing the licensing to be made available [starting at approximately line 95] and the text describing when Prohibitive Orders are available [starting at approximately line 134] state both the general principle and the exceptions.

Block, Marc Sandy  
 P 4 L 138 # 127  
 IBM Corporation

Comment Type S Comment Status D

This proposal recognizes that the conduct of licensor and licensee should be considered in determining availability of Exclusionary Relief (e.g. injunction, exclusion order, etc.)

First, this proposal avoids potential waiver of Exclusionary Relief. Once the court addresses all issues, defenses, and counterclaims, and there is a final adjudication, the court will likely find a request for injunction or other Exclusionary Relief to be waived. "Why didn't you raise it before?" So, again, even when conditions are satisfied, the policy provides a procedural gotcha – akin to the "sufficient compensation."

The proposal, while allowing for pleading or seeking relief, lists a sound safe harbor for the licensee, thus balancing the interests of patent holders and those of implementers. The various regulators have expressed a preference for a balanced approach and have expressed interest in safe harbor approaches.

Many of the conditions of the safe harbor seem to have wide support in the standards community. Rather than precluding a patent holder from pleading, this proposal provides that the patent holder agrees that it will not be awarded injunction when the other party acts within the safe harbor. If the other party falls outside the harbor, the traditional laws and rules of the tribunal apply (a notion that also seems to have widespread support).

A comment is warranted regarding bankruptcy. Without opining on the point, we have some concern that proposed provisions might be seen as an "ipso facto" clause which at least some insolvency laws prohibit. That is, one party cannot terminate an agreement merely because the other party files for bankruptcy. This proposal includes language by which there is no agreement being terminated. Where recent cases and some parties have contended that the commitment reflects an agreement, this point warrants review by bankruptcy counsel with some IP background.

As with other proposals, we believe that claims and defenses should be considered by the tribunal. However, requiring all these issues to be adjudicated by a single forum is not appropriate. First, some tribunals may have limited jurisdiction but will consider the various issues in deciding on Exclusionary Rights. For example, the US ITC must consider if the patent is valid and infringed before granting an order, and in view of the recent US Trade Representative action, will consider RAND and Essential Patent issues before awarding any order, although it cannot award money damages. Second, there may be no single tribunal that addresses all the issues. A limited definition for "tribunal" could effectively immunize any conduct by an unwilling implementer.

Third, a definition requiring the tribunal to decide all issues might exclude arbitrators who may either voluntarily or by law be proscribed in their authority. Many national laws, for example, require that patent validity be decided by an authorized government tribunal. Where regulators are promoting arbitration, an overly limited "tribunal" definition would discourage and undermine that option. While parties should be allowed to raise topics relevant to the FRAND commitment, this provision should not be an opportunity to burden or delay the SEP owner, or effectively foreclose Exclusionary Relief (in instances where no tribunal could satisfy the definition). This proposal seeks a fair, real, and practical balance

between the stakeholders.

The proposal recognizes that implementers should not be forced to comply with FRAND terms which may be subject to appeal. However, the owner of an Essential Patent should not be precluded from seeking Exclusionary Relief, especially when a lower court determines that the owner of Essential Patent has satisfied its FRAND obligation. Moreover, during appeal, the tribunal may require bond or the like, which implementer should comply with to reside in the safe harbor.

The proposal discusses "good faith," which courts should be able to assess from the facts presented. Courts determine "good faith" in many contexts. In various jurisdictions, good faith is embedded into the contract negotiation. Some discuss time limits, but we prefer a more robust assessment.

This proposal seeks balance, by considering the conduct and expectations of all parties involved.

While IEEE need not track other SDOs, the Drafting Committee might see if it can access ETSI proposals on the injunction issue. The EC and U.S. regulators are also expressing views on this topic. While we do not necessarily endorse those views and IEEE is not bound by either body, they may be relevant here.

#### *Suggested Remedy*

Before pleading Exclusionary Relief based on a patent that it has disclosed to ETSI or that has been determined essential by a court or other authorised tribunal, the owner of Essential IPR patents shall make a good faith offer to the other party and shall agree to negotiate a license that embodies FRAND terms for the given ETSI specification. While the owner of Essential IPR patents may plead Exclusionary Relief, the owner of Essential IPR patents agrees that the tribunal shall condition appropriateness of Exclusionary Relief on whether the prospective licensee:

(i) has agreed in writing to negotiate, and is actively engaged in negotiating, FRAND terms in good faith,

(ii) agrees to comply with, and has not failed to comply with, FRAND terms finally resolved between the parties by a neutral third party tribunal (such as a court or arbitrator),

(iii) complies with bond or other payments, if any, ordered by such a tribunal, pending appeal,

(iv) has agreed to pay reasonable royalties for past infringement that is actionable, if any, and

(v) is not asserting any Essential IPR patents (for the given ETSI specification or other specifications for which reciprocity might extend) in order to enjoin the licensing owner of Essential IPR patents.

An owner of Essential IPR patents may, in any event, seek Exclusionary Relief if there is no jurisdiction which can determine FRAND damages and the other party has not voluntarily submitted to jurisdiction for such an action.

The FRAND commitment is not effective and is not an executory agreement as to an entity that is filing or has filed for bankruptcy or insolvency.

The burden of proof is on the party alleging lack of good faith.

Exclusionary Relief proceedings shall be under the laws and rules of the tribunal and parties may raise claims or defenses, which the tribunal shall consider.

Exclusionary Relief includes injunctions, exclusion orders or other remedies that preclude a party from practicing a patented invention.

Nothing in this provision limits the parties from voluntarily negotiating and entering into patent licenses or cross licenses.

*Proposed Response*                      *Response Status*    **W**  
PROPOSED REJECT.

Negotiations between a Submitter and a potential licensee should attempt to value the contribution of the Essential Patent Claim without considering the possibility of a Prohibitive Order.

Among other things, the commenter's proposed remedy would allow seeking a prohibitive order before issues of patent validity, essentiality, enforceability, infringement, etc have been adjudicated.

The relevant text has been edited and bankruptcy has been removed as an explicit condition. Text has also been added that provides for conditionally pleading for injunctive relief.

P L 131-133 # 128  
 Block, Marc Sandy IBM Corporation

Comment Type S Comment Status D

The existing IEEE Policy wisely allows encumbrance against the patent which is communicated to successors and alternatively also allows for binding successors (as in the "game of telephone") which is also to be communicated down the chain. What's the difference here? With the encumbrance, a limitation is placed on the property. With the contract approach, of course, the property does not have a piece cut out of it as with the encumbrance. At the recent IEEE PatCom meeting, Japan and Germany were cited as "jurisdictions" warranting the inclusion of the "warning" language (starting "In jurisdictions...") But no specifics were identified or know to attendees. So, let's look at Germany. In the recent Qimonda case in a Munich court, an "encumbrance" was upheld by the court in which licenses granted to third parties by assignor Infineon survived assignee Qimonda's attempt to revoke those rights under German bankruptcy law. The court recognized that those rights were carved out of the patent rights assigned to Qimonda. In other words, the German court recognized and enforced the encumbrance on the patents. Generally, the reserving or retention of rights and other encumbrances on patent property are older than Hogan's goat and have been used by major patent law firms and companies globally for years. If there is a problem with such provisions, there will be serious problems in the patent world (including folks in the PatCom room) who have relied on such provisions. An encumbrance provides notice to the downstream assignee that there is a licensing assurance but also encumbers the patent property -- as clearly announced in Qimonda. In Japan, I would ask for specifics as to when/why Japan would not enforce an encumbrance of which the assignee is aware through the chain of agreements? In fact, Japan in the last year or so changed its statutes to honor existing licenses over patent transfers, suggesting clearer respect for licensing preservation. I will not argue relative value of encumbrance versus "game of telephone" contract approach -- ce la vie. But I do not know what basis there is for the "jurisdiction" sentence which merely raises unsubstantiated "red herring" questions about what may be viewed as a preferable option. Someone at the PatCom meeting suggested "no harm, just belt and suspenders." Looking around the room, I did not see anyone wearing suspenders and belts. Unless there is a real basis for it, patent holders should not be belted with a red herring threat that only hampers the parties in their commercial transactions. IEEE has it right without an added unexplained burden of uncertainty.

The court recognized that those rights were carved out of the patent rights assigned to Qimonda. In other words, the German court recognized and enforced the encumbrance on the patents. Generally, the reserving or retention of rights and other encumbrances on patent property are older than Hogan's goat and have been used by major patent law firms and companies globally for years. If there is a problem with such provisions, there will be serious problems in the patent world (including folks in the PatCom room) who have relied on such provisions. An encumbrance provides notice to the downstream assignee that there is a licensing assurance but also encumbers the patent property -- as clearly announced in Qimonda. In Japan, I would ask for specifics as to when/why Japan would not enforce an encumbrance of which the assignee is aware through the chain of agreements?

In fact, Japan in the last year or so changed its statutes to honor existing licenses over patent transfers, suggesting clearer respect for licensing preservation. I will not argue relative value of encumbrance versus "game of telephone" contract approach -- ce la vie.

But I do not know what basis there is for the "jurisdiction" sentence which merely raises unsubstantiated "red herring" questions about what may be viewed as a preferable option. Someone at the PatCom meeting suggested "no harm, just belt and suspenders." Looking around the room, I did not see anyone wearing suspenders and belts. Unless there is a real basis for it, patent holders should not be belted with a red herring threat that only hampers the parties in their commercial transactions. IEEE has it right without an added unexplained burden of uncertainty.

