

## QUESTION 157

### The Relationship between Technical Standards and Patent Rights

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Q157

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#### The Relationship between Technical Standards and Patent Rights

#### Resolution

#### AIPPI

#### Considering that:

- (a) All countries have "de jure" or "de facto" technical standards, which apply in every technical field;
- (b) A "de jure" standard can be generally defined as a technical specification approved by a recognized standardization body for repeated or continuous application, with which compliance is not compulsory (GATT and EEC 83/189 directive definitions);  
"de jure" standards are in principle established with the cooperation and consensus of all interested parties ;  
"de jure" standards may be made compulsory by national regulations.  
Information procedures exist at the international level (European Union and WTO) to inform other countries of adopted and/or proposed standards;
- (c) A "de facto" standard can be defined as a technical specification which has been developed by one or several companies and which has become preponderant due to market conditions;
- (d) "de jure" standards are public and intended to be used by anybody, whereas "de facto" standards are generally the property of one or a limited number of companies ( "patent pool");
- (e) Patent rights are hereinafter considered as comprising patents and utility models as well as applications for such rights;
- (f) There exists an inherent potential conflict between "de jure" standards and patents as the underlying philosophies of standardization and patent rights are completely opposite, whereas "de facto" standards are on the contrary generally based on patent rights;  
Conflicts may arise when a certain technology protected by patent rights is implemented in a "de jure" standard;
- (g) It is important for the standardization body to be informed of existing patent rights of members or third parties which could be relevant for the standard setting process;

- (h) Concerning "de jure" standards, rules exist within most standardization bodies to avoid that a certain patented technology be implemented in a standard, if the patentee does not agree to grant license(s) on a non-discriminatory basis;

No such rules can apply to "de facto" standards;

- (i) The misuse of patent rights may be subject to anti-trust or unfair competition rules.

**adopts the following resolution:**

1 In formulating "de jure" standards, a general rule should be that members of the standardization working groups or drafting committees should avoid as much as possible conflicts with patent rights by defining standards in terms of performance or result rather than in terms of characteristics which could be patented.

2 It is imperative that the standardization process be conducted as transparently as possible, as the ultimate purpose of a "de jure" standard is to serve the public. During the process of setting up "de jure" standards, members of a standardization body should have the obligation to reveal to the standardization body those of their patent rights which may be relevant to the respective standards. This communication should be made as soon as possible in the standard setting process.

The standardisation bodies are encouraged to inform third parties about the contents of current standardisation processes, and to invite all third parties to disclose their potentially relevant patent rights.

3 The submission of a patent right statement should not lead to prejudicial disclosure. Therefore the standardization body must provide for sufficient protection of confidentiality .

4 A patent right whether owned by a member of the organisation or a third party, which has been identified as relevant for a "de jure" standard, may be used in the standard only with the consent of the owner. Such a consent can be given by way of irrevocably undertaking to grant a license to any interested party (member or non-member of the organization) on a reasonable and non-discriminatory basis. Where a license is refused by the owner and where the refusal cannot be overcome by legal means, the respective patent right cannot be used in the creation of a standard or an existing standard will have to be changed or cancelled.

5 The terms of the license agreement should be determined by the parties to the agreement. Some indicative guidelines could be set as follows :

- The license terms should not hinder access to the market and should take into account the fact that several licenses may be necessary to use a standard,
- The license terms should provide for a reasonable sharing of profits between the owner and the licensee.
- The license terms should be adaptable to changes in the market conditions e.g. by renegotiation or by use of most favoured licensee clauses.

6 The standardization bodies are encouraged to collect, on a confidential basis, data relating to licenses usually granted in a technical field by its members and base thereon statistics which could be made publicly available and be used as a basis to determine reasonable and non-discriminatory license conditions.

7 The statutes of the standardization body may provide for internal arbitration in case an agreement cannot be reached by the parties on the license terms.

8 The right of a member or a third party to challenge the validity of a patent right should not be restricted. At all times, the patent right owner must retain the right to enforce the patent right against infringers, be they members of the standardization body or third parties.

9 Concerning "de jure" standards, deliberate hiding and late divulging of its patent rights by a patent owner who is a member of the standardization body ("hold up" strategy) until the standard is adopted, should be sanctioned according to anti-trust, unfair competition, or other rules, where applicable.

The same rules apply to "de facto" standards with regard to the misuse of patent rights.

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