

Apple Response to IEEE SA Patent Committee Call for Comments on Proposed New FAQs

April 18, 2023

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While we believe that additions to the FAQs should go farther, Apple believes the two proposed additions to the IEEE SA Patent Policy FAQs are a step in the right direction, and we appreciate the opportunity to submit these comments.

In offering these comments, Apple provides a deeply informed and balanced perspective based on our extensive, worldwide experience as a SEP licensor, SEP licensee, and standards contributor. We are an active participant in and contributor to IEEE standards, and are widely recognized as one of the world's leading innovators. We follow RAND principles in licensing our own substantial SEP portfolio, and we have a long history of respecting the intellectual property rights of others and taking voluntary SEP licenses when appropriate, reasonable, and non-discriminatory.

1. The 2023 Updates to the IEEE SA Patent Policy Have Increased Confusion About the Policy

The recent changes to the IEEE SA's Patent Policy reduced the clarity of the policy text, introducing subjectivity and ambiguity that may chill adoption of IEEE standards.

The previous version of the policy (the 2015 Patent Policy) responded to a demonstrated need for standard-setting organizations generally—and IEEE specifically—to provide more specific direction about licensing and litigation of standard-essential patents on reasonable and non-discriminatory (RAND) terms and conditions. The 2015 Patent Policy offered helpful and clear guidance on the valuation methodology that should be used during licensing negotiations over patents essential to IEEE standards, and it provided a clear, objective criterion governing when Prohibitive Orders may be sought against potential licensees. The clarity of these provisions led to positive outcomes for the development of IEEE standards, including a significant increase in the number of New Project Authorization Requests and technical contributions,¹ and a significant decrease in the amount of litigation concerning the licensing of IEEE standards.²

¹ NesCom Report to the SA Standards Board at 5 (Sept. 27, 2018), <https://app.box.com/s/jxmscml6wet3vlqdxpyb95t1bmh4hb6>; NesCom Report to the SA Standards Board at 5 (Dec. 3, 2022), <https://app.box.com/s/mxrllivpd775sdw3qhe0qspxsx820j7h>.

² IPLytics, *SEP Litigation Trends: What Does the Data Say?* (Apr. 2021) at 3–4, https://www.iplytics.com/wp-content/uploads/2021/05/SEP-litigation-trends-What-does-the-data-say_IPLYtics_April-2021.pdf.

Given these results, IEEE stakeholders in 2021 overwhelmingly indicated their support for maintaining the text of the 2015 Patent Policy.³

Nevertheless, the IEEE SA opted to revise its patent policy in a non-transparent manner in September 2022. The revised policy, which went into effect on January 1, 2023 (2023 Patent Policy), threatens to undo the positive outcomes resulting from the 2015 Patent Policy. Indeed, there has already been a recent increase in litigation related to Wi-Fi SEPs, including in Germany, where Prohibitive Orders are a frequently granted remedy.⁴

Properly interpreted, the 2023 Patent Policy continues to retain many of the key protections in the 2015 text for determining Reasonable Rates and limiting the availability of Prohibitive Orders. But the revisions in the 2023 Patent Policy have introduced ambiguity and subjectivity in its application. We urge IEEE to address the confusion caused by the textual revisions in the 2023 Patent Policy to ensure that the policy is not misapplied in ways that disadvantage users of IEEE standards.

2. The Proposed FAQs Will Add Much-Needed Clarity to the 2023 Patent Policy

The two proposed FAQs, as currently drafted, will provide needed clarity about the meaning and scope of the revisions to the text of the 2023 Patent Policy.

