

# **標準必須特許のライセンスに関する 誠実交渉指針について**

## **Good Faith Negotiation Guidelines for Standard Essential Patent Licenses**

**令和4年5月19日（2022/05/19）**

**経済産業省（METI）**

# Release of “Good Faith Negotiation Guidelines for SEP Licenses”

- In March 2022, METI released “Good Faith Negotiation Guidelines for Standard Essential Patent Licenses”, which indicates the norms of good faith negotiations provided by the Japanese government to be followed by SEP holders and implementers involved in SEP licensing negotiations including Japanese patents.
- METI established the Guidelines considering opinions of domestic and foreign companies, etc., industries and experts in Japan. METI expects that various parties related to SEP licensing negotiations, such as those in the negotiations and the judiciary, utilize the Guidelines.

## The Process of Establishing the Good Faith Negotiation Guidelines

- 2021/07/26 : METI released “Study Group on Licensing Environment of Standard Essential Patents Interim Report” and indicated that “the Japanese government will promptly consider and externally disseminate the rules on good faith negotiations that should be complied with by both SEP holders and implementers”.
- 2021/11~2022/01: METI’s Competition Enhancement Office and Intellectual Property Policy Office (hereinafter referred to as “the METI offices”) asked a total of 16 stakeholders (half of them are domestic and the other half are foreign), mostly companies.
- 2021/12/15: The Study Group had the 6th meeting. Interviews with foreign companies (Telefonaktiebolaget LM Ericsson and Apple Inc.) were conducted.
- 2022/01/19~2022/03/08: The METI offices asked opinions on actions at each step of SEP licensing negotiations on METI’s website.
- 2022/02/14: The Study Group had the 7th meeting. The METI offices presented several proposals on actions to be taken at each step of SEP licensing negotiations, based on the results of asking the above-mentioned stakeholders for their opinions, and they also presented a skeleton of the Good Faith Negotiation Guidelines. The Study Group discussed good faith negotiations with reference to the proposals and the skeleton.
- 2022/03/18: The Study Group had the 8th meeting. The METI offices presented the drafts of the Good Faith Negotiation Guidelines and the Study Group’s report, considering opinions in the 7th meeting. The Study Group discussed the descriptions of these document.
- 2022/03/31: METI released the Good Faith Negotiation Guidelines in Japanese and English.

# Background of the Establishment of the Guidelines (Problems caused by the absence of clear rules on SEP licensing negotiations)

- Due to the absence of clear rules on the SEP licensing negotiations, SEP holders and implementers face problems caused by low predictability and transparency.
- To realize an appropriate licensing environment through improvement of transparency and predictability of the negotiations, METI indicated that “the Japanese government will promptly consider and externally disseminate the rules on good faith negotiations that should be complied with by both SEP holders and implementers”, so that good faith negotiations between the parties may encourage early settlements and avoidance of unnecessary disputes, leading to the development of Japanese industries.

## Problems faced by SEP holders and implementers

- 【1】 As licensing among different industries increases, low predictability of the negotiation process poses significant business risks for companies in diverse industries (especially, enterprises that do not have knowledge of the subject standards and technologies, and small and medium-sized enterprises).
- 【2】 Since there is no clear rule, the predictability of the results of litigations is low and the litigation itself becomes a great burden.
- 【3】 Although it is possible to manage this situation by the public enforcement of the Competition Law (Anti-trust Law), it is difficult to enforce the law for the purpose of improving opacity (providing information and so on) as it is generally a mechanism to allow measures necessary for eliminating the violating acts after such acts are committed. There are also limitations to dealing with individual disputes through individual review.
- 【4】 In addition, even from the perspective of parties exercising rights, as there is no clear rule, the predictability of the results of litigation is low (※1) and there is a risk that the exercise of rights will not be permitted even if the opposite party of the negotiation acts in bad faith (※2). Under such circumstances, if a reasonable consideration cannot be collected, it may be difficult to continue standardizing activities and research and development.

※1: In Japan, there is only one precedent, rendered over five years ago, and it is difficult to predict how the latest overseas trends will be reflected.

※2: If there is a growing number of implementers who are unfamiliar with the negotiation as the number of licensing negotiations among different industries increases, it will be expected that appropriate measures are not taken although they may not be intentional.