*SuggestedRemedy*

Delete "In jurisdictions..or transferee."

Proposed Response Response Status W

PROPOSED ACCEPT.

P 4 L 133 # 129  
 Block, Marc Sandy IBM Corporation

Comment Type S Comment Status D

The proposed insert does not impose any obligations or liability on IEEE. It merely authorizes IEEE and ANSI to record LoAs. The USPTO allows for such recordation electronically at no charge in a simple web-based process. All successive parties purchasing a patent will see that the patent is subject to an IEEE LoA. The insert would be limited to disclosed patents identified by number and would not involve any IEEE or ANSI obligation to record, nor does it assert any legal effects or conclusions.

*SuggestedRemedy*

After line 133, insert "The LoA submitter authorizes the IEEE and ANSI, in the case of ANSI accredited IEEE standards, to record the LoA (as submitted) to patent offices, including the U.S. Patent and Trademark Office."

Proposed Response Response Status W

PROPOSED REJECT.

Thank you for your suggestion.

Although this proposal might increase transparency, IEEE is not able to undertake this function at this time. In addition, the suggestion is not practical for blanket LOAs.

It is not clear that the IEEE would need such permission should it choose to undertake this effort in the future.

Gilfillan, Scott P 1 L 17 # 130  
Intel Corporation

*Comment Type* S *Comment Status* D

The mode of compensation should parallel the damage it seeks to resolve, therefore "monetary" compensation resolves past and future royalties.

*SuggestedRemedy*  
(new language in red) "...award monetary compensation for unpaid royalties..."

*Proposed Response* Response Status W  
PROPOSED REJECT.

The text has been revised and the concept of an appropriate court has been integrated into the policy rather than as a separate definition.

We believe adding "monetary" to the phrase "...compensation for unpaid past royalties..." would be redundant.

Gilfillan, Scott P 1 L 18 # 131  
Intel Corporation

*Comment Type* S *Comment Status* D

Parties to a FRAND negotiation should be permitted to mutually agree to arbitration for determination of a FRAND rate, but arbitration is not an appropriate venue for determination of validity, infringement, and other issues better suited for adjudication by a court.

*SuggestedRemedy*  
add the following sentence to the definition of "Appropriate Court": "Nothing in this Policy shall preclude a Submitter and an implementer from mutually agreeing to arbitrate for the purpose of determining Reasonable Rates and other reasonable licensing terms and conditions, and if the parties so agree, then the arbitrator or arbitral panel may be treated as an "Appropriate Court" for that purpose."

*Proposed Response* Response Status W  
PROPOSED ACCEPT IN PRINCIPLE.

We have edited the text at former lines 146 to 150. The policy does not preclude arbitration of any issue.

Gilfillan, Scott P 1 L 22 # 132  
Intel Corporation

*Comment Type* S *Comment Status* D

Revising for clarity and to conform the definition to its source language.

*SuggestedRemedy*  
"Compliant Implementation" shall mean a component, any product, or service that conforms to complies with mandatory portion(s), optional portion(s), or both of the normative clauses of the an-IEEE Standard.

*Proposed Response* Response Status W  
PROPOSED REJECT.

Text has been revised; however, components are mentioned explicitly for clarity because some readers have expressed uncertainty over what is included.

Gilfillan, Scott P 2 L 68 # 133  
Intel Corporation

*Comment Type* S *Comment Status* D

In its current form, line 68-69 could be interpreted to create an ambiguity with line 75-76, whereby a Submitter is permitted to exclude Affiliates from its LOA in certain circumstances. This could result in gamesmanship or hiding of patent assets in subsidiary and affiliate companies, and so the IEEE policy should not allow a Submitter who conditions its licensing obligation on receiving reciprocal treatment to exclude any of its Affiliates from the licensing obligation.

*SuggestedRemedy*  
(new language in red, deleted text in strikeout) "...and revisions. Notwithstanding the ability of a Submitter to specifically and permissibly exclude certain of its Affiliates from the licensing commitments described in an Accepted LOA, a A-Submitter shall have no ability to exclude Affiliates if the Submitter has indicated a condition of Reciprocal Licensing on an Accepted Letter of Assurance."

*Proposed Response* Response Status W  
PROPOSED ACCEPT IN PRINCIPLE.

The text has been edited and the limitation on excluding Affiliates when requesting Reciprocal Licensing is now in clause 6.2 instead of the definitions (6.1).

P 4 L 146 # 134

Gillfillan, Scott Intel Corporation

*Comment Type* S *Comment Status* D

Parties to a FRAND negotiation should be permitted to mutually agree to arbitration for determination of a FRAND rate, but arbitration is not an appropriate venue for determination of validity, infringement, and other issues better suited for adjudication by a court.