The first proposed FAQ will correct misconceptions about the 2023 Patent Policy's Prohibitive Orders provision, which continues to bar seeking Prohibitive Orders against willing licensees. Some have misconstrued the intent and effect of the changes to the provision, arguing that the 2023 Patent Policy contains *no restrictions* on efforts to seek Prohibitive Orders. Immediate coverage of the changes to the policy text claimed that IEEE had "remove[d] limits on the ability of patent owners to seek injunctions" and "rescind[ed]" (rather than modified) the provision governing the seeking of Prohibitive Orders.⁵ And confusion about the policy changes continued months later. For example, a November 30, 2022, letter to the Department of Justice claimed that the 2023 Patent Policy "withdrew" the restrictions on Prohibitive Orders.⁶ Other commenters have even suggested that courts would grant Prohibitive Orders based on the 2023

³ Josh Landau, *Widespread Support for IEEE 2015 Patent Policy*, PATENT PROGRESS, (October 28, 2021), <https://www.patentprogress.org/2021/10/widespread-support-for-ieee-2015-patent-policy>. (The numbers cited in the blog post appear to not include responses that were later accepted by IEEE for consideration.)

⁴ See, e.g., Konstanze Richter, *Multiple Firms Prepare for Wave of Lawsuits over Huawei SEPs* (Nov. 16, 2022), <https://www.juve-patent.com/people-and-business/multiple-firms-prepare-for-wave-of-lawsuits-over-huawei-seps/>.

⁵ E.g., Ryan Davis, *IEEE to Remove Injunction Limits in Essential Patent Policy*, LAW360 (Sept. 30, 2022), <https://www.law360.com/articles/1535980/ieee-to-remove-injunction-limits-in-essential-patent-policy>; see also Florian Mueller, *IEEE Rejoins Mainstream of Standard-Setting World as It Undoes Key Elements of 2015 Patent Policy That Encouraged Hold-Out by Unwilling Licensees*, FOSS PATENTS (Sept. 30, 2022), <http://www.fosspatents.com/2022/09/ieee-rejoins-mainstream-of-standard.html> ("IEEE's patent policy is now much more like ETSI's: right holders are not restricted (in terms of the royalties or remedies they demand) beyond the applicable case law." (emphasis added)).

⁶ Letter to Assistant Attorney General Jonathan Kanter (Nov. 30, 2022), at 7, <https://s3.documentcloud.org/documents/23322686/22-11-30-letter-to-aag-kanter-re-seps-and-patent-pools.pdf>.

Patent Policy even if national and regional law, including *eBay Inc. v. MercExchange L.L.C.*, 547 U.S. 338 (2006), would not otherwise support such remedies.

The proposed FAQ would correct these misconceptions. Like its predecessor, the 2023 Patent Policy still restricts the circumstances under which the Submitter of an Accepted LOA may seek or seek to enforce a Prohibitive Order. While the revision to the policy alters the criterion for seeking Prohibitive Orders from one that was clear and objective to a more subjective test based on the licensee’s willingness to negotiate in good faith, it continues to place restrictions on the seeking of Prohibitive Orders, even where they could otherwise be sought under national or regional law. And as with the previous version, no provision of the 2023 Patent Policy authorizes a court or tribunal to grant a Prohibitive Order that would otherwise be unavailable under national or regional law. The 2023 Patent Policy governs patent owners’ conduct in seeking Prohibitive Orders and enforcing Prohibitive Orders, not the national or regional laws that determine when Prohibitive Orders should be granted. Given the incorrect and misleading arguments to the contrary, the proposed FAQ is clearly needed.

The second proposed FAQ clarifies that when the IEEE SA revises its Patent Policy, it may make changes for any number of reasons, including to add clarity and reduce redundancy. This clarification is important because, as noted above, some commentators have misconstrued the textual revisions in the 2023 Patent Policy to suggest more sweeping changes to the policy than IEEE appears to have intended—or the actual text can reasonably be interpreted to support.

3. The Text of the Two Proposed FAQs Should Not Be Changed

The two proposed FAQs are clear as drafted, and the language changes proposed during the March 28, 2023 Patent Committee meeting would reduce, not increase, the clarity and usefulness of the FAQs. The IEEE SA should adopt the proposed FAQs as-is.

First Proposed FAQ

There is no need to change “national/regional laws” in the first proposed FAQ. Most applicable patent law is national, and “regional” law is a general term that should extend to any other relevant jurisdictions that are larger or smaller than a nation-state. Altering or increasing the complexity of the language of the FAQ would decrease its readability, with little potential upside.