# Background of the Establishment of the Guidelines (Nature of the rules on good faith negotiations)

- In METI's study group with the attendance of experts and industries, they discussed method on setting rules on good faith negotiations, which include legislative measures, guidelines not based on legislative measures, and update of the JPO's Guide.
- METI decided to establish guidelines not based on legislative measures, considering the direction to "promptly consider and externally disseminate" as well as the opinions on the need for rules that are more in-depth than the JPO's Guide.

## [Comments from experts and industries about method on setting rules (the METI's Study Group)]

### <Comments on the setting of rules by legislative measures>

- In case where the global patent portfolio subject to negotiation includes Japanese patents, in order to ensure the effectiveness of rules on international disputes and negotiations, it is preferable to have a mechanism to take administrative measures against violations of rules when the global patent portfolio to be negotiated includes Japanese patents.
- In some cases, SEP holders may imply seeking an injunction in lawsuits without providing sufficient information. To prevent this, an approach similar to the Act on Improving Transparency and Fairness of Digital Platforms is desirable. In doing so, it is important to consider the content of negotiating attitudes required of the implementer.
- As the parties and the subject matter to the negotiations are different between the digital platform transactions subject to the Act on Digital Platform Transaction Transparency and in the SEP licensing negotiations, the latter would be better suited to being left to private autonomy.
- (….)The principle of private autonomy may be violated if prior restraint that is broad enough to discourage flexible licensing negotiation between businesses is established. Therefore, it is necessary to consider the contents of the dispositions, etc. that are to be taken against parties to ensure the effectiveness of the rules.
- Administrative intervention is justified in case private autonomy does not function. In digital platform transactions, administrative interventions are taken in light of the large disparities between digital platformers and their users. In SEP negotiations, it is a fact that information disparities exist between SEP holders and implementers, and the fact that there are such disparities is in common with digital platform transactions. In setting out rules, it is necessary to consider how to resolve these information disparities and how many degrees of advance intervention by the administration is necessary for that purpose.
- It is important to consider both legislation and disclosure of the guideline, etc.
- Although both legislation and establishment of guidelines should be considered(….)

### <Comments on the setting of rules based on guidelines (not based on legislative measures)>

- As the JPO's License Negotiation Guide was evolutionary, including a variety of information, I agree to update it, but as of now, it only describes different arguments by both sides in a parallel manner. For this reason, we are of the opinion that the government should disseminate more advanced rules, mainly focusing on what actions should be taken as good faith.
- Since the JPO's License Negotiation Guide only describes different arguments by both sides in a parallel manner, considering that the number of venture companies and small and medium-sized enterprises engaging in IoT and other businesses will increase in the future, the JPO's License Negotiation Guide will not be sufficient to ensure the predictability of negotiations, and more detailed rules will be necessary. In addition, some of the contents of the JPO's License Negotiation Guide are based on one-sided judgments rendered overseas.
- For judges, it is agonizing to use the JPO's License Negotiation Guide because it only describes different arguments by both sides in a parallel manner. Therefore, it is desirable to set out the rules that indicate a certain direction in the future.
- Discussions of both the JPO's License Negotiation Guide and rules on negotiation are compatible.

### <Comments on the update of the JPO's Guide to Licensing Negotiations Involving Standard Essential Patents>

- Since SEP disputes are international in nature, it would be more practical to take measures to support companies to improve their readiness than to develop uniform rules unique to the Japanese system. From this point of view, it may be more straightforward to update the Guide to Licensing Negotiations Involving Standard Essential Patents ("License Negotiation Guide") of the Japan Patent Office (JPO), which summarizes the actual practice from the standpoint of what kind of behavior is considered to fulfill the obligations in good faith negotiations from the perspectives of both SEP holders and the implementers.

# Difference between the METI's Guidelines and the JPO's Guide

- The METI's Guidelines are the norms of good faith negotiations provided by the Japanese government.
- The JPO's Guide is a document objectively summarizing issues concerning licensing negotiations based on domestic and foreign facts.
- Both of them are not legally binding and do not forejudge future judicial rulings.

## 【The METI's Guidelines】: Good Faith Negotiation Guidelines for Standard Essential Patent Licenses



- The norms of good faith negotiations provided by the Japanese government to be followed by SEP holders and implementers involved in SEP licensing negotiations including Japanese patents.
- Established considering opinions of domestic and foreign companies, etc., industries and experts on intellectual property and competition law in Japan.
- Not legally binding and do not forejudge future judicial rulings.

