

The logo for FISH, consisting of the word "FISH" in a bold, white, sans-serif font, followed by a small teal square.

# Analyzing SEPs: Strategies To Avoid or Prepare for Litigation

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# Meet the Speakers

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# Agenda

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- I. Technical Standards
- II. Participation in SSOs
- III. Transactional Considerations
- IV. Global SEP Issues
- V. Tips to Prepare for SEP litigation

# Technical Standards

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# Basics of Technical Standards

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## Industries have worked to standardize technology

- Allows interoperability of components
- Ensures consumers can access and use products
- Minimizes barriers to product entry

## As a result, modern products implement technical standards

- Most products implement many standards



# How Standards Are Developed

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- Technical standards are developed by Standard Setting Organizations (SSOs)
- SSOs include industry participants who generally have a stake in the technology at issue and are contributing technical advancements to be included in the standard
- Standards and SSO members include household names

## Well-Known SSOs

3GPP  
ITU  
IEEE  
MIPI Alliance  
ATSC

## Well-Known Standards

UMTS	USB
GSM	WiMAX
4G	MPEG
LTE	MP3
5G	H.264
AAC	JEDEC
WiFi	HEVC

## Well-Known Contributors

NEC	Huawei
Ericsson	Lenovo
Nokia	Motorola
Panasonic	InterDigital
Qualcomm	Apple
Samsung	Google

# Standard Setting Organizations (SSOs)

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**The Good:** SSOs are a collaborative effort to:

- Identify technical solutions
- Promote compatibility
- Promote adoption of technology

**The Bad:** Once a standard is adopted, the technology is “*locked-in*”

**The Ugly:** Opportunity for “*patent ambush*,” “*patent hold-up*,” or “*patent hold-out*”

- Non-disclosure: Concealing essential patents
- Non-FRAND licensing: Refusing to license on fair, reasonable, and non-discriminatory terms



# Example: ETSI Undertaking

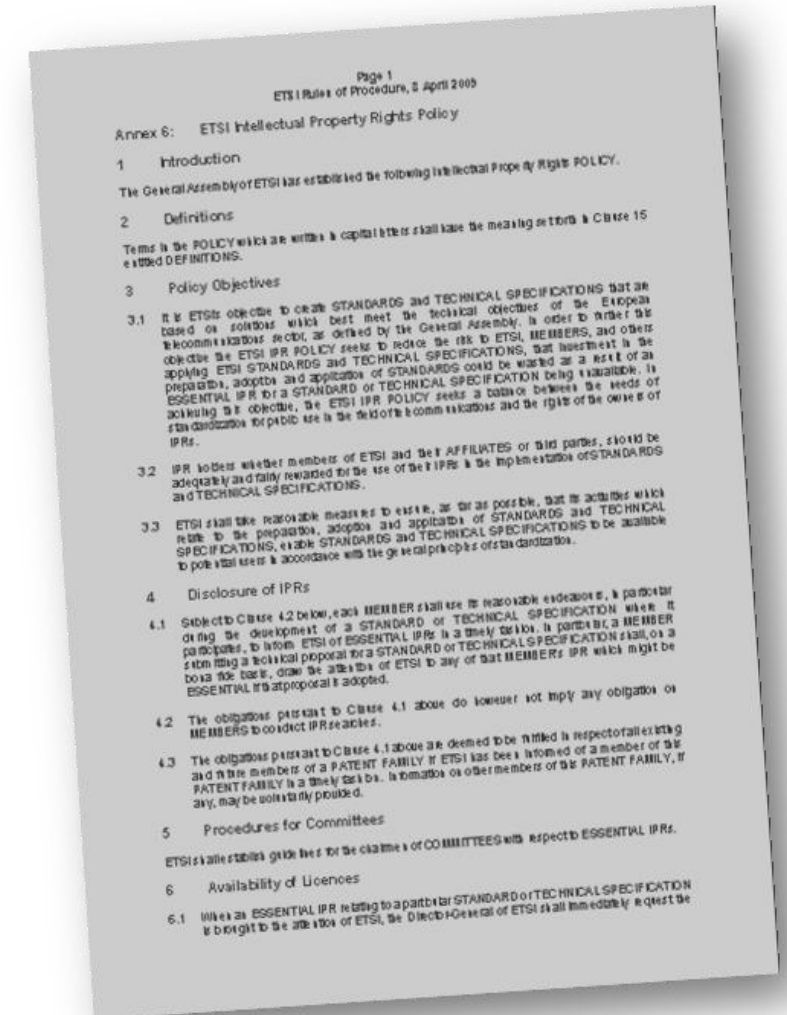
- European Telecommunications Standards Institute (ETSI)
  - Primarily cellular IP
  - Intellectual Property Rights (IPR) Policy – Annex 6, Rules of Procedure

## Disclosure (Clause 4.1)

4.1 Subject to Clause 4.2 below, each MEMBER shall use its reasonable endeavours, in particular during the development of a STANDARD or TECHNICAL SPECIFICATION where it participates, to **inform ETSI of ESSENTIAL IPRs** in a timely fashion. In particular, a MEMBER submitting a technical proposal for a STANDARD or TECHNICAL SPECIFICATION shall, on a bona fide basis, draw the attention of ETSI to any of that MEMBER's IPR which might be ESSENTIAL if that proposal is adopted.

## FRAND (Clause 6.1)

6.1 When an ESSENTIAL IPR relating to a particular STANDARD or TECHNICAL SPECIFICATION is brought to the attention of ETSI, the Director-General of ETSI shall immediately request the owner to give within three months an irrevocable undertaking in writing that it is prepared to grant irrevocable **licences on fair, reasonable and non-discriminatory ("FRAND") terms** and conditions under such IPR to at least the following extent:





# Example: IEEE Undertaking

- The Institute of Electrical and Electronics Engineers (IEEE)
  - Primarily standards for electrical engineering, electronics engineering, and other related disciplines (e.g., WiFi)
  - IEEE SA Policy Clause 6

## Disclosure & FRAND (Clause 6.2)

IEEE standards may be drafted in terms that include the use of Essential Patent Claims. If the IEEE receives notice that a [Proposed] IEEE Standard may require the use of a potential Essential Patent Claim, the IEEE shall request licensing assurance, on the IEEE SA Standards Board approved Letter of Assurance form (PDF), from the patent holder or patent applicant. The IEEE shall request this assurance without coercion.

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b. A statement that the Submitter will make available a license for Essential Patent Claims to an unrestricted number of Applicants on a worldwide basis without compensation or under Reasonable Rates, with other reasonable terms and conditions that are demonstrably free of any unfair discrimination to make, have made, use, sell, offer to sell, or import any Compliant Implementation that practices the Essential Patent Claims for use in conforming with the IEEE Standard. An Accepted LOA that contains such a statement signifies that reasonable terms and conditions, including without compensation or under Reasonable Rates, are sufficient compensation for a license to use those Essential Patent Claims and precludes seeking, or seeking to enforce, a Prohibitive Order except as provided in this policy.

# Standard Essential or Essentially Worthless?

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**Many SEPS have value only because they are “essential”**

- Small innovations
- Many competing alternatives
- Not necessary to implement core technology described in the standard
- Hundreds/thousands of essential patents
- “Essential” but invalid

**The ability to obtain an injunction for a SