

comments

Block, Marc Sandy P 2 L 95-97 # 1  
IBM Corporation

Comment Type S Comment Status X

This provision is contrary to recent European Commission "Speaking Points" to ETSI and to current U.S. case decisions that allow the adjudicator to assess the four eBay factors, even in SEP cases. Given the current state of injunction, precluding "seeking" is out of step. Also, the "sufficient compensation" admission could exclude injunction in the U.S. even if the IEEE Policy allows it. The trend in courts is to allow party to seek but to narrowly limit when injunction is available due to RAND. Any alleged injunctive threat is thus discounted.

SuggestedRemedy

Delete "are sufficient...as provided in this Policy." In addition, "[precludes] seeking or seeking to enforce" should be changed to "[precludes] enforcement".

Proposed Response Response Status O

Block, Marc Sandy P 3 L 102-104 # 2  
IBM Corporation

Comment Type S Comment Status X

See discussion on 69-70 (Item 18). Excluding Affiliates adds burden and risk to implementers.

SuggestedRemedy

Delete "except...Letter of Assurance."

Proposed Response Response Status O

Block, Marc Sandy P 3 L 118-119 # 3  
IBM Corporation

Comment Type S Comment Status X

This could be interpreted to harm patents and will strongly discourage patent holders from participating in IEEE. I suggest waiting to see how ANSI addresses this issue.

SuggestedRemedy

Delete "An Accepted...by such LOA."

Proposed Response Response Status O

Block, Marc Sandy P 3 L 124-128 # 4  
IBM Corporation

Comment Type S Comment Status X

Desire for negotiation is nice but not for a policy. That parties may litigate terms is not a policy statement either. This (with revision) belongs in Guidelines. If it is intended to impose some obligation, it is overbroad. Unclear and not instructive. Redundant with 140-143.

SuggestedRemedy

Delete

Proposed Response Response Status O

Block, Marc Sandy P 3 L 129-136 # 5  
IBM Corporation

Comment Type S Comment Status X

Not understood. Redundant and inconsistent and troublesome policy. For example, must implementer infringement claim be resolved before the SEP holder can seek injunction? This may allow implementer to raise any issue to delay, which regulators and courts eschew. What if implementer refuses to negotiate or accept a RAND offer? Isn't it enough if court considers issues without determining them, where main issue here is RAND? NOTE THAT INJUNCTION/EXCLUSION WILL NOT BE AWARDED UNLESS PATENT IS VALID AND INFRINGED, SO THAT IS BUILT IN ALREADY. Why arbitrary first level review? How about delay enforcement rather than delay seeking?

SuggestedRemedy

Delete or rewrite as below in Item 26-31+E31. At least replace "seek and seek to enforce" with "enforce" at each instant.

Proposed Response Response Status O

comments

P 3 L 129-136 # 6  
 Block, Marc Sandy IBM Corporation

Comment Type S Comment Status X

Agencies are promoting an approach that balances injunction when implementer is unwilling licensee with safety from injunction when implementer acts in good faith. Proposed draft language is excessive. Also draft proposal does not address "licensee" using its EPCs to enjoin the "licensor". Also draft proposal rewards implementer for not negotiating.

What if implementer alleges antitrust or anticompetition based on RAND before RAND is determined? This is serious and costly threat to SEP holders which is becoming common. Such a charge is premised on assumption that SEP holder is not complying with RAND. Wouldn't it be fair to allow SEP holder to seek injunction before RAND determined when it is being threatened with A/T allegation based on undetermined RAND? Somewhat of quid pro quo.

SuggestedRemedy

Delete and insert: "Licensing conditions should generally be determined by negotiations between Essential Patent Claim holders and implementers. Subject to this provision, injunctive relief should only be used so that the Essential Patent Claim holder can receive RAND compensation for its Essential Patent Claims pursuant to this Policy. However, the Essential Patent Holder, for itself and its successors, agrees that they are not entitled to injunctive relief, and the potential licensee is in safe from injunctive relief and exclusion order, unless one or more of the following conditions apply:

(i) after receiving a licensing offer from the Essential Patent Claim holder pursuant to this Policy, the potential licensee fails to engage in RAND negotiations or refuses the offer without a counteroffer which demonstrates an intent to negotiate a license to such Essential Patent Claims on fair, reasonable, and non-discriminatory terms; or

(iii) the potential licensee asserts its Essential Patent Claims to enjoin the licensor from implementing the standard, where the licensor opts for reciprocity.

The Essential Patent Claim holder and potential licensee agree that the court(s) or arbitrator shall allow either party to submit any relevant claim and defence.

To operate safe from injunctive relief, the potential licensee shall not assert or enforce against the Essential Patent Claim holder any antitrust or unfair competition (or similar regulatory) claims based on a RAND dispute, until RAND is determined, provided that the Essential Patent Claim holder has made an offer and is engaging in RAND negotiations, and agrees to be bound by and comply with an independent third-party RAND adjudication by a court or courts of competent jurisdiction, or, if mutually agreed, arbitration."

Proposed Response Response Status O

P 3 L 140-143 # 7  
 Block, Marc Sandy IBM Corporation

Comment Type S Comment Status X

Repetitious, awkward, and not policy. How often to mention the same issues? Three times in four pages?

SuggestedRemedy

Delete

Proposed Response Response Status O

P 3 L 146-155 # 8  
 Block, Marc Sandy IBM Corporation

Comment Type S Comment Status X

Does first sentence obligate third party Submitters? How? Doesn't this discourage third parties from replying to requests? Merely applying "Reasonable inquiry" to later EPCs rids 10 lines of text -- if that obligation makes sense to begin with. When is someone "from" the Submitter?

SuggestedRemedy

Delete and simplify elsewhere.

Proposed Response Response Status O

P 4 L 166 # 9  
 Block, Marc Sandy IBM Corporation

Comment Type S Comment Status X

IEEE defines what "reasonable" is in early definition and now here contends that it is not "responsible for determining" what is "reasonable"? How does IEEE plan to avoid being implicated?

SuggestedRemedy

Proposed Response Response Status O

comments

Block, Marc Sandy P 4 L 172 et seq # 10  
 IBM Corporation  
 Comment Type E Comment Status X  
 Duplicative and not consistent with prior provisions.  
 SuggestedRemedy  
 Delete or conform with prior provision.  
 Proposed Response Response Status O

Block, Marc Sandy P 1 L 24 et seq # 11  
 IBM Corporation  
 Comment Type S Comment Status X  
 The Innovatio case substantially affects the IEEE definition of Essential Claim especially related to Enabling Technology. For example, in patent claims to elements A,B,C+D where A, B, andC were explicitly called for in the specification but D was not (although allegedly "enabling" or otherwise needed), the court found all such ABCD claims to be essential. That is, a claim to D alone is not an EPC, but adding D to an explicitly required element or elements is an EPC. Has the Innovatio gloss on EPC been discussed by PatCom? Did IEEE intend for "enabling" technology to be subject to RAND commitment if ET is claimed with one or more elements described in a normative portion?  
 SuggestedRemedy  
 Proposed Response Response Status O

Block, Marc Sandy P 1 L 31 # 12  
 IBM Corporation  
 Comment Type S Comment Status X  
 SuggestedRemedy  
 Insert "An EPC at the time of standard approval remains an EPC."  
 Proposed Response Response Status O

Block, Marc Sandy P 2 L 41-45 # 13  
 IBM Corporation  
 Comment Type S Comment Status X  
 Inquiring of those known to be involved in standard development is one thing. But imposing a duty of figuring out which employees "are most likely to know about the technology" is burdensome and vague especially for larger entities, especially 3rd party Submitters. This is a "gotcha". If a patent later surfaces, the Submitter may be attacked for not inquiring of the inventor. Hindsight will be 20-20.  
 SuggestedRemedy  
 Delete sentence.  
 Proposed Response Response Status O

Block, Marc Sandy P 2 L 48-52 # 14  
 IBM Corporation  
 Comment Type S Comment Status X  
 The "should" language is uncertain. As noted earlier, this Smallest Patented CI provision may preclude the legitimate use of the Entire Market Value Rule -- allowing for royalty on the whole product. Current cases permit the EMVR in the very limited instance where the claimed portion is the sole basis for customer demand. If the courts allow this measure, should IEEE deny it?  
 SuggestedRemedy  
 Delete portion.  
 Proposed Response Response Status O

comments

P 2 L 54-56 # 15  
 Block, Marc Sandy IBM Corporation

Comment Type S Comment Status X

How do you determine all EPCs? How determine value for each and all EPCs? Are we mandating a judge or arbitrator to not just determine the value for the subject EPC or EPCs, but 100's or 1000's of claims? And would IEEE be mandating this inquiry (with "should") in every case? This is unwieldy, unsupportable, and unbalanced.

As noted in prior comments, if there is an established RAND royalty and/or license comparables, does IEEE force the adjudicator to go through this arduous exercise? Rates will be affected by court decisions on their own -- IEEE should not impose an algorithm while law is developing.

SuggestedRemedy

Delete

Proposed Response Response Status O

P 2 L 69-70 # 16  
 Block, Marc Sandy IBM Corporation

Comment Type S Comment Status X

Why give non-practicing entities an advantage here? Most mfrs will want a license back and commit all their affiliates. This is an invidious discrimination in favor of NPEs, as I noted before.

SuggestedRemedy

Delete sentence "Submitter shall include...permissibly excluded."

Proposed Response Response Status O

P 2 L 76 # 17  
 Block, Marc Sandy IBM Corporation

Comment Type S Comment Status X

Grammar does not make sense. Submitter who provides an LOA then inquires and indicates if it has EPCs? Does this provision involve asking a third party Submitter, who discloses an EPC, to do a further search to see if it has more EPCs? Is it intended that IEEE will identify a SEP or EPC to the 3rd party or does it send a "blind" request like "Do you have any EPCs?" as text suggests? Should there be a difference in treatment between 3rd party and standard developer Submitters?

SuggestedRemedy

Rewrite after determining what the goal is or delete.

Proposed Response Response Status O

P 4 L 129 # 18  
 Willingmyre, George GTW associates

Comment Type S Comment Status X

The paragraph setting litigation criteria to be met before a patent owner might seek a prohibitive order substantially changes the patent policy balance between patent owner and applicant to a position more favorable to applicants. While IEEE-SA governance procedures need not reflect a consensus, any SDO must keep in mind that an organization's patent policy is an aspect of its competitive profile to attract participants. Given the substantial record of public comments on various iterations of the policy proposal it seems to me clear there is no consensus on this aspect of the proposal and the IEEE-SA's overall competitive position will be impacted. The current litigation criteria go much beyond conventional approaches patent policy solutions that would disallow patent owners seeking or seeking to enforce prohibitive orders against applicants who are "willing licensees" The criteria for an "affirming" first level appellate review seems to indicate that two consistent litigation results sequentially must be satisfied. It seems likely that years may pass before such criteria may be able to be satisfied by a patent owner. GTW commented previously that one "middle path" would be to provide for the possibility for submitters of LOAs to check a declaration consistent with any prohibitive order text that would be added to an LOA form or not to check such a declaration on the LOA form. I disagree with the response to the GTW that this would be the same as allowing a submitter to define the patent policy. It is more like a defined option a submitter might select or not select both consistent with policy.

SuggestedRemedy

Make this part of the policy an "Option" that submitters of LOAs may check or not check on an LOA depending upon their positions

Proposed Response Response Status O

comments

Willingmyre, George P 4 L 131 # 19  
 GTW associates  
 Comment Type **S** Comment Status **X**  
 The word "implementer" is used for the first time in the patent policy.  
 SuggestedRemedy  
 I believe the entity that applies in this sentence is "applicant"  
 Proposed Response Response Status **O**

Willingmyre, George P 4 L 140 # 20  
 GTW associates  
 Comment Type **S** Comment Status **X**  
 The word "implementer" is used for the second time in the patent policy.  
 SuggestedRemedy  
 I believe the entity that applies in this sentence is "applicant"  
 Proposed Response Response Status **O**

Kolakowski, John P 1 L 18 # 21  
 Nokia Solutions and Networks  
 Comment Type **S** Comment Status **X**  
 As suggested in NSN's prior set of comments and addressed by the Ad Hoc at comment # 88, NSN respectfully repeats its comment that the definition for Compliant Implementation is overly broad, and should be made consistent with the breadth of the "Essential Patent Claim" definition. The Ad Hoc rejects the proposed change partly by way of example that it is not aware of any product that implements all the normative clauses of a standard, but the proposed revision could not be read to require such.  
 SuggestedRemedy  
 Remove "any mandatory or optional portion of" in line 19.  
 Proposed Response Response Status **O**

Kolakowski, John P 1 L 26 # 22  
 Nokia Solutions and Networks  
 Comment Type **S** Comment Status **X**  
 As suggested in NSN's prior set of comments and addressed by the Ad Hoc at comment # 89, NSN respectfully repeats its comment that the definition of "Essential Patent Claim" should not include the concept of "commercial feasibility." The term is too vague and indefinite to provide sufficient guidance. The Ad Hoc notes that this is unchanged text from the current policy, but that is not dispositive on the question of whether revision is appropriate. Ad hoc also notes that it "was included to cover the cases where the alternative is so extremely expensive or of such lower performance as to not be a usable alternative." But what standards are to be employed for "extremely expensive" or "of such lower performance?"

SuggestedRemedy  
 Remove the text "commercially and" from line 26.  
 Proposed Response Response Status **O**

Kolakowski, John P 2 L 47 # 23  
 Nokia Solutions and Networks  
 Comment Type **S** Comment Status **X**  
 As suggested in NSN's prior set of comments and addressed by the Ad Hoc at comment # 90, NSN respectfully repeats its comment that there is no basis in law for categorically excluding the value that may be attributable to a patent claim due to its inclusion in a standard; on the contrary this would serve to diminish the value of technologies that are created specifically for use in standards that might have little value elsewhere. The Ad Hoc's response does not address this argument but instead notes an unrelated change in the language to the provision.

SuggestedRemedy  
 In line 47, end the definition of "Reasonable Rate" after the words "...Essential Patent Claim." Remove all remaining text in line 47 and text currently in lines 48-56.  
 Proposed Response Response Status **O**

comments

Kolakowski, John P 2 L 51 # 24  
 Nokia Solutions and Networks

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

As suggested in NSN's prior set of comments and addressed by the Ad Hoc at comment # 91, NSN respectfully repeats its comment that it is improper to inject the concept of the "smallest saleable unit" into the definition as it inures to the benefit of only technology implementers. It may be perfectly reasonable for a patentee to make an entire market value or some similar argument relating to an SEP under appropriate circumstances and this language would prevent that. While the Ad Hoc response notes that the consideration also benefits consumers, it does not benefit technology contributors who are also an important and necessary part of the standards ecosystem. The Ad Hoc notes that "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 key word in the response is "explore." They have not "required" this. It is clear from the discussions and comments surrounding the multiple drafts that there is nothing even approaching agreement among IEEE participants as to what guidance is appropriate, and NSN suggests that this cautions against the changes the Ad Hoc seeks to implement.

*SuggestedRemedy*

In line 47, end the definition of "Reasonable Rate" after the words "...Essential Patent Claim." Remove all remaining text in line 47 and text currently in lines 48-56.

Proposed Response Response Status **O**

Kolakowski, John P 3 L 94 # 25  
 Nokia Solutions and Networks

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

As suggested in NSN's prior set of comments and addressed by the Ad Hoc at comment # 92, NSN respectfully repeats its comment that NSN disagrees with the inclusion of the idea that the Submitter's statement should signify that reasonable terms and conditions are sufficient compensation for a license. This appears another indirect attempt to import an interpretation of court decisions into the IEEE policy. The Ad Hoc response notes only that the text has been revised, but it does not rectify the concern noted by NSN.

*SuggestedRemedy*

IEEE should strike the sentence in lines 94-97 reading, "An Accepted LOA that contains such a statement signifies that reasonable terms and conditions, including without compensation or under Reasonable Rates, are sufficient compensation for a license to use those Essential Patent Claims and precludes seeking, or seeking to enforce, a Prohibitive Order except as provided in this policy."

Proposed Response Response Status **O**

Kolakowski, John P 3 L 102 # 26  
 Nokia Solutions and Networks

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

As suggested in NSN's prior set of comments and addressed by the Ad Hoc at comment # 93, NSN respectfully repeats its comment that NSN does not see the logic or understand the purpose behind not allowing a Submitter to exclude Affiliates if the Submitter has indicated Reciprocal Licensing. There has been insufficient justification for this unnecessary limitation. The Ad Hoc response to comment 93 only restates the language in a conclusory fashion without addressing the substance of NSN's comment.

*SuggestedRemedy*

IEEE should strike the clause beginning on line 102 that starts with ", except that ..." and ends on line 104 with "Accepted Letter of Insurance."

Proposed Response Response Status **O**

Kolakowski, John P 3 L 124 # 27  
 Nokia Solutions and Networks

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

As suggested in NSN's prior set of comments and addressed by the Ad Hoc at comment # 94, NSN respectfully repeats its comment that the language at lines 124-128 seems to add nothing of substance and rather just states possible actions, the availability of which are not controlled by the policy. The Ad Hoc response notes that the language is merely "aspirational." NSN agrees, and suggests that that further reinforces the notion that inclusion of the language therefore seems unwise and unnecessary. NSN thanks the Ad Hoc for its consideration of and agreement with our request for removal of the "when necessary" modifier for litigate because it is unclear who would be making the determination of whether litigation was necessary and thus whether a party was putting that decision under the control of another. However, while the Ad Hoc believes that the subject matter list is not closed, NSN maintains its disagreement because of the modifier "related."

*SuggestedRemedy*

We suggest striking the language at lines 124-128. Alternatively, it should be clarified that the list of subjects that could be discussed by the parties is merely exemplary and not exhaustive, for example by removal of the modifier "related" in line 128.

Proposed Response Response Status **O**

comments

Kolakowski, John P 3 L 129 # 28  
 Nokia Solutions and Networks

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

As stated in NSN's prior set of comments and addressed by the Ad Hoc at comment #95, NSN respectfully repeats its comment that the prohibition against injunctions is too restrictive and inconsistent with the generally understood boundaries of FRAND commitments. First, the current language requires that a patent holder file, pursue, and complete a non-injunction district court infringement action through finality (including the appeals process) before the patent holder can even seek an injunction. This has never been proposed or suggested by the government regulatory authorities whose requests triggered the present effort. It also is not a requirement in other SSOs and would unfairly discriminate against the patent holders to the benefit of licensees, for example, even if those licensees refused to participate in licensing discussions. Second, there should be no prohibition in any case against merely seeking injunctions, as opposed to enforcing them. There may be instances in which a patent holder may wish for reasons of expediency to begin pursuit of an injunction at an earlier time than one might actually be available. Likewise it may be proper to seek an injunction at the outset of a litigation in which the patent holder will pursue a determination that a potential licensee is unwilling or otherwise behaving in a manner that would permit the patent holder to obtain an injunction under current applicable guidance from the regulatory authorities. In regards to the Ad Hoc's response to NSN's prior comments, NSN notes only that there is a marked difference between "seeking" on the one hand and "obtaining" and "enforcing" on the other.

*SuggestedRemedy*

The provision as written from lines 129 to 139 is unacceptable in its current formulation. If a prohibition against injunctions is to be outlined, then an appropriate motivation must be provided to avoid the "hold out" situation. The balanced safe harbor approach discussed among the various stakeholders at ETSI and ITU meetings would be appropriate -- with acceptable parameters from NSN's perspective being that, as one possible example, potential licensees in return for a safe harbor from injunctions agree to compulsory arbitration on a portfolio-wide basis over FRAND rates. In the absence of a more balanced formulation, the proposed revision at lines 129-139 should be deleted in its entirety.

Proposed Response Response Status **O**

Vaario, Jari P 1 L 1 # 29  
 Nokia Corporation

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

We are 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.

*SuggestedRemedy*

Abandon the process that does not represent a constructive, fair and equal working principles of IEEE. The current drafting deminish the reputation of prestigious IEEE organization.

Proposed Response Response Status **O**

Vaario, Jari P 1 L 1 # 30  
 Nokia Corporation

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

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. As the latest decisions by EC, Japan, and US regulators and courts suggest, SEP holders are well justified to receive a fair and resonable compensation of their contributions in SDOs, and the current drafting work is going against these decisions.

*SuggestedRemedy*

Revert back to original IP Policy.

Proposed Response Response Status **O**

comments

P1 L 18-19 # 31  
 Vaario, Jari Nokia Corporation

Comment Type S Comment Status X

As suggested in Nokia's prior set of comments and addressed by the Ad Hoc Group at comment #83, Nokia respectfully repeats its comment that it is unreasonable to assume that implementers could pick parts of the standards and use them to something that is unrelated to IEEE standards. An implementation should be considered compliant only if it implements all normative portions of a standard. As the response to Ad Hoc Group's comment, we modified our proposed change to include "the referred IEEE Standard" instead of "an IEEE standard".

SuggestedRemedy

Change lines 18 and 19 to read: "'Compliant Implementation" shall mean those portion(s) of any end use product that conform(s) to all normative and optionally one or more optional clauses of the referred IEEE Standard."

Proposed Response Response Status O

P2 L 46-56 # 32  
 Vaario, Jari Nokia Corporation

Comment Type S Comment Status X

As suggested in Nokia's prior set of comments and addressed by the Ad Hoc Group at comment #83, Nokia respectfully repeats its comment that negotiated resolutions provide the most efficient means to resolve licensing matters. We therefore consider it best to leave the issue of reasonable rate for the parties in question to agree on a case-by-case basis. Reasonableness has been determined to be very case-sensitive in the recent court or regulatory decisions in EC, Japan, and US.

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 O

P2 L 70 # 33  
 Vaario, Jari Nokia Corporation

Comment Type S Comment Status X

Who does the permission, and on what grounds, to exclude affiliates?

SuggestedRemedy

Delete "and permissbly"

Proposed Response Response Status O

P3 L 92-94 # 34  
 Vaario, Jari Nokia Corporation

Comment Type S Comment Status X

The sentence takes a position that does not belong to IP Policy. The licensing terms are left to be negotiated between licensee and licensor through bilateral negotiations without any need for IEEE to take a position whether some conditions are sufficient or not.

SuggestedRemedy

Delete sentence "Such a statement ..."

Proposed Response Response Status O

P3 L 99-101 # 35  
 Vaario, Jari Nokia Corporation

Comment Type S Comment Status X

Exclusion of affiliates should be allowed, but excluded affiliates should not enjoy the reciprocity, if it is selected in the assurance letter.

SuggestedRemedy

Change the sentence" ... except that a submitter ..." to ". If Affiliates are excluded, the requirement for Reciprocal Licensing should not apply to such excluded Affiliates."

Proposed Response Response Status O



comments

P 3      L 104,105      # 36

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Vaario, Jari      Nokia Corporation

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

"the referred IEEE standard" is not clear. Does this 'reference' occur in the assurance letter, or where?

*SuggestedRemedy*

Please define "Referred IEEE Standard" in the definition part and use that definition systematically through the agreement.

*Proposed Response*      *Response Status*    **O**

P 3,4      L 120-134      # 37

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Vaario, Jari      Nokia Corporation

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

The proposed language will be detrimental to open standardization, because it will significantly discourage R&D investment through open standardization and therefore ultimately harm the consumer. Extensive discussions have been held on the same topic at other standardization organizations. We hope that the IEEE will pay due attention to the complexity of the matter and that if the IEEE decides to take action and make amendments to its policies. The proposed text is also against the recent decisions at EC, Japan, and US court and regulatory decisions.

*SuggestedRemedy*

Delete 120-134

*Proposed Response*      *Response Status*    **O**

P All      L All      # 38

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Fröhlich, Michael      BlackBerry

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

BlackBerry continues to have serious concerns about the transparency of the process through which the PatCom group formed the ad-hoc Committee. This Committee holding closed-door meetings to decide on substantial and radical changes to the IEEE-SA Patent Policy. We therefore maintain and fully reiterate our comments made in # 76 of the Comment Dispositions document of 4 March 2014 (in the following "CD-Document").

With regard to the last paragraph to PatCom's response to Comment # 76 of the CD-Document, we note that regrettably, PatCom again excluded others from the broader membership and denied them the opportunity to meaningfully participate in the Ad Hoc. Also, there appears to be no legitimate proffered justification for the efficiency of this reappointment given that decisions in this group are apparently not taken by consensus, but by majority. We further note that PatCom's response to Comment # 76 of the CD-Document fails to consider the highly relevant circumstances that the change of membership was done one year after PatCom embarked on its process.

The very rigid, formalistic and fully unbalanced commentprocess cannot cure the procedural flaws noted above. PatCom's disregard for the vast majority of the hundreds of critical comments received from dozens of companies speaks for itself. In addition, Patcom's repetition of unsubstantiated replies to many of the member comments is additional evidence of the inefficient and seemingly arbitrary and capricious nature of the commentprocess. PatCom has failed in its efforts in any instances to address the merits of the arguments that have been made by its members. BlackBerry therefore formally requests that each of the arguments in the comments submitted to PatCom are seriously considered, addressed substantively on the merits, and that the respective response from PatCom be substantive..

It is also completely unacceptable, and another evidence of the profound procedural flaws, that comments as the present one, that do not propose any concrete language to revise the policy do per se pass unheeded.

We therefore urge IEEE-SA yet again to follow a truly open, transparent and consensus-based approach that allows the broader membership a meaningful opportunity to participate in the review of the IEEE-SA IPR Policy. Discussion on such substantial and substantial changes of the IEEE-SA Patent Policy that will have a major impact on the business of IEEE-SA members must be comprehensive and involve all relevant stakeholders from the onset. This is necessary to ensure that the changes balance the interests of all parties. The efforts to date by the PatCom are not indicative of such an intent..

Finally, while we note IEEE-SA's view that the review and updating of IEEE's patent policy is a governance function, and it is not the same as the standards development process (second paragraph of the PatCom's response to Comment # 76 of the CD-Document), we nevertheless expect that PatCom apply the same rules of unrestricted participation transparency, and procedural fairness.

*SuggestedRemedy*

comments

- (i) Disband the current ad-hoc group and establish a new ad-hoc group that will be open to participation of all materially interested members;
- (ii) Ensure that the work in the ad-hoc Committee and in the PatCom is driven by consensus;
- (iii) Provide a rationale for the inclusion of any particular proposal to change the policy, rather than providing a rationale for discarding comments to proposals to change the Patent Policy;
- (iv) Clearly identify and attribute the source of any proposed change.

Proposed Response      Response Status

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	<b>P All</b>	<b>L All</b>	# <input style="width: 50px;" type="text" value="39"/>
Fröhlich, Michael	BlackBerry		
<b>Comment Type</b>	<b>S</b>	<b>Comment Status</b>	<b>X</b>

BlackBerry hereby repeats and reiterates its comments that were listed as # 77 in the CD Document. In the light of evolving case law around the world, it cannot be credibly substantiated by PatCom as a basis for action that abstract and unfounded concerns expressed by some IEEE-SA stakeholders in an attempt to foster their agenda to the benefit of their own business model should be accorded evidentiary weight. We also believe that views expressed by some representatives of competition authorities did not specifically identify a concrete incompatibility of the current version of the IEEE-SA Bylaws with the development or availability of any particular IEEE-SA standard.

*SuggestedRemedy*

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 remedy: IEEE-SA should conduct a due diligence process taking into account all empirical evidence before considering a change to its Patent Policy.

Proposed Response      Response Status

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	<b>P All</b>	<b>L All</b>	# <input style="width: 50px;" type="text" value="40"/>
Fröhlich, Michael	BlackBerry		

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

BlackBerry welcomes confirmation from the PatCom Ad Hoc, that in considering and potentially adopting the proposed draft policy, IEEE does not seek to amend retroactively the terms of any previously submitted Letter of Assurance.

As explained in detail in our comments that were listed as # 78 in the CD Document, any textual change to the Patent Policy can under no circumstances result in a retroactive effect and can only apply ex nunc, because anything else would contradict the legal situation in most jurisdictions around the world and would be a denial of procedural and substantive fairness.

*SuggestedRemedy*

Proposed Response      Response Status

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	<b>P All</b>	<b>L All</b>	# <input style="width: 50px;" type="text" value="41"/>
Fröhlich, Michael	BlackBerry		
<b>Comment Type</b>	<b>S</b>	<b>Comment Status</b>	<b>X</b>

BlackBerry hereby repeats and reiterates its comment that was listed as # 79 in the CD Document. , # 80, and # 81 in the CD Document.

PatCom's response to Comment # 79 of the CD-Documents fails to understand that by reducing RAND to some uniform formula, this would severely interfere in bilateral negotiations between parties. While the RAND requirement is a direct emanation of competition law to avoid restrictive effects on competition that may arise under certain circumstances from standardisation (see e.g. para. 263 et seqq. of the EC Guidelines on the applicability of Article 101 of the Treaty on the Functioning of the European Union to horizontal co-operation agreements, 2011/C 11/01), no such requirement exists that would justify reducing RAND to a one-size-fits-all rule inhibiting the current ability to negotiate customized bi-lateral agreements for patent licenses.

*SuggestedRemedy*

Any of the proposed changes to the Patent Policy shall not result in an interference with bilateral patent licensing negotiations.

Proposed remedy: Reverse all changes that would cause an interference with bilateral patent licensing negotiations.

Proposed Response      Response Status

comments

Fröhlich, Michael                      P All                      L All                      # 42  
 BlackBerry

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

BlackBerry hereby repeats and reiterates its comment that was listed as # 80 in the CD Document.

BlackBerry disagrees with PatCom's disagreement of our previous comment and requests that PatCom properly substantiate its response and provide a rationale for the proposed changes.

*SuggestedRemedy*

Any of the proposed changes to the Patent Policy shall not result in the creation of different rules for assessing the value of essential patents versus any other type of patents.

Proposed remedy: Reverse all changes that would result in the creation of different rules for assessing the value of essential patents versus any other type of patents.

Proposed Response                      Response Status **O**

Fröhlich, Michael                      P All                      L All                      # 43  
 BlackBerry

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

BlackBerry hereby repeats and reiterates its comment that was listed as # 81 in the CD Document.

PatCom's response to our previous comment completely misses the point. Many of the proposed changes in the draft policy will likely encourage litigation and decrease incentives of parties resolve disputes through good faith licensing negotiations. The probability that the proposed changes will have this effect is near certain. In addition, lines 135-139 of the latest draft seems now even to explicitly suggest that litigation is preferred over negotiation.

*SuggestedRemedy*

Any of the proposed changes to the Patent Policy shall favour negotiated outcomes over litigation and increase the incentives of both the essential patent holder and the prospective licensee to negotiate in good faith toward a license agreement.

Proposed remedy: Reverse all changes that favour litigation over negotiated outcomes and that decreases the incentives of both the essential patent holder and the prospective licensee to negotiate in good faith toward a license agreement.

Proposed Response                      Response Status **O**

Fröhlich, Michael                      P 1                      L 19-20                      # 44  
 BlackBerry

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

BlackBerry hereby repeats and reiterates its comment that was listed as # 84 - # 87 in the CD Document. BlackBerry requests that PatCom address every single argument that we have made and properly substantiate its responses. We further request that PatCom provides a rationale for the proposed changes.

*SuggestedRemedy*

Reject the proposed changes regarding "compliant implementation". Delete lines 19-20 and reverse all other relevant changes.

Proposed Response                      Response Status **O**

Fröhlich, Michael                      P 2                      L 48-58                      # 45  
 BlackBerry

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

BlackBerry hereby repeats and reiterates its comments that were listed as # 88 - # 93 in the CD Document. BlackBerry requests that PatCom address every single argument that it has made on the merits and properly substantiate its responses. We further request that PatCom provides a rationale for the proposed changes.

With regard to the latter, BlackBerry seriously doubts that a definition of "reasonable" is required simply because "regulators and various commentators at PatCom meetings have suggested that standards setting organizations should explore setting guidelines on what constitutes a RAND rate". BlackBerry notes that while some representatives of regulators have expressed such preference, this view is not shared by others (see e.g. ; European Commission, DG-Competition, Memo-14-322, 29 April 2014: "Antitrust decisions on standard essential patents (SEPs) - Motorola Mobility and Samsung Electronics – Frequently asked questions", Question: "Does the Commission outline what a reasonable royalty rate is?" Answer: "No. The Commission believes that courts and arbitrators are well-placed to set FRAND rates in cases of disputes."). Some officials even warn of the negative consequences that an inflexible one-size-fits-all rule would have (see Joshua D. Wright, SSOs, FRAND, and Antitrust: Lessons from the Economics of Incomplete Contracts, 12 September 2013, at p. 12-14). BlackBerry further notes that the circumstance that various commenters at PatCom meetings have suggested that guidance on the "R" prong of RAND is desired has certainly the same level of pertinence than the fact that various commenters have in the meantime explained to PatCom why there is no particular need to provide such additional guidance.

*SuggestedRemedy*

Reject the proposed changes regarding "reasonable rate". Delete lines 48-58 and reverse all other relevant changes.

Proposed Response                      Response Status **O**



comments

Fröhlich, Michael P 2 L 56-58 # 49  
 BlackBerry

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

BlackBerry hereby repeats and reiterates its comment that was as listed as # 97 in the CD Document.

In the previous versions of the draft policy, Bullets 2 and 3 of the definition of "Reasonable Rate" suggest comparing the value of an Essential Patent Claim 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. While the structure and language has been amended in the latest draft, the concept of an apportionment of the value of Essential Patent Claims that is based on proportionality considerations is still part of the draft policy. Bullet 2 of the definition of "Reasonable Rate" now requires that "[t]he value of the Essential Patent Claim contributes to the smallest saleable Compliant Implementation that practices that claim, in light of the value contributed by all Essential Patent Claims for the same IEEE Standard practiced in that Compliant Implementation." (emphasis added)

BlackBerry maintains that determining a royalty rate based on proportionality considerations is a flawed concept for all the reasons explained previously.

*SuggestedRemedy*

Essential Patent claims". Delete lines 56-58 and reverse all other relevant changes.

Proposed Response Response Status

Fröhlich, Michael P 2 and 3 L 60-65 and 1 # 50  
 BlackBerry

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

BlackBerry hereby repeats and reiterates its comments that were listed as # 98 - # 102 as well as # 108 – 111 in the CD Document. We request that PatCom address every single argument that we have made on the merits and that it properly substantiate its responses. We further request that PatCom provide a rationale for the proposed changes.

With regard to the latter, BlackBerry seriously doubts that limitations on reciprocity are appropriate simply because "regulators and various commentators at PatCom meetings have suggested that standards setting organizations should consider this. The circumstance that various commenters at PatCom meetings have suggested limitations on reciprocity to be appropriate restrictions certainly should be accorded the same evidentiary weight and relevance than the fact that various commenters have in the meantime explained to PatCom why there is no particular need to have such limitations and why, on the contrary, such limitations are counter-productive. BlackBerry further notes that while some representatives of regulators have expressed that SSOs could implement some limitations on reciprocity, others seem to disagree and caution that proposals for more precision, e.g., rules governing permissible and impermissible-cross licenses, 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).

BlackBerry will not accept attempts to undermine the defensive value of contributed patent technology.

*SuggestedRemedy*

Reject the proposed changes regarding "Reciprocity". Delete lines 60-65, as well as lines 113 -120 and reverse all other relevant changes.

Proposed Response Response Status



comments

**P**                      **L 24 (Essentia**   #

Hashim, Paul                      Huawei Technologies Co., Ltd.

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

Lines 25-26, phrase "at the time of the IEEE Standard's approval" is unduly broad, as it captures implementations for which there may be commercial and technically feasible non-infringing alternatives that are developed over time, yet the claim remains licensed in perpetuity because, at a prior time, such alternatives did not exist

**SuggestedRemedy**

Remove "at the time of the IEEE Standard's approval"

**Proposed Response**                      **Response Status**    **O**

**P 1 Definition**    **L 46 (Reasona**   #

Hashim, Paul                      Huawei Technologies Co., Ltd.

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

Phrase at lines 47-48 "excluding the value, if any, resulting from the inclusion of that Essential Patent Claim's technology" should be stricken. Specifically, "Essential Patent Claim's technology" is unclear as to meaning. For example, for a WiFi standard, would the "technology" encompass the entirety of the sphere of wireless communications? Or is something more narrow intended? ?? Such uncertainty impedes, rather than facilitates, clarity

**SuggestedRemedy**

Delete term "technology" from the proposed text

**Proposed Response**                      **Response Status**    **O**

**P Definitions**    **L 46 (Reasona**   #

Hashim, Paul                      Huawei Technologies Co., Ltd.

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

Lines 50-51, Phrase "inventive feature within the Essential Patent Claim" has no legal meaning and is contrary to nearly 50 years of US patent law, which mandates interpretation of the claim "as a whole". Under US law, there does not exist an "inventive feature", as novelty & non-obviousness lie with the claim as recited in its entirety.

**SuggestedRemedy**

Delete phrase "inventive feature within"

**Proposed Response**                      **Response Status**    **O**

**P Definitions**    **L 46 (Reasona**   #

Hashim, Paul                      Huawei Technologies Co., Ltd.

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

Line 51, "relevant functionality of" is unclear - Royalties are determined in a binary process - - does the accused device meet all the requirement of an issued patent claim, or not? If 'yes,' then infringement can be found; if not, then infringement cannot legally be found, and no royalty would be due. The legal metric for patent infringement is whether or not the claim in its entirety is practiced by the accused device, not the "relevant functionality" of a claim.

**SuggestedRemedy**

Rewrite line 51 to read "Patent Claim contributes to the value of the smallest saleable...."

**Proposed Response**                      **Response Status**    **O**

**P 3 (Policy)**        **L 125**                      #

Hashim, Paul                      Huawei Technologies Co., Ltd.

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

Lines 131-132, phrase "unless the implementer fails to participate in, or to comply with the outcome of, an adjudication...." is unduly broad and should be removed. At a minimum, a "good faith" requirement of negotiation should be imposed.

**SuggestedRemedy**

Delete phrase "unless the implementer fails to participate in, or to comply with the outcome of, an adjudication"

**Proposed Response**                      **Response Status**    **O**

comments

Hermele, Daniel P1 L1 # 59  
 QUALCOMM Incorporated

Comment Type S Comment Status X

[All of section 6] **Qualcomm made the following comment to the IEEE-SA Standards Board Bylaws 4 Mar 2014 draft:** Qualcomm is grateful for confirmation from the PatCom Ad Hoc, as expressed in the minutes of the March 2014 meeting, that: *"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."* **However, some issues are raised by the PatCom Ad Hoc's response which was:** *"For completeness we note the following is the full statement from the March 2014 PatCom minutes: "... 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."* **The issues raised are twofold: Firstly, without a proper response now in this review process as to whether specific provisions in the draft policy are intended to be substantive changes from the current policy or "clarifications" of existing policy, the reviewers are not being given an indication on the meaning and intent of the textual proposals in respect of a crucial issue which might assist the reviewers in deciding whether they can or cannot accept the proposed text. Reviewers are therefore deprived of a fair process to consider and comment on the proposed changes. Secondly, by reserving until after this review process the right of IEEE to express views on the meaning of existing Letters of Assurance and on the significance of any textual provisions included in the draft policy, the PatCom and PatCom Ad Hoc call into serious doubt the meaning of their confirmation that *"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."* If IEEE reserves the right to express its views later on the meaning of existing Letters of Assurance, provided under the language of the current IEEE patent policy or under previous versions of the policy, then there is a serious concern that those views expressed later will be argued to retroactively alter the meaning of existing Letters of Assurance.**

SuggestedRemedy

Delete all revisions in section 6 to revert to current policy language. Open the IEEE PatCom Ad Hoc to all interested parties, or alternatively reconstitute the Ad Hoc to reflect a careful balance of interests. Set up discussion and decision making processes within the IEEE PatCom and Ad Hoc that reflect principles of openness, fairness, balance, transparency and consensus and that provides sufficient time and opportunity in both written submissions and oral discussion to consider fresh proposals in writing for amendment of the current IEEE patent policy addressing concrete issues supported by rationale and evidence. Indicate for each such proposal whether the text is intended to include substantive changes to the IEEE patent policy or not.

Proposed Response Response Status O

Hermele, Daniel P1 L1 # 60  
 QUALCOMM Incorporated

Comment Type S Comment Status X

[All of section 6] Unlike the process for the development of IEEE standards, which is both Open and Fair, the process for the revision of the IEEE-SA Standards Board Bylaws has been neither Open nor Fair. The openness of the development of IEEE standards is described in section 5.2.1.4 of the IEEE-SA Standards Board Bylaws where it states that "Openness is defined as the quality of being not restricted to a particular type or category of participants. All meetings involving standards development shall be open to all interested parties." Similarly, section 5.3.3 of the IEEE-SA Standards Board Operations Manual states that "Standards development meetings are to be conducted consistent with the principle of openness." Unlike these open standards development meetings, the PatCom Ad Hoc committee is holding meetings which are closed to anyone outside of this small Ad Hoc committee.

SuggestedRemedy

Open up the PatCom Ad Hoc meeting to all IEEE-SA members interested in participating. Provide at least 30-day notification of the meeting so that participants can plan travel. Allow people who are not members of the Ad Hoc to make written or oral contributions and provide comments on a comment resolution after the members of the Ad Hoc have spoken on that comment resolution and engage in discussion. Allow sufficient time for such comments and discussions.

Proposed Response Response Status O



comments

Hermele, Daniel P1 L1 # 61  
 QUALCOMM Incorporated

Comment Type S Comment Status X

[All of section 6] Unlike the process for the development of IEEE standards, which is both Open and Fair, the process for the revision of the IEEE-SA Standards Board Bylaws has been neither Open nor Fair. The IEEE standards development process includes Fair methods for individuals (or entities) to participate in balloting and commenting on a draft standard. If the comments are rejected then the individuals are permitted to maintain their No Vote and that No Vote and the comments that go with them are forwarded with the draft to the next level in the process. This allows the Sponsor or the RevCom committee to determine if the ballot and review process was run in a fair manner. If the process was not fair, the Sponsor or the RevCom committee will reject the draft and send it back to the working group. The PatCom Ad Hoc committee is performing comment resolution in some ways similar to the Fair IEEE standards development process, but in other ways very differently. The Ad Hoc is allowing individuals to comment and they are resolving comments, even using a tool that is used by the IEEE 802.3 WG for comment resolution. However, when the Ad Hoc committee rejects a comment the commenter has no recourse, which is very different than in the Fair IEEE standards development process. The standards development process is a multi-party process where each party has some power. Here, in the PatCom Ad Hoc, it is a one-sided process where the commenter does not have a vote. So the committee is free to reject the comment with apparently no repercussions.

*Suggested Remedy*

Comments that are not resolved to the satisfaction of the commenter should be provided to the next level up (e.g. PatCom, ProCom, and Standards Board) so that those committees are fully aware of the comments that have not been resolved to the satisfaction of the commenter. Also, the commenter should be permitted to attend the committee meeting (e.g. PatCom, ProCom, and Standards Board) and explain why he/she is unsatisfied with the comment resolution and sufficient time should be allocated to those meetings to permit explanation, discussion and resolution of those issues and complaints.

Proposed Response Response Status O

Hermele, Daniel P1 L1 # 62  
 QUALCOMM Incorporated

Comment Type S Comment Status X

[All of section 6] **The following comment to the IEEE-SA Standards Board Bylaws 4 Mar 2014 draft has not been resolved to the satisfaction of Qualcomm:** As we have repeatedly stated in written and oral comments, it is Qualcomm's view that, taken as a whole, the proposed amendments represent a substantial and radical set of changes over the current IEEE patent policy. The proposed amendments were initially prepared and have been revised by a closed group of certain individuals within the 2013 and 2014 PatCom Ad Hoc and appear to represent the specific commercial interests of certain implementers of IEEE standards to the detriment of owners of patented technologies contributed or to be contributed to those standards. As such, the proposed amendments are fundamentally unbalanced and, if adopted, would damage prospects for continued standardisation work at IEEE by discouraging participation, contribution of technology and the provision of licensing assurances. Nor have the proposed amendments been supported by identification or any evidence of any specific or general problems with the functioning of the current patent policy nor with any rationale for the proposed changes. While the charter of the Ad Hoc set up in 2013 was "to discuss the DoJ challenges and to provide recommendations to PatCom" referring to a speech given by Renata Hesse, United States Department of Justice entitled "Six 'Small' Proposals for SSOs Before Lunch", the proposed amendments go much further than the those suggestions for consideration and than would be required to fully address any alleged competition concerns. It is remarkable that, while this is the third draft of proposed amendments to the IEEE patent policy, the set of changes proposed are substantially the same as originally drafted despite repeated opposition in written and oral comments from Qualcomm and many other companies. It is also telling that, over the past two years, substantially the same set of changes have been proposed and discussed in great depth in patent policy groups of other standards organisations such as ETSI and ITU-T where more open, balanced and consensus based processes are used where these proposals remain highly controversial and have not met with majority, let alone consensus, support. In addition, it is very concerning that several proposed amendments - including proposed amendments relating to the availability of injunctions for essential patents, the determination of reasonable licensing terms, the issue of licensing level and the availability of licenses and cross-licenses for non-essential patents - are directed to specific issues in dispute in ongoing litigation and competition investigations involving certain companies which employ or have consultancy arrangements with certain members of the 2013 or 2014 Ad Hoc and who are in leadership positions in PatCom. To rectify any actual or perceived conflicts of interest of these members, we suggest that the proposed changes and remedial steps be taken. **The PatCom Ad Hoc has rejected the suggested remedy and responded to the above comment with the following:** "The suggestion that the draft is not "balanced" is subjective. The draft is the product of multiple rounds of public comment, and it has been revised in response to comments. ... The review and updating of IEEE's patent policy is a governance function, and it is not the same as the consensus-driven standards development process." **Qualcomm agrees that the process for the revision of the IEEE-SA Standards Board Bylaws has not been based on consensus. For the select group of certain individuals within the PatCom Ad Hoc to state that the comment that the draft is not balanced is "subjective" only goes to illustrate the point. If certain individuals within the PatComAd Hoc had any real interest in a balanced process it would take the complaints of Qualcomm and many other**

comments

**companies seriously and not dismiss them as “subjective”. The PatCom Ad Hoc also responds that “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.” Qualcomm believes that the patent policy development process has not been open or fair as required by the IEEE-SA Standards Board Bylaws and IEEE-SA Standards Board Operations Manual for standards development processes. It is at least as important, and in our view much more important, that the process to revise the IEEE patent policy follows a very fair, open, balanced and consensus based approach.**

*SuggestedRemedy*

**Implement the suggested remedy or provide this comment and suggested remedy to PatCom to resolve the issues raised.** Delete all revisions in section 6 to revert to current policy language. Open the IEEE PatCom Ad Hoc to all interested parties, or alternatively reconstitute the Ad Hoc to reflect a careful balance of interests. Set up discussion and decision making processes within the IEEE PatCom and Ad Hoc that reflect principles of openness, balance, transparency and consensus. Then consider fresh proposals in writing for amendment of the current IEEE patent policy to address concrete issues supported by rationale and evidence.