## 【The JPO's Guide】: Guide to Licensing Negotiations Involving Standard Essential Patents



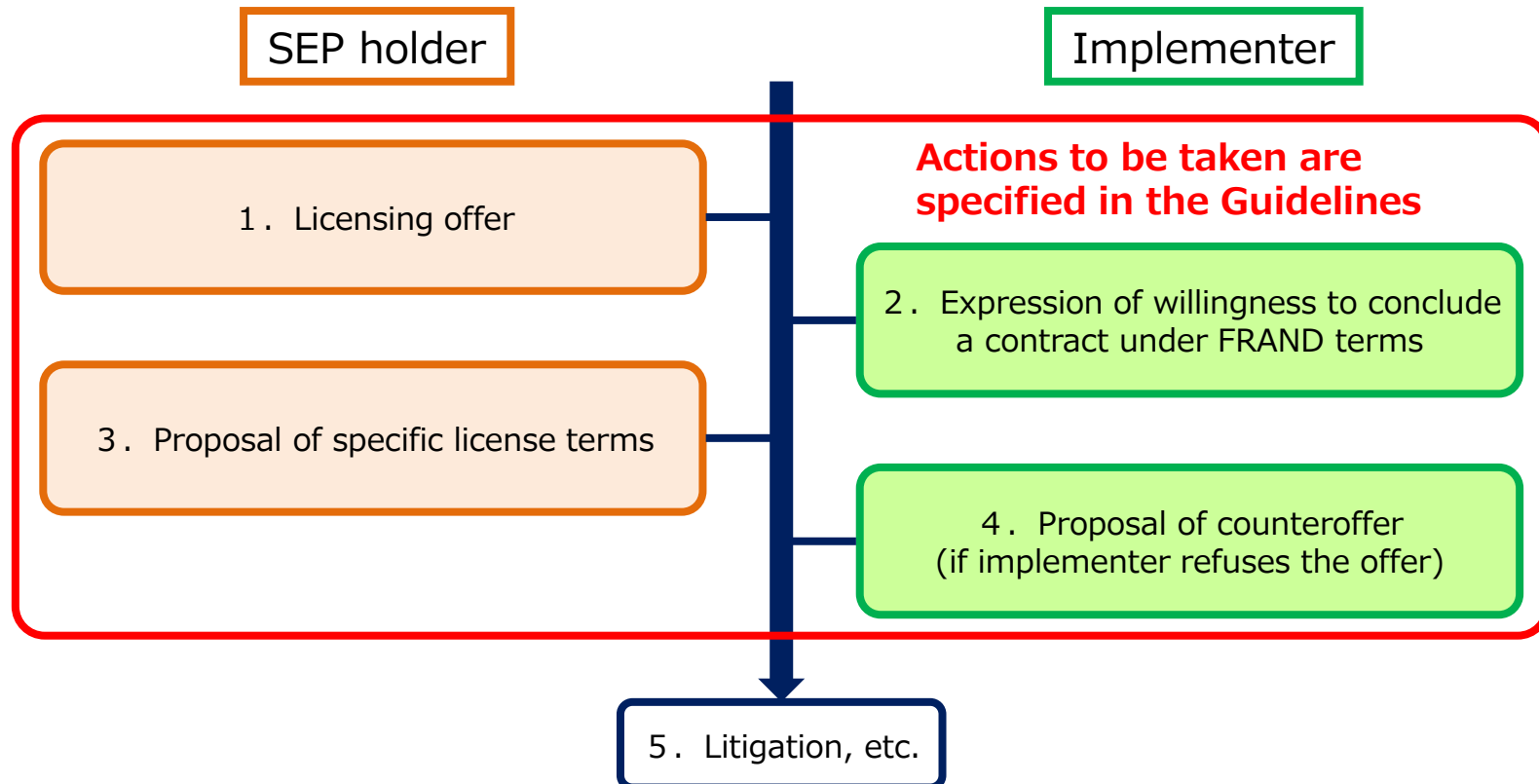
- Not the norms.
- Objectively summarizes issues concerning licensing negotiations based on domestic and foreign court rulings, competition authorities' judgments, and licensing practices.
- Not legally binding and does not forejudge future judicial rulings.

\*The JPO's Guide will also reference the METI's Guidelines at the time of revision.

# Actions to Be Taken at Each Step of SEP Licensing Negotiations

- METI established the Guidelines by specifying the response in each step of licensing negotiations, in reference to the framework based on the preliminary judgment of the Court of Justice of the European Union, which clarified the steps to be taken by both parties at each step of the licensing negotiations, in order to take into account international trends.
- The Guidelines apply to licensing negotiations of SEPs subject to FRAND commitments, including Japanese patents.

