

Executive Summary: A Proposed New Framework for Licensing of SEPs

A Procompetitive Patent Pool is one that is formed and operated in broad compliance with the guidance of courts and government agencies around the world and that also practices “radical transparency” by making publicly available on its website at least the following information:

- program overview
- regularly updated lists of licensors
- regularly updated lists of licensees
- detailed royalty rates
- licensing terms and conditions
- lists of patents evaluated as essential and showing which portions of the standard each patent covers
- downloadable license agreements.

The market’s acceptance of a Procompetitive Patent Pool’s standard license in consensual license transactions is persuasive evidence that the terms of the standard license are F/RAND.

Once a Procompetitive Patent Pool has met the threshold of acceptance in the market, government agencies and courts should assess FRAND licensing issues using the following new framework:

The patent pool and its SEP holders are entitled to a rebuttable presumption that its rates and other licensing terms are fair, reasonable, and non-discriminatory. To demonstrate “willingness” to take a FRAND license an implementer should have the responsibilities:

- to determine whether there is a patent pool licensing SEPs for the standard it is practicing, to educate itself about the patent pool and its offering by reviewing all the information about such a patent pool from its website; and then
- to initiate the process of curing its ongoing infringement by approaching the patent pool to initiate negotiations either before, but no later than within a commercially reasonable time after, it first begins to make and sell products and/or services that practice the applicable standard.

If an implementer fails in those responsibilities:

- The patent pool and its SEP holders should be entitled to a rebuttable presumption that the implementer is unwilling. Thereafter an implementer would have the burden of demonstrating the contrary to rebut the presumption, for example by credibly proving that it was unaware of the existence of the patent pool, coupled with a clear record of

other good faith efforts to become licensed to practice the standard, such as initiating contact with the individual SEP holders in the pool; and

- The patent pool and its SEP holders in the pool should be entitled to seek, and courts should have the ability to grant, an injunction against further infringement, taking into account other relevant factors.

Fulfilling its responsibilities noted above is necessary but not sufficient for an implementer to be characterized as a willing licensee.

- After fulfilling those responsibilities, and in order to continue to be characterized as a willing licensee, the implementer must continue to work actively, and in good faith, in the same way it would act in pursuing a commercial opportunity it wanted to be a success.
- So, for example, where an implementer fulfills its responsibilities to educate itself about a relevant patent pool and to initiate contact with the pool to obtain a license – or where the patent pool initiated contact with the implementer – the implementer would lose its status as “willing” if it then pursues a course of conduct indicating a general policy of delay, or otherwise acts in a way inconsistent with a good faith intention to attempt to conclude a license in the same way it would act in pursuing a commercial opportunity it wanted to be a success.
- In licensing negotiations with the patent pool, an implementer must start from the position that the patent pool’s rates and terms are F/RAND. An implementer may try to establish that it is sufficiently different from every other patent pool licensee and therefore that the pool’s terms are not F/RAND for it; but an implementer cannot begin negotiations as if starting from a blank slate—that is, as if the license terms had not already been validated—or simply reserve to itself the right to determine what is F/RAND for the patent pool.