Second Proposed FAQ

There is no mismatch between the question and answer of the second proposed FAQ, and its meaning is clear: IEEE SA may make changes to the patent policy to increase clarity or remove duplication. As a result, IEEE stakeholders should not automatically interpret an addition or removal of text from the patent policy as a rejection or substantive modification to the previous version of the text. There is accordingly no need to add language to the effect that IEEE may also change its policy for substantive policy reasons, because that is the baseline assumption that the proposed FAQ is designed to address. Nor is there any need to add a reference to the 2023 version of the policy in the question or answer: the FAQ is not specifically directed to the most recent policy change, and should apply equally to past and future revisions to the policy.

In addition, the proposal to revise “The IEEE SA may update the patent policy for any number of reasons...” to “The IEEE SA may update the patent policy for any reason...” would decrease the clarity of the FAQ and incorrectly suggest that there are *no restrictions* on the IEEE SA’s ability to change the patent policy. To the extent IEEE SA makes any changes to this sentence, we would propose changing “any number of reasons” to “any number of reason(s)” or “a variety of reason(s).”

4. Further Changes to the Patent Policy and FAQs Remain Needed

Although the proposed FAQs will provide needed clarity to the 2023 Patent Policy, they will not undo all the counterproductive ambiguity that was introduced to the policy text, and the IEEE SA should revert to the 2015 Patent Policy.

If the 2015 Patent Policy is not restored, the IEEE SA should provide further guidance regarding when SEP holders may seek Prohibitive Orders. As noted above, although the 2023 Patent Policy continues to place restrictions on the seeking of Prohibitive Orders, the recent revisions replaced the clear and objective criterion found in the 2015 Patent Policy with a more subjective test that turns on whether the licensee is willing to negotiate in good faith.⁷ The subjectivity and ambiguity of this new test is further exacerbated by inconsistencies between the 2023 Patent Policy and the current FAQs. The 2023 Patent Policy identifies two actions by potential licensees that should objectively *not* be considered evidence of unwillingness to negotiate in good faith: “Seeking further information upon initial notice of infringement or choosing to litigate or arbitrate over [patent validity, enforceability, essentiality, or infringement] does not by itself mean that a party so choosing is unwilling to negotiate.”⁸ But FAQ 69 implies more subjectivity in determining whether a party is willing to negotiate in good faith: “Whether a party is willing or unwilling is a matter of perspective.”⁹ FAQ 69 should be replaced with guidance that, consistent with the revisions to the 2023 Patent Policy text, provides (a) clear safe harbors demonstrating licensee willingness, and (b) other indicia of willingness and unwillingness to negotiate in good faith. The guidance should be clear that most potential licensees are willing to negotiate in good faith, and that a licensee should not be found unwilling unless it refuses to negotiate or unreasonably delays negotiations without any other legitimate aim than improper delay.¹⁰

⁷ IEEE SA Standards Board Bylaws, <https://standards.ieee.org/wp-content/uploads/import/governance/bog/resolutions/september2022-updates-sasb-bylaws.pdf>.

⁸ *Id.*

⁹ IEEE Patent Policy FAQs, <https://standards.ieee.org/wp-content/uploads/import/governance/bog/resolutions/september2022-updates-faqs.pdf>.

¹⁰ See Written Submission on the Public Interest of Federal Trade Commission Chair Lina M. Khan and Commissioner Rebecca Kelly Slaughter (Khan/Slaughter Public Interest Statement) at 1, *In the Matter of Certain UMTS and LTE Cellular Communication Modules and Products Containing the Same*, Inv. No. 337-TA-1240 (May 16, 2022), https://www.ftc.gov/system/files/ftc_gov/pdf/Written_Submission_on_the_Public_Interest_of_Chair_Khan_and_Commissioner_Slaughter_to_ITC.pdf (contending that “even a limited exclusion order is not in the public interest” when a court can “make a complainant whole,” and noting that the potential licensees in the case continued to be “engaged in licensing negotiations”).

Absent additional clarification, the 2023 Patent Policy is likely to increase licensing disputes and litigation regarding IEEE, which could in turn chill adoption of IEEE standards.