## 【The four main steps in SEP licensing negotiations】



## STEP 1: Licensing offer [SEP holder]

- STEP 1 specifies actions to be taken by a SEP holder when making a licensing offer.

### 【STEP 1 in the Guidelines】

When a SEP holder makes the licensing offer regarding SEPs to an implementer, the SEP holder should provide the following information regarding the patents subject to the license (hereinafter referred to as “the subject patents”) to the implementer, either voluntarily or at the implementer’s request.

- a list of patent numbers
- claim charts mapping patent claims to standards element by element (When there is a large number of the subject patents, the claim charts are made for representative patents.)
- information indicating that the implementer’s products comply with the corresponding standard
- information indicating the existence of FRAND commitments and corresponding standard numbers<sup>12</sup>

When the SEP holder provides the claim charts mapping patent claims to standards element by element, it is desirable that the SEP holder does not include them in the scope of a non-disclosure agreement (hereinafter referred to as “NDA”) if requested by the implementer<sup>13</sup>.

12 The SEP holder does not need to prepare new documents to provide this information. It is sufficient for the SEP holder to provide existing documents, such as licensing declaration forms submitted to standard-setting organizations, if the documents indicate the existence of FRAND commitments and corresponding standard numbers for the subject patents.

13 This shall not apply when the claim charts include non-public information, such as interpretations of words by the SEP holder. However, even if the SEP holder provides the claim charts under an NDA, the SEP holder should not preclude the implementer from disclosing them to its suppliers, attorneys, patent attorneys, etc., if the implementer needs their knowledge to proceed with its own licensing negotiations. On the other hand, even if the SEP holder provides claim charts without an NDA following the implementer’s request, the implementer should not disclose them to third parties without the SEP holder’s consent for purposes other than the licensing negotiations, such as publishing them on the Internet.

## **STEP 2: Expression of willingness to conclude a contract under FRAND terms [Implementer]**

- STEP 2 specifies actions to be taken by the implementer if the SEP holder has taken the actions specified at STEP 1.

### **[STEP 2 in the Guidelines]**

If the SEP holder has taken the actions specified at STEP 1 (Licensing offer), the implementer should express its willingness to obtain a license for the subject patents under FRAND terms to the SEP holder. Even if the implementer expresses the willingness while reserving to challenge the essentiality, validity, or infringement of the subject patents in the negotiation process as appropriate, its willingness to obtain a license under FRAND terms in good faith is not denied.

Even after the implementer expresses the willingness, the SEP holder should not preclude the implementer from disclosing the information provided by the SEP holder to the suppliers, attorneys, patent attorneys, etc., if the implementer needs their knowledge to proceed with its own licensing negotiations.



**STEP 3: Proposal of specific license terms [SEP holder]****STEP 4: Proposal of counteroffer (if implementer refuses the offer proposed at STEP 3)  
[Implementer]**

- STEP 3 specifies actions to be taken by the SEP holder if the implementer has taken the actions specified at STEP 2. STEP 4 specifies actions to be taken by the implementer if the SEP holder has taken the actions specified at STEP 3.

**[STEP 3 in the Guidelines]**

If the implementer has taken the actions specified at STEP 2 (Expression of willingness to conclude a contract under FRAND terms), the SEP holder should provide specific license terms, including royalties, to the implementer. In addition to explaining how the royalties are calculated, the SEP holder should explain that the license terms are FRAND by using appropriate information such as information concerning third-party licenses<sup>14</sup>, royalty rates of patent pools, and court cases so that the implementer can objectively understand that the license terms are FRAND.

14 In the Guidelines, the term “third-party licenses” indicates license agreements that the SEP holder or the implementer has entered into with third parties in the past. There are cases where NDAs with the third parties prevent the SEP holder or the implementer from providing the other party with information concerning the third-party licenses.

**[STEP 4 in the Guidelines]**

If the SEP holder has taken the actions specified at STEP 3 (Proposal of specific license terms) and the implementer does not accept the license terms proposed by the SEP holder, the implementer should provide specific license terms, including royalties, as a counteroffer to the SEP holder. In addition to explaining how the royalties are calculated, the implementer should explain that the license terms are FRAND by using appropriate information such as information concerning third-party licenses<sup>15</sup>, royalty rates of patent pools, and court cases so that the SEP holder can objectively understand that the license terms are FRAND.

15 Same as above note.