*Proposed Response*      *Response Status*  

Hermele, Daniel      P 1      L 1      # 63  
 QUALCOMM Incorporated

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

[All of section 6] **The following comment to the IEEE-SA Standards Board Bylaws 4 Mar 2014 draft has not been resolved to the satisfaction of Qualcomm:** [Applicable to lines 18-19, 24-29 and remainder of section 6] Despite repeated comments from Qualcomm and others that the proposed definition of "Compliant Implementation" would introduce a new and damaging understanding of the scope of licensing assurances, the proposal, although reworded, remains fundamentally unchanged. The current policy states that licensing assurances apply to **"a compliant implementation of the standard"**. If adopted, the definition of "Compliant Implementation" would for the first time, include **"any product (e.g., component, sub-assembly, or end-product) ... that conforms to any portion of ... an IEEE Standard."** This would constitute a major expansion of the scope of the licensing assurances currently requested, and a disruptive change to existing industry licensing practices. Such a change would be over-inclusive and would result in uncertainty, in the context of the complex products that implement IEEE standards, as to which of the myriad of components, sub-assemblies or products conforming to **"any portion of an IEEE standard"** used in those complex products would be included in the scope of a licensing assurance. It appears that this proposed change is principally an attempt by certain implementer companies to force holders of essential patent claims to license exhaustively at the level of certain chip components of end products that implement IEEE standards and to seek to limit licensing costs, in particular royalty costs, to a fraction of the price of those chip components, neither of which is currently a requirement of the IEEE patent policy. **The PatCom Ad Hoc has rejected the suggested remedy and responded to the above comment with the following:** *"A definition of Compliant Implementation that includes "any product (e.g., components, sub-assembly or end-product)" is provided for clarity because some readers have expressed uncertainty over what is included. ... We do not comment on the completeness and accuracy of the comment's characterization of the current scope of licensing assurance."* **This is unresponsive as the PatCom Ad Hoc admits. Does the PatCom AdHoc believe that under the current IEEE Patent policy, a Letter of Assurance statement under option b) that "a license for a compliant implementation of the standard will be made available" indicates that the scope of such a licensing assurance applies to "a compliant implementation of the standard" or not? If not, then please explain in the view of the PatCom what scope of implementation such a license assurance does apply to. If yes, then please explain whether the proposed definition of a "Compliant Implementation" is either supposed to change this scope or is not intended to change this scope. For the sake of clarity as to the meaning and intent of the draft changes, and for the sake of enabling a fair and open process for consideration of these proposed changes, the PatCom must answer these questions.**

*SuggestedRemedy*

**Implement the suggested remedy or provide this comment and suggested remedy to PatCom to resolve the issues raised.** Delete definition of "Compliant Implementation" and revert definition of "Essential Patent Claim" to original language. Further amendments required to remove uses of "Compliant Implementation" in remainder of section 6.

*Proposed Response*      *Response Status*

comments

Proposed Response

Response Status

P 1

L 1

#

Hermele, Daniel

QUALCOMM Incorporated

Comment Type  S Comment Status  X

[All of section 6]**The following comment to the IEEE-SA Standards Board Bylaws 4 Mar 2014 draft has not been resolved to the satisfaction of Qualcomm:** [Applicable to lines 18-19, 24-29 and remainder of section 6] In response to Qualcomm's previous comments that the proposed definition of "Compliant Implementation" would introduce a new and damaging understanding of the scope of licensing assurances, and Qualcomm's proposed amendments, the Ad Hoc has stated that *"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."* We would be grateful if the Ad Hoc would explain why the proposed remedy (or indeed why deleting the definition of "Compliant Implementation)" would not be consistent with how conforming products are implemented in the marketplace. This statement begs the very question of what a conforming product is - ie what a Compliant Implementation is. Does the Ad Hoc seek to avoid limiting and avoid expanding the scope of licensing assurances requested in the patent policy? If so, the only certain option is to delete the definition of Compliant Implementation leaving the scope of requested licensing assurances as currently set out **"a compliant implementation of the standard"**. If the Ad Hoc seeks to expand the scope of licensing assurances requested, or seeks to avoid limiting but is neutral as to whether proposed changes expand the scope of licenses assurances requested, then it should expressly state this. **The PatCom Ad Hoc has rejected the suggested remedy and responded to the above comment with the following:** *"A definition of Compliant Implementation that includes "any product (e.g., components, sub- assembly or end-product)" is provided for clarity because some readers have expressed uncertainty over what is included. ... The comment discusses limiting the licensing commitment to apply only to "mandatory portions of the normative clauses of an IEEE standard." As previously stated, 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. For example, the Ad Hoc is not aware of any product that implements all the normative clauses of IEEE Std 802.3."* **This is unresponsive to the comment. Please respond to the question. Does the Ad Hoc seek to expand the scope of licensing assurances requested, or seek to avoid limiting but is neutral as to whether proposed changes expand the scope of licensing assurances? It is important for reviewers to know the answer to this and reasonable to expect a response to this fundamental question. In the absence of a response, the only clear remedy Qualcomm can support is to delete the proposed changes and revert to the text of the current IEEE patent policy.**

*SuggestedRemedy*

**Implement the suggested remedy or provide this comment and suggested remedy to PatCom to resolve the issues raised.** Delete definition of "Compliant Implementation" and revert definition of "Essential Patent Claim" to original language. Further amendments required to remove uses of "Compliant Implementation" in remainder of section 6.

comments

P1 L1 # 65  
 Hermele, Daniel QUALCOMM Incorporated

Comment Type S Comment Status X

[All of section 6] **The following comment to the IEEE-SA Standards Board Bylaws 4 Mar 2014 draft has not been resolved to the satisfaction of Qualcomm:** [Applicable to lines 18-19, 24-29] In response to Qualcomm's previous comments that the proposed definition of "Compliant Implementation" would introduce a new and damaging understanding of the scope of licensing assurances, and Qualcomm's proposed amendments, the Ad Hoc has stated that *"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.*" We would be grateful if the Ad Hoc would explain why the proposed remedy is not consistent with how conforming products are implemented in the marketplace. This statement begs the very question of what a conforming product is - ie what a Compliant Implementation is. Does the Ad Hoc seek to avoid limiting and avoid expanding the scope of licensing assurances requested in the patent policy? If so, the only certain option is to delete the definition of Compliant Implementation leaving the scope of requested licensing assurances as currently set out **"a compliant implementation of the standard"**. If the Ad Hoc seeks to expand the scope of licensing assurances requested, or seeks to avoid limiting but is neutral as to whether proposed changes expand the scope of licenses assurances requested, then it should expressly state this. **The PatCom Ad Hoc has rejected the suggested remedy and responded to the above comment with the following:** *"The comment discusses limiting the licensing commitment to apply only to "mandatory portions of the normative clauses of an IEEE standard." As previously stated, 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. For example, the Ad Hoc is not aware of any product that implements all the normative clauses of IEEE Std 802.3." This is unresponsive to the comment. Please respond to the question. Does the Ad Hoc seek to expand the scope of licensing assurances requested, or seek to avoid limiting but is neutral as to whether proposed changes expand the scope of licensing assurances? It is important for reviewers to know the answer to this and reasonable to expect a response to this fundamental question. In the absence of a response, the only clear remedy Qualcomm can support is to delete the proposed changes and revert to the text of the current IEEE patent policy.*

SuggestedRemedy

**Implement the suggested remedy or provide this comment and suggested remedy to PatCom to resolve the issues raised.** ALTERNATIVE: Revise definition of Compliant Implementation to read:  
 "Compliant Implementation" shall mean an implementation of the normative clauses of an IEEE standard." Reverse use of defined term in definition of Essential Patent Claim and revert to original language.

Proposed Response Response Status O

P1 L1 # 66  
 Hermele, Daniel QUALCOMM Incorporated

Comment Type S Comment Status X

[All of section 6] **The following comment to the IEEE-SA Standards Board Bylaws 4 Mar 2014 draft has not been resolved to the satisfaction of Qualcomm:** [Applicable to lines 18-19, 24-29] Despite repeated comments from Qualcomm and others that the proposed definition of "Compliant Implementation" would introduce a new and damaging understanding of the scope of licensing assurances, the proposal, although reworded, remains fundamentally unchanged. The current policy states that licensing assurances apply to **"a compliant implementation of the standard"**. If adopted, the definition of "Compliant Implementation" would for the first time, include **"any product (e.g., component, sub-assembly, or end-product) ... that conforms to any portion of ... an IEEE Standard."** This would constitute a major expansion of the scope of the licensing assurances currently requested, and a disruptive change to existing industry licensing practices. Such a change would be over-inclusive and would result in uncertainty, in the context of the complex products that implement IEEE standards, as to which of the myriad of components, sub-assemblies or products conforming to **"any portion of an IEEE standard"** used in those complex products would be included in the scope of a licensing assurance. It appears that this proposed change is principally an attempt by certain implementer companies to force holders of essential patent claims to license exhaustively at the level of certain chip components of end products that implement IEEE standards and to seek to limit licensing costs, in particular royalty costs, to a fraction of the price of those chip components, neither of which is currently a requirement of the IEEE patent policy. **The PatCom Ad Hoc has rejected the suggested remedy and responded to the above comment with the following:** *"We do not comment on the completeness and accuracy of the comment's characterization of the current scope of licensing assurance." This is unresponsive to the comment and question. Please answer the question. Please also answer whether or not the proposed definition of Compliant Implementation is intended to make a substantive change to the current IEEE patent policy in respect of the scope of licensing assurances requested.*

SuggestedRemedy

**Implement the suggested remedy or provide this comment and suggested remedy to PatCom to resolve the issues raised.** ALTERNATIVE: 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 Patent Claim and revert to original language.

Proposed Response Response Status O

comments

P1 L1 # 67  
 Hermele, Daniel QUALCOMM Incorporated

Comment Type S Comment Status X

[All of section 6] **The following comment to the IEEE-SA Standards Board Bylaws 4 Mar 2014 draft has not been resolved to the satisfaction of Qualcomm:** [Applicable to lines 18-19, 24-29 and remainder of section 6] Despite repeated comments from Qualcomm and others that the proposed definition of "Compliant Implementation" would introduce a new and damaging understanding of the scope of licensing assurances, the proposal, although reworded, remains fundamentally unchanged. The current policy states that licensing assurances apply to "a compliant implementation of the standard". If adopted, the definition of "Compliant Implementation" would for the first time, include "any product (e.g., component, sub-assembly, or end-product) ... that conforms to any portion of ... an IEEE Standard." This would constitute a major expansion of the scope of the licensing assurances currently requested, and a disruptive change to existing industry licensing practices. Such a change would be over-inclusive and would result in uncertainty, in the context of the complex products that implement IEEE standards, as to which of the myriad of components, sub-assemblies or products conforming to "any portion of an IEEE standard" used in those complex products would be included in the scope of a licensing assurance. It appears that this proposed change is principally an attempt by certain implementer companies to force holders of essential patent claims to license exhaustively at the level of certain chip components of end products that implement IEEE standards and to seek to limit licensing costs, in particular royalty costs, to a fraction of the price of those chip components, neither of which is currently a requirement of the IEEE patent policy. **The PatCom Ad Hoc has rejected the suggested remedy and responded to the above comment with the following:** "We do not comment on the completeness and accuracy of the comment's characterization of the current scope of licensing assurance." **This is unresponsive to the comment. Please answer the question. Please also answer whether or not the proposed definition of Compliant Implementation is intended to make a substantive change to the current IEEE patent policy in respect of the scope of licensing assurances requested.**

SuggestedRemedy

**Implement the suggested remedy or provide this comment and suggested remedy to PatCom to resolve the issues raised.** 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 Patent Claim and revert to original language.

Proposed Response Response Status O

P2 L 60 # 68  
 Hermele, Daniel QUALCOMM Incorporated

Comment Type S Comment Status X

[Applicable to lines 60-65] The sentence spanning 60-64 reads: "Reciprocal Licensing" shall mean that the Submitter of an LOA has conditioned its granting of a license for its Essential Patent Claims upon the Applicant's agreement to grant a license to the Submitter with Reasonable Rates and other reasonable licensing terms and conditions to the Applicant's Essential Patent Claims, if any, for the referenced IEEE Standard,...'. [emphasis added] Will the Ad Hoc please explain how a Submitter conditions granting a license on an applicant's agreeing to grant a license? How is *consensus ad idem* reached? Also what does it mean for a Submitter to "condition" its granting of a license? Does it mean to add a condition to a license offer? Does it mean not to accept a condition requested by an applicant? Please clarify.

SuggestedRemedy

Further clarification is needed. Absent that, delete definition of Reciprocal Licensing and revise remainder of Policy accordingly.

Proposed Response Response Status O

P2 L 60 # 69  
 Hermele, Daniel QUALCOMM Incorporated

Comment Type S Comment Status X

[Applicable to lines 60-65] The sentence spanning 60-64 reads: "Reciprocal Licensing" shall mean that the Submitter of an LOA has conditioned its granting of a license for its Essential Patent Claims upon the Applicant's agreement to grant a license to the Submitter with Reasonable Rates and other reasonable licensing terms and conditions to the Applicant's Essential Patent Claims, if any, for the referenced IEEE Standard,...'. [emphasis added] The sentence on line 117 reads: "On a Letter of Assurance, the Submitter may indicate a condition of Reciprocal Licensing." Please explain how the Submitter may indicate a condition of reciprocal Licensing on its LOA which in the draft policy is a commitment to make a license available to an unrestricted number of Applicants – ie in the future - when the definition of "Reciprocal Licensing" is that a "Submitter of an LOA has conditioned its granting of a license"?

SuggestedRemedy

Further clarification is needed. Absent that, delete definition of Reciprocal Licensing and revise remainder of Policy accordingly.

Proposed Response Response Status O

comments

Hermele, Daniel P 2 L 60 # 70  
 QUALCOMM Incorporated

Comment Type S Comment Status X

[Applicable to lines 102-105] The sentence spanning 60-64 reads: "Reciprocal Licensing" shall mean that the Submitter of an LOA has conditioned its granting of a license for its Essential Patent Claims upon the Applicant's agreement to grant a license to the Submitter with Reasonable Rates and other reasonable licensing terms and conditions to the Applicant's Essential Patent Claims, if any, for the referenced IEEE Standard,...'. [emphasis added] If the Applicant is not also a Submitter of an LOA for the referenced IEEE Standard, can the Applicant ask for "other reasonable licensing terms and conditions" that include a license from the Submitter to the Applicant under Patent Claims that are not Essential Patent Claims for the referenced IEEE standard? In combination with the restriction in lines 113-114 that "The Submitter shall not condition a license on the Applicant's agreeing (a) to grant a license to any of the Applicant's Patent Claims that are not Essential Patent Claims for the referenced IEEE standard", this would seem unbalanced in favour of Applicant who owns Essential Patent Claims but is not itself a Submitter of an LOA and would seem to reduce the value of the condition of Reciprocal Licensing that a Submitter may indicate on its LOA. Or does the Ad Hoc believe that the the phrase "other reasonable licensing terms and conditions" already precludes a license from the Submitter to the Applicant under Patent Claims that are not Essential Patent Claims for the referenced IEEE standard?

SuggestedRemedy

Further clarification is needed. Absent that, delete definition of Reciprocal Licensing half sentence spanning 113-114 and revise remainder of Policy accordingly.

Proposed Response Response Status O

Hermele, Daniel P 1 L 1 # 71  
 QUALCOMM Incorporated

Comment Type S Comment Status X

[All of section 6] **The following comment to the IEEE-SA Standards Board Bylaws 4 Mar 2014 draft has not been resolved to the satisfaction of Qualcomm** [Applicable to lines 125-126] Despite repeated comments from Qualcomm and others that the proposed prohibition on seeking or enforcing injunctions except in limited circumstances is unwarranted and would constitute a damaging change to the IEEE patent policy, the proposal, although reworded, remains fundamentally unchanged. Qualcomm has previously suggested amending the proposal to remove the prohibition on even seeking an injunction. While we note that text has been included in lines 132-134 to allow for the conditional pleading of the right to seek injunctive relief, Qualcomm maintains that 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 defences to infringement could be asserted and would have to be resolved before an injunction would be granted or enforced. Thus there is no risk that a court would enjoin a willing licensee which had been negotiating in good faith with a Submitter. In response to Qualcomm's comments, the Ad Hoc has stated that "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." This is not responsive. The comment is not addressed to negotiations but to the observation that a prohibition on even seeking injunctive relief is entirely unwarranted and goes way beyond what may be reasonably suggested to prevent any supposed "patent hold up" problem. **The PatCom Ad Hoc has rejected the suggested remedy and responded to the above comment with the following:** "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. Seeking a Prohibitive Order constitutes a "credible threat" that imbalances negotiations. ... In all cases, if there is a disagreement, either party may begin litigation or, if mutually agreed, arbitration." **Qualcomm disagrees and so do the US Court of Appeal of the Federal Circuit (US CAFC) and the European Commission. In APPLE INC. AND NEXT SOFTWARE, INC. Vs. MOTOROLA, INC. AND MOTOROLA MOBILITY, INC 2012-1548 -1549, the US CAFC held that "To the extent that the district court applied a per se rule that injunctions are unavailable for SEPs, it erred. While Motorola's FRAND commitments are certainly criteria relevant to its entitlement to an injunction, we see no reason to create, as some amici urge, a separate rule or analytical framework for addressing injunctions for FRAND-committed patents. The framework laid out by the Supreme Court in eBay, as interpreted by subsequent decisions of this court, provides ample strength and flexibility for addressing the unique aspects of FRAND committed patents and industry standards in general. 547 U.S. at 391-94. A patentee subject to FRAND commitments may have difficulty establishing irreparable harm. On the other hand, an injunction may be justified where an infringer unilaterally refuses a FRAND royalty or unreasonably delays negotiations to the same effect. See, e.g., U.S. Dep't of Justice and U.S. Patent and Trademark Office, Policy Statement on Remedies for Standard-Essential Patents Subject to Voluntary F/RAND Commitments, at 7-8 (Jan. 8, 2013)." To be clear, this does not mean that an alleged infringer's refusal to accept any license offer necessarily justifies issuing an injunction. For**

comments

example. the license offered may not be on FRAND terms. In addition, the public has an interest in encouraging participation in standard-setting organizations but also in ensuring that SEPs are not overvalued. While these are important concerns, the district courts are more than capable of considering these factual issues when deciding whether to issue an injunction under the principles in eBay." [emphasis added] In the European Commission's decision in Motorola Mobility, the European Commission has stated in paragraph 427 that: "A SEP holder which has given a commitment to license on FRAND terms and conditions is entitled to take reasonable steps to protect its interests by seeking and enforcing an injunction against a potential licensee in, for example, the following scenarios: (a) the potential licensee is in financial distress and unable to pay its debts; (b) the potential licensee's assets are located in jurisdictions that do not provide for adequate means of enforcement of damages; or (c) the potential licensee is unwilling to enter into a licence agreement on FRAND terms and conditions, with the result that the SEP holder will not be appropriately remunerated for the use of its SEPs." These decisions indicate that the seeking and enforcement of injunctions by an owner of Essential Patent Claims is available against at the very least an unwilling licensee. However the proposed rule change would prevent even the seeking of such an injunction at the discretion of the court. This is unacceptable.

SuggestedRemedy

Implement the suggested remedy or provide this comment and suggested remedy to PatCom to resolve the issues raised Lines 125-126: ~~not~~ neither seek, nor seek to enforce have enforced, . . . .>

Proposed Response

Response Status

Hermele, Daniel P 1 L 1 # 72 QUALCOMM Incorporated

Comment Type S Comment Status X

[All of section 6] The following comment to the IEEE-SA Standards Board Bylaws 4 Mar 2014 draft has not been resolved to the satisfaction of Qualcomm [Applicable to lines 125-126] [Applicable to lines 120-124] As we stated at the March 25 PatCom meeting, the references in this section that state the truism that parties may litigate disputed issues are unnecessary, out of place, repetitive of other provisions in the policy (see 135-38), and a potential source of mischief. The PatCom Ad Hoc has rejected the suggested remedy and responded to the above comment with the following: "The statement is aspirational and is intended to encourage parties, where appropriate, to engage in negotiations. The statement recognizes that in some cases arbitration or litigation may be necessary. ... We have, however, stricken "when necessary." This is unresponsive. To say that parties may litigate remains a truism and the intent and arguable effect of this proposed change is unclear.

SuggestedRemedy

Implement the suggested remedy or provide this comment and suggested remedy to PatCom to resolve the issues raised Revise section to read "The Submitter and the Applicant should engage in good faith negotiations (if sought by either party)."