*SuggestedRemedy*

Revise the sentence starting at 146 as set forth below, and move to page 1, line 18. Delete entire sentence starting at line 147 with "If the parties agree" and ending in line 150 with "review." **"Nothing in this Policy shall preclude a Submitter and an implementer from mutually agreeing to arbitrate for the purpose of determining Reasonable Rates and other reasonable licensing terms and conditions, and if the parties so agree, then the arbitrator or arbitral panel may be treated as an "Appropriate Court" for that purpose."**

*Proposed Response* *Response Status* W

PROPOSED REJECT.

We have edited the text at former lines 146 to 150. The draft policy does not preclude arbitration of any issue.

P 2 L 53 # 135

Peterson, Scott Google Inc.

*Comment Type* S *Comment Status* D

What might the following phrase refer to? "or << other >> value associated with the Essential Patent Claim's being essential to the IEEE Standard". If it refers to something beyond lock-in, it appears to be at odds with the introduction: "the value contributed to the Compliant Implementation by the Essential Patent Claim and that appropriately compensates the Submitter for use of such claim in a Compliant Implementation". This would appear to increase, rather than reduce, uncertainty/clarity.

*SuggestedRemedy*

Strike "or other value" and replace the comma before "lock-in" with "or".

*Proposed Response* *Response Status* W

PROPOSED REJECT.

The text has been revised and the phrase "other value" has been removed.

P 2 L 64 # 136

Peterson, Scott Google Inc.

*Comment Type* S *Comment Status* D

This draft seems to limit reciprocity so that it can only benefit the particular patent licensor. Is that limitation intended? The IEEE's interest in availability of licenses for implementation of IEEE standards would be served by permitting Submitters to require "to all" reciprocity, which benefits other implementers not just the particular patent owner that has required reciprocity.

*SuggestedRemedy*

Rewrite as follows: "... the Applicant's agreement (1) to grant a license to the Submitter ... and revisions, and (2) to make licenses available to others as described in licensing assurance option b below."

*Proposed Response* *Response Status* W

PROPOSED REJECT.

The suggested remedy appears to create more problems than it solves, in part because it may cause some implementers to choose not to implement IEEE standards, thereby reducing their market acceptance.

P 3 L 99 # 137

Peterson, Scott Google Inc.

*Comment Type* S *Comment Status* D

"Such a statement signifies ..." That appears to express an opinion of the IEEE, which is of unclear significance. It could be more useful to have a statement by the Submitter in the LOA.

*SuggestedRemedy*

Rewrite the beginning of that sentence as follows: "Such statement shall be accompanied by a statement that reasonable ..."

*Proposed Response* *Response Status* W

PROPOSED REJECT.

The policy is incorporated by reference into the LOA, and by voluntarily submitting an LOA, the Submitter accepts the terms of the policy.



---

P 2                      L 74                      # 138

Raes, Serge                      Orange

*Comment Type*    **S**                      *Comment Status*    **D**

The ownership or rights of the Submitter to the Essential Patent Claims is not established (see explicit definition of Submitter); hence, it cannot grant a license under the current wording as defined in the IPR Policy (i.e. without the need to review the LoA Form). The problem is for the IPR Policy to read consistently on itself. Comment initially rejected, but respectfully re-submitted for a second thought.

*SuggestedRemedy*

Expand to "a license for ITS Essential Patent Claims". Suggested improvement: introduce the notion of having the rights to grant a license to cover the range of parties able to de jure grant such license. The IPR Policy shall make it clear that the Submitter can only provide assurance if and when it has the rights (by ownership or license) to grant a license. the easiest fix is within the definition of Submitter, e.g. "A Submitter may or may not hold Essential Patent Claims, but has the rights to grant a license for the Essential Patent Claims submitted in the LoA."

*Proposed Response*                      *Response Status*    **W**

PROPOSED ACCEPT IN PRINCIPLE.

Please see the revised definition of Submitter and the inserted text in (b) of the licensing assurance description.

---

P 3                      L 118                      # 139

Raes, Serge                      Orange

*Comment Type*    **E**                      *Comment Status*    **D**

Remove the version of the IEEE-SA Standards Board Operations Manual in "(see IEEE-SA Standards Board Operations Manual 5.3.10)" so to avoid having to issue a new version of the Bylaws each time there is a revision of the IEEE-SA Standards Board Operations Manual.

*SuggestedRemedy*

Proposal: "(see the current IEEE-SA Standards Board Operations Manual {available from the website<URL> })".

*Proposed Response*                      *Response Status*    **W**

PROPOSED ACCEPT IN PRINCIPLE

We appreciate the suggestion for avoiding future changes, but we believe that the value to patent holders and implementers of providing a pinpoint citation, i.e., clause 5.3.10, exceeds the burden on IEEE-SA to keep the citation current. The sentence has been restructured to be consistent with IEEE practice and the word "subclause" inserted.