



SEP Remedy Withdrawal 'Best for Innovation,' Say US Agencies

Sarah Speight

June 9, 2022

US agencies responsible for patents and trademarks have withdrawn remedies for standard-essential patents (SEPs) that are subject to voluntary FRAND (fair, reasonable and non-discriminatory) commitments, on the grounds that this “best serves the interests of innovation and competition”.

The US Patent & Trademark Office (USPTO), the National Institute of Standards and Technology (NIST), and the US Department of Justice, Antitrust Division (DoJ) made the announcement in a press release yesterday, June 8.

The move, which rows back on a Trump administration 2019 policy statement, does “not reinstate the January 8, 2013, Policy Statement on Remedies for Standards-Essential Patents Subject to Voluntary F/RAND Commitments issued by the DoJ and the USPTO”, said the agencies.

“After considering public input on the 2019 Statement and possible revisions, the agencies have concluded that withdrawal of the 2019 Statement is the best course of action for promoting both competition and innovation in the standards ecosystem.”

The announcement also suggests that judges could take a discriminatory approach to cases subject to the perceived level of antitrust.

In withdrawing the policy, the DoJ will “review conduct by SEP holders or standards implementers on a case-by-case basis to determine if either party is engaging in practices that result in the anticompetitive use of market power or other abusive processes that harm competition,” said the announcement.

Meanwhile, the agencies highlight that they “recognise that standards-developing organisations and the widespread and efficient licensing between SEP holders...helps to promote technological innovation, further consumer choice, and enable industry competitiveness”.

Background

In July 2021, President Biden issued an [Executive Order on Promoting Competition in the American Economy](#) noting that, “[a] fair, open, and competitive marketplace has long been a cornerstone of the American economy.”

Biden encouraged the agencies to review the earlier 2019 Statement to ensure that it adequately promoted competition.

In response to the executive order, on December 6, 2021, the agencies issued [a Draft Policy Statement on Licensing Negotiations and Remedies for Standards-Essential Patents Subject to Voluntary F/RAND Commitments](#) and a request for public comments.

After a review of those comments and a collaborative deliberation on how best to proceed, the agencies announced the withdrawal of the 2019 Statement.

“The US Patent and Trademark Office [USPTO] is focused on creating incentives to generate more innovation, especially in underserved communities and in key technology areas, and maximising that innovation’s widespread impact,” said the Under Secretary of Commerce for Intellectual Property and USPTO director Kathi Vidal.

“Forging our global leadership in new industries cannot happen without greater investment in research and development in technologies that may become international standards. We also need greater US

engagement in global standards-setting organisations from our large multinational companies, as well as from small-to medium-sized businesses and start-ups.

"I stand behind any measure that will enable innovation that will drive sustainable, long-term growth in the US economy."

Under Secretary of Commerce for Standards and Technology and NIST director Laurie Locascio said the withdrawal of the 2019 Statement will "strengthen the ability of US companies to engage and influence international standards".

"A common thread in so many of the thoughtful stakeholder comments we received is a commitment to America's industry-led, voluntary, consensus-based approach to standards development. This approach consistently delivers the best technical solutions, and I wholeheartedly support it," said Locascio.

"This decision also sends an important message to countries that are trying to gain a competitive advantage through unfair practices that the US has not abandoned an important tool in combating infringement of IP rights.

Deanna Tanner Okun, a former ITC commissioner and chairman said she "applauded" the Biden administration for not adopting the "flawed 2021 Draft Policy Statement".

"This decision removes the spectre of the government dictating policy on SEP enforcement. Instead, the US ITC and the courts can continue to examine the evidence on a case by case basis and to issue exclusion orders and injunctions consistent with the statutory and judicial framework that has incentivised innovation and led to critical breakthroughs," said Okun.

Nicholas Matich, a principal in [McKool Smith's](#) intellectual property practice, added: "The goal of the 2019 statement was to counteract the misimpression created by the 2013 statement that SEP owners give up some remedies entirely when they make a FRAND commitment. That misimpression isn't the law

"A FRAND commitment is a fact relevant to deciding the appropriateness of injunctions, but doesn't create any *per se* rules. The Draft 2021 statement would have furthered the misimpression the 2019 statement tried to correct and SEP owners should applaud the agencies' decision to abandon it."

Last month, the [Federal Trade Commission intervened](#) in several disputes over SEPs by releasing a statement of public interest, urging the US International Trade Commission to consider the impact that issuing an exclusion order against a willing licensee would have on competition and US consumers.