JPO’s Initiatives on the International IP System
- with a focus on SEPs -

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Increase in Standard Essential Patents (SEPs)

✓ In line with the growth of IoT, patents on standard technologies*, i.e., SEP that make it possible for various equipment to connect with each other, have increased.

*Condense technology for graphics, technology to transmit data that is sent and received.

![Changes in registered ITU-T Patent declarations](image)

- **1G**: 1G
- **2G**: Voice
- **3G**: Internet
- **4G**: Movie
- **5G**: Currently deciding standards
- **IoT**: Growth in patent declarations

Source: JPO
SEP dispute has been occurred in around the world

Viewpoints to Consider

1. Balance between rights holders and implementers
2. Prompt and global settlements
3. Predictability and stability
1 Guide to Licensing Negotiations involving Standard Essential Patents

2 “Hantei” (Advisory Opinion) for Essentiality Check
Relation between Standards and Patents

Patents
Grant monopoly to a technology

Standards
Ensure that technology is utilized as much as possible

Tension

Standards Setting Organizations (SSOs)
IPR Policy
Fair, reasonable and non-discriminatory (FRAND) terms

Legal precedents around the world
Injunction
Permitted only in limited situations
Changes in Parties to Licensing Negotiations

**In the Past**
- Negotiations among ICT companies
  - Telecommunications company vs Telecommunications company

**In IoT Era**
- Negotiations among parties from different industries
  - Telecommunications company vs Company in other industries

**Cross-licensing**
- Possible vs Difficult

**Perspectives on license rates**
- Basically on the same page vs Significantly different

**Perspectives on essentiality**
- Have capability to assess vs Lack capability to assess
I. Purpose of this Guide

- Aiming to:
  - Enhance transparency and predictability
  - Facilitate negotiations between rights holders and implementers
  - Help prevent or quickly resolve disputes concerning SEPs

- Not legally binding; not intended to be prescriptive
- Not “recipes”

II. Licensing Negotiation Methods

A. Good Faith
- Issues relating to actions at each stage of negotiations
- Examples of actions conducted in bad faith

B. Efficiency
- Factors efficient negotiations
  - Parties to negotiations in terms of supply chain

III. Royalty Calculation Methods

A. Reasonable
- Royalty base
- Royalty rate

B. Non-discriminatory
- Is a use-based license discriminatory?

C. Other Factors
- Lump-sum or running royalty
1 Guide to Licensing Negotiations involving Standard Essential Patents

2 “Hantei” (Advisory Opinion) for Essentaility Check
On April 1, 2018 the JPO started the “Hantei” (Advisory Opinion Procedure) to judge SEPs. All advisory opinions will be published.

**General Case**

1. **Request for advisory opinions**
   - (Identifying a product to be checked; explanation of comparison with the patented inventions)
2. **(Written) answers submitted**
3. **Trial examinations by a panel of administrative judges**
   - (Compare the patented inventions with the product to judge its essentiality)
4. **Advisory opinion**
   - (on whether the product falls within the scope of the patented invention)

**Hantei Procedure**

1. **Request for advisory opinions**
   - (Setting of a hypothetical product complying with the standard / explanation of comparison with the patented inventions)
2. **(Written) answers submitted**
3. **Trial examinations by a panel of administrative judges**
   - (Compare the patented inventions with the hypothetical product to judge the standard essentiality)
4. **Advisory opinion**
   - (To determine where the hypothetical product falls within the scope of the patented invention)

If the product falls within the technical scope of the patented invention, the invention can be determined to have the standard essentiality.
Specifying Standard Compatible Hypothetical Products

- Demandant will **specify a standard compatible hypothetical product** by extracting indispensable technical matters from the standard documents written by SSOs, and submit them to the JPO as evidence.
- The standard compatible hypothetical product must be specified, in order for the patented invention to be compared with the hypothetical product.

**Patented Invention (Claim)**

A. A device that transmits data from a mobile communication system and receives service data units (SDUs) from upper layers...

B. .................................

C. .................................

**Standard Document**

- **Hypothetical Product**
  - **a. 1 Scope**
    - A. This document specifies the RLC (Radio Link Control) protocol for the UE-UTRAN radio interface.
  - **4.2.1.2.1 Transmitting UM RLC entity**
    - A. The transmission UM-RLC entity receives RLC SDUs from upper layers through the UM-SAP.
    - b. .................................
    - c. .................................

※“3GPP TS 25.322 V6.9.0”
http://www.etsi.org/deliver/etsi_ts/125300_125399/125322/06.09.00_60/ts_125322v060900p.pdf
• Since standards are comprised of a very large amount of technical subject matter, a large number of hypothetical products can be specified.

• If a standard compatible hypothetical product falls within the technical scope of the patented invention, the patented invention should be essential to that standard.

• Even if the hypothetical product does not fall within the technical scope, that does not necessarily mean that the patented invention should not be essential to the standard. Therefore, a request for an advisory opinion, i.e., a hantei to check essentiality can not be made under such a negative allegation because the hypothetical product does not fall within the technical scope of the patented invention.

Since standard documents usually contain a very large amount of technical matters, a large number of hypothetical products can be specified.
Thank you
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