

Invitation to Contribute to Guidelines for Licensing Negotiations Involving Standard Essential Patents (SEPs)

September 29, 2017
Japan Patent Office

1. Purpose of formulating guidelines

The spread of the Internet of Things (IoT) is causing major changes in licensing negotiations involving SEPs. Due to shorter product life cycles and the growing number of patents, it is now much more difficult to assess all SEPs related to the telecommunication technologies used in products before commercial operations start.

It is also getting harder to resolve disputes based on cross-licensing agreements. In the past, negotiations were held chiefly among telecommunications companies. Today, many negotiations are held between telecommunications companies and non-telecommunications manufacturing or service companies. This shift has revealed a gap in parties' respective perceptions of reasonable royalty levels.

We are therefore planning to create guidelines to help prevent disputes involving SEPs and quickly resolve any disputes that do arise in global markets.

Please find below an outline of our proposed content for guidelines on licensing negotiations involving SEPs. Your suggestions as to specific content would be greatly appreciated.

2. Instructions

(1) Outline of guidelines

Please refer to the tentative outline below when providing specific content suggestions. Any ideas on other items that merit inclusion would also be most welcome.

【Guidelines on Licensing Negotiations involving SEPs (Tentative)】

1. Introduction

(1) Purpose of guidelines

(2) Issues in licensing negotiations involving SEPs

e.g. Difficulty of assessing all related patents and finding solutions based on cross-licensing agreements

e.g. Gap in parties' respective perceptions of reasonable royalties

2. Appropriate licensing negotiation methods

(1) Elements of "good faith" negotiations

e.g. Negotiation periods, attitudes, and histories

- (2) Factors in conducting negotiations effectively and efficiently
 - e.g. Which parties are supposed to be at the forefront of licensing negotiations? End product manufacturers, or suppliers
 - e.g. Allocation of burden in assigning royalties
 - e.g. Information to be provided by right-holders/implementers

3. Reasonable royalty levels

- (1) Royalty base
 - e.g. The contribution of a standard to product sales: entire market value, or the smallest salable patent-practicing unit?
- (2) Factors and methods for calculating royalties
 - e.g. Royalty rates of patent pools or other licenses, relative values of SEPs under negotiation to other SEPs, cumulative royalty rates, total numbers of SEPs, patent portfolio strength, R&D costs, negotiation histories

(2) Due date

E-mail

Please send your suggestions before 18:00, November 10, 2017(Japan time).

Post

Please send your suggestions by November 10, 2017(Japan time).

(3) Suggestion format

Please provide your suggestions in either Japanese or English on A4 or letter-size paper. We ask that the main body be up to 10 pages. Supplementary materials can be attached.

Please provide your name and affiliation (individuals, companies, or groups). In the case of companies or groups, include your department name and title. Please also provide your contact information (address, phone number, and e-mail address). Your suggestions should be submitted via one of the following methods:

E-mail

PA0A00@jpo.go.jp

Please use “SEP guideline suggestions” in the subject line.

Post

Send your document to the attention of:

Legislative Affairs Office
General Coordination Division
Policy Planning and Coordination Department
Japan Patent Office
3-4-3 Kasumigaseki
Chiyoda-ku Tokyo 100-8915, Japan

On the outside of the envelope, please write: Attention: SEP Guideline Suggestions.

(4) Notes

- Suggestion content may be made public. However, we will not disclose your name, affiliation and contact information to the public without your explicit consent.
- Personal information included with your suggestions, such as your name and contact information, will be kept confidential and used only for administrative purposes such as contacting you when we have questions concerning your suggestions.
- Not all suggestions will necessarily be adopted in the guidelines.
- We will not respond to individual suggestions.

3. For further information or inquiries:

Legislative Affairs Office
Japan Patent Office
E-mail: PA0A00@jpo.go.jp

Thank you for your cooperation. We look forward to receiving your input.