

# ANNOTATED POLICY CLAUSES

## I. DEFINITIONS

An “Affiliate” of an entity means an entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with such entity. For the purposes of this definition, the term “control” means ownership of more than fifty percent (50%) of the voting securities of a corporation or other business organization with voting securities.

This definition is used in the case when an SDO elects to extend its Policy not only to the Participating Organization but also to parent companies, subsidiaries, and sibling companies (under common control) of the Participating Organization.

Some SDOs do not adopt this definition because Participants may be large organizations with multiple affiliates within the corporate family. It is sometimes the case that one affiliate is not in a position to cause another affiliate to act in conformance with or be bound by an SDO policy that is only agreed to by the participating affiliate.

A concern with not including Affiliates is that one member of a corporate family could be a Participant in an SDO and enjoy license rights from other Participants, while another family member that may not need a license holds Essential Claims that it is not required to license. While one family member may not have control over another, other measures (e.g., intercompany agreements) can be used to ensure conformance with the relevant Policy. Thus it may be prudent to require the highest-tier member of corporations under common control to be the participant and to substitute “Subsidiary” for “Affiliate.”

Another way to avoid the risk of circumvention of the intent of this Policy is to require Participants to represent (as part of their Participation Agreement or otherwise) that all Essential Claims in patents owned by any member of the corporate family are Controlled by the Participant. See definition of “Control.”

It is advisable to include a general definition of “Claim,” as this term is used frequently throughout the Policy and should be given consistent treatment.

### *Patents*

All definitions of “Claims” should include claims of issued patents.

“Claim” means a claim of an

issued and unexpired [utility] [1] patent,

[published/published and unpublished] [1] patent application [2],

If an SDO encourages or wishes to impose baseline disclosure/licensing obligations on its Participants, it may wish to limit the definition of Claims *only* to issued patents, or to impose this limitation in a related definition (such as “Essential Claims”). SDOs wishing to achieve greater disclosure or licensing may wish to include some of the other patent variations described below.

[1] “Utility” patents may be distinguished from design patents, which have only limited relevance to most technical standards.

*Patent Applications*

[1] Patent applications in the U.S. (and many other countries) are generally published 18 months after filing. Thus, for the first 18 months after filing, U.S. patent applications are not publicly disclosed. The SDO must decide whether the interest of Participants in maintaining the confidentiality of unpublished patent applications and related trade secrets (which may, in some cases, be required by contracts to which the Patent Holder is a party) and avoiding the possibility of patent interference is outweighed by the benefits of disclosure of potential Claims in unpublished patent applications. Some SDOs may allow the Patent Holder to elect whether it wishes to disclose an unpublished patent application, rather than requiring such disclosure. Some SDOs remain silent on whether “patent application” applies to published and/or unpublished applications and leave it to the discretion of the Patent Holder. Other SDOs may require the Patent Holder to disclose only the *existence* of the Claim in a patent application and no other detail such as the patent serial number, etc. In any case it is preferable that the Policy clearly state whether or not the definition of Claim includes unpublished patent applications.

[2] An SDO that wishes to require disclosure and/or licensing of patent applications should be aware that claims in patent applications are transitory. The claims may be changed in scope before issuing in a patent or may not issue at all.

Thus, if the SDO requires patent applications to be disclosed, SDO Participants should monitor the manner in which claims change during the prosecution process in order to ensure that their SDO disclosures remain accurate. In addition, as standards under development evolve, it may be difficult to determine whether evolving patent applications apply to the unsettled terms of a standard, and it may be overly burdensome on a Patent Holder to monitor this on a continuous basis.

One of the benefits to the SDO of requiring or encouraging the disclosure of patent applications is to give the relevant Working Groups an earlier awareness of potential patents for which licenses may need to be acquired for implementation of a Standard (as it often takes several years for a patent to issue after the filing of a patent application).

It should be noted that the ANSI patent policy does not require the disclosure of patent applications, though ANSI-accredited SDOs are permitted to encourage the disclosure of patent applications. A typical disclosure expectation can be acknowledgment of the existence of application claims that potentially may cover the standard. Another typical disclosure expectation is to reference the section of a standard or proposed standard potentially affected by the application, in each case without specifically disclosing the application itself.

*“Catch all”*

This term may include utility models, invention certificates, design patents, and other patent-like rights issued in jurisdictions throughout the world. It is not intended, however, to include other types of intellectual property such as copyrights and trademarks, which require the consideration of different factors and are not addressed in this manual.

While a Participating Organization may be credited with making a Contribution to the SDO, and may be required to disclose and/or license rights with respect to a Contribution, only individuals can actually make a Contribution to the SDO process. This definition is used to identify such individuals.

See definition of “Individual Participant.”

and any other [claim-based] exclusionary right granted by a governmental authority.

“Contributor” means an Individual Participant that makes a Contribution to the SDO.

“Contribution” means

any [written] **[2]** submission to the SDO intended by the Contributor for publication or use as all or part of a Standards Document, [and submitted in accordance with the following Submission Guidelines: ] **[1]**

Alternative Options:

1. [and any other statement made within the context of an SDO activity. Such statements include oral statements in SDO sessions, as well as written and electronic communications made at any time or place, which are addressed to an SDO mailing list, session, or SDO management.]
2. [Oral statements shall not be deemed to constitute “Contributions” unless recorded in the minutes of the relevant SDO group and approved in writing by the Contributor within [ ] days after the minutes become available.]
3. [Statements made outside of an [SDO] session, mailing list, or other function that are clearly not intended to be input to an [SDO] activity, group, or function, are not Contributions in the context of this Policy.]

A “Contribution” is an item (whether a technical standard, specification, protocol, design, software code, or methodology, or any portion of any of these) that a Participant submits to an SDO as part of its standards development process. Because an SDO may impose special disclosure and/or licensing obligations for Contributions that are intended to be included in a Standard (See “Mandatory Portion” below), the SDO should consider what types of communications will be considered to be Contributions.

A “Contribution” to the SDO almost always includes written submissions within the SDO standards process (including written material that is submitted via e-mail, ftp site, posting to a website, or otherwise).

**[1]** In some cases these written submissions may need to be in a special format or submitted within specified time frames. The SDO should determine whether any of these requirements is desirable. If an SDO elects to require Contributions to be made formally and in writing, more informal suggestions such as examples or other submissions of technology that may occur during discussions in a standards development session would not be considered “Contributions.” In such cases, the SDO should define whether inputs, refinements, alternatives, etc., generated through Working Group activity should be captured. See definition of “Working Group.”

**[2]** Some SDOs may also wish for Contributions to include statements made by an Individual Participant during a standards development session or on SDO mailing lists as well as documents submitted to the SDO for consideration as a proposal or commenting on a proposal. If an SDO desires to treat such statements as Contributions, it should ensure that it maintains accurate records of the relevant discussions and other communications media (including e-mail archives and written minutes of meetings and/or telephone conferences). In determining whether to allow oral contributions, an SDO needs to balance the administrative burden to the SDO of recording and disseminating accurate minutes with the burden on Participants and possible disruption to the flow of the standards development process of requiring Contributions to be submitted in writing.

“Control” over a patent means ownership of such patent [and/or] [1] the right to grant licenses under such patent to third parties [without such grant resulting in payment of royalties or other consideration to third parties that are not Affiliates] [2] or [provided that if the granting of such license would trigger the payment of any amount to a third-party owner of such patent, then “Control” shall be deemed to exist only if the prospective licensee agrees to make any such payment on behalf of the licensor and otherwise accepts applicable terms set forth in the license agreement] [3].

The term “Control” is used to identify patents over which a Participant exercises a certain degree of authority, such as ownership or other means of directing its enforcement or licensing. This definition is important because it defines the Essential Claims for which a Participant would be subject to the disclosure and licensing provisions of this Policy.

[1] “Control” typically includes patents owned by a Participant (either originally or by assignment, and whether solely or jointly with others). “Control” may also include patents owned by a third party, but that a Participant has the right to license. Some SDOs may wish to consider whether a Participant should be deemed to “Control” patents that it owns, but that it is unable to license (due to contractual restrictions or exclusive licenses previously granted, for example). While such situations are not typical, and may be seen as a way for a Participant potentially to circumvent its licensing or disclosure obligations, an SDO that wishes to narrow “Control” in this manner should use “and” in the proposed clause. Otherwise, “or” should be used.

An SDO may wish to address instances relating to Essential Claims Controlled by companies that are owned by several Participants jointly (but in which no one Participant has a majority ownership position). (See Sections III.A.3 and IV.A.1.h)

[2] “Control” is often deemed to exist for inbound patent licenses only if the Participant has the right to grant licenses without incurring any payment or other material obligation to the third-party licensor. This precaution would protect Participants from incurring unexpected royalty obligations when licensing patents as required under this Policy. It could also, however, give Participants an opportunity to encumber patents with royalty obligations in order to avoid obligations under this Policy, though the authors are unaware of instances of such conduct in the standards-setting area.

[3] This clause seeks to address the risk identified in [2] above by including all licensable patents within the definition of “Control,” but requiring the licensee to bear any payment or other obligations to the third-party patent owner.

“Disclosed Claim” means a Claim that a Participant has previously disclosed to the SDO [in a Patent Disclosure.] [1]

“Draft Standard” means any Standard Document that has been submitted/accepted for consideration as a Final Standard or portion thereof, but that has not yet been [approved/published] by the SDO in accordance with the SDO’s approval process as described in [reference to SDO approval process].

[1] Some SDOs that do not have a required form for Patent Disclosures may not wish to include this limitation, and may prefer to allow Patent Disclosures to be made in any form, such as in a Contribution. Many SDOs, however, have prescribed forms for Patent Disclosures, and will not recognize Patent Disclosures unless made in the proper form.

Where the definition of “Draft Standard” may affect Participant obligations, the SDO should carefully consider which documents are included in this definition. In some cases, an SDO may have numerous levels of classification of Standards Documents, depending on the state of review, approval, and adoption. In some cases, the terms “Proposed Standard” or “Working Draft” may be used.