Proposed Response

Response Status

P1 L1 # 73  
 Hermele, Daniel QUALCOMM Incorporated

Comment Type S Comment Status X

[All of section 6] **The following comment to the IEEE-SA Standards Board Bylaws 4 Mar 2014 draft has not been resolved to the satisfaction of Qualcomm** [Applicable to lines 120-138] Qualcomm has previously suggested deleting proposed changes to the IEEE patent policy to generally ban the seeking or enforcement of injunctions or other exclusionary remedies with limited exceptions. We continue to believe that 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 – ie terms consistent with the Submitter's licensing assurance. 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. In response to Qualcomm's comments, the Ad Hoc has stated that "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." This is not responsive. Qualcomm would appreciate a response that addresses the concern shared by many companies that a general ban on seeking or enforcing of injunctions or other exclusionary remedies with limited exceptions would lead to "reverse holdup" whereby a patent holder would have no credible threat against an unwilling licensee or even a licensee that entirely refuses to negotiate a license. **PatCom Ad Hoc has rejected the suggested remedy and responded to the above comment with the following:** "The draft policy does not propose a general ban on Prohibitive Orders. The draft policy does acknowledge limited situations where Prohibitive Orders may be appropriate. The comment hypothesizes that the policy would encourage "reverse holdup" because "a patent holder would have no credible threat against an unwilling licensee or even a licensee that entirely refuses to negotiate a license." The comment thus acknowledges that the availability of injunctions is a "threat" that a Submitter might seek to wield. The comment also acknowledges that there is a difference between what the comment calls an "unwilling licensee" and "a licensee that entirely refuses to negotiate." What one person might perceive as an "unwilling licensee" may be an implementer that is willing to pay a royalty that is vastly smaller than what the Submitter seeks. In that case, the Submitter may bring the parties' dispute to a head by commencing legal proceedings. Similarly, a "licensee that entirely refuses to negotiate" may be using a "refusal" as a response to an unreasonable opening demand (and become willing to negotiate if the Submitter makes a reasonable opening demand) or may be an infringer who does not intend ever to pay a royalty. Here again, the Submitter may bring the dispute to a head by commencing legal proceedings. If the "unwilling licensee" refuses to participate in the proceedings, then the Submitter may amend its pleadings to seek a Prohibitive Order. If the "licensee that entirely refuses" was using the refusal as a tactic in response to what it perceived as an unreasonable opening demand, then it will presumably participate in the legal proceedings, and the proceedings become the same kind of proceedings as the Submitter would have commenced against an "unwilling licensee." In any event, the court can then be asked to determine a Reasonable Rate (and to resolve any other disputes that the parties present). Whether a party is "willing" or "unwilling" depends on one's perspective and cannot be perfectly specified in this policy. In all cases, if there is a disagreement,

either party may begin litigation or, if mutually agreed, arbitration." **Qualcomm agrees that seeking an injunction should be a credible threat that a Submitter should be able to wield against an unwilling licensee. Qualcomm also agrees that whether a potential licensee is unwilling will in general be a fact specific issue. This argues AGAINST a ban on seeking or enforcing injunctions against an unwilling licensee. The US Court of Appeal of the Federal Circuit (USCAFC) and the European Commission agree. In APPLE INC. AND NEXT SOFTWARE, INC. Vs. MOTOROLA, INC. AND MOTOROLA MOBILITY, INC 2012-1548 -1549, the US CAFC held that "To the extent that the district court applied a per se rule that injunctions are unavailable for SEPs, it erred. While Motorola's FRAND commitments are certainly criteria relevant to its entitlement to an injunction, we see no reason to create, as some amici urge, a separate rule or analytical framework for addressing injunctions for FRAND-committed patents. The framework laid out by the Supreme Court in eBay, as interpreted by subsequent decisions of this court, provides ample strength and flexibility for addressing the unique aspects of FRAND committed patents and industry standards in general. 547 U.S. at 391-94. A patentee subject to FRAND commitments may have difficulty establishing irreparable harm. On the other hand, an injunction may be justified where an infringer unilaterally refuses a FRAND royalty or unreasonably delays negotiations to the same effect. See, e.g., U.S. Dep't of Justice and U.S. Patent and Trademark Office, Policy Statement on Remedies for Standard-Essential Patents Subject to Voluntary F/RAND Commitments, at 7-8 (Jan. 8, 2013)." To be clear, this does not mean that an alleged infringer's refusal to accept any license offer necessarily justifies issuing an injunction. For example, the license offered may not be on FRAND terms. In addition, the public has an interest in encouraging participation in standard-setting organizations but also in ensuring that SEPs are not overvalued. While these are important concerns, the district courts are more than capable of considering these factual issues when deciding whether to issue an injunction under the principles in eBay." [emphasis added] In the European Commission's decision in Motorola Mobility, the European Commission has stated in paragraph 427 that: "A SEP holder which has given a commitment to license on FRAND terms and conditions is entitled to take reasonable steps to protect its interests by seeking and enforcing an injunction against a potential licensee in, for example, the following scenarios: (a) the potential licensee is in financial distress and unable to pay its debts; (b) the potential licensee's assets are located in jurisdictions that do not provide for adequate means of enforcement of damages; or (c) the potential licensee is unwilling to enter into a license agreement on FRAND terms and conditions, with the result that the SEP holder will not be appropriately remunerated for the use of its SEPs." These decisions indicate the views that the seeking and enforcement of injunctions by an owner of Essential Patent Claims should be available against an unwilling licensee ie a licensee unwilling to enter into a license agreement for Essential Patent Claims on RAND terms and that an injunction may be justified against a licensee that unilaterally refuses a license offered on RAND terms. The proposed ban in the IEEE patent policy on seeking or enforcing injunctions is diametrically opposed to these decisions and is wholly unjustified. The right to seek and enforce an injunction is a valuable right that owners of Essential Patent Claims have today under the current IEEE patent policy. To take this right away against an unwilling licensee would remove the only credible threat the patent holder has and would lead to the need for patent litigation over all Essential Patent Claims throughout the world as the only means to try to obtain remuneration, by way of court awarded damages for the patent holder, for the use of its Essential Patent Claims. Given the practical and financial limitations of patent holders, especially SMEs, and the limited capacity of patent courts, reverse hold up where the patent**



comments

**holder is unable to obtain remuneration for the use of its Essential Patent Claims via a license on RAND terms is inevitable.**

SuggestedRemedy

**Implement the suggested remedy or provide this comment and suggested remedy to PatCom to resolve the issues raised** Delete lines 120-138.

Proposed Response

Response Status

P 1

L 1

# 74

Hermele, Daniel

QUALCOMM Incorporated

Comment Type **S**

Comment Status **X**

[All of section 6] **The following comment to the IEEE-SA Standards Board Bylaws 4 Mar 2014 draft has not been resolved to the satisfaction of Qualcomm** [Applicable to lines 120-138] Qualcomm has previously suggested deleting proposed changes to the IEEE patent policy to generally ban the seeking or enforcement of injunctions or other exclusionary remedies with limited exceptions. We continue to believe that 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 – ie terms consistent with the Submitter's licensing assurance. 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. In response to Qualcomm's comments, the Ad Hoc has stated that "*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.*" This is not responsive. Qualcomm would appreciate a response that addresses the concern shared by many companies that a general ban on seeking or enforcing of injunctions or other exclusionary remedies with limited exceptions would lead to "reverse holdup" whereby a patent holder would have no credible threat against an unwilling licensee or even a licensee that entirely refuses to negotiate a license. **PatCom Ad Hoc has rejected the suggested remedy and responded to the above comment with the following:** "*The draft policy does not propose a general ban on Prohibitive Orders. The draft policy does acknowledge limited situations where Prohibitive Orders may be appropriate. ... The general philosophy of the proposed remedy (as distinct from the comment's rationale) is incorporated in the draft policy language on lines 124 – 128. ... Where a Submitter believes that an Applicant is unresponsive or unwilling to negotiate, the Submitter may bring the parties' dispute to a head by commencing legal proceedings.*" **Qualcomm disagrees and so do the US Court of Appeal of the Federal Circuit (US CAFC) and the European Commission. In APPLE INC. AND NEXT SOFTWARE, INC. Vs. MOTOROLA, INC. AND MOTOROLA MOBILITY, INC 2012-1548 -1549, the US CAFC held that** "*To the extent that the district court applied a per se rule that injunctions are unavailable for SEPs, it erred. While Motorola's FRAND commitments are certainly criteria relevant to its entitlement to an injunction, we see no reason to create, as some amici urge, a separate rule or analytical framework for addressing injunctions for FRAND-committed patents. The framework laid out by the Supreme Court in eBay, as interpreted by subsequent decisions of this court, provides ample strength and flexibility for addressing the unique aspects of FRAND committed patents and industry standards in general. 547 U.S. at 391-94. A patentee subject to FRAND commitments may have difficulty establishing irreparable harm. On the other hand, an injunction may be justified where an infringer unilaterally refuses a FRAND royalty or unreasonably delays negotiations to the same effect. See, e.g., U.S. Dep't of Justice and U.S. Patent and Trademark Office, Policy Statement on Remedies for Standard-Essential Patents Subject to Voluntary FRAND Commitments, at 7-8 (Jan. 8, 2013).*" **To be clear, this does not mean that an alleged infringer's refusal to accept any license offer necessarily justifies issuing an injunction. For example, the license offered may not be on FRAND terms.** In addition, the public has an

comments

interest in encouraging participation in standard-setting organizations but also in ensuring that SEPs are not overvalued. While these are important concerns, the district courts are more than capable of considering these factual issues when deciding whether to issue an injunction under the principles in eBay.” [emphasis added] **In the European Commission’s decision in Motorola Mobility, the European Commission has stated in paragraph 427 that: “A SEP holder which has given a commitment to license on FRAND terms and conditions is entitled to take reasonable steps to protect its interests by seeking and enforcing an injunction against a potential licensee in, for example, the following scenarios: (a) the potential licensee is in financial distress and unable to pay its debts; (b) the potential licensee’s assets are located in jurisdictions that do not provide for adequate means of enforcement of damages; or (c) the potential licensee is unwilling to enter into a license agreement on FRAND terms and conditions, with the result that the SEP holder will not be appropriately remunerated for the use of its SEPs.” These decisions indicate the views that the seeking and enforcement of injunctions by an owner of Essential Patent Claims should be available against an unwilling licensee ie a licensee unwilling to enter into a license agreement for Essential Patent Claims on RAND terms and that an injunction may be justified against a licensee that unilaterally refuses a license offered on RAND terms. The ban on seeking or enforcing injunctions is diametrically opposed to these decisions and is wholly unjustified. The right to seek and enforce an injunction is a valuable right that owners of Essential Patent Claims have today under the current IEEE patent policy. To take this right away against an unwilling licensee would remove the only credible threat the owner has to obtain to cause such an unwilling licensee to enter into a license on RAND terms under its Essential Patent Claims. Given the practical and financial limitations of patent holders, especially SMEs, and the limited capacity of patent courts, it is wholly insufficient that the patent holder would be free to (though unable to with anything but the smallest of patent portfolios) commence patent litigation over all Essential Patent Claims throughout the world as the only remedy available to try to obtain remuneration for the use of its Essential Patent Claims.**

*Suggested Remedy*

**Implement the suggested remedy or provide this comment and suggested remedy to PatCom to resolve the issues raised** ALTERNATIVE Replace lines 120-138 with the sentence "Negotiations between a Submitter and a potential licensee should attempt to value the contribution of the Essential Patent Claims being licensed without considering the possibility of a Prohibitive Order."

*Proposed Response*      *Response Status*  

	P 1	L 1	# 75
Hermele, Daniel			
	QUALCOMM Incorporated		
<i>Comment Type</i>	<b>S</b>	<i>Comment Status</i>	<b>X</b>
<p>[All of section 6] The following comment to the IEEE-SA Standards Board Bylaws 4 Mar 2014 draft has not been resolved to the satisfaction of Qualcomm [Applicable to lines 120-138] Qualcomm has previously suggested replacing the proposed amendments with a safe harbour approach as originally proposed by the European Commission and favoured in discussions other standards organisations such as ETSI and ITU-T. Such a safe harbour approach is consistent with settlements obtained by competition agencies in the US and Europe. As we previously stated, the proposed changes to the IEEE patent policy to generally ban 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 harbour from injunctions provided it agrees to a practicable process to arrive at a license at least to all Essential Patent Claims terms consistent with the patent holders licensing assurance and including a RAND licensing assurance adjudication in case of dispute. In response to Qualcomm’s suggestions, the Ad Hoc stated that "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." However, the safe harbour proposal we suggested does just that - it provides the potential licensee with the option of safety from the possibility of a Prohibitive Order yet without introducing the danger of "reverse hold up" whereby a patent holder would have no credible threat against an unwilling licensee or even a licensee that entirely refuses to negotiate a license that the Ad Hoc's proposed amendments would introduce. The Ad Hoc also states that "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." This is not entirely correct. The proposed safe harbour does not allow the owner of Essential Patent Claims to enjoin a potential licensee using a Prohibitive Order if the potential licensee agrees to accept the terms of the safe harbour. Moreover, courts grant and enforce injunctions in accordance with applicable law not patent holders. Nothing in the proposed remedy would allow the patent holder to automatically obtain and enforce an injunction irrespective of applicable law as applied by a court, whether the potential licensee decides to accept the terms of the safe harbour or not. PatCom Ad Hoc has rejected the suggested remedy and responded to the above comment with the following: "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 proposed remedy continues to seek to mandate a separation of a RAND determination from consideration of issues of validity, infringement, enforceability, and essentiality. The draft policy does not prohibit parties from voluntarily agreeing to sequential determination of issues. ... The comment openly acknowledges that it seeks a "credible threat" that a Submitter can use to influence the outcome of negotiations. This is directly contrary to the position repeatedly stated that negotiations should occur without considering the possibility of a Prohibitive Order. ... The comment’s observation that injunctions are not automatically awarded may be correct in the U.S. after the eBay decision, but the observation may or may not hold true in other jurisdictions. The Submitter’s voluntary agreement not to seek a Prohibitive Order (or seek to enforce a Prohibitive Order if issued) is intended to effectuate the position that negotiation should occur without considering the possibility of a Prohibitive Order. The proposed remedy also introduces an inherent indeterminacy. It purports to require an implementer to "agree to</p>			

## comments

enter into a license if RAND terms are offered,” but whether the offered terms are RAND is not a self-proving proposition. ... The proposed remedy is also ambiguous as to whether it proposes a single determination of worldwide RAND royalties or multiple determinations in different jurisdictions, where the probability that the patent claim is valid, enforceable, infringed, and essential may vary by jurisdiction.

The proposed remedy would impose a significant burden on an implementer to respond within a relatively short time, regardless of the number, strength, and complexity of patents (and number of jurisdictions) included in the demand. The proposal also does not appear to impose any cost on the Submitter to trigger the implementer’s obligation regardless of whether the Submitter’s opening demand is, in fact, reasonable. In all cases, if there is a disagreement, either party may begin litigation or, if mutually agreed, arbitration.” [emphasis added] This response is almost entirely wrong. Qualcomm disagrees that the proposed remedy separates RAND determination from consideration of issues of validity, infringement, enforceability, and essentiality. Quite the contrary. The proposed remedy states that: “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.” Qualcomm disagrees that the comment is “directly contrary to the position repeatedly stated that negotiations should occur without considering the possibility of a Prohibitive Order.” In fact, in another comment, Qualcomm suggested using that formulation as a alternative remedy to the proposed general ban on injunctions but this was rejected. Qualcomm agrees that seeking an injunction should be a credible threat that a Submitter should be able to wield against an unwilling licensee. The right to seek and enforce an injunction is a valuable right that owners of Essential Patent Claims have today under the current IEEE patent policy. To take this right away against an unwilling licensee would remove the only credible threat the owner has to obtain to influence the outcome of negotiations – ie to cause such an unwilling licensee to enter into a license on RAND terms under its Essential Patent Claims. The statement that injunctions are not automatically awarded is true in the vast majority of jurisdictions. Moreover, an infringer of a valid Essential Patent Claim may raise a RAND defence in the vast majority of jurisdictions. Rather than introducing an “inherent indeterminacy”, the suggested remedy provides a mechanism for proving that offered terms are RAND by providing a RAND ADJUDICATION. The PatCom Ad Hoc states that “The proposed remedy is also ambiguous as to whether it proposes a single determination of worldwide RAND royalties or multiple determinations in different jurisdiction.” This response seems to be wedded to a view of the world with patent-by-patent litigation in every jurisdiction which would be the case if injunctions are banned against even an unwilling licensee. The proposed remedy provides a single fair, independent and internationally-recognised adjudication process, but leaves the process open subject to time constraints for efficiency. The Ad Hoc has not understood the purpose of the sixty day period which is to agree 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 not to evaluate all or indeed any of the Essential Patent Claims that may be relevant. Also note that the process does not “mandate” anything as it is entirely voluntary on the part of the potential licensee who may choose whether to agree to the process or not.

### *Suggested Remedy*

**Implement the suggested remedy or provide this comment and suggested remedy to PatCom to resolve the issues raised** Delete lines 120-138. 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*

P1 L1 # 76

Hermele, Daniel

QUALCOMM Incorporated

Comment Type S Comment Status X

[All of section 6] **The following comment to the IEEE-SA Standards Board Bylaws 4 Mar 2014 draft has not been resolved to the satisfaction of Qualcomm** [Applicable to lines 120-138] *Qualcomm has previously suggested replacing the proposed amendments with a safe harbour approach as originally proposed by the European Commission and favoured in discussions other standards organisations such as ETSI and ITU-T. Such a safe harbour approach is consistent with settlements obtained by competition agencies in the US and Europe. As we previously stated, the proposed changes to the IEEE patent policy to generally ban 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 harbour from injunctions provided it agrees to a practicable process to arrive at a license at least to all Essential Patent Claims terms consistent with the patent holders licensing assurance and including a RAND licensing assurance adjudication in case of dispute. In response to Qualcomm's suggestions, the Ad Hoc stated that "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." However, the safe harbour proposal we suggested does just that - it provides the potential licensee with the option of safety from the possibility of a Prohibitive Order yet without introducing the danger of "reverse hold up" whereby a patent holder would have no credible threat against an unwilling licensee or even a licensee that entirely refuses to negotiate a license that the Ad Hoc's proposed amendments would introduce. The Ad Hoc also states that "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." This is not entirely correct. The proposed safe harbour does not allow the owner of Essential Patent Claims to enjoin a potential licensee using a Prohibitive Order if the potential licensee agrees to accept the terms of the safe harbour. Moreover, courts grant and enforce injunctions in accordance with applicable law not patent holders. Nothing in the proposed remedy would allow the patent holder to automatically obtain and enforce an injunction irrespective of applicable law as applied by a court, whether the potential licensee decides to accept the terms of the safe harbour or not. **PatCom Ad Hoc has rejected the suggested remedy and responded to the above comment with the following:** "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 proposed remedy continues to seek to mandate a separation of a RAND determination from consideration of issues of validity, infringement, enforceability, and essentiality. The draft policy does not prohibit parties from voluntarily agreeing to sequential determination of issues. ... The comment openly acknowledges that it seeks a "credible threat" that a Submitter can use to influence the outcome of negotiations. This is directly contrary to the position repeatedly stated that negotiations should occur without considering the possibility of a Prohibitive Order. ... The comment's observation that injunctions are not automatically awarded may be correct in the U.S. after the eBay decision, but the observation may or may not hold true in other jurisdictions. The Submitter's voluntary agreement not to seek a Prohibitive Order (or seek to enforce a Prohibitive Order if issued) is intended to effectuate the position that negotiation should occur without considering the possibility of a Prohibitive Order. The proposed remedy also*

introduces an inherent indeterminacy. It purports to require an implementer to "agree to enter into a license if RAND terms are offered," but whether the offered terms are RAND is not a self-proving proposition. ... The proposed remedy is also ambiguous as to whether it proposes a single determination of worldwide RAND royalties or multiple determinations in different jurisdictions, where the probability that the patent claim is valid, enforceable, infringed, and essential may vary by jurisdiction. The proposed remedy would impose significant burden on an implementer to respond within a relatively short time, regardless of the number, strength, and complexity of patents (and number of jurisdictions) included in the demand. The proposal also does not appear to impose any cost on the Submitter to trigger the implementer's obligation regardless of whether the Submitter's opening demand is, in fact, reasonable. In all cases, if there is a disagreement, either party may begin litigation or, if mutually agreed, arbitration." [emphasis added] **This response is almost entirely wrong. Qualcomm disagrees that the proposed remedy separates RAND determination from consideration of issues of validity, infringement, enforceability, and essentiality. Quite the contrary. The proposed remedy states that:** "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." **Qualcomm disagrees that the comment is "directly contrary to the position repeatedly stated that negotiations should occur without considering the possibility of a Prohibitive Order."** In fact, in another comment, **Qualcomm suggested using that formulation as a alternative remedy to the proposed general ban on injunctions but this was rejected. Qualcomm agrees that seeking an injunction should be a credible threat that a Submitter should be able to wield against an unwilling licensee. The right to seek and enforce an injunction is a valuable right that owners of Essential Patent Claims have today under the current IEEE patent policy. To take this right away against an unwilling licensee would remove the only credible threat the owner has to obtain to influence the outcome of negotiations – ie to cause such an unwilling licensee to enter into a license on RAND terms under its Essential Patent Claims. The statement that injunctions are not automatically awarded is true in the vast majority of jurisdictions. Moreover, an infringer of a valid Essential Patent Claim may raise a RAND defence in the vast majority of jurisdictions. Rather than introducing an "inherent indeterminacy", the suggested remedy provides a mechanism for proving that offered terms are RAND by providing a RAND ADJUDICATION. The PatCom Ad Hoc states that "The proposed remedy is also ambiguous as to whether it proposes a single determination of worldwide RAND royalties or multiple determinations in different jurisdiction." This response seems to be wedded to a view of the world with patent-by-patent litigation in every jurisdiction which would be the case if injunctions are banned against event an unwilling licensee. The proposed remedy provides a single fair, independent and internationally-recognised adjudication process, but leaves the process open subject to time constraints for efficiency. The Ad Hoc has not understood the purpose of the sixty day period which is to agree 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 not to evaluate all or indeed any of the Essential Patent Claims that may be relevant. Also note that the process does not "mandate" anything as it is entirely voluntary on the part of the potential licensee who may choose whether to agree to the process or not. Nevertheless, Qualcomm hereby provides an alternative remedy which closely tracks the European**

comments

**Commission's recent decisions in Samsung Electronics and Motorola Mobility as set out in their FAQ "European Commission Press Release: "Antitrust decisions on standard essential patents (SEPs) - Motorola Mobility and Samsung Electronics - Frequently asked questions" (EC Press Release – SEPs)".**

*Proposed Response*

*Response Status*

*SuggestedRemedy*

**Implement the suggested remedy or provide this comment and suggested remedy to PatCom to resolve the issues raised** ALTERNATIVE: Delete lines 120-138. Add: Safe Harbour from Injunctions: An Applicant may demonstrate that it is willing to take a license (i.e. that it is a "willing licensee") under Essential Patent Claims offered by the Submitter on terms and conditions that are in accordance with its Licensing Assurance ("RAND TERMS AND CONDITIONS") by promptly agreeing in writing to a fair and independent safe harbour process offered in writing by the Submitter in which: in case of dispute as to whether terms and conditions of a license under such Essential Patent Claim offered by the Submitter are RAND TERMS AND CONDITIONS, i) a court or a mutually agreed arbitrator will adjudicate whether such offered terms and conditions are RAND TERMS AND CONDITIONS and, if not, determine RAND TERMS AND CONDITIONS for a license under such Essential Patent Claim, and ii) the applicant and Submitter will be bound by such adjudication and determination. An Applicant which has not been offered such a safe harbour process by the Submitter, or which demonstrates that it is a willing licensee in accordance with the previous sentence, shall benefit from safety from being subject to injunctions and like remedies under such Essential Patent Claims..

Negotiations between an applicant and the Submitter for a license under Essential Patent Claims subject to a Licensing Assurance are the primary method for determining RAND TERMS AND CONDITIONS for a license under such Essential Patent Claims. Parties shall allow a reasonable period of time for negotiations. Although negotiations may vary, a period of up to twelve (12) months should normally be sufficient to have conclusive negotiations between parties that are willing to enter into a license on RAND TERMS AND CONDITIONS. In case of dispute, courts and arbitrators are well-placed to adjudicate whether terms and conditions offered by a Patent Holder are RAND TERMS AND CONDITIONS.

Injunctions and like remedies are legitimate remedies for infringement of such Essential Patent Claims and should be available to the Submitter against an applicant unwilling to take a license under such Essential Patent Claims offered by the Submitter on RAND TERMS AND CONDITIONS (ie an "unwilling licensee").

The court or arbitrator chosen for resolution of the dispute should be able to adjudicate and determine RAND TERMS AND CONDITIONS for a license under such Essential Patent Claims and to bind the applicant to take the license so adjudicated or determined. A reasonable time frame for resolution of the dispute is of the essence.

Applicants should have the right to bring material information on validity, essentiality, infringement and enforceability of such Essential Patent Claims to the safe harbour process, but the court or arbitrator should not be obliged to rule on these issues individually with regard to every Essential Patent Claim in a large portfolio of Essential Patent Claims.

Where a large portfolio of Essential Patent Claims needs to be licensed, appropriate sampling or other case management techniques in order to test validity, essentiality, infringement or enforceability offer a pragmatic approach.

Challenges to validity, essentiality, infringement or enforceability of such Essential Patent Claims should remain available outside of the safe harbour process and any such challenge should not impact the condition of being a willing licensee and the benefit provided by the Safe Harbour from Injunctions .

