

Chapter 10

A Primer on Intellectual Property Policies of Standards Bodies

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ABSTRACT

This chapter offers business managers an introduction to the intellectual property rights (IPR) issues that should be taken into account when an organization is considering joining or participating in a standards development organization. Copyright, trademark and patent issues, particularly patent disclosure and licensing, are addressed with an emphasis on the potential benefits and risks offered by the most common policy approaches today. Managers are encouraged to review the IPR policies of standards organizations with a view toward their own organizations' preferred IPR strategies and approaches, whether these tend toward product manufacture and distribution without significant attention to IPR monetization, research and development with a focus on IPR generation, or the generation of substantial revenue through IPR licensing.

INTRODUCTION

One of the most important and complex factors that the corporate manager must face when determining whether his or her organization should join and participate in a Standards Development Organization (SDO) is the degree to which the SDO's policies governing patents, copyrights, trademarks and other intellectual property rights (IPR) is consistent with the organization's goals, strategy and policies. In some cases an organization may be presented with multiple SDOs working in similar areas, and a comparison of their IPR policies will be warranted in evaluating which, if any, to join. If an SDO's IPR policies are inconsistent with the organization's approach to IPR, then the manager will face a number of choices. They include making an exception from normal practice, due to the importance of the standardization

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effort to the organization's business; providing special instructions or supervision to the organization's participating representatives; seeking changes to the SDO's IPR policy (occasionally, but not often feasible); seeking alternative venues for standards development; or even proposing the formation of a new SDO having a more acceptable IPR policy. For these reasons, it is critical that corporate managers involved in standardization understand and be prepared to evaluate the implications of SDO IPR policies and how they operate in practice.

SDO IPR policies began to assume their current forms in the late 1990s, after Dell Computer entered into a consent decree with the U.S. Federal Trade Commission (FTC) relating to alleged misconduct within the Video Electronics Standards Association (VESA).¹ A second wave of policy adoption and updating occurred in the mid-2000s, following widespread litigation involving semiconductor design firm Rambus, Inc. and its alleged manipulation of the IPR rules of the Joint Electron Device Engineering Council (JEDEC).² The *Rambus* litigation affected firms in the U.S., Europe and Asia, and led to a general overhaul of IPR policies by SDOs around the world. Most notably, many such policies were revamped to add, or ensure the effectiveness of existing, obligations of SDO members to disclose patent claims essential to standards approved by the SDO, and to license those claims to producers of standardized products on terms that are "fair, reasonable and nondiscriminatory" (FRAND). Most recently, standards-essential patent litigation has proliferated (notably in the mobile platform industry), resulting in further evolution in IPR policies.

This chapter summarizes the key IPR issues that are likely to appear in contemporary SDO IPR policies. Managers should develop a solid understanding of these issues in order to make informed decisions regarding SDO participation for their organizations. Managers should also determine whether their organization requires additional levels of internal review prior to committing the enterprise to the IPR policy of an SDO. Frequently an organization will require that membership in a given SDO must be approved by the organization's legal department, and also that certain communications from an SDO (e.g., notices relating to the review of draft specifications prior to an adoption vote) be sent directly to the legal department.

BACKGROUND

There is a large literature relating to standards, standardization and related IPR policies. This chapter is intended to offer the business manager a concise and non-technical introduction to the field. Those desiring a more detailed treatment are referred to the sources listed at the end of this chapter.

Biddle et al (2012), Ernst (2012), EC (2014) and Contreras (2015a) describe the institutions and organizational structures that have evolved to address the needs of contemporary standards-development communities. These include large, multi-national bodies simultaneously addressing a broad range of standardization projects, industry-specific groups that develop solutions for specific industry sectors, and smaller consortia focusing on single products or standards. Within this range of organizations a variety of IPR policies have emerged. These are categorized and analyzed by Lemley (2002) and Bekkers & Updegrave (2012). ABA (2007) offers a detailed clause-by-clause analysis of typical SDO IPR Policies. Cannady (2013) and Herman (2010) offer practical advice regarding the negotiation of standards-related patent license agreements, and Lemley and Shapiro (2013) and Contreras and Newman (2014) discuss alternate dispute resolution mechanisms for resolving standards-related conflicts.

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