For example, in the International Standards Organization (ISO), there is a sequence of drafts prepared at different points along the standards development process. At the preparatory stage, there is a “working draft,” then a committee (work group) creates a “committee draft,” after which a broader inquiry results in a “draft international standard.” A final “Draft International Standard” is submitted for approval and, upon publication, a “Final International Standard” takes effect.

See discussion of “Final Standard” below.

**Essential Claims:**

The definition of “Essential Claims” is one of the most crucial definitions in an SDO’s Disclosure Policy. It is used in two important contexts: (i) determining which patent Claims an SDO may require or encourage a Participant to disclose within the context of SDO activities (see Section III below) and/or (ii) determining Claims for which a licensing commitment is sought from the Participant in SDOs having Licensing Commitments (see Section IV below).

Note that many SDOs use the term “Necessary Claims” synonymously with “Essential Claims.” As discussed below, however, use of the terms “Essential Patent” or “Necessary Patent” are not recommended unless they are clearly limited to mean the claims of such patents.

“Essential Claims” shall mean all Claims

This definition relates only to “Claims,” and is thus limited to claims of patents and, depending on the scope of the definition of Claim, patent applications and similar forms of legal protection. It is generally inadvisable to base legal obligations on nonclaim language in the patent specification or other descriptive elements of a patent, as those elements do not convey enforceable rights.

throughout the world

that would be Necessarily Infringed (as defined below) by an implementation of a Standard

that is compliant with [all][1] Mandatory Portions of the Standard.

As noted below, some Claims in a given patent may be Essential Claims and others may not—any obligation should be directed to Essential Claims and not spill over into non-Essential Claims, even in the same patent. Thus use of the term “Essential Patents” is discouraged, unless it is clearly limited to mean the Essential Claims of such patents.

Also note that the Patent Holder generally makes the initial determination whether a Claim is likely to be an “Essential Claim.” Most SDOs lack the resources to make such determinations, and expressly disclaim responsibility for identifying or confirming whether a Claim is an “Essential Claim.” They must rely on the good-faith determinations of their Participants. If a Participant makes such a determination in bad faith or recklessly, then certain remedies may be available to other Participants or implementers of an affected Standard (see Section II.B below).

*Global Scope*

Including the words “throughout the world” or “in any country” or “worldwide” in this definition reinforces and makes explicit the unlimited geographical scope in which Essential Claims may occur.

Some argue that these geographic words are required explicitly to ensure that the products conforming with a standard can be licensed in other countries where Essential Claims subsist. Other attorneys argue that by omitting any words restricting the geographical scope of the Essential Claims, the geographical scope is unlimited.

*Requirement of “Necessary Infringement”*

This clause is the crux of the “Essential Claim” definition, as it specifies what it means to be “essential.” See definition of “Necessarily Infringed.”

*Mandatory portions only*

A Standard often contains Mandatory Portions that are required to be implemented for compliance with the Standard. This clause excludes from the definition of “Essential Claims” any Claims that are infringed only by implementations of Optional Portions or Informative Portions of the Standard. Requiring disclosure and/or licensing of Claims that cover only

Notwithstanding the foregoing sentence, Essential Claims do not include any Claims:

- (a) other than those set forth above even if contained in the same patent or patent application as Essential Claims;
- (b) that read solely on any implementations of any portion of a Standard that are not within the bounds of the Scope of the Standard activity;
- (c) covering enabling technologies that may be necessary to make or use any product or portion thereof that complies with a Standard, but are not themselves expressly required by the Standard.

Optional Portions or Informative Portions of a Standard can give rise to antitrust issues and should be undertaken only after careful legal analysis. See *ABA Handbook on Antitrust and Standards*.

**[I]** Some SDOs require that Essential Patent Claims are those that read on a Mandatory Portion, but they do not require compliance with “all” Mandatory Portions of the Standard. These SDOs permit “sub-setting,” so that, for example, a Licensing Commitment may apply as long as all of the Mandatory Portions of the Standard that apply to that implementation are being implemented. This can be important, for example, if certain Implementers are creating implementations of a portion of a Standard so that their products can be incorporated into a more complete implementation by another company.

See further discussion under “Mandatory Portions.”

#### *Exclusions*

Below are certain customary exclusions from the definition of “Essential Claims”:

#### *Claims in the same patent that are not Necessarily Infringed*

A patent usually contains multiple claims. Even if one claim in a patent meets the definitions of being an Essential Claim, the other claims in that patent that do not meet that definition are specifically excluded from being Essential Claims.

#### *“out of scope” implementations*

SDOs and Working Groups may specify a Scope that defines the areas of technology and permissible uses for the Standard. If a Claim defines an implementation that is outside of the Scope, then the Claim is not an Essential Claim if this exclusion is included.

See definition of “Scope.”

#### *Enabling technologies*

In many cases, Implementers may require licenses under patents covering aspects of products described in a Standard even when those aspects are not themselves covered by the Standard. These are termed “enabling technologies.”

“Final Standard” means any Standard Document that has been [approved/published] by an SDO in accordance with [the SDO’s approval process as described in [reference to SDO approval process]].