P1 L1 # 77  
 Hermele, Daniel QUALCOMM Incorporated

Comment Type S Comment Status X

[All of section 6] **The following comment to the IEEE-SA Standards Board Bylaws 4 Mar 2014 draft has not been resolved to the satisfaction of Qualcomm** [Applicable to lines 120-138] Qualcomm has previously suggested replacing the proposed amendments with a safe harbour approach as originally proposed by the European Commission and favoured in discussions other standards organisations such as ETSI and ITU-T. Such a safe harbour approach is consistent with settlements obtained by competition agencies in the US and Europe. As we previously stated, the proposed changes to the IEEE patent policy to generally ban 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 harbour from injunctions provided it agrees to a practicable process to arrive at a license at least to all Essential Patent Claims terms consistent with the patent holders licensing assurance and including a RAND licensing assurance adjudication in case of dispute. In response to Qualcomm's suggestions, the Ad Hoc stated that "*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.*" However, the safe harbour proposal we suggested does just that - it provides the potential licensee with the option of safety from the possibility of a Prohibitive Order yet without introducing the danger of "reverse hold up" whereby a patent holder would have no credible threat against an unwilling licensee or even a licensee that entirely refuses to negotiate a license that the Ad Hoc's proposed amendments would introduce. The Ad Hoc also states that "*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.*" This is not entirely correct. The proposed safe harbour does not allow the owner of Essential Patent Claims to enjoin a potential licensee using a Prohibitive Order if the potential licensee agrees to accept the terms of the safe harbour. Moreover, courts grant and enforce injunctions in accordance with applicable law not patent holders. Nothing in the proposed remedy would allow the patent holder to automatically obtain and enforce an injunction irrespective of applicable law as applied by a court, whether the potential licensee decides to accept the terms of the safe harbour or not. **PatCom Ad Hoc has rejected the suggested remedy and responded to the above comment with the following:** "*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 proposed remedy continues to seek to mandate a separation of a RAND determination from consideration of issues of validity, infringement, enforceability, and essentiality. The draft policy does not prohibit parties from voluntarily agreeing to sequential determination of issues. ... The comment openly acknowledges that it seeks a "credible threat" that a Submitter can use to influence the outcome of negotiations. This is directly contrary to the position repeatedly stated that negotiations should occur without considering the possibility of a Prohibitive Order. ... The comment's observation that injunctions are not automatically awarded may be correct in the U.S. after the eBay decision, but the observation may or may not hold true in other jurisdictions. The Submitter's voluntary agreement not to seek a Prohibitive Order (or seek to enforce a Prohibitive Order if issued) is intended to effectuate the position that negotiation should occur without considering the possibility of a Prohibitive Order. The proposed remedy also*

*introduces an inherent indeterminacy. It purports to require an implementer to "agree to enter into a license if RAND terms are offered," but whether the offered terms are RAND is not a self-proving proposition. ... The proposed remedy is also ambiguous as to whether it proposes a single determination of worldwide RAND royalties or multiple determinations in different jurisdictions, where the probability that the patent claim is valid, enforceable, infringed, and essential may vary by jurisdiction.*  
*The proposed remedy would impose a significant burden on an implementer to respond within a relatively short time, regardless of the number, strength, and complexity of patents (and number of jurisdictions) included in the demand. The proposal also does not appear to impose any cost on the Submitter to trigger the implementer's obligation regardless of whether the Submitter's opening demand is, in fact, reasonable. In all cases, if there is a disagreement, either party may begin litigation or, if mutually agreed, arbitration." [emphasis added] **This response is almost entirely wrong. Qualcomm disagrees that the proposed remedy separates RAND determination from consideration of issues of validity, infringement, enforceability, and essentiality. Quite the contrary. The proposed remedy states that:** "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." **Qualcomm disagrees that the comment is** "directly contrary to the position repeatedly stated that negotiations should occur without considering the possibility of a Prohibitive Order." **In fact, in another comment, Qualcomm suggested using that formulation as a alternative remedy to the proposed general ban on injunctions but this was rejected. Qualcomm agrees that seeking an injunction should be a credible threat that a Submitter should be able to wield against an unwilling licensee. The right to seek and enforce an injunction is a valuable right that owners of Essential Patent Claims have today under the current IEEE patent policy. To take this right away against an unwilling licensee would remove the only credible threat the owner has to obtain to influence the outcome of negotiations – ie to cause such an unwilling licensee to enter into a license on RAND terms under its Essential Patent Claims. The statement that injunctions are not automatically awarded is true in the vast majority of jurisdictions. Moreover, an infringer of a valid Essential Patent Claim may raise a RAND defence in the vast majority of jurisdictions. Rather than introducing an "inherent indeterminacy", the suggested remedy provides a mechanism for proving that offered terms are RAND by providing a RAND ADJUDICATION. The PatCom Ad Hoc states that*** "The proposed remedy is also ambiguous as to whether it proposes a single determination of worldwide RAND royalties or multiple determinations in different jurisdiction." *This response seems to be wedded to a view of the world with patent-by-patent litigation in every jurisdiction which would be the case if injunctions are banned against an unwilling licensee. The proposed remedy provides a single fair, independent and internationally-recognised adjudication process, but leaves the process open subject to time constraints for efficiency. The Ad Hoc has not understood the purpose of the sixty day period which is to agree 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 not to evaluate all or indeed any of the Essential Patent Claims that may be relevant. Also note that the process does not "mandate" anything as it is entirely voluntary on the part of the potential licensee who may choose whether to agree to the process or not. Nevertheless, Qualcomm hereby provides an alternative remedy which closely tracks the European Commission's recent decisions in Samsung Electronics and Motorola Mobility as set out in their FAQ "European*

comments

**Commission Press Release: "Antitrust decisions on standard essential patents (SEPs) - Motorola Mobility and Samsung Electronics - Frequently asked questions" (EC Press Release – SEPs)".**

SuggestedRemedy

**Implement the suggested remedy or provide this comment and suggested remedy to PatCom to resolve the issues raised** ALTERNATIVE: Delete lines 120-138. Add: For Essential Patent Claims subject to a Licensing Assurance, injunctions should not be sought or enforced against a potential licensee willing to take a license on RAND terms. Injunctions should be available where there is a potential licensee unwilling to take a license on RAND terms.

Proposed Response

Response Status

Hermele, Daniel P 1 L 1 # 78  
 QUALCOMM Incorporated

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

[All of section 6] **The following comment to the IEEE-SA Standards Board Bylaws 4 Mar 2014 draft has not been resolved to the satisfaction of Qualcomm** [Applicable to lines 120-138] Qualcomm has previously suggested replacing the proposed amendments imposing a general ban on injunctive relief with certain limited exceptions with rules reinforcing obligations to ensure that licensing assurances are complied with. The proposed changes to the IEEE patent 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. In response to Qualcomm's suggestions the Ad Hoc has stated "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.*" This is not responsive. A patent holder might seek a Prohibitive Order against an Applicant but according the suggested remedy would not be able to obtain or enforce such Prohibitive Order absent a determination of whether it has breached its licensing assurance with respect to such Applicant. **PatCom Ad Hoc has rejected the suggested remedy and responded to the above comment with the following:** "*The IEEE draft policy specifically describes the circumstances in which Prohibitive Orders may be available. We do not comment further on the comment's characterization of the draft. The proposed remedy would undermine the draft policy's effort to remove the threat of a Prohibitive Order from negotiations. If either party believes that the negotiations are too prolonged or are unlikely to be successful, that party can begin litigation or mutually agreed arbitration. If the implementer is participating in those proceedings, commenced by either party, there should be no need for a Prohibitive Order (except in the circumstances described in the draft policy).*" **Qualcomm disagrees and so do the US Court of Appeal of the Federal Circuit (US CAFC) and the European Commission. In APPLE INC. AND NEXT SOFTWARE, INC. Vs. MOTOROLA, INC. AND MOTOROLA MOBILITY, INC 2012-1548 -1549, the US CAFC held that** "*To the extent that the district court applied a per se rule that injunctions are unavailable for SEPs, it erred. While Motorola's FRAND commitments are certainly criteria relevant to its entitlement to an injunction, we see no reason to create, as some amici urge, a separate rule or analytical framework for addressing injunctions for FRAND-committed patents. The framework laid out by the Supreme Court in eBay, as interpreted by subsequent decisions of this court, provides ample strength and flexibility for addressing the unique aspects of FRAND committed patents and industry standards in general. 547 U.S. at 391-94. A patentee subject to FRAND commitments may have difficulty establishing irreparable harm. On the other hand, an injunction may be justified where an infringer unilaterally refuses a FRAND royalty or unreasonably delays negotiations to the same effect. See, e.g., U.S. Dep't of Justice and U.S. Patent and Trademark Office, Policy Statement on Remedies for Standard-Essential Patents Subject to Voluntary F/RAND Commitments, at 7-8 (Jan. 8, 2013).*" **To be clear, this does not mean that an alleged infringer's refusal to accept any license offer necessarily justifies issuing an injunction. For example, the license offered may not be on FRAND**

comments

*terms. In addition, the public has an interest in encouraging participation in standard-setting organizations but also in ensuring that SEPs are not overvalued. While these are important concerns, the district courts are more than capable of considering these factual issues when deciding whether to issue an injunction under the principles in eBay.” [emphasis added] In the European Commission’s decision in Motorola Mobility, the European Commission has stated in paragraph 427 that: “A SEP holder which has given a commitment to license on FRAND terms and conditions is entitled to take reasonable steps to protect its interests by seeking and enforcing an injunction against a potential licensee in, for example, the following scenarios: (a) the potential licensee is in financial distress and unable to pay its debts; (b) the potential licensee’s assets are located in jurisdictions that do not provide for adequate means of enforcement of damages; or (c) the potential licensee is unwilling to enter into a license agreement on FRAND terms and conditions, with the result that the SEP holder will not be appropriately remunerated for the use of its SEPs.” These decisions indicate the views that the seeking and enforcement of injunctions by an owner of Essential Patent Claims should be available against an unwilling licensee ie a licensee unwilling to enter into a license agreement for Essential Patent Claims on RAND terms and that an injunction may be justified against a licensee that unilaterally refuses a license offered on RAND terms. The ban on seeking or enforcing injunctions is diametrically opposed to these decisions and is wholly unjustified. The right to seek and enforce an injunction is a valuable right that owners of Essential Patent Claims have today under the current IEEE patent policy. To take this right away against an unwilling licensee would remove the only credible threat the owner has to obtain to cause such an unwilling licensee to enter into a license on RAND terms under its Essential Patent Claims. Given the practical and financial limitations of patent holders, especially SMEs, and the limited capacity of patent courts, it is wholly insufficient that the patent holder would be free to (though unable to with anything but the smallest of patent portfolios) commence patent litigation over all Essential Patent Claims throughout the world as the only remedy available to try to obtain remuneration for the use of its Essential Patent Claims.*

*SuggestedRemedy*

**Implement the suggested remedy or provide this comment and suggested remedy to PatCom to resolve the issues raised** Delete lines 120 to 138. Add:  
A Submitter of an accepted LOA including a RAND licensing assurance shall not, subject to reciprocity, prohibit an Applicant to practise the rights set out in such licensing assurance by means of any Prohibitive Order with respect to a particular Essential Patent Claim if it is in breach of such licensing assurance with respect to such Applicant. This shall not be interpreted as limiting or precluding any other defenses an Applicant may have according to the laws of a particular jurisdiction.

Proposed Response      Response Status  

Hermele, Daniel      P 1      L 1      # 79  
QUALCOMM Incorporated

Comment Type   S      Comment Status   X

[All of section 6] **The following comment to the IEEE-SA Standards Board Bylaws 4 Mar 2014 draft has not been resolved to the satisfaction of Qualcomm** [Applicable to lines 120-131] In a speech entitled "Six 'Small' Proposals for SSOs Before Lunch" referred to by the 2013 Ad Hoc and containing the suggestions upon which these proposed amendments are based, Renata Hesse, United States Department of Justice, states "To my mind, a patent holder who participates in the standard-setting activities and makes a F/RAND licensing commitment is implicitly saying that she will license the patent claims that must be used to implement the standard to any licensee that is willing and able to comply with the licensing terms embodied in the commitment. Thus, it would seem appropriate to limit a patent holder's right to seek an injunction to situations where the standards implementer is unwilling to have a neutral third-party determine the appropriate F/RAND terms or is unwilling to accept the F/RAND terms approved by such a third-party." This is therefore sufficient to address at least Renata Hesse's suggestion and any more would go beyond what she suggested. Based on this statement, the following proposed amendments are suggested. **PatCom Ad Hoc has rejected the suggested remedy and responded to the above comment with the following:** "Some material portions of the proposed remedy are included in the draft policy such as the ability to pursue mutually agreed arbitration or other neutral third-party proceedings, e.g., courts or mediation. The draft policy, however, does not mandate arbitration. ... The proposed remedy would require an implementer to accept license terms without consideration of the issues of patent validity, patent infringement, or patent essentiality, among others." **This is unresponsive. In particular, mutually agreed arbitration or other neutral third-party proceedings, e.g., courts or mediation, to determine appropriate licensing terms and conditions for such Essential Patent Claims is no remedy at all. What is required is that any limitation of the availability of injunctions be conditional on agreement by the potential licensee to such a neutral third-party determination of the appropriate licensing terms and conditions for such Essential Patent Claims and agreement by the potential licensee to accept such licensing terms and conditions determined by such a third-party. Would the Ad Hoc please respond to the substance of the comment.**

*SuggestedRemedy*

**Implement the suggested remedy or provide this comment and suggested remedy to PatCom to resolve the issues raised** Delete lines 120-131 and replace with the following:

Proposed Response      Response Status



comments

Hermele, Daniel P1 L1 # 80  
 QUALCOMM Incorporated

Comment Type S Comment Status X

[All of section 6] **The following comment to the IEEE-SA Standards Board Bylaws 4 Mar 2014 draft has not been resolved to the satisfaction of Qualcomm:** [Applicable to lines 18-19, 24-29] Despite repeated comments from Qualcomm and others that the proposed definition of "Compliant Implementation" would introduce a new and damaging understanding of the scope of licensing assurances, the proposal, although reworded, remains fundamentally unchanged. The current policy states that licensing assurances apply to **"a compliant implementation of the standard"**. If adopted, the definition of "Compliant Implementation" would for the first time, include **"any product (e.g., component, sub-assembly, or end-product) ... that conforms to any portion of ... an IEEE Standard."** This would constitute a major expansion of the scope of the licensing assurances currently requested, and a disruptive change to existing industry licensing practices. Such a change would be over-inclusive and would result in uncertainty, in the context of the complex products that implement IEEE standards, as to which of the myriad of components, sub-assemblies or products conforming to **"any portion of an IEEE standard"** used in those complex products would be included in the scope of a licensing assurance. It appears that this proposed change is principally an attempt by certain implementer companies to force holders of essential patent claims to license exhaustively at the level of certain chip components of end products that implement IEEE standards and to seek to limit licensing costs, in particular royalty costs, to a fraction of the price of those chip components, neither of which is currently a requirement of the IEEE patent policy. **The PatCom Ad Hoc has rejected the suggested remedy and responded to the above comment with the following:** *"We do not comment on the completeness and accuracy of the comment's characterization of the current scope of licensing assurance."* **This is unresponsive to the comment. Please answer the question. Please also answer whether or not the proposed definition of Compliant Implementation is intended to make a substantive change to the current IEEE patent policy in respect of the scope of licensing assurances requested.**

SuggestedRemedy

**Implement the suggested remedy or provide this comment and suggested remedy to PatCom to resolve the issues raised.** ALTERNATIVE: Revise definition of Compliant Implementation to read:

"'Compliant Implementation' shall mean a product that conforms to 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 Patent Claim and revert to original language.

Proposed Response Response Status O

Hermele, Daniel P1 L1 # 81  
 QUALCOMM Incorporated

Comment Type S Comment Status X

[All of section 6] **The following comment to the IEEE-SA Standards Board Bylaws 4 Mar 2014 draft has not been resolved to the satisfaction of Qualcomm:** [Applicable to lines 18-19] We appreciate confirmation by the Ad Hoc that "it is intended that licensing may occur at multiple levels". However, by imposing a definition of "Compliant Implementation" that includes **"any product (e.g., component, sub-assembly, or end-product) ... that conforms to any portion of ... an IEEE Standard"** would expand the scope of licensing assurances currently requested to multiple yet potentially conflicting levels of the supply chain including multiple "sub-products" that implement only **"a portion of an IEEE Standard"** and not the whole IEEE standard. It is likely that many of these "sub-products" would themselves contain "sub-products" that implement only a sub-portion of the relevant portion of an IEEE standard and so on. On the other hand, it seems likely that making licenses available to only a "sub-product" that by definition does not implement the whole IEEE standard would not meet the patent holder's licensing assurance and so licensing at multiple levels would need to occur (and not just may occur). We would be grateful if the Ad Hoc would confirm that this is also their intention. Licensing at multiple levels would be very complex, would need to adapt to changes in the particular supply chains of end product implementers on a regular basis and would likely result in great inefficiency. **The PatCom Ad Hoc has rejected the suggested remedy and responded to the above comment with the following:** *"Licensing may occur at various levels depending on the product, the patent claim, the standard, and potentially other factors. The policy prohibits a Submitter from refusing to make a license available at a particular level. ... We do not comment on the completeness and accuracy of the comment's characterization of various licensing efficiencies."* **This is unresponsive to the comment and question. Is it the intention that licensing would NEED to occur at multiple levels?**

SuggestedRemedy

**Implement the suggested remedy or provide this comment and suggested remedy to PatCom to resolve the issues raised.** Delete definition of "Compliant Implementation" and revert definition of "Essential Patent Claim" to original language. Further amendments required to remove uses of "Compliant Implementation" in remainder of section 6.

Proposed Response Response Status O

comments

P1 L1 # 82  
 Hermele, Daniel QUALCOMM Incorporated

Comment Type S Comment Status X

[All of section 6] **The following comment to the IEEE-SA Standards Board Bylaws 4 Mar 2014 draft has not been resolved to the satisfaction of Qualcomm:** [Applicable to lines 24-29] Given the current definition of "Compliant Implementation", the language "when, at the time of the IEEE Standard's approval, there was no commercially and technically feasible non-infringing alternative to create a Compliant Implementation" could be argued to mean that NO Patent Claim is ever an Essential Patent Claim as it will always have been possible to have created a product that practices only a portion of the standard, that does not practice the Patent Claim, and that meets the "Compliant Implementation" definition. This product would arguably then practice a commercially and technically feasible non-infringing alternative to the Patent Claim. In this regard, we ask the Ad Hoc to explain what is meant by the language "any Patent Claim the practice of which was necessary to **implement** either mandatory or optional portions of a normative clauses of the IEEE Standard" [emphasis added] and why the language was changed from "create a compliant implementation" to "implement". Is there any difference between these two formulations, or indeed with the definition of "Compliant Implementation"? Specifically, is it intended that the language "to **implement** either mandatory or optional portions of a normative clauses of the IEEE Standard" refers to implementations of the whole IEEE standard? **The PatCom Ad Hoc has rejected the suggested remedy and responded to the above comment with the following:** "As to the comment's final question: No. The phrase "to implement either mandatory or optional portions of a normative clauses of the IEEE Standard" does not require conformance with the "whole IEEE Standard." **Thank you for confirmation of this. Does the PatCom Ad Hoc therefore agree that this implies that, in introducing the proposed definition of Compliant Implementation (which uses substantially the same language), there is a substantive change to the scope of requested licensing assurances from the current language "a compliant implementation of the standard"? If not, please will the PatCom Ad Hoc explain why. Qualcomm sees no difference between a "an implementation of the whole IEEE standard" which was the language of our question and "a compliant implementation of the standard" which is the language of the current IEEE patent policy? If the PatCom Ad Hoc believes there is a difference, please will it explain what that difference is and at the same time what the difference is between "a compliant implementation of the standard" and the proposed definition of a Compliant Implementation?**

SuggestedRemedy

**Implement the suggested remedy or provide this comment and suggested remedy to PatCom to resolve the issues raised.** Revise definition of "Compliant Implementation" as proposed above and/or revert to current language and delete "when, at the time of the IEEE Standard's approval, there was no commercially and technically feasible non-infringing alternative." Definition should read: "Essential Patent Claim" shall mean any Patent Claim the use of which was necessary to implement either mandatory or optional portions of a normative clause of the IEEE Standard. An Essential Patent Claim does not include any Patent Claim that was essential only for Enabling Technology or any claim other than that set forth above even if contained in the same patent as the Essential Patent Claim.

Proposed Response Response Status O

P1 L1 # 83  
 Hermele, Daniel QUALCOMM Incorporated

Comment Type S Comment Status X

[All of section 6] **The following comment to the IEEE-SA Standards Board Bylaws 4 Mar 2014 draft has not been resolved to the satisfaction of Qualcomm:** [Applicable to lines 34-36] The reference to orders that "limit" making, having made, etc. could be argued to apply to orders that require an infringer to pay an ongoing royalty, negotiate for a RAND license in good faith, or enter into a license that has been adjudicated to be RAND, because all such orders in some sense impose "limitations". **The PatCom Ad Hoc has rejected the suggested remedy and responded to the above comment with the following:** "The Prohibitive Order text is sufficiently clear. The judicial or arbitral determination of any terms is not a "limit." **Qualcomm disagrees that the text is sufficiently clear. Since the substantive point appears to be uncontroversial, would the PatCom Ad Hoc kindly amend the text as suggested.**

SuggestedRemedy

**Implement the suggested remedy or provide this comment and suggested remedy to PatCom to resolve the issues raised.** Delete reference to "limit".

Proposed Response Response Status O

comments

P1 L1 # 84  
 Hermele, Daniel QUALCOMM Incorporated

Comment Type S Comment Status X

[All of section 6] **The following comment to the IEEE-SA Standards Board Bylaws 4 Mar 2014 draft has not been resolved to the satisfaction of Qualcomm:** [Applicable to lines 34-36] The definition of "Prohibitive Order" is overly broad because it does not exclude orders issued by an adjudicator (eg a court or arbitrator) that has determined that a Submitter (patent holder) is in compliance with its licensing assurance with respect to a particular Applicant (potential licensee). Such an order cannot, by definition, result in any "patent hold up" and therefore should not be restricted in the IEEE patent policy. **The PatCom Ad Hoc has rejected the suggested remedy and responded to the above comment with the following:** "The policy does not limit a court or arbitrator from issuing findings of facts or conclusions of law." **Thank you for confirming your agreement. To avoid any possible misinterpretation, would the PatCom Ad Hoc kindly implement the change requested?**

SuggestedRemedy

**Implement the suggested remedy or provide this comment and suggested remedy to PatCom to resolve the issues raised.** Add to the end of the definition: "provided, however, that any order issued by an adjudicator that has determined that the Submitter is in compliance with its licensing assurance with respect to the Essential Patent Claims and with respect to the Applicant that are the subject of the order is not a Prohibitive Order."

