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Time for SEP consultations in UK and US

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The UK and US governments have recently launched calls for views regarding their SEP and FRAND policies, in order to understand the opinions of all the stakeholders, such as patent owners, implementers, consumers, etc.

In the US, the Department of Justice (DoJ), the National Institute of Standards and Technology (NIST), and the United States Patent and Trademark Office (USPTO) have released a modified version of their 2019 Policy Statement regarding Licensing Negotiations and Remedies for Standards-Essential Patents Subject to FRAND, and have requested public feedback on 11 issues related to it. This comes after the White House issued an executive order in July designating possible modifications to the statement as a policy priority.

Simultaneously, the UK IPO has issued a call for views in relation to SEPs and innovation. The consultation includes a wider range of questions than the US, focusing on the relationship between SEPs, innovation, and competition. It raises the question, 'What actions or interventions would make the greatest improvements for consumers in the UK?'; and whether an imbalance exists between the licensor and the licensee. The document also asks whether there are alternative ways to address disputes on pricing mechanisms, for example, 'what point in the value chain provides an economic basis to calculate rates payable?' The review document contains 27 explicit questions, but it also allows contributors to add any other remarks or insights that they consider to be relevant.

This will likely turn out to be an important consultation for the UK. Following the landmark ruling by the Supreme Court in *Unwired Planet v Huawei*, which stated that English courts can decide FRAND terms on a worldwide basis, English courts have become a popular forum for litigating SEP related disputes and it seems that they will likely continue to be so. While the UK consultation provides freedom to those submitting their views to draw on their experiences from other jurisdictions as well, the call seems to show concerns regarding the excessive powers that SEP owners may have, which can prove to be detrimental for the implementers. Indeed, the call reminds us that:

- "Without using the methods or devices protected by these SEPs, it is difficult for a manufacturer (or "implementer" of the standard) to create standard-compliant products, such as smartphones or tablets.

Typically, SDOs [Standards Developing Organisations] will have IPR policies in place that ensure SEP holders, once their SEPs are declared as essential to the standard, provide a license to

implementers of the SEP on fair, reasonable and non-discriminatory (FRAND) terms. This ensures the technical standards can be readily used by implementers of the standard."

Said that, the call for views is a way to hear and understand different perspectives of people from the industry on how the IP framework can be made better while preserving a fair balance between all parties involved and further benefit the UK innovation.

In contrast to the UK consultation, the US call has a narrower scope and focuses only on the revisions of the 2019 DoJ, NSIT and USPTO policy statement. The original one was widely regarded as favouring SEP owners, whereas the current version takes a step back from its initial stance. The ability to issue injunctions was seen as an essential weapon for SEP owners wishing to protect their rights in the initial 2019 statement, however, the proposed change is significantly less enthusiastic about it. The Biden administration's new stance seems to be that unless it is a straightforward case of an unwilling licensee, patent owners who have deemed their rights standard-essential should not be able to block others from utilising them. The involvement of the US Antitrust Division in this consultation shows that particular attention should be devoted to the need to preserve an adequate level of competition in key markets such as the ICT. As noted by Assistant Attorney General Jonathan Kanter of the Justice Department's Antitrust Division, "We are committed to taking a principled, transparent, and balanced approach at the intersection of intellectual property and antitrust law".

The US consultation includes questions seeking information about contributors' experiences with SEP licensing negotiations and how the injunctive threats have impacted those negotiations. It includes questions such as, 'In your experience, has the possibility of injunctive relief been a significant factor in negotiations over SEPs subject to a voluntary F/RAND commitment? If so, how often have you experienced this?' and 'Have prior executive branch policy statements on SEPs been used by courts, other authorities, or in licensing negotiations? If so, what effect has the use of those statements had on the licensing process, outcomes, or resolutions?'

These calls for views are a good opportunity for all the stakeholders in the UK and US to make their opinions heard and influence the IP policies in favour of their best interest. Furthermore, this would also help both countries to shape IP frameworks that balance the interests of all the parties involved and in turn – it is hoped – keep encouraging human creativity and innovation.

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