“Implementer” means any Person who makes, uses, sells, distributes, imports, or otherwise disposes of any product, or practices any method, that embodies all [or any portion of] a Standard.

“Individual Participant” means an individual person who is a Participant in an SDO.

“Informative Portion”

“Informative Reference”

Not Needed for Use: A specification or other document to which reference is made in the Standard that assists the user with regard to a particular subject area but is not indispensable for the implementation of the Standard. [I]

Where Essential Claims relate only to the matters specifically described in the Standard, Claims covering “enabling technologies” may be considered “Essential Claims.” However, SDOs should consider the impact of excluding such technologies through such a provision if such technologies are required to implement the Standard.

For example, a Standard may cover only a narrowly defined mechanical dimension on an integrated circuit. In this example, the Implementer could argue that the Standard requires the Patent Holder to license all semiconductor manufacturing technology in order to comply with the mechanical dimension of the integrated circuit described in the Standard. To avoid this argument, this clause specifically excludes from “Essential Claims” any “enabling technologies.”

The nature of “enabling technologies” differs greatly depending on the nature of the Standard. Thus, it is difficult to provide comprehensive examples of the types of technologies that may be generally considered to be enabling in any given case.

Contrast to “Draft Standard.”

Implementers include any person or entity who “implements” a Standard in a product or service. The Policy may or may not require that Implementers be Participants in the SDO.

Contrast with “Participating Organization.”

See definition of “Mandatory Portion.”

[I] References to informational materials can be useful for background or for illustrative purposes. Unlike Normative References, Informative References are not an indispensable part of the standard and need not be implemented for the standard to be used.

Not Needed for Conformance: The whole or parts of a document where the referenced document has been used as supplementary information in the preparation of the Standard or to assist in the understanding or use of the Standard and to which conformance is not necessary. [2]

“Knowledge” means

the actual, personal awareness by an individual of information relating to a particular matter, [as well as information relating to such matter that such individual reasonably should have known by virtue of his or her position] [1]

[without any duty to conduct patent searches]. [2]

[Knowledge shall not be deemed to include knowledge held by other personnel of the relevant Individual Participant’s Sponsor, provided that such Sponsor will not deliberately withhold relevant information from Individual Participants in the SDO’s activities for the purpose of avoiding disclosure or licensing under this Policy.] [3]

[2] Some SDOs define references as informative so long as an implementation of the reference is not required to claim conformance. While not necessary for conformance, such references could be indispensable for the use of the standard.

It is important to define “knowledge” in the context of an SDO, as many SDOs limit the obligation to disclose Essential Claims to those within the Knowledge of a Participant. This criterion is almost always applied to the Individual Participants who participate in activities of the SDO, rather than institutionally to the Participating Organization that employs or sponsors the Individual Participant.

[1] One extension of the personal knowledge of the SDO Participants is knowledge that such Participant “reasonably should have known” by virtue of his or her position. This criterion would prevent a Participating Organization from deliberately insulating its personnel from patent information for purposes of thwarting the Knowledge requirement of the Policy. It should also be pointed out, however, that such “constructive knowledge” criteria could introduce a significant element of uncertainty into the Knowledge determination. Note the ANSI patent policy does not address the issue of Knowledge. ANSI has stated in testimony that Knowledge will not be imputed to Individual Participants in the development of American National Standards.

[2] Given that many organizations that participate in standards development have large patent portfolios, SDOs may wish to state that Participants are not required to conduct “patent searches” in order to discover Essential Claims. Patent searches, for this purpose, would include both reviews of internal patent department records as well as searches of public patent databases. It should be noted that the policies of many SDOs (including, for example, TIA, ETSI, and ITU) explicitly state that patent searches are not required.

[3] This clause limits Knowledge to that information known by Individual Participants, and also prevents Sponsors from deliberately insulating its personnel from patent information for purposes of thwarting the Knowledge requirement of the Policy.

“Licensing Call” means a [written] request from an SDO to one or more Participants to submit a Licensing Statement.

“Licensing Commitment” means a Participant’s commitment to grant a license under Essential Claims on terms specified in Section IV.A.

“Licensing Statement” means a written statement submitted by a Participant to an SDO [in the form required by this Policy] **[1]** that describes the terms, if any, under which such Participant [commits to] [is willing to][hereby does] **[2]** license Essential Claims [listed or identified in \_\_\_\_].

It should be noted that a Licensing Call is distinguished from a “call for patent disclosures.” See Section III.B.2[6] and B.3[5]. For additional commentary, see Section IV.C.2.c.

A Licensing Commitment contains a description of the terms (such as “reasonable and nondiscriminatory” license terms) that a Participant agrees to offer to all Implementers of a Standard under the Participant’s Essential Claims.

As described in Section IV, a Licensing Commitment may arise as a condition of participation in an SDO, or may be voluntarily undertaken by a Participant when making a Licensing Statement. The Licensing Commitment is not an actual license, but an agreement to make a license available upon request. A willingness to license can be communicated as a Licensing Commitment in a Licensing Statement (see definition of “Licensing Statement” below).

