

**SOME DISCUSSION QUESTIONS
ON STANDARD SETTING AND TECHNOLOGY POOLS**

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**William Blumenthal
General Counsel
Federal Trade Commission
Washington, D.C.**

1. What IP disclosure duties do SSO members owe to the organization and its other participants?
 - a. Can the SSO tailor those duties through its rules?
 - b. If the rules are silent, what's the default duty?
 - c. Is the default duty established by rule of law, national custom (say, among ANSI groups generally), custom in the particular industry, practice of the particular SSO, something else?
 - d. Can an effort by an SSO to mandate disclosure or to tailor disclosure duties itself be an antitrust violation (flipping, that is, from the Section 2 issues of recent concern at the FTC to more common Section 1 issues)?
2. What business considerations affect an SSO's choice of disclosure rules?
3. Should disclosure obligations apply to patent applications as well as issued patents?
4. If disclosure is required only of essential patents, what is an essential patent? Possibilities to consider include (a) all patents that the patent holder alleges are infringed by practicing the mandatory portions of the standard and (b) all patents that the patent holder alleges are infringed by practicing the optional portions of the standard, as well as the mandatory portions of the standard. Would the disclosure obligation extend to patents that would be essential to implementations that, in the absence of knowledge of the patents, would be likely chosen in practicing the standard?
5. Is it possible to differentiate between a duty to disclose patents known to be relevant and a duty to search one's entire portfolio to find relevant patents?

6. Could the duty to disclose be based on an objective standard, such as a duty to disclose its own patents that the patent holder “reasonably should have known” would be essential to practice the standard?

7. What scienter standard applies to non-performance of a duty to disclose? Possibilities to consider include (a) deliberate decision not to disclose a known essential patent for the express purpose of patent hold up after the patent issues, (b) deliberate failure to compare the claims of known patents to the standard (conscious ignorance), and (c) negligent, grossly negligent or reckless failure to compare the claims of known patents to the standard.

8. Is it relevant if the patent holder demonstrably (or even as a matter of stated policy) uses a more aggressive approach in interpreting the claims of its patents in alleging infringement by companies practicing the standard ex post, than it used in deciding that its patents were not essential when it decided not to disclose them ex ante?

9. Whose patent knowledge is the relevant one for the purposes of applying a duty to disclose? Possibilities to consider include (a) the company’s SSO meeting attendees only, (b) the research department in which the SSO meeting attendees work, including patents known to the supervisors of the meeting attendees, (c) the patents known to the corporate division in which the attendees work, (d) the patents known to all departments within the company responsible for producing products in the field that the standard covers, and (e) the entire company.

10. Can a company avoid any obligation to disclose a known relevant patent by simply promising to license any patents essential to practicing the standard on RAND terms? Do known essential patents have a higher expected value to the owner, and higher expected costs to potential licensees, than potentially or possibly relevant patents?

11. Can a RAND requirement ever be an antitrust violation?

a. Where an SSO uses a FRAND requirement (as in Europe), what does the F contribute to the analysis?

b. When the US antitrust agencies say that ex ante collective license negotiation is subject to ROR treatment, what comfort can be provided against private suit?

c. How would the ROR analysis work in the context of ex ante collective license negotiation? Under what circumstances should one envision that the negotiation might be unlawful under an ROR standard?

12. Does ex ante negotiation over licensing commitments ever implicate seller power, or is the antitrust concern strictly a matter of the collective exercise of buyer power (i.e., technology users pressuring the patent holder to license the technology ex post for less than it was worth ex ante)?

13. What is non-discriminatory under the RAND requirement?
 - a. Can royalty rates change over time and still be considered non-discriminatory ?
 - b. If a patent holder requires the requesting party to cross-license that party's own technology as a condition of getting a license, is that unreasonable or discriminatory?
 - c. Shouldn't it be permissible for the patent holder to demand cross-licensing of all the patents owned by the requesting party that are essential to practice the standard?
 - d. How do pre-existing cross-license arrangements with some SSO members affect the analysis of discrimination?

14. What principles are most useful in determining whether a royalty is "reasonable" in the context of a RAND commitment?

15. Should commitments to license at specific dollar amounts (or to dedicate IP to the public) receive greater scrutiny than RAND commitments? Possible reasons to consider include (a) because they are more concrete and more easily enforceable and (b) because as express statements of actual licensing costs, they were more likely to have been relied upon.

16. What is the duration of a RAND or other licensing commitment when the offer to the SSO is silent on that issue? Possibilities to consider include (a) life of the standard and (b) life of the patent?

17. Do licensing commitments apply to all future incarnations of a standard that incorporates the technology? Should the answer to this question depend on whether there is an installed base under prior versions of the standard and lock in effects?

18. What is the mechanism by which the licensor can renegotiate terms? Or is the original deal forever for the life of the technology? Is there some analogue to change in facts / change in law / change in circumstances / public interest?

19. If common law principles are to govern, is protection [adequately] available for licensees that weren't participants in the SSO? More generally, how does one think about the third-party beneficiary problem?

20. How should the principles of successorship be applied?
 - a. Is there any reason to doubt that successor owners of the patent should be bound by the RAND commitments to the SSO made by the previous patent owners?
 - b. Should there be heightened scrutiny when the successor owner does not make products (i.e., is a non-practicing entity or NPE)? Possible reasons to consider include (i) because NPEs frequently do not participate in the SSO and are not concerned about their reputations within the SSO and (ii) because NPEs do not need to obtain patent licenses from others, so are not subject to retaliation for bad conduct.

21. Can an SSO be held liable for failure, before a standard is written, to take adequate steps to prevent a member from engaging in ex post patent hold up?
22. What conduct that follows on after the SSO process is problematic when practiced by a firm that has acquired market power through the SSO's adoption of its technology? Would failure to honor RAND or other licensing terms be actionable under the antitrust laws, or should it be treated under common law breach principles?
23. What are the negative effects of ex post patent holdup (i.e., patent holdup after standardization) that the antitrust enforcement agencies should be concerned about? Possibilities to consider include (a) displacement of lower cost technologies that would have been selected had the true costs of the infringed technology been known, (b) transfer of a greater amount of wealth from consumers to the patent holder than the participants in the SSO bargained for when they wrote the standard, (c) transaction costs imposed on the standards setting process itself from the resulting need to create rules designed to prevent patent hold up, and (d) negative effect on the standard setting process generally, if commitments made during standard setting were unenforceable as a matter of law.
24. Are there situations where contract enforcement alone would be inadequate to protect consumers or the standard setting process from ex post patent hold-up and the failure to honor licensing commitments? Possibilities to consider include (a) the number of companies manufacturing products complying with the standard is much larger than the number of companies participating in the SSO, (b) there is a collective action problem, in the sense that the cost of litigating for an individual company to enforce the licensing commitment exceeds the expected return on such litigation, (c) end users are harmed by the patent holdup, because manufacturers do not challenge it, but simply pass through the higher costs to their customers, and (d) conflicting state rules on contract liability or third party standing (or unclear choice of law rules) might prevent contract law from being an effective deterrent to patent holdup (i.e., breach of ex ante licensing commitments)?
25. Is there anything pro-competitive or efficiency-enhancing about not requiring patent holders to honor their RAND commitments to SSOs?
26. What degree of materiality is required to impose liability for failure to disclose or failure to honor a licensing commitment, and who has the burden of proving harm?
- a. Must a plaintiff show that the non-disclosure or licensing commitment was actually relied upon by voters in the SSO to put the technology into the standard? If so, what portion of voters must be shown to have so relied?
 - b. What must a plaintiff show about the availability of non-infringing alternatives? Should the absence of non-infringing alternatives be an affirmative defense?
 - c. Should the patent holder that fails to live up to its licensing commitment have the burden of proving that the allegedly infringing patents (i) could not be invented around (i.e., to show the lack of actual detrimental reliance (harm)) or (ii) could be invented around (i.e., to show the absence of barriers to new entry)?

27. Other than failure of duty to disclose, what other conduct within the SSO process would give rise to an antitrust violation?
- a. How much "aggressive lobbying" may a firm engage in?
 - b. What commitments may a would-be licensor make beyond mere royalty rates? For example, could it agree to reciprocal votes in the particular SSO? Reciprocal votes in other SSOs? Preferable supply terms for products and services beyond the to-be-licensed technology? If the offer of preferable supply were recharacterized as a threat to provide less-than-favorable terms in the absence of an affirmative vote, would that be misconduct or mere business bargaining?
28. What remedies are available for antitrust violations in the SSO context?
- a. Where the remedy contemplates some form of compulsory licensing, what considerations affect the royalty rate? What are likely to be the best sources of evidence?
 - b. Other than dedicating IP to the public (that is, setting a zero royalty), what mechanisms best avoid having the antitrust agency become a rate regulator or limit any regulatory role?