Proposed Response Response Status O

P1 L1 # 85  
 Hermele, Daniel QUALCOMM Incorporated

Comment Type S Comment Status X

[All of section 6] **The following comment to the IEEE-SA Standards Board Bylaws 4 Mar 2014 draft has not been resolved to the satisfaction of Qualcomm:** [Applicable to lines 46-63] Qualcomm previously proposed the following additional factor: "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" It is unclear why the Ad Hoc rejected this suggestion, while insisting upon keeping controversial factors and other controversial language in the definition of "Reasonable Rate" stating that "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" It is widely recognised in industry licensing practice and as a matter of law that existing comparable license agreements represent important evidence of the reasonableness of terms. They often represent the best evidence. Qualcomm would like to receive an explanation of why the Ad Hoc "enshrines" certain factors and other language as requirements in a determination of Reasonable Rates, but neglects to include what is recognised in law and industry practice as the often the most relevant evidence. The suggestion to include the specific facts and circumstances surrounding existing licenses is acceptable and has been incorporated into the revised suggestion. We trust that this will now be acceptable to the Ad Hoc. However, if the Ad Hoc has any further drafting suggestions for the suggested additional factor, we suggest it proposes them rather than simply reject the suggestion. **The PatCom Ad Hoc has rejected the suggested remedy and responded to the above comment with the following:** "The draft patent policy lists those factors that should be considered when determining a "Reasonable Rate," but it does not attempt to list all the factors that may be considered and does not describe the kinds of evidence or information that parties or courts may consider in thinking about the factors identified in the policy." [emphasis added] **This suggests that, in the view of the PatCom Ad Hoc, the selective factors set out in the draft policy have a higher importance ("should be considered") than other factors ("may be considered"). However, the PatCom Ad Hoc does not appear to contest the comment that "existing comparable license agreements represent important evidence of the reasonableness of terms" as a matter of law. Why then does the PatCom Ad Hoc not implement the requested remedy or propose alternate formulations of the suggested remedy rather than simply reject the suggestion? For convenience, the proposed remedy has been amended to delete the phrase "fully compliant with the IEEE Standard" since the PatCom Ad Hoc has stated that this phrase is undefined. We note the the US Court of Appeal of the Federal Circuit has recently stated in *Apple v. Motorola*: "As we have held many times, using sufficiently comparable licenses is a generally reliable method of estimating the value of a patent." **An alternative suggested remedy using this formulation is provided.****

SuggestedRemedy

**Implement the suggested remedy or provide this comment and suggested remedy to PatCom to resolve the issues raised.** Add, above line 51 the following additional

comments

factor:<Any existing licenses covering the use of Essential Patent Claims taking into account the specific facts and circumstances surrounding such existing licenses and 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.> Alternatively, add above line 51 the following additional factor:<Any sufficiently comparable existing licenses covering the use of Essential Patent Claims taking into account the specific facts and circumstances surrounding such existing licenses and 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

P1 L1 # 87  
Hermele, Daniel QUALCOMM Incorporated

Comment Type S Comment Status X

[All of section 6] **The following comment to the IEEE-SA Standards Board Bylaws 4 Mar 2014 draft has not been resolved to the satisfaction of Qualcomm:** [Applicable to lines 46-63] The following factor appropriately reflects that public declarations or disclosures of expected license terms and conditions provided by the Submitter will be a relevant factor for consideration in any determination of a Reasonable Rate: "Any public declarations or disclosures of expected license terms and conditions covering the use of Essential Patent Claims for products fully compliant with the IEEE Standard provided by the Submitter." **The PatCom Ad Hoc has rejected the suggested remedy and responded to the above comment with the following:** "*The draft patent policy lists those factors that should be considered when determining a "Reasonable Rate," but it does not attempt to list all the factors that may be considered and does not describe the kinds of evidence or information that parties or courts may consider in thinking about the factors identified in the policy. ... The IEEE Patent Policy permits disclosure of "maximum" or "not to exceed" rates and that tool is available to Submitters today.*" **This suggests that, in the view of the PatCom Ad Hoc, the selective factors set out in the draft IEEE patent policy have a higher importance ("should be considered") than other factors ("may be considered"). However, the PatCom Ad Hoc does not appear to contest the fact that public declarations or disclosures of expected license terms and conditions provided by the Submitter are relevant factors particularly since the current IEEE patent policy allows voluntary disclosure of "(i) a not-to-exceed license fee or rate commitment, (ii) a sample license agreement, or (iii) one or more material licensing terms". Why then does the PatCom Ad Hoc not implement the requested remedy or propose alternate formulations of the suggested remedy rather than simply reject the suggestion? For convenience, the proposed remedy has been amended to delete the phrase "fully compliant with the IEEE Standard" since the PatCom Ad Hoc has stated in another comment response that this term is undefined.**

SuggestedRemedy

**Implement the suggested remedy or provide this comment and suggested remedy to PatCom to resolve the issues raised.** Add, above line 51 the following additional factor: <"Any public declarations or disclosures of expected license terms and conditions covering the use of Essential Patent Claims provided by the Submitter.>

Proposed Response Response Status

P1 L1 # 86  
Hermele, Daniel QUALCOMM Incorporated

Comment Type S Comment Status X

[All of section 6] **The following comment to the IEEE-SA Standards Board Bylaws 4 Mar 2014 draft has not been resolved to the satisfaction of Qualcomm:** [Applicable to lines 46-63] The current language contains a great deal of excess verbiage and is unbalanced in the selection of factors it chooses to highlight, as we discussed at the March 25 PatCom meeting. Notably, at that meeting we asked what the differences between the first and second bullets of the second draft were intended to be, and why the third bullet detracted from the first, and did not receive any clear answer. The definition should be replaced with one that is simple and balanced. **The PatCom Ad Hoc has rejected the suggested remedy and responded to the above comment with the following:** "*The proposed remedy can be logically reduced to "reasonable" means "reasonable" and is therefore not helpful in addressing the lack of guidance on this topic.*" **Does the PatCom Ad Hoc believe that the proposed remedy is a tautological definition of reasonable compensation? Is that "compensation based on the contribution of the relevant Essential Patent Claims to the product that implements the standard, taking into account all relevant information that the parties would have considered in a good-faith negotiation" is "reasonable compensation"? Or does the PatCom Ad Hoc believe that the proposed remedy is so obviously implicit in the meaning of "reasonable compensation" that it need not be made express? If yes to either of these questions, then, to avoid deprecating that meaning or definition by omission and by enshrining other express factors and language in IEEE patent policy, we suggest that the proposed remedy be implemented. If no, please explain what "The proposed remedy can be logically reduced to "reasonable" means "reasonable" means.**

SuggestedRemedy

**Implement the suggested remedy or provide this comment and suggested remedy to PatCom to resolve the issues raised.** Revise definition of Reasonable Rate to read "Reasonable Rate shall mean compensation based on the contribution of the relevant Essential Patent Claims to the product that implements the standard, taking into account all relevant information that the parties would have considered in a good-faith negotiation."

Proposed Response Response Status

comments

P1 L1 # 88  
 Hermele, Daniel QUALCOMM Incorporated

Comment Type S Comment Status X

[All of section 6] **The following comment to the IEEE-SA Standards Board Bylaws 4 Mar 2014 draft has not been resolved to the satisfaction of Qualcomm:** [Applicable to lines 46-63] The following factor appropriately reflects the need, in any determination of a Reasonable Rate, for license terms and conditions for successful technologies included in IEEE standards and covered by Essential Patent Claims to provide sufficient incentives for continued innovation in, participation in the development of, and contribution of patented inventions to IEEE standards, including providing a risk adjusted return that takes the risk of failed projects into account: "The need to provide sufficient incentives for continued innovation in, participation in the development of, and contribution of patented inventions to IEEE standards, including providing a risk adjusted return that takes the risk of failed projects into account." **The PatCom Ad Hoc has rejected the suggested remedy and responded to the above comment with the following:** "The value of an invention is based on its market value and not based on what the inventor spent to create it. In some cases, the return on investment for that invention will be greater than, and in some cases less than, what was spent on the creation of the invention." **While some inventions may find market adoption and others not, those inventions contributed to and selected for inclusion in IEEE standards on the basis of merit surely have market value in excess of their risk adjusted cost of creation taking failed projects into account? Does the PatCom Ad Hoc suggest that inventions selected for inclusion in IEEE standards in some cases will not even receive a return on investment equal to the expenditure incurred in creating the particular invention? We presume that the PatCom Ad Hoc statement that "the value of an invention is based on its market value" applies to both standards essential inventions as well a non-standards essential inventions. If not, please explain why not. If yes, Qualcomm also suggests replacing the definition of Reasonable Rate with a definition based on r "the market value of the Essential Patent Claims" or at the very least adding the factor "the market value of the Essential Patent Claims" to the list of factors. If the PatCom Ad Hoc declines to take up this suggestion, please explain why.**

SuggestedRemedy

**Implement the suggested remedy or provide this comment and suggested remedy to PatCom to resolve the issues raised.** Add, above line 51 the following additional factor: <"The need to provide sufficient incentives for continued innovation in, participation in the development of, and contribution of patented inventions to IEEE standards, including providing a risk adjusted return that takes the risk of failed projects into account.> In addition, add above line 51 the following additional factor<The market value of the Essential Patent Claims."> Alternatively, and preferably, please replace the definition of Reasonable Rate with a definition based on "the market value of the Essential Patent Claims".

Proposed Response Response Status O

P1 L1 # 89  
 Hermele, Daniel QUALCOMM Incorporated

Comment Type S Comment Status X

[All of section 6] **The following comment to the IEEE-SA Standards Board Bylaws 4 Mar 2014 draft has not been resolved to the satisfaction of Qualcomm:** [Applicable to lines 48-49] The language "and does not include the value, if any, resulting from the Essential Patent Claim's being essential to the IEEE Standard" 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, "resulting from the Essential Patent Claim's 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." It is unclear why the Ad Hoc rejected the suggestion which was previously submitted by Qualcomm, while insisting upon keeping controversial factors and other controversial language in the definition of "Reasonable Rate" stating that "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." Firstly, we ask the Ad Hoc why the fact that more units will be sold is considered to be sufficient to compensate the patent holder for the success of the standard since more units sold will also benefit the implementer of the standard? Secondly, the Ad Hoc is wrong to have assumed that the previously proposed amendment stops at the word "note" and we would appreciate a direct response from the Ad Hoc as to whether this previously proposed amendment containing verbatim a statement from the Department of Justice is compatible with the Ad Hoc's proposed language addressed in this suggestion. Nevertheless, we suggest an alternative formulation that may capture the point that it is at least in some circumstances appropriate for the patent holder to share in the success of the standard. If the Ad Hoc intends by this language that there are no circumstances in which it appropriate for the patent holder to share in the success of the standard to which it has contributed its patented technology, can the Ad Hoc please confirm this and explain why the implementer of the standard should not then also be prevented from benefitting from any success of the standard? **The PatCom Ad Hoc has rejected the suggested remedy and responded to the above comment with the following:** "The comment appears to assert that any surplus value generated by standards development should be divided between patent holders and implementers, rather than be provided to consumers. This assumption is contrary to the rationale for permitting standards-development activity in the first place – namely, that standards benefit consumers. ... As previously stated: 'A Submitter will participate in the value of a successful standard because more units reading on the Submitter's patent will be sold.'" **This is not a correct understanding of the comment and not responsive to the issues and questions raised. We asked why the fact that more units will be sold is**

comments

considered to be sufficient to compensate the patent holder for the success of the standard but not also the implementer since more units sold will also benefit the implementer of the standard? Please respond to this question. We also asked whether this previously proposed amendment containing verbatim a statement from the Department of Justice is compatible with the Ad Hoc's proposed language addressed in this suggestion. Please respond to this question. We also suggested an alternative formulation that at least in some circumstances it is appropriate for the patent holder to share in the success of the standard which has been rejected. This is a very modest proposal yet appears to be unacceptable. We asked if the Ad Hoc intends by the proposed language that there are no circumstances in which it appropriate for the patent holder to share in the success of the standard to which it has contributed its patented technology (please note that this question has nothing to do with number of units sold which benefits both implementer and patent holder). We have had no direct response. Please respond to this fundamental question. Finally, please confirm whether the the PatCom Ad Hoc believes that all of the value attributable to the success of a standard should benefit consumers and, if so, do they believe that implementers as well as patent holders should be required to pass all of the value of their standard compliant products and patents which is attributable to the success of the standard onto consumers?

*SuggestedRemedy*

**Implement the suggested remedy or provide this comment and suggested remedy to PatCom to resolve the issues raised.** Delete ", and does not include the value, if any, resulting from the Essential Patent Claim's being essential to the IEEE Standard" and amend clause beginning in line 48 to read ", and may at least in some circumstances include at least part of the value, if any, resulting from the Essential Patent Claim's being essential to the IEEE Standard".

*Proposed Response*      *Response Status*

	P 1	L 1	# 90
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Hermele, Daniel      QUALCOMM Incorporated

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

[All of section 6] **The following comment to the IEEE-SA Standards Board Bylaws 4 Mar 2014 draft has not been resolved to the satisfaction of Qualcomm:** [Applicable to line 49] Submitters, implementers and courts should not take into account any factors or other language which might be argued to require or suggest the use of the ex ante incremental value test whereby the value of a invention in an essential patent or Essential Patent Claim is determined as the theoretical incremental value over the "next best alternative" invention available prior to adoption of the standard or prior to so-called industry "lock-in". This test has been widely discredited by economists and courts. We note that the Ad Hoc has stated that '*The draft policy neither proposes nor rejects the "incremental value test."*' If the Ad Hoc rejects this suggestion, please can it explain whether it believes the draft policy, and in particular any proposed amendments, might require or suggest the use of the ex ante incremental value test? **The PatCom Ad Hoc has rejected the suggested remedy and responded to the above comment with the following: "Our previous answer to comment #29 from the last commenting round is complete. The proposed remedy would be contrary to our previous answer." However, the answer to comment #29 from the last commenting round was unresponsive. The Ad Hoc has stated that 'The draft policy neither proposes nor rejects the "incremental value test"'. This is not the same as our question and our proposed remedy. We asked the Ad Hoc to explain whether it intends that the draft policy, and in particular any proposed amendments, might require or suggest the use of the ex ante incremental value test? We have not received a response. It is important that this question be answered so that we can know the intent and meaning of the proposed changes to the IEEE patent policy. Please answer this question.**

*SuggestedRemedy*

**Implement the suggested remedy or provide this comment and suggested remedy to PatCom to resolve the issues raised.** Add sentence in line 49: "For the avoidance of doubt, nothing in section 6, whether expressly or impliedly, requires or suggests the use of the ex ante incremental value test be used in any determination of Reasonable Rates or other reasonable terms and conditions in accordance with a licensing assurance."

*Proposed Response*      *Response Status*

comments

Proposed Response

Response Status

P 1

L 1

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Hermele, Daniel

QUALCOMM Incorporated

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

[All of section 6] **The following comment to the IEEE-SA Standards Board Bylaws 4 Mar 2014 draft has not been resolved to the satisfaction of Qualcomm:** [Applicable to lines 51-56] Previously Qualcomm commented that "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." The proposed remedy was accepted in principle by the Ad Hoc, yet the suggested revision to what are now Bullets 1 and 2 was not taken up. There are three or four possibly distinct uses of the term "Compliant Implementation" in the definition of a "Reasonable Rate". Two uses occur in the first sentence and presumably refer to the same Compliant Implementation - ie the Compliant Implementation that is being licensed. Please confirm if this is correct. Two further uses occur in Bullets 1 and 2 respectively and appear to refer to the smallest saleable Compliant Implementation that practices a given individual Essential Patent Claim being considered and the smallest saleable Compliant Implementation that practices all Essential Patent Claims respectively. In the case of a Compliant Implementation being licensed that is not the smallest saleable Compliant Implementation - such as an end product - how do the two bulleted factors, which refer to two smallest saleable Compliant Implementations each of which may (or may not be) be a sub product of the Compliant Implementation being licensed, capture the value being driven by the Essential Patent Claim to the Compliant Product actually being licensed - such as the end product? **The PatCom Ad Hoc has rejected the suggested remedy and responded to the above comment with the following:** "The comment correctly identifies potentially inconsistent uses of Compliant Implementation. ... The text has been revised to address this. ... The proposed remedy is not helpful in addressing the lack of guidance on this topic." **This is not responsive. Please identify the amendments that have been made to the text to address the issue raised. Please respond to the question raised in respect of the new text. Ie - in the case of a Compliant Implementation being licensed that is not the smallest saleable Compliant Implementation - such as an end product - how do the two bulleted factors, which refer to two smallest saleable Compliant Implementations each of which may (or may not be) be a sub product of the Compliant Implementation being licensed, capture the value being driven by the Essential Patent Claim to the Compliant Product actually being licensed - such as the end product? This is an important question and the lack of response raises significant doubt as to whether the proposed changes to the IEEE patent policy would enable patent holders to adequately capture the the value their patented technologies drive to the product being licensed. If the intention of the proposed change is that patent holders should not be able to capture the the value their patented technologies drive to the product being licensed, please would the Ad Hoc expressly state this.**

SuggestedRemedy

**Implement the suggested remedy or provide this comment and suggested remedy to PatCom to resolve the issues raised. Delete bullets 1 and 2 on lines 51-56.**

comments

Hermele, Daniel P1 L1 # 92 QUALCOMM Incorporated

Comment Type S Comment Status X

[All of section 6] The following comment to the IEEE-SA Standards Board Bylaws 4 Mar 2014 draft has not been resolved to the satisfaction of Qualcomm: [Applicable to lines 51-56] Previously Qualcomm commented that "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." The proposed remedy was accepted in principle by the Ad Hoc, yet the suggested revision to what are now Bullets 1 and 2 was not taken up. There are three or four possibly distinct uses of the term "Compliant Implementation" in the definition of a "Reasonable Rate". Two uses occur in the first sentence and presumably refer to the same Compliant Implementation - ie the Compliant Implementation that is being licensed. Please confirm if this is correct. Two further uses occur in Bullets 1 and 2 respectively and appear to refer to the smallest saleable Compliant Implementation that practices a given individual Essential Patent Claim being considered and the smallest saleable Compliant Implementation that practices all Essential Patent Claims respectively. In the case of a Compliant Implementation being licensed that is not the smallest saleable Compliant Implementation such as an end product, how do the two bulleted factors - which refer to two smallest saleable Compliant Implementations each of which may (or may not be) be a sub product of the Compliant Implementation being licensed - capture the value being driven by the Essential Patent Claim to the Compliant Product actually being licensed such as the end product? The PatCom Ad Hoc has rejected the suggested remedy and responded to the above comment with the following: "The comment correctly identifies potentially inconsistent uses of Compliant Implementation. ... The text has been revised to address this. ... The proposed remedy is not helpful in addressing the lack of guidance on this topic." This is not responsive. Please identify the amendments that have been made to the text to address the issue raised. Please respond to the question raised in respect of the new text. ie - in the case of a Compliant Implementation being licensed that is not the smallest saleable Compliant Implementation - such as an end product - how do the two bulleted factors, which refer to two smallest saleable Compliant Implementations each of which may (or may not be) be a sub product of the Compliant Implementation being licensed, capture the value being driven by the Essential Patent Claim to the Compliant Product actually being licensed - such as the end product? This is an important question and the lack of response raises significant doubt as to whether the proposed changes to the IEEE patent policy would enable patent holders to adequately capture the the value their patented technologies drive to the product being licensed. If the intention of the proposed change is that patent holders should not be able to capture the the value their patented technologies drive to the product being licensed, please would the Ad Hoc expressly state this.

SuggestedRemedy

Implement the suggested remedy or provide this comment and suggested remedy to PatCom to resolve the issues raised. ALTERNATIVE Amend bullets 1 and 2 on lines 51-56 to read<The value of the functionality of the claimed invention or inventive feature

within the Essential Patent Claim relative to the value of the overall functionality of the Compliant Implementation that practices the Essential Patent Claim.> and <The value of the Essential Patent Claim relative to the aggregate value that all Essential Patent Claims contribute to the Compliant Implementation that practices such claims.>

Proposed Response Response Status O



comments

P1 L1 # 93  
 Hermele, Daniel QUALCOMM Incorporated

Comment Type S Comment Status X

[All of section 6] **The following comment to the IEEE-SA Standards Board Bylaws 4 Mar 2014 draft has not been resolved to the satisfaction of Qualcomm:** [Applicable to lines 55-56] Submitters, implementers and courts should not and cannot take into account any factors that rely on any theoretical "aggregate value" of all Essential Patent Claims. It is not possible to consider the universe of all Essential Patent Claims in actual licensing negotiations, and is it not sensible to base royalty rates on an hypothetical cumulative royalty rate figure that would be likely to result in actual royalty rates different than those negotiated in the real world. Current IPR policies, including the current IEEE patent policy do not define "Reasonable Rates" and 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. The Ad Hoc has rejected Qualcomm's suggestion to delete what is now the Bullet 2 in the definition of a "Reasonable Rate". Would the Ad Hoc please explain how Submitters, implementers and courts would practically go about considering this particular factor? How would they determine the universe of all Essential Patent Claims? How would they go about determining "the aggregate value" of all such claims? Would this involve individual valuations for all such claims and then some kind of aggregation approach? Or would this somehow involve considering the aggregate value without consideration of each Essential Patent Claim, and if so, how? In any case, how would any of these approaches relate to actual license terms the implementer may be subject to in the real world? It is important that IEEE patent policy be practically implementable in real world licensing. If the Ad Hoc is unable to explain how Submitters, implementers and courts would practically go about considering this particular factor, it would appear wise to leave it out. **The PatCom Ad Hoc has rejected the suggested remedy and responded to the above comment with the following:** "The second factor's methodology is feasible as demonstrated by the fact that it has been successfully utilized in determinations of 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". ... Note that the specific language for this factor has been edited." **This is unresponsive. The PatCom Ad Hoc should respond to the questions raised. If it does not it should explain why not. The questions are as follows: How would Submitters, implementers and courts would practically go about considering this particular factor? How would they determine the universe of all Essential Patent Claims? How would they go about determining "the aggregate value" of all such claims? Would this involve individual valuations for all such claims and then some kind of aggregation approach? Or would this somehow involve considering the aggregate value without consideration of each Essential Patent Claim, and if so, how? In any case, how would any of these approaches relate to actual license terms the implementer may be subject to in the real world?**

SuggestedRemedy

**Implement the suggested remedy or provide this comment and suggested remedy to PatCom to resolve the issues raised.** Delete bullet 2 on lines 55-56

Proposed Response Response Status O

P1 L1 # 94  
 Hermele, Daniel QUALCOMM Incorporated

Comment Type S Comment Status X

All of section 6] **The following comment to the IEEE-SA Standards Board Bylaws 4 Mar 2014 draft has not been resolved to the satisfaction of Qualcomm:** [Applicable to lines 58-64] It is better policy for any condition of reciprocity to relate to the provision of a licensing assurance that applies broadly rather than to a requirement to grant licenses bilaterally. Otherwise a holder of Essential Patent Claims that has not given a licensing assurance could access the standard by benefitting though others' licensing assurances (and granting licenses bilaterally where necessary) while simultaneously excluding any implementer that does not itself hold any Essential Patent Claims. **The PatCom Ad Hoc has rejected the suggested remedy and responded to the above comment with the following:** "If the IEEE is informed of any potentially Essential Patent Claim, there is a process by which licensing assurance can be requested. The draft policy reflects a choice to require only bilateral reciprocal licensing." **This is not truly responsive. The issue raised is not whether there is a process to request a license assurance or whether there was a deliberate choice in the current IEEE patent policy to require only bilateral reciprocal licensing (which Qualcomm believes is not the case in any event). Rather, the issue is whether it is fair that a holder of Essential Patent Claims that has not given a licensing assurance could access the standard by benefitting though others' licensing assurances (and granting licenses bilaterally where necessary) while simultaneously excluding any implementer that does not itself hold any Essential Patent Claims. This would be addressed by providing, as other standards IPR policies do, a condition of reciprocity that a patent holder may attach to its licensing assurance so that it is not obliged to offer licenses under Essential Patent Claims in accordance with the IEEE patent policy in the specific case of a potential licensee that also holds Essential Patent Claims but has not reciprocated by providing a corresponding license assurance. Would the Ad Hoc kindly respond to this issue by answering why it cannot now take a deliberate choice to adopt the proposed remedy to address this issue.**

SuggestedRemedy

**Implement the suggested remedy or provide this comment and suggested remedy to PatCom to resolve the issues raised.** Revise definition of "Reciprocal Licensing" to make the condition that the Applicant under a licensing assurance for a standard itself provide a licensing assurance for its Essential Patent Claims for that standard.

Proposed Response Response Status O

comments

P1 L1 # 95  
 Hermele, Daniel QUALCOMM Incorporated

Comment Type S Comment Status X

[All of section 6] **The following comment to the IEEE-SA Standards Board Bylaws 4 Mar 2014 draft has not been resolved to the satisfaction of Qualcomm:** [Applicable to lines 58-64] The language on lines 61-64 beginning with "including any amendments, corrigenda, editions, and revisions" could be read to suggest that, for example, a patent holder that is willing to give a license to its Essential Patent Claims applicable to 802.11ac but that is not willing to license its technology that has been included against its will in a future version of 802.11 (and who has complied with all notification requirements of the IEEE patent policy) somehow loses its right to obtain a RAND license to others' 802.11ac Essential Patent Claims. That is inappropriate. Moreover, to the extent the language is meant to say that, for example, a licensing assurance given with respect to 802.11ac applies to those 802.11ac Essential Patent Claims that are also Essential Patent Claims to a future version of 802.11 because functionality from 802.11ac was included in such future version, that contingency is covered elsewhere in the IEEE documents and is unnecessary and confusing here. **The PatCom Ad Hoc has rejected the suggested remedy and responded to the above comment with the following:** "An Applicant is not able to exclude any of its Essential Patent Claims for a standard from licensing when seeking a license from a Submitter who has demanded reciprocity. It would be unbalanced to allow a Submitter to exclude any of its Essential Patent Claims for that standard from licensing when the Applicant has no ability to do so. ... Amendments to IEEE Standards are temporal documents, and the text from amendments will, at some future time, necessarily be edited into the base standard. At that point the amendment is superseded. It is important that licensing assurances made for what was an amendment remain valid even after an amendment has been integrated into the base standard." [emphasis added] **This is unresponsive. Qualcomm believes that it is unfair that any patent holder, whether a Submitter benefitting under Reciprocal Licensing or an Applicant benefitting under an LOA and having Essential Patent Claims in the standard so also being a Submitter, that has properly refused to license technology included against its will in a future version of a standard be deprived of the benefit of Reciprocal Licensing in respect of an earlier version of the standard for which it is willing to license its technology. This appears unbalanced. Does the Ad Hoc believe that this is "reciprocal"?**

SuggestedRemedy

**Implement the suggested remedy or provide this comment and suggested remedy to PatCom to resolve the issues raised.** Delete the language on lines 61-64 beginning with "including any amendments, corrigenda, editions, and revisions" and continuing until the end of the definition.

Proposed Response Response Status O

P1 L1 # 96  
 Hermele, Daniel QUALCOMM Incorporated

Comment Type S Comment Status X

[All of section 6] **The following comment to the IEEE-SA Standards Board Bylaws 4 Mar 2014 draft has not been resolved to the satisfaction of Qualcomm:** [Applicable to lines 85-94] The references to "any Compliant Implementation" coupled the current definition of "Compliant Implementation" result in an expansion of licensing assurances to products that in reality have nothing to do with the standard. As noted above, "Compliant Implementation" refers to any product, component or sub-assembly that implements even the smallest portion of a standard - even a portion of the standard that is unpatented. For example, if a standard describes a product that has an on/off switch then any product that has such a switch is a "Compliant Implementation" and under the existing language a licensing assurance for the standard applies to any such product even if the Essential Patent Claim (eg for an on/off switch) is being used in a way that is not contemplated by the standard at all. **The PatCom Ad Hoc has accepted the suggested remedy in principle but not in text. Instead the PatCom has amended the licensing assurance to state "... any Compliant Implementation that implements the Essential Patent Claims for use in conforming with the IEEE Standard." [emphasis added] This is not acceptable to Qualcomm because it results in any product, component or sub-assembly that implements even the smallest portion of a standard, such as an on/off switch component or sub-assembly, falling within the scope of the licensing assurance if such on/off switch component or sub-assembly can be said to be "for use in conforming with the the IEEE standard" even if it can be used for other purposes. Eg. an on/off switch component or sub-assembly that can be used in a number of different products including a product that conforms with the IEEE standard, but other non conforming products as well, would be included within the scope of the licensing assurance. We would like the PatCom Ad Hoc to explain why the use of such a component or sub-assembly is required to "conform with the standard" (which we presume is the whole IEEE standard, please correct if this is wrong) whereas the scope of the licensing assurance itself and other proposed amendments to the IEEE Patent Policy (most notably the two bulleted factors listed in the definition of "Reasonable Rate") are addressed to any component or sub-assembly that conforms only to "any mandatory or optional portion" of the IEEE standard. What is the justification for the distinction between the use of the component and the component itself in the scope of the licensing assurance and in other proposed amendments to the IEEE Patent Policy (most notably the two bulleted factors listed in the definition of "Reasonable Rate")? In the absence of a satisfactory explanation, please adopt the suggested textual remedy.**

SuggestedRemedy

**Implement the suggested remedy or provide this comment and suggested remedy to PatCom to resolve the issues raised.** Revise definition of Compliant Implementation and change references to "any Compliant Implementation" to "Compliant Implementations that implement the Essential Patent Claims in the manner and for the purpose described in the IEEE standard".

Proposed Response Response Status O

comments

Hermele, Daniel P2 L 48 # 97  
 QUALCOMM Incorporated

Comment Type S Comment Status X

[Lines 48-65] The definition of "Reasonable Rate" lists two bulleted factors that are expressed in terms of a "smallest saleable Compliant Implementation" and so apply to "any product, component or sub-assembly that conforms to any mandatory or optional portion of an IEEE standard". However, the definition of "Reasonable Rate" also excludes the value, if any, resulting from the inclusion of technology in "the IEEE Standard." Can the PatCom Ad Hoc please explain why the exclusion of such value (which do not accept is appropriate) resulting from the inclusion of technology is expressed in respect of "the IEEE Standard" **(which we presume is the whole IEEE standard, please correct if this is wrong and explain what the scope of "the IEEE standard" is in this formulation is if not the whole IEEE standard)** whereas the two bulleted factors are expressed in terms of a smallest saleable "portion" of the IEEE standard? What is the reason for this inconsistency? This comment raises a fundamental issue as to the meaning of the definition of "Reasonable Rate" and the meanings of "Compliant Implementation" in that definition and "the IEEE standard" and is at the least very unclear.

SuggestedRemedy

Either conform the exclusion of value resulting from the inclusion of technology to the corresponding portion of the IEEE standard or, preferably, delete the definition and occurrences of Compliant Implementation and revert the scope of the licensing assurance to the previous language "a compliant implementation of the standard" and amend the policy elsewhere as necessary.

Proposed Response Response Status O

Hermele, Daniel P2 L 48 # 98  
 QUALCOMM Incorporated

Comment Type S Comment Status X

[Lines 48-65] The definition of "Reasonable Rate" lists two bulleted factors that are expressed in terms of a "smallest saleable Compliant Implementation" and so apply to "any product, component or sub-assembly that conforms to any mandatory or optional portion of an IEEE standard" however small that portion may be. For example, if a standard describes a product that has an on/off switch then any on/off switch component or sub-assembly is a "Compliant Implementation". Let us suppose that the on/off switch component is covered by a patent claiming the invention of an on/off switch. Can the PatCom Ad Hoc please explain how the two bulleted factors would operate in determining a Reasonable Rate? Firstly, what is the value that the on/off switch invention contributes to the value of the on/off switch component? Secondly, what is the value that the on/off switch invention contributes to the on/off switch component in light of the value contributed by all Essential Patent Claims for the IEEE Standard? Thirdly, why is the value of all Essential Patent Claims for the IEEE Standard relevant to the value that the on/off switch invention contributes to the on/off switch component, particularly if the on/off switch component may be used in a way that is not contemplated by the standard at all? Without a clear and practical understanding of how the two bulleted factors would apply in this simple example, it would appear wise to delete the two bulleted factors.

SuggestedRemedy

Delete the sentence containing the two bulleted factors in the definition of "Reasonable Rate"

Proposed Response Response Status O

Hermele, Daniel P2 L 48 # 99  
 QUALCOMM Incorporated

Comment Type S Comment Status X

[Lines 48-65] The definition of "Reasonable Rate" lists two bulleted factors that are expressed in terms of a "smallest saleable Compliant Implementation" and so apply to "any product, component or sub-assembly that conforms to any mandatory or optional portion of an IEEE standard". For example, if a standard describes a product that has an on/off switch then any on/off switch component or sub-assembly is a "Compliant Implementation" even if it is being used in a way that is not contemplated by the standard at all. It appears, then, that the two bulleted factors would apply to an on/off switch component or sub-assembly even if it is used in a way that is not contemplated by the standard at all. This is confusing and should be corrected.

SuggestedRemedy

Revise definition of Compliant Implementation and change references to "any Compliant Implementation" to "Compliant Implementations that implement the Essential Patent Claims in the manner and for the purpose described in the IEEE standard".

Proposed Response Response Status O

comments

P1 L1 # 100  
 Hermele, Daniel QUALCOMM Incorporated

Comment Type S Comment Status X

[All of section 6] **The following comment to the IEEE-SA Standards Board Bylaws 4 Mar 2014 draft has not been resolved to the satisfaction of Qualcomm:** [Applicable to lines 92-94] It is not clear whether the sentence spanning lines 92-94 "Such a statement signifies that reasonable terms and conditions [...] are sufficient compensation for a license to use those Essential Patent Claims" is intended to suggest that injunctions should never be available as a result of the application of equitable factors or other discretionary factors that may apply in certain jurisdictions. Blackberry made a comment in the previous round of comments that "*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.*" In response to this comment, the Ad Hoc stated that "*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.*" While it is helpful to hear that the the draft policy as a whole does not ban Prohibitive Orders except in certain circumstances (presumably the very limited described in page 3, lines 125-131), the Ad Hoc's statement is not entirely responsive to Blackberry's comment. We would like confirmation that the sentence spanning lines 92-94 in particular does not relate to the availability of injunctions. We cannot understand what the Ad Hoc means when it states "*The draft does not suggest that this list is incomplete*" and would be grateful for clarification. What list is the Ad Hoc referring to and what does it mean not to suggest that this list is incomplete? **We thank the Ad Hoc for its explanation of the error in its response to Blackberry. However, the main issue raised by the comment (and by Blackberry's previous comment) has not been answered. We would appreciate confirmation from the Ad Hoc that the sentence "Such a statement signifies that reasonable terms and conditions [...] are sufficient compensation for a license to use those Essential Patent Claims" does not relate to the availability of injunctions under equitable factors or other discretionary factors that may apply in certain jurisdictions and we would appreciate implementation of the suggested remedy to avoid any such possible misinterpretation.**

SuggestedRemedy

**Implement the suggested remedy or provide this comment and suggested remedy to PatCom to resolve the issues raised.** Add after sentence spanning lines 92-94 the following sentence: "For the avoidance of doubt, the preceding sentence is not intended to and does not limit in any way the availability of Prohibitive Orders for Essential Patent Claims as a result of the application of any equitable factors or other discretionary factors that may apply in any jurisdiction."

Proposed Response Response Status O

P1 L1 # 101  
 Hermele, Daniel QUALCOMM Incorporated

Comment Type S Comment Status X

[All of section 6] The following comment to the IEEE-SA Standards Board Bylaws 4 Mar 2014 draft has not been resolved to the satisfaction of Qualcomm: [Applicable to lines 92-94] It is not clear whether the sentence spanning lines 92-94 "Such a statement signifies that reasonable terms and conditions [...] are sufficient compensation for a license to use those Essential Patent Claims" is intended to suggest that injunctions should never be available as a result of the application of equitable factors or other discretionary factors that may apply in certain jurisdictions. Blackberry made a comment in the previous round of comments that "*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.*" In response to this comment, the Ad Hoc stated that "*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.*" While it is helpful to hear that the the draft policy as a whole does not ban Prohibitive Orders except in certain circumstances (presumably the very limited described in page 3, lines 125-131), the Ad Hoc's statement is not entirely responsive to Blackberry's comment. We would like confirmation that the sentence spanning lines 92-94 in particular does not relate to the availability of injunctions. We cannot understand what the Ad Hoc means when it states "*The draft does not suggest that this list is incomplete*" and would be grateful for clarification. What list is the Ad Hoc referring to and what does it mean not to suggest that this list is incomplete? Further, if it is not intended to suggest that injunctions should never be available under any equitable factors or other discretionary factors that may apply in certain jurisdictions, we would be grateful for an explanation of what the sentence spanning lines 92-94 is intended to achieve. Failing adequate explanation, it would seem wise to delete the sentence. We thank the Ad Hoc for its explanation of the error in its response to Blackberry. However, the main issue raised by the comment (and by Blackberry's previous comment) has not been answered. We would like confirmation that the sentence spanning lines 92-94 in particular does not relate to the availability of injunctions.

SuggestedRemedy

**Implement the suggested remedy or provide this comment and suggested remedy to PatCom to resolve the issues raised.** Delete sentence spanning lines 92-94 "Such a statement signifies that reasonable terms and conditions [...] are sufficient compensation for a license to use those Essential Patent Claims"

Proposed Response Response Status O

P1 L1 # 102  
 Hermele, Daniel QUALCOMM Incorporated

Comment Type S Comment Status X

[All of section 6] **The following comment to the IEEE-SA Standards Board Bylaws 4 Mar 2014 draft has not been resolved to the satisfaction of Qualcomm:** [Applicable to lines 102-105] Despite repeated comments from Qualcomm and others that the proposed sentence now spanning lines 102 - 105 would introduce a new and fundamental potential limitation on the ability of patent holders to obtain reasonable licensing terms, the proposal remains unchanged. Qualcomm previously suggested deleting or revising the sentence now spanning lines 102 - 105 on the basis that the proposed change would prohibit a Submitter from requesting any cross-license that goes beyond the Essential Patent Claims 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 notwithstanding the recognized benefits of broad, potentially portfolio-wide licenses and cross-licenses. The Ad Hoc has stated that *'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."' [emphasis added]*

The Ad Hoc's statement is not truly responsive to Qualcomm's comment. While a Submitter and an implementer may voluntarily negotiate any license under terms mutually agreeable to both parties, the proposed changes would appear to enable the implementer, at its sole discretion and preference, to refuse any license or cross-license offered by the Submitter that goes beyond the Essential Patent Claims for the particular IEEE standard notwithstanding that such a broader license or cross-license may be reasonable - ie in compliance with its licensing assurance. An implementer may then seek to argue that it is entitled to be granted a license or cross-license limited to only the Essential Patent Claims under the Submitter's licensing assurance. As such, the proposed change may place a new limitation on reasonable terms that a Submitter may be able to obtain in a license for its Essential Patent Claims at the discretion and preference of the implementer. This is wholly unjustified. **The PatCom Ad Hoc has rejected the suggested remedy and responded to the above comment with the following:** *"The statement that an Applicant may refuse to take a license to patent claims not essential to the relevant IEEE standard as a condition for taking a license to Essential Patent Claims is a correct understanding of the draft policy. ... The draft policy is consistent with suggestions from a number of regulators requesting that SDOs address this topic. ... Regarding the cross-licensing of Essential Patent Claims, the 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 as to whether any "limitation on reasonable terms" is or is not new. We note the following statement from the March 2014 Patcom minutes: ... "... 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." [emphasis added] This answer is unresponsive. Please respond to Qualcomm's comment and answer the following questions. 1) Does the*

PatCom believe that the proposed sentence spanning lines 102 – 105 introduces a limitation on reasonable terms or not? This is an important and reasonable question to ask in considering our response the proposed text. Either there is a "limitation on reasonable terms" or there isn't. Please respond. 2) What does the Ad Hoc mean by *"We do not comment as to whether any "limitation on reasonable terms" is or is not new"*? If there is any limitation introduced by the proposed sentence, then surely it is new? Please confirm. 3) What does the PatCom Ad Hoc mean by its statement *"The draft policy ... does preclude refusing to grant a license if the implementer prefers other reasonable terms"*? Does it mean the draft policy as a whole or the sentence referred to in this comment? Either way, does the PatCom Ad Hoc mean that the draft policy **introduces** a limitation on reasonable terms that the patent holder may obtain for a license in accordance with its licensing assurance if the implementer prefers other reasonable terms? Or does the Pat Com Ad Hoc believe that a limitation on reasonable terms that the patent holder may obtain for a license in accordance with its licensing assurance if the implementer prefers other reasonable terms **already exists** in the current IEEE patent policy? Either way, will the Ad Hoc please explain in detail why a patent holder that has offered reasonable terms in accordance with its contractual licensing commitment should nevertheless be precluded from refusing to license because *"the implementer prefers other reasonable terms"*? Where is this supposed limitation *"if the implementer prefers other reasonable terms"* to be found in IEEE patent policy, current or proposed? Please answer these important questions.

SuggestedRemedy

**Implement the suggested remedy or provide this comment and suggested remedy to PatCom to resolve the issues raised.** Delete sentence spanning lines 102-105: "The Submitter shall not require the Applicant (a) to grant a license to any of the 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 O

P1 L1 # 103  
 Hermele, Daniel QUALCOMM Incorporated

Comment Type S Comment Status X

[All of section 6] **The following comment to the IEEE-SA Standards Board Bylaws 4 Mar 2014 draft has not been resolved to the satisfaction of Qualcomm:** [Applicable to lines 102-105] Despite repeated comments from Qualcomm and others that the proposed sentence now spanning lines 102 - 105 would introduce a new and fundamental potential limitation on the ability of patent holders to obtain reasonable licensing terms, the proposal remains unchanged. Qualcomm previously suggested deleting or revising the sentence now spanning lines 102 - 105 on the basis that the proposed change would prohibit a Submitter from requesting any cross-license that goes beyond the Essential Patent Claims 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 notwithstanding the recognized benefits of broad, potentially portfolio-wide licenses and cross-licenses. The Ad Hoc has stated that *'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."' [emphasis added]*  
 The Ad Hoc's statement is not truly responsive to Qualcomm's comment. While a Submitter and an implementer may voluntarily negotiate any license under terms mutually agreeable to both parties, the proposed changes would appear to enable the implementer, at its sole discretion and preference, to refuse any license or cross-license offered by the Submitter that goes beyond the Essential Patent Claims for the particular IEEE standard notwithstanding that such a broader license or cross-license may be reasonable - ie in compliance with its licensing assurance. An implementer may then seek to argue that it is entitled to be granted a license or cross-license limited to only the Essential Patent Claims under the Submitter's licensing assurance. As such, the proposed change may place a new limitation on reasonable terms that a Submitter may be able to obtain in a license for its Essential Patent Claims at the discretion and preference of the implementer. This is wholly unjustified. **The PatCom Ad Hoc has rejected the suggested remedy and responded to the above comment with the following:** *"The statement that an Applicant may refuse to take a license to patent claims not essential to the relevant IEEE standard as a condition for taking a license to Essential Patent Claims is a correct understanding of the draft policy. ... The draft policy is consistent with suggestions from a number of regulators requesting that SDOs address this topic. ... Regarding the cross-licensing of Essential Patent Claims, the 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 as to whether any "limitation on reasonable terms" is or is not new. We note the following statement from the March 2014 Patcom minutes: ... "... 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." [emphasis added] This answer is unresponsive. Please respond to Qualcomm's comment and answer the following questions. 1) Does the*

PatCom believe that the proposed sentence spanning lines 102 – 105 introduces a limitation on reasonable terms or not? This is an important and reasonable question to ask in considering our response the proposed text. Either there is a "limitation on reasonable terms" or there isn't. Please respond. 2) What does the Ad Hoc mean by *"We do not comment as to whether any "limitation on reasonable terms" is or is not new"*? If there is any limitation introduced by the proposed sentence, then surely it is new? Please confirm. 3) What does the PatCom Ad Hoc mean by its statement *"The draft policy ... does preclude refusing to grant a license if the implementer prefers other reasonable terms"*? Does it mean the draft policy as a whole or the sentence referred to in this comment? Either way, does the PatCom Ad Hoc mean that the draft policy **introduces** a limitation on reasonable terms that the patent holder may obtain for a license in accordance with its licensing assurance if the implementer prefers other reasonable terms? Or does the Pat Com Ad Hoc believe that a limitation on reasonable terms that the patent holder may obtain for a license in accordance with its licensing assurance if the implementer prefers other reasonable terms **already exists** in the current IEEE patent policy? Either way, will the Ad Hoc please explain in detail why a patent holder that has offered reasonable terms in accordance with its contractual licensing commitment should nevertheless be precluded from refusing to license because *"the implementer prefers other reasonable terms"*? **Where is this supposed limitation** *"if the implementer prefers other reasonable terms"* to be found in IEEE patent policy, current or proposed? Please answer these important questions.

Suggested Remedy

**Implement the suggested remedy or provide this comment and suggested remedy to PatCom to resolve the issues raised.** ALTERNATIVE: Revise sentence spanning lines 102-105 to read: "The Submitter of a Letter of Assurance may make any license offer that is compliant with its licensing assurance in full and final satisfaction of any obligation to make a license available to an Applicant. Subject to the preceding sentence, the Submitter shall not require the Applicant (a) to grant a license to any of the 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

comments

Hermele, Daniel P 1 L 1 # 104  
 QUALCOMM Incorporated

Comment Type S Comment Status X

[All of section 6] **The following comment to the IEEE-SA Standards Board Bylaws 4 Mar 2014 draft has not been resolved to the satisfaction of Qualcomm** [Applicable to lines 102-105] The Ad Hoc has also stated that "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." Would the Ad Hoc please explain how this conclusion follows from its premise? Would the Ad Hoc also kindly confirm whether by "reciprocity" they mean the condition of Reciprocal Licensing that the Submitter of a Letter of Assurance may at its sole discretion and preference attach as a condition of its licensing assurance, or (as we suspect) the sentence spanning lines 102-105 that "*The Submitter shall not require the Applicant (a) to grant a license to any of the 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.*" If so, would the Ad Hoc please explain what connection the sentence in line 102 regarding the optional condition of reciprocity has with the sentence spanning lines 102-105 which places a new potential limitation on reasonable terms that a Submitter may be able to obtain in a license for its Essential Patent Claims at the discretion and preference of the implementer? Moreover, Qualcomm is not aware of any regulator statements in support a per se rule that would enable an implementer at its sole discretion and preference to refuse any license or cross-license offered by the Submitter that goes beyond the Essential Patent Claims for the particular IEEE standard and demand the Submitter grant a license or cross-license limited to only the Essential Patent Claims in fulfillment of its licensing assurance, notwithstanding that such a broader license or cross-license may be reasonable. To the contrary, statements from regulators in the US and Europe have suggested that any competition law concern would not be a per se rule. The European Commission in its Google/Motorola Mobility merger decision has stated: "*Depending on the circumstances, it may be that the threat of injunction, the seeking of an injunction or indeed the actual enforcement of an injunction granted against a good faith potential licensee may significantly impede effective competition by, for example, forcing the potential licensee into agreeing to potentially onerous licensing terms which it would otherwise not have agreed to. These onerous terms may include, for example, a higher royalty than would otherwise have been agreed. Another concern would be that the SEP holder may force a holder of non-SEPs to cross-license those non-SEPs to it in return for a licence of the SEPs.*" Accordingly, the proposed change is not reasonable, appropriate or consistent with at least the quoted statement of the European Commission. **The PatCom Ad Hoc has rejected the suggested remedy and responded to the above comment with the following:** "*The sentence formerly spanning 102-105 applies to all licenses and not just reciprocal ones. The ordering of the text has been edited to make this clear.*" **This is not responsive. We have asked reasonable questions and expect a reply on these important issues. Additionally, please explain what a "reciprocal license" is. Is it a license satisfying the proposed new definition of "Reciprocal Licensing"?**

SuggestedRemedy

**Implement the suggested remedy or provide this comment and suggested remedy to PatCom to resolve the issues raised.** Delete sentence spanning lines 102-105: "The

Submitter shall not require the Applicant (a) to grant a license to any of the 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 O

Freedman, Barry P 1 L 18 # 105  
 Alcatel-Lucent

Comment Type S Comment Status X

This comment pertains to lines 18-19. Not clear why components or other portions of products should be mentioned explicitly.

SuggestedRemedy

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

Proposed Response Response Status O

Freedman, Barry P 2 L 46 # 106  
 Alcatel-Lucent

Comment Type S Comment Status X

This comment pertains to lines 46-50. "Reasonable Rate" definition expressly excludes the value, if any, of the Essential Patent Claim being essential to the IEEE Standard. However, there are instances where inventions are made specifically for the purpose of standardization, involving perhaps a substantial investment by the developer. If the proposed wording was to be adopted, such inventions would have no value.

SuggestedRemedy

Delete the phrase beginning "and does not include" to the end of the sentence.

Proposed Response Response Status O

comments

Freedman, Barry P 2 L 46 # 107  
Alcatel-Lucent

Comment Type S Comment Status X

This comment pertains to lines 46-56. "Reasonable Rate" definition lists two particular factors, both 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). We continue to believe that the listing of two factors to the exclusion of others unfairly suggests that these factors are dominant or more important than those factors not explicitly enumerated.

SuggestedRemedy

Remove the two bullets (Lines 51-56); 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 Submitter and an Applicant 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 O

Freedman, Barry P 2 L 55 # 108  
Alcatel-Lucent

Comment Type S Comment Status X

This comment pertains to lines 55-56. Calculation of "all Essential Claims" is theoretical, practically difficult to accomplish, and not universally accepted. Accordingly, whether this factor should be used to determine a reasonable royalty should be left to the adjudicator.

SuggestedRemedy

See comment immediately above for rewording for this section.

Proposed Response Response Status O

Freedman, Barry P 4 L 129 # 109  
Alcatel-Lucent

Comment Type S Comment Status X

This comment pertains to lines 129-139. Current wording excludes the opportunity to seek an injunction while refraining from enforcing it. Regarding the Reasonable Rate adjudication, there are significant efficiencies associated with global portfolio adjudication and internationally recognized arbitration tribunals are best suited to carry out this task. Validity and essentiality may be raised as arguments influencing the Reasonable Rate but there should be no determination made as to these issues. Having to litigate all these issues in front of courts patent by patent and country by country, including appeals, would greatly diminish the chances of a Submitter ever receiving reasonable compensation.

SuggestedRemedy

A Submitter shall not Exclude an Applicant, other than one in breach of a license agreement with the Submitter covering such Essential Patent Claim, unless the Applicant 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 not resolved within a reasonable negotiation period not exceeding 12 months to participate in, and be bound by, Appropriate Adjudication. "Exclude" shall mean to actually enjoin (e.g. through enforcing a Prohibitive Order) from implementing the IEEE standard referenced in such LOA. "Appropriate Adjudication" shall mean a fair, independent and internationally recognized adjudication process (in the case of a global portfolio license offer by the Submitter, arbitration) to determine whether any set of license terms and conditions offered by the Submitter is not inconsistent with its LOA and in the case of a determination of inconsistency, determine the Reasonable Rates. For the avoidance of doubt, this provision shall not preclude a Submitter from seeking to Exclude an Applicant, provided that any right to Exclude granted to the Submitter is not exercised except in accordance with the other provisions of this Section.

Proposed Response Response Status O



comments

Kallay, Dina P1 L1 # 110

Comment Type S Comment Status X  
(Lines 1-178; 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 hereby repeats and reiterates the comments it made in Comment # 48 of the May 10 Comment Dispositions document (hereinafter "May CD Document), that incorporates by reference Comments # 36, 37 and 38 of the March 4 Comment Dispositions document see

[http://grouper.ieee.org/groups/pp-dialog/drafts\\_comments/PatCom\\_sort\\_by\\_commentID\\_040314.pdf](http://grouper.ieee.org/groups/pp-dialog/drafts_comments/PatCom_sort_by_commentID_040314.pdf)

(hereinafter "March CD Document")

The ad-hoc Committees ongoing disregard for the vast majority of the hundreds of comments submitted to date, and the short unsupported statements it provides in "response," serve as further evidence, if any was needed, for the profound procedural flaws plaguing the current process.

For example, the ad-hoc's dismissive "response" to detailed arguments brought up in Comment # 44 of the March CD Document, was:

"The Draft is balanced fair and reasonable"

Such a "response" is unacceptable, let alone when offered by a closed ad-hoc group.

*SuggestedRemedy*

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 O

Kallay, Dina P1 L1 # 111

Comment Type S Comment Status X  
(Lines 1-178; Text continues through page 5)

Releasing the May draft on Saturday (May 10) and allowing stakeholders only 10 working days for comments on it is an unacceptable time frame, let alone when there is no clear reason for rushing this

Can the ad-hoc please explain why it is rushing the process without allowing stakeholders appropriate time to study what it is doing?

*SuggestedRemedy*

Allow stakeholders adequate time until the August meeting to provide further comments on the draft.

Proposed Response Response Status O

Kallay, Dina P1 L1 # 112

Comment Type S Comment Status X  
(Lines 1-178; Text continues through page 5)

The ad-hoc drafting committee is extremely imbalanced, because it is only open to three members of the ad-hoc - the current ad hoc chair, the previous PatCom chair and the current PatCom chair.

*SuggestedRemedy*

Open the drafting process to all ad-hoc members.

Proposed Response Response Status O

comments

Kallay, Dina P1 Ericsson L1 # 113

Comment Type S Comment Status X  
 (Lines 1-178; Text continues through page 5)

To the extent applicable to this new May 2014 draft, Ericsson repeats all the comments it submitted in September and December 2013 and April 2014, that were almost entirely dismissed.

*SuggestedRemedy*

Proposed Response Response Status O

Kallay, Dina P1 Ericsson L 18 # 114

Comment Type S Comment Status X  
 (Lines 18-19)

The proposed new “Compliant Implementation” definition that includes the new word “component” proposes a significant deviation from the current IEEE-SA patent policy, and is unacceptable to Ericsson for the reasons detailed in Ericsson’s 3 previous sets of submissions, all of which were briefly dismissed.

If this language is adopted, Ericsson is likely to have to reconsider its ability to contribute proprietary technology to IEEE future LOA relating to its proprietary technology, which may limit the technologies available on RAND rates for future IEEE Standards. Such result may compromise future IEEE standards.

Now that the Ad-hoc has added the words “**mandatory or optional**” to line 19, it has made it clear that it is choosing an impractical text because something which implements only optional portions is not necessarily “compliant” with a standard. The text needs to be amended.

The new text attempts to significantly expand future RAND commitments beyond where they currently apply. If adopted, such a change may have consequences for technology made available to future IEEE standards

*SuggestedRemedy*

Suggested new “Compliant Implementation” definition should not be adopted

Alternatively, at a minimum, delete the added words “or optional” and the mandated component element, so that lines 18-19 would read:

“Compliant Implementation” shall mean any product or service ~~(e.g. component, sub-assembly, or end-product)~~ that conforms to any mandatory ~~or optional~~ portion of a normative clause of an IEEE Standard.”

Proposed Response Response Status O

comments

Kallay, Dina P 1 L 34 # 115  
 Ericsson  
 Comment Type S Comment Status X  
 (Lines 34-36)  
 See comments below to proposed new text in lines 129-139  
 Suggested Remedy  
 Proposed Response Response Status O

Kallay, Dina P 2 L 46 # 116  
 Ericsson  
 Comment Type S Comment Status X  
 (Lines 46-56)

**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.

For that reason, Ericsson objects to the narrow definition proposed in rows 46-56

The Georgia Pacific factors set out 15 evidentiary rules aimed at assisting in calculating adequate royalties/damages. It is unclear why the Ad-Hoc has chosen to focus on two of specific evidentiary rules, and thus render them more important than other. In addition the second proposed rules, in lines 54-56 is divorced from market reality, because in practice it is the added value to the "end user" that dictates how much more a consumer would be willing to pay for a product that implements proprietary technology.

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, and therefore fails to improve the clarity that the proposed amendments allegedly aim to achieve. Another reason for the importance of deleting the term "smallest saleable Compliant Implementation" is the 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 try and impose 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 in the December 2013 CD Document 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 ongoing rejection of Ericsson's comment previous proposal to add this factor, by



comments

*SuggestedRemedy*

After line 56 add: "the Reasonable rate shall be calculated on the on a worldwide basis" implementer's usage of the patents

*Proposed Response*      *Response Status*

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*P 2*      *L 50*      #

Kallay, Dina      Ericsson

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

Lines 50-56: 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. PatCom is invited to provide an example of how it envisions such analysis to be carried out.

The suggested text is especially puzzling in light of the Ad-Hoc's stated goal of promoting clarity.

*SuggestedRemedy*

Proposed text in lines 50-56 should be deleted.

*Proposed Response*      *Response Status*

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*P 2*      *L 58*      #

Kallay, Dina      Ericsson

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

(Lines 58-63)

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*

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*P 3*      *L 89*      #

Kallay, Dina      Ericsson

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

(Lines 89-97)

The new text in lines 88-90 contradicts the current industry practice of licensing on the OEM level. While PatCom has refused to confirm this market reality, note that in one of its Business Review Letters, the DOJ has acknowledged and therefore de facto blessed this industry practice – see

<http://www.justice.gov/atr/public/busreview/215742.htm> at FN 19.

The proposed new text in lines 89-91 attempts to change this long time industry practice. The resulting patent exhaustion may interfere with some patent holders ability to bring their products to the market. Such a harsh result is serious an unnecessary. If PatCom's aim, as it should be, is simply to ensure that all implementers have access to the standard, there is an easy textual fix to this problem – see to the right. Rejecting this fix may suggest that the real aim behind this exercise is something different than allowing access to the standard.

The Ad-Hoc's response to Comment #56 in the May CD Document is formalistic, and runs against the core rationale behind the policy.

It is well known and widely accepted that the purpose of SDOs' FRAND commitments is to ensure \*access\* to the technology to all those wishing to implement the standard. See for example:

- The European Commission's recent, April 29 2014 memo entitled "Antitrust decisions on standard essential patents (SEPs) - Motorola Mobility and Samsung Electronics - Frequently asked questions" and available at [europa.eu/rapid/press-release\\_MEMO-14-322\\_en.doc](http://europa.eu/rapid/press-release_MEMO-14-322_en.doc) where the Commission explains:

1.

"Standards bring benefits to consumers and businesses alike in terms of interoperability and innovation. It is therefore important that the standardised technology is accessible to all interested parties at reasonable conditions. In order to ensure such access, standard-setting organisations require that patent holders commit to license their SEPs on fair, reasonable and non-discriminatory (FRAND) terms."

The FTC January 2013 press release in its Motorola Mobility and Google Matter, available at

<http://www.ftc.gov/news-events/press-releases/2013/01/google-agrees-change-its-business-practices-resolve-ftc>

which explains that:

"Under a settlement reached with the FTC, Google will meet its prior commitments to allow competitors access – on fair, reasonable, and non-discriminatory terms – to patents on

comments

critical standardize technologies”

Where a patent right is not being asserted against an implementer, that implementer de facto enjoys royalty free access to that proprietary technology, and therefore has no need for any license. The suggested edit, that was rejected in Comment # 56 of the May DC Document, ensures such unobstructed free usage of the standard, and its rejection by the Ad-Hoc suggests the Ad-Hoc’s drafting committee may be motivated by means that are very different than that of IEEE S.A as a standards development organization.

The formalistic language to which the Ad-Hoc refers was drafted during a time when most, if not all, implementers also manufactured their own components. Therefore the question was of where to license on the value chain was moot. However, market realities have changed, and as demonstrated above, sticking to the language while ignoring the true rational behind the policy suggests that the Ad-Hoc may be motivated by considerations that are very different from the goals of the patent policy.

*SuggestedRemedy*

The proposed new text, and especially the proposed new text in lines 89-91, is unbalanced, unacceptable, and should be deleted.

In the alternative the following revisions should be made to line 89 et seq.:

“A statement that the Submitter will make available to any party against whom it asserts its rights, a license for Essential Patent Claims.....”

Proposed Response      Response Status

Kallay, Dina      P 3      L 105      # 121  
Ericsson

Comment Type    S      Comment Status    X  
(Lines 105-108)

Please see Ericsson’s comments to the text propose in lines 58-63

*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

Kallay, Dina      P 3      L 129      # 122  
Ericsson  
Comment Type    S      Comment Status    X  
(Lines 129-139)

The proposed new text in lines 125-131 is unacceptable because it introduces new contested requirements to LOAs. These revisions are unacceptable, for the following reasons:

(1) Ericsson disagrees with the newly proposed text suggesting that a patent holder waive his rights to an injunction against licensees who fail to negotiate in good faith towards a RAND license.

Ericsson is not alone in holding this view. On March 11, 2014, FTC Commissioner Josh Wright gave a speech entitled “Does the FTC Have a New IP Agenda?” available at

<http://www.ftc.gov/public-statements/2014/03/does-ftc-have-new-ip-agenda-remarks-2014-milton-handler-lecture-antitrust>

In his speech, Commissioner Wright expressed an even broader view, namely that:

“In many SSOs, the availability of injunctive relief against an infringer is very likely part of the background understanding between the SSOs and its members; in fact, the right to an injunction likely accounted in part to the patent owners’ decision to join the SSO and contribute technologies under a FRAND commitment”

The speech also explains why interfering with this status quo is problematic (see pp. 21-22 of the speech).

PatCom’s response to Ericsson’s comment #36 in the CD March Document expressed the view that a speech of DOJ DAAG Renata Hesse is “worthy of respectful consideration”. Ericsson respectfully submits a speech by Commissioner Wright is worthy of equally respectful consideration. Furthermore, the Ad-Hoc’s continued failure consider these considerations (that also reflected in Commissioner Wright’s September 2013 speech “SSOs, FRAND and Antitrust” available at

<http://www.ftc.gov/public-statements/2013/09/ssos-frand-and-antitrust-lessons-economics-incomplete-contracts>

serve as a testament to the lack of balance in the current exercise.

(2) 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.

In a March 25 speech entitled “A Year in the Life of the Joint DOJ-PTO Policy Statement on Remedies for F/RAND Encumbered Standards-Essential Patents” (available at

<http://www.justice.gov/atr/public/speeches/speech-hesse.html>

## comments

DAAG Renata Hesse also alluded to this problem in noting that:

"The entire burden of entering into a F/RAND agreement should not rest on the licensor; licensees have an obligation to come to the table and enter into good faith negotiations regarding F/RAND terms for a license;"

(3) 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. It will therefore exacerbate already existing problems of hold-out.

The Ad-Hoc's "response" to Ericsson's comment # 44 in the CD Document failed to substantively address any of these serious considerations. Instead, its statement that "[t]he draft is balanced, fair, and reasonable" is telegraphic and unsupported (perhaps because it cannot be supported)

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.

Note that even the FTC enforcement actions in this area (e.g. the Google/MMI) were limited to a scenario of \*unwilling licensees\*, and DOJ DAAG Renata Hesse recently made clear in her March 25 speech that she sees a "constructive refusal to negotiate" as identical to an "unwilling licensee" - see MLex story covering this speech – Leah Nysten, Refusals to negotiate might warrant ITC exclusion orders, DOJ official says (MLex, March 25, 2014) (a copy is on file and available upon request).

The proposed text in lines 126-130 provides a very narrow interpretation of the interchangeable terms "constructive refusal to negotiate" or "unwilling licensee" and thus allows opportunistic infringers to effectively drag adjudication for years, jurisdiction after jurisdiction, while avoiding paying appropriate royalties. In other words, the proposed text will allow unwilling putative licensees (infringers) to opportunistically escape the injunction that is inherent to patent rights and avoid paying appropriate royalties. Since there are obviously differing views on who is a "willing licensee," Ericsson's suggests that the IEEE not take sides, but rather adopt a neutral language that was adopted by the DOJ and USPTO in p. 7 of their joint January 8 2013 Policy Statement on Remedies for Standard-Essential Patents Subject to F/RAND Commitments (available at

<http://www.justice.gov/atr/public/guidelines/290994.pdf>

This language is especially useful since Ms. Hesse has clarified that the terms "unwilling licensee" and "constructive refusal to license" are one and the same, and therefore such

language would be harmonious with both DOJ and FTC approaches. Note that in the policy statement itself also notes that the examples it uses "are not exhaustive" (see p. 7 thereto) and thus also reflects that fact that there is no closed list of conduct types that constitute a "constructive refusal to negotiate" towards a F/RAND license.

### *Suggested Remedy*

The proposed revision should not be adopted.

If the matters handled by the proposed text in lines 129-139 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 an implementer who does not engage in a constructive refusal to negotiate".

The remainder of lines 131-139 should be stricken because they aim to define "constructive refusal to negotiate" in a very narrow way, while variations on such conduct are numerous. Furthermore, note that if there were a balanced and finite way to define a "constructive refusal to negotiate", the DOJ and PTO would probably have adopted it.

In the alternative, additional text should reflect the DOJ-PTO statement and could state:

**Examples of a constructive refusal to negotiate include, but are not limited to, circumstances such as:**

**Insisting on terms clearly outside the bounds of what reasonable could be considered to be F/RAND terms**

**If the implementer is not subject to the jurisdiction of a court that could award damages**

*Proposed Response*                      *Response Status*

comments

Kallay, Dina P 4 L 129 # 123  
Ericsson

Comment Type S Comment Status X  
(Lines 129- 139)

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 text should not be adopted.

Proposed Response Response Status O

Kallay, Dina P 4 L 129 # 124  
Ericsson

Comment Type S Comment Status X  
(Lines 129-139)

The proposed text stands in contrast to U.S. law on injunctions relates to standard-essential patents as clarified by the U.S. Court of Appeals for the Federal Circuit (“CAFC”) on April 25, 2014.

On April 25, 2014, the CAFC issued its decision in the Apple Inc. v. Motorola Inc. matter finding that:

“an injunction may be justified where an infringer unilaterally refuses a FRAND royalty or unreasonable delays negotiations to the same effect. See, e.g. U.S. Dep’t of Justice and U.S. Patent and Trademark Office, Policy Statement on Remedies Standard-Essential Patents Subject to Voluntary F/RAND Commitments, at 7-8 (January 8, 2013)” See p. 72 of the decision.

The proposed new text for lines 129-139 of the policy significantly deviates from CAFC ruling by imposing a broad ban on injunctions in lines 130-131.

The drafting committee has not provided any rationale whatsoever for why the IEEE policy on prohibitive orders should deviate from the U.S. legal standard in this area. While such deviation may be beneficial for the commercial interests of the employers of the majority of the Ad-Hoc’s individuals, it is not beneficial for the IEEE S.A. nor to the public.

As page 72 of the CAFC April 25 notes, “the public has an interest in encouraging participation in standard-setting organizations but also in ensuring that SEPs are not overvalued”. The proposed new text ignores the first prong of this principle, to the detriment of IEEE S.A. and the public as a whole.

*SuggestedRemedy*

The proposed text to lines 129-139 should be deleted. Instead, the policy should reflect the balanced approach offered by the Court of Appeals for the Federal Circuit on April 25 2014, as follows:

“Injunctions for FRAND-committed patents shall be subject to the framework set up by the U.S. Supreme Court in *Bay Inc. v. MercExchange*, L.L.C., 547 U.S. 388 (2006). A patentee subject to FRAND commitments may have difficulty establishing irreparable harm. On the other hand, an injunction may be justified where an infringer unilaterally refuses a FRAND royalty or unreasonably delay negotiations to the same effect.”

Proposed Response Response Status O



comments

P 1 L 1 # 125  
 Kallay, Dina Ericsson

Comment Type S Comment Status X  
 (Lines 1-178; 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 S.A. standards, thus directly curtailing the "public benefit" that the IEEE seeks to promote.

SuggestedRemedy

As drafted, the 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 O

P 2 L 54 # 126  
 Workman, Helene Apple Inc.

Comment Type S Comment Status X  
 The aggregate royalties are as to the Essential Patent Claims on the same IEEE standard.

SuggestedRemedy

Delete "practiced in that Compliant Implementation".

Proposed Response Response Status O

P 2 L 54 # 127  
 Workman, Helene Apple Inc.

Comment Type S Comment Status X  
 The concept behind this factor is important. Edits are offered to better clarify the concept.

SuggestedRemedy

Consider revising the text of this factor to read: "The value of the Essential Patent Claim shall be assessed in light of whether the aggregate royalties that would apply if other owners of Essential Patent Claims included in an IEEE Standard demanded similar terms are consistent with the widespread adoption of the IEEE Standard."

Proposed Response Response Status O

P 2 L 50 # 128  
 Workman, Helene Apple Inc.

Comment Type S Comment Status X  
 The concept behind this factor is important. Edits are offered to better clarify the concept.

SuggestedRemedy

Change this factor to read: "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 O

comments

Workman, Helene P 3 L 132 # 129  
Apple Inc.

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

The general framework is appropriate. However, the text should further clarify what the final adjudication process determines in order to more clearly specify the conditions under which injunctive relief may be sought. Before injunctive relief can be sought there must be a determination that the patent holder has proven infringement by the potential licensee, that claims and defenses have been resolved, that monetary damages have been assessed and awarded, and that after the level of appeals specified have passed, the potential licensee does not comply with the outcome.

*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." Change "participate in" to "participate in proceedings to reach". Change "outcome of, an adjudication," to "outcome of, a Final Adjudication,".

Proposed Response Response Status **O**

Workman, Helene P 4 L 133 # 130  
Apple Inc.

Comment Type **E** Comment Status **X**

Add competent jurisdiction to make it explicitly clear that the court is one that has jurisdiction over the Essential Patent Claim.

*SuggestedRemedy*

Change "court or courts" to "court or courts of competent jurisdiction".

Proposed Response Response Status **O**

Workman, Helene P 4 L 132 # 131  
Apple Inc.

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

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

*SuggestedRemedy*

Change "including an affirming first-level appellate review, if sought by any party within applicable deadlines," to "after all appeals have been exhausted".

Proposed Response Response Status **O**

Workman, Helene P 4 L 146 # 132  
Apple Inc.

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

The comments from PatCom indicate that it is not the intent to shift traditional burdens of proof. It is preferable to explicitly state this intent in the policy.

*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 **O**

Workman, Helene P 4 L 146 # 133  
Apple Inc.

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

The policy text should not inadvertently have an effect of creating a right to seek or seek to enforce Prohibitive Orders where such right does not exist in the applicable jurisdiction.

*SuggestedRemedy*

Add "This policy does not create a right to seek or seek to enforce Prohibitive Orders where such a right does not exist in the applicable jurisdiction."

Proposed Response Response Status **O**