As described in Section IV.C, some SDOs may require that a Participant disclose its position regarding licensing of Essential Claims at specified times during the standards development process.

**[1]** This phrase should be included if a specified form of Licensing Statement is required. See Section IV.C.3 below.

**[2]** The choice between “commits to,” “is willing to,” or “hereby does” is one of the crucial choices to be made with respect to Licensing Statements. If a Participant “commits to” (or “hereby does”) license Essential Claims on terms (such as RAND) specified in the Licensing Statement, then that commitment is likely to have legal force, and Implementers will have greater certainty regarding the terms or nature of the terms that will be offered when they implement Standards covered by the Participant’s Essential Claims. This commitment is essentially a “Licensing Commitment.” Making this commitment, however, is a serious matter for Participants, and may be difficult for Participants that wish to retain flexibility in their licensing programs.

A “Mandatory Portion” of a Standards Document typically conveys criteria that must always be fulfilled in order to claim full conformance to the Standard.

An “Optional Portion” of a Standards Document typically contains those Portions or criteria of a Standard that may, but are not required to, be selected in an implementation of the Standard.

An “Informative Portion” typically refers to language in a Standards Document that is only informative or permissive, such as the background leading to the need for the Standard, or other references in the area that may be of interest to the reader. Informative Portions are not intended to be implemented in the Standard.

An “Alternative Portion” typically exists when there is more than one way to satisfy a Mandatory Portion or an Optional Portion.

By simply asserting that it is “willing to” grant a license, a Participant states its intention at the time of the statement, and does not necessarily make a binding commitment for the future.

Under this approach, Implementers will have less certainty regarding the terms that will be offered when they implement Standards covered by the Participant’s Essential Claims, but this approach may be more palatable to Participants who wish to retain greater flexibility regarding their licensing programs. SDOs should carefully consider the level of commitment they wish to obtain from Participants and choose the wording of this clause accordingly.

Other terms used by SDOs for Licensing Statements include “Letter of Assurance,” “Licensing Declaration,” and “Patent Holder Statement.”

These terms are being discussed in the same section in order to clarify how they differ and possibly overlap. Some or all of these terms may be used to define the Essential Claims that may be subject to the Policy as well as the portions of the Standard that may be subject to a Licensing Commitment.

“Mandatory Portions” also can be called “normative,” “required,” etc. Sometimes these portions are labeled as such in the standard. Sometimes they are identified through obligatory terms such as “shall” or “must.” In some SDOs, the term “normative” is used to designate any portion of a standard that is implementable, whether mandatory, alternative, or optional.

“Optional Portions” of a Standard are, as the term implies, optional, and are not required in order to claim conformance to the Standard. Typically “Optional Portions” contain mandatory language such as “shall” or “must” because they delineate requirements that must be met if an Implementer voluntarily chooses to implement the Optional Portion. Sometimes the term “Optional” is used by an SDO to refer to what is referred to herein as “Informative Portions,” and vice-versa, so it is important to ascertain the nature of the text being included under the chosen label. Sometimes Optional Portions and/or Informative Portions are labeled as such in the Standard. Some SDOs use the term Informative Portion only to refer

to text that contains only informational or permissive language such as “should” or “may” or other descriptive material.

As noted above, even though its implementation is not required for full conformance to the standard, an Optional Portion may contain obligatory language (such as “shall” or “must”). Under these circumstances, if an Implementer does choose to implement the Optional Portion, then it must do so in accordance with these mandatory requirements. As noted *infra*, an SDO’s Policy may apply only to Mandatory Portions of a Standard. Some SDOs may choose to have their policies apply explicitly to Optional Portions that contain mandatory language. In *Intel v. Via*, 174 F. Supp. 2d 1038 (N.D. Cal 2001), the court found some “options” of a standard to be “required.” Thus, if the Standard has a core to which options may be attached, and if attached the Claim is needed for the option, the SDO should specify whether such Claims are Essential Claims subject to obligations of disclosure and/or licensing under the SDO’s rules.

Mandatory Portions and/or Optional Portions may or may not include “Alternative Portions,” where an implementer must select from one of two or more alternative approaches in order to claim full conformance to the Standard. While each Alternative Portion may itself be “optional” because it does not have to be selected, an SDO may or may not seek to ensure that any Essential Patent Claims that read on any of these Alternative Portions are subject to the SDO’s Policy to prevent all such Alternative Portions from arguably being blocked in this regard. Accordingly, an SDO may treat Alternative Portions in the same way it treats Mandatory Portions and/or Optional Portions that include obligatory language. Some SDOs may define “Mandatory Portions” or “Normative Portions” to apply to all of these types of Portions in order to clarify what its Policy applies to.

It should be noted that competition issues must be considered in this regard. While an SDO seeking licensing commitments vis-à-vis complementary or blocking patents generally avoids antitrust scrutiny, the pro-competitive perspective is not so clear for alternatives or substitute technologies.

A Claim is “Necessarily Infringed” when there is no [commercially/technically feasible/reasonable] [1] noninfringing alternative for implementing a portion of a Standard,

[or when all alternative approaches are covered by such Claim and other Claims [Controlled by the same Participant or in the same patent]]. [2]

Similar competition concerns can arise when an SDO requires a Patent Holder to offer license terms covering Optional Portions as part of a package including Essential Claims, or when the Patent Holder requires that an Implementer license Claims covering Optional Portions as part of a package including Essential Claims covering Mandatory Portions.

This definition is typically used within the definition of “Essential Claim” to limit such Claims to those that are unavoidably infringed by all implementations of a standard.

[1] The SDO must determine whether there must be absolutely *no* way to implement the Standard without infringing the Claim, or whether qualifications (such as the commercial or technical feasibility or reasonableness) may apply. The unmodified “no noninfringing alternative” language results in a more limited definition of Essential Claim, while adding a “commercially feasible” qualification, for example, makes more Claims into Essential Claims. However, the boundaries of what is “commercially feasible” may be less clear.

The difference between the terms “technically” and “commercially” can be illustrated by the example of a standard for an “alarm.” Suppose that initially the only alarm that complies with the standard is a bell that costs \$1.00. A Claim that covers the bell will be an Essential Claim, irrespective of whether or not the definition states that there must be no “technically” reasonable noninfringing alternatives or no “commercially” reasonable noninfringing alternatives. However, the situation changes when the Patent Holder or a third party develops a buzzer that also complies with the alarm standard. The buzzer costs \$0.10, making the bell implementation cost-prohibitive in the commercial market. If Essential Claims are defined as those for which there is no “commercially” reasonable noninfringing alternative, the Claim on the buzzer becomes an Essential Claim, because it would not be commercially feasible to use a bell costing ten times the cost of the buzzer. If the Policy, however, required that there be no “technically feasible” alternative in order for a Claim to be an Essential Claim, then neither the bell nor the buzzer

“Normative Portion”

“Normative Reference”

Needed for Use: A specification or other document to which reference is made in the Standard in such a way as to make it indispensable for the application of the Standard.**[1]**

Needed for Conformance: The whole or parts of a document to which it is necessary to conform in order to claim conformance with the Standard containing the reference.**[2]**

Claims would be Essential Claims, because there would be a technical alternative for each.

An SDO policy may require the judgment regarding the “technical” or “commercial” reasonableness to be determined at a specific time, e.g., when the standard is approved or published, so that an Essential Claim cannot change its characterization. Consideration should be given to competition issues before adopting a policy that omits a specific reference time, especially when assessing whether or not there is any “commercially reasonable” noninfringing alternative.

**[2]** Under the traditional definition of “Necessarily Infringed,” if there are only two claimed technical alternatives that may be implemented to achieve compliance, neither is an Essential Claim. An SDO may consider whether to include such alternative claims as Essential Claims at least in certain cases—such as when the two claims are in the same patent or in patents Controlled by the same Participant. For example, if a specification requires an alarm and a Participant has two claims in a patent on the only two technically feasible alarms, a bell and a buzzer, where one of the two claims must be infringed to implement the specification, the SDO might consider whether such Claims should be Essential Claims.

See definition of “Mandatory Portion.”

The determination of whether a reference is “Normative” or “Informative” may impact what Licensing Commitments are available to Implementers, as discussed in Section V. As a result, SDOs should carefully define the term to satisfy both the SDO’s and implementers’ expectations regarding such Licensing Commitments. Patent Holders can be asked to license their Essential Claims covering Normative References to Implementers, as they are asked to license Essential Claims covering Normative Portions of the standard. However, while many SDO policies set forth express rules governing patent licensing and disclosure rules for Essential Claims that cover Normative Portions, not all SDOs require licensing or have disclosure policies directed to Normative References. Policies that do address Normative References often have no licensing or disclosure policies for Informative References.

Many SDOs expressly exclude Normative References from the scope of their Policy, in part because the referenced material may have been developed under a different patent policy (see discussion *infra* at V.1). A concern in excluding technology or standards that are referenced is that the standard may be unimplementable or impaired without such necessary technologies available.

[1] When a Standard references another document as opposed to copying the contents of the document into the Standard, the contents nonetheless may be an important part of the Standard. Some SDOs define such references as “normative” when the standard cannot be implemented or practiced without the use of the referenced document. In some SDOs, the referenced document may be virtually any written material but most often is a specification or Standard developed by another SDO, while in others, such as ISO/IEC, the criteria for documents that may be used as Normative References are prescribed in detail (see Section 6.2.2 of 2004 ISO/IEC Directives, Part 2).

[2] Some SDOs prefer to more narrowly define normative references to those that are required for conformance. For example a standard for making emergency calls may not be usable without certain telecommunications protocols. However, conformance may be based solely on a device being able to generate a message for transmission as defined by the standard.

“Optional Portion”

“Participant” means an individual or organization that Participates in the Standards-related activity of the SDO.

See definition of “Mandatory Portion.”

Depending on the SDO, “Participants” may be either individuals or organizations that designate individual personnel to participate in SDO activities. In either case, “Participant” is the general term used to describe a person or entity that Participates in the Standards-related work of an SDO. If “Participant” is used to designate an entity, the SDO may decide to clarify that certain obligations (such as a disclosure obligation) are triggered only by the knowledge or conduct of that entity’s “Individual Participant.” While a Participant may also be an Implementer, these terms are not synonymous, as there may be Participants who do not implement a Standard, and there may be Implementers of a Standard who do not participate in its development.

“Participate” means active participation in an activity of an SDO. Without limiting the generality of the foregoing, an Organizational Participant shall be deemed to Participate in a Working Group if any of its employees [are members/have attended \_\_\_ or more meetings of the Working Group] [during any 12-month period][1], made any Contribution to the Working Group [during the most recent 12-month period], and an individual Participant shall be deemed to Participate in a Working Group if he or she [is a member thereof/has attended \_\_\_ or more meetings] [during the most recent 12-month period], made any Contribution to the Working Group [during the most recent 12-month period].

“Participation Agreement” means a document describing or referring to the Policy that an individual or organization must agree to in order to be a member of, or Participate in, the standards development activity of the SDO.

“Participating Organization” means a company, corporation, agency, institution, or other entity other than an individual person that is a Participant in the SDO or that sponsors the participation of one or more Individual Participants.

“Patent Disclosure” means a [written] [1] statement submitted by a Participant to an SDO [in the form required by this Policy][2] that describes specific Essential Claims relating to a particular Standards Document.

“Patent Holder” means, with respect to a particular Claim, a person or entity that Controls a Patent including such Claim.

In SDOs where membership is individual-based, the SDO may seek or expect a level of obligation from the individual’s Sponsor.

[1] The 12-month period in this clause is intended to provide a time period that is significant, but not unduly so. An SDO may elect to choose a time period that is longer or shorter, depending on standards development cycles and other relevant factors in its particular industry. Alternately, an SDO may elect not to use any specified time period.

This definition is relevant when an SDO has a membership (or WG membership) that is defined by the act of agreeing to a Participation Agreement. Such an agreement is also referred to sometimes as a “Membership Agreement.” (See Section II.A regarding SDOs with no Participation Agreement.)

In SDOs that consider Participants to be organizations, the actions of individuals representing or sponsored by such organizations are likely to be treated as actions of the organizational Participant. Accordingly, an organization should be careful to select appropriate personnel to participate in SDO activities.

[1] While most SDOs require that Patent Disclosures be made in written form (which may include electronic e-mail, web posting, or other electronic forms of communication), some SDOs also permit Patent Disclosures to be made orally at certain SDO meetings as described in Section III, Option 3 below.

[2] The use of a specific, required form for Patent Disclosures is discussed in Section III.C below.

It should be noted that a Patent Holder may or may not be a Participant in the SDO.

“Policy” means this [Intellectual Property Rights/Patent] Policy.

“RAND” means “reasonable and nondiscriminatory” license terms and conditions.

SDOs may have a complete intellectual property rights (IPR) policy that includes a patent policy or a stand-alone patent policy.

Many Licensing Commitments require that the Patent Holder be willing to grant or agree to offer licenses that contain RAND terms and conditions. (Some SDOs may refer to RAND “terms,” which is generally understood to mean “terms and conditions”). There is not a precise legal definition of RAND. It is generally understood, however, that RAND licenses may be royalty-bearing or may include other reasonable fees.

RAND licenses may include other terms and conditions in addition to royalty and fee terms. These, too, must be reasonable. However, an SDO may wish to permit or prohibit specific terms and conditions in RAND licenses as described in detail in Section IV.A.

“Nondiscriminatory” signifies that the licensor must not refuse to license different parties who are similarly situated on materially similar terms. Typically the “nondiscriminatory” requirement is satisfied if a Patent Holder is willing to offer one version of the license to any and all Implementers. However, given that different Implementers may want different license scopes or have different consideration to offer in return, “nondiscriminatory” does not mean that the terms of all licenses offered or granted must be identical.

As with any licensing negotiation, licensors and licensees do not always agree on the reasonableness of the terms offered or requested. A RAND commitment means that the Patent Holder must grant or offer a license under its Essential Claims on terms and conditions that are reasonable and nondiscriminatory.

Other common variants of RAND include:

“*Fair, Reasonable and Nondiscriminatory*” (FRAND). This formulation is used primarily in Europe. Despite the addition of the word “fair,” most commentators agree that there is no discernible legal distinction between FRAND and RAND requirements. In addition, at the Global Standards Collaboration, it was agreed that the terms FRAND and RAND reflected the same concept across the continents and the

“RANDz” means “reasonable and non-discriminatory” license terms [that do not include [monetary compensation/royalties]]. [1]

difference in terminology was more linguistic than substantive. This agreement was reflected in its Resolution GSC11/19 entitled “Intellectual Property Rights Policies.” [http://www.itu.int/ITU-T/gsc/gsc11/documents/GSC-11\\_Resolutions\\_IndexR3.doc](http://www.itu.int/ITU-T/gsc/gsc11/documents/GSC-11_Resolutions_IndexR3.doc).

“Reasonable terms that are demonstrably free of unfair discrimination”: This formulation was used by ANSI at least as early as 1974 and is still included in the current ANSI patent policy. Because this language is somewhat more cumbersome than RAND, and because of the additional uncertainty introduced by the terms “demonstrably” and “unfair,” some ANSI-accredited SDOs and non-ANSI-accredited SDOs have moved away from this formulation to RAND.

Licenses granted on a RANDz basis (where “z” signifies “zero”) are subject to a RAND requirement (see above), and are also intended to exclude royalties (for example, payments based on product sales) and, in some cases, other monetary consideration (such as up-front license fees) for the license grant.

[1] Some SDOs who have adopted RANDz licensing policies may wish to exclude all monetary compensation, while others may wish to exclude only royalties. For clarity, it is recommended that an SDO specify whether RANDz signifies an exclusion of all compensation or an exclusion only of royalties.

Likewise, a number of SDOs have implemented so-called “Royalty-Free” (RF) Licensing Commitments. While many of these SDOs intend such RF Licensing Commitments to exclude all monetary compensation, the term “Royalty-Free” may imply that only royalties are intended to be excluded. If an SDO wishes to exclude all monetary compensation, it is preferable to use the term “RANDz” (with the language noted above) for clarity and because the term RANDz also pertains to terms of the license other than compensatory terms (i.e., the terms and conditions other than compensation terms must also be reasonable and nondiscriminatory). The current ANSI patent policy provides RANDz as an alternative to RAND and utilizes the term “without compensation.”

“Scope” means [describe the technical scope of the standards activity].

“Sponsor” means the organization, if any, that employs or has otherwise sponsored an Individual Participant’s participation in the activities of the SDO. For purposes of this Policy, the activities of such a sponsored Individual Participant in relation to the SDO are deemed to constitute actions of the Sponsor.

See definition of RAND for further discussion of RAND terms and conditions.

The “Scope” definition may be used to limit Essential Claims subject to the Policy or may work in tandem with the Essential Claim definition to narrow the Licensing Commitment. “Scope” typically defines the technological boundaries (for example the protocols, electrical signaling characteristics, connection, methods, tools, test scripts, register models, application program interfaces, physical dimensions and characteristics, data structures, mechanical requirements, and firmware descriptors, device, and driver architectures) to the extent disclosed with particularity in the Final Standard where the sole purpose of such disclosure is to enable products incorporating the Final Standard to interoperate, interconnect, or communicate as defined in the Final Standard. The “Scope” definition may also exclude “enabling technologies” and specific technologies, such as microprocessors or busses.

In some SDOs, Participation is deemed to be solely by Individual Participants, and such individuals are said to attend SDO meetings and deliberations in their individual capacities. Nevertheless, it is widely recognized that many Individual Participants in today’s technical standards activities are employed by companies with a corporate interest in the standards under development, and that it would be naïve to proceed as though such companies had no influence over the actions of their employees. Accordingly, this definition seeks to link the actions of Individual Participants with their Sponsors. As a result, companies who wish their employees to Participate in standards-development activities should carefully instruct such employees to comply with the requirements of this Policy.

This is not to say that every Individual Participant must have an associated “Sponsor.” Some individuals participate in standards-setting activities out of personal or academic interest. In particular, members of the academic community, even though employed by academic or research institutions, may do so in their individual capacities, and not “on behalf of” their institution. Indicators of whether an

“Standard” means any Draft Standard or Final Standard.

“Standards Document” means any written document within the standards development process of the SDO, including any interim or final version of a document setting forth all or any part of a Standard.

“Working Group” or “WG” means a designated subgroup of Participants that is responsible for the development of one or more particular Standards within an SDO.

individual’s involvement in SDO activities has been sponsored by a company or institution include: who pays for the individual’s attendance at SDO meetings, whether the individual uses personal or company-supplied equipment to Participate in SDO activities, whether the individual Participates in SDO activities during business hours or in his or her spare time, whether the individual works with (or takes instruction from) other employees of the same company on matters relating to the SDO, whether the individual reports his or her activities regarding the SDO to the company, and whether the company or institution may receive any direct or indirect benefit from the outcome of the standards development process.

This definition is intended to cover any deliverable produced within the context of the SDO that establishes engineering and technical requirements for processes, procedures, practices, and methods. Standards may also be established for selection, application, and design criteria for material.

There are various terms that SDOs employ to reference their respective work products. Terms typically employed, in addition to “Standard,” include “specification” and “recommendation.” For purposes of this document, the term “Standard” will be used to signify all of these.

Examples of such documents may include technical contributions, output of technical Working Group or committee meetings, pre-ballot versions, or ballot versions of a Standard. Standards Documents are generally understood not to include external third-party documents that may be circulated within an SDO for informational or other purposes, including white papers, documentation for existing products, and the like.

Each SDO has its own terminology to describe the hierarchy or structure of its standards development program. In addition to Working Group, SDOs may use terms such as Technical Committee, Technical Working Group, Subcommittee, Drafting Group, Ad Hoc Group, etc.

For purposes of this publication, the term “Working Group” will be used to indicate the group of Participants that actively develop a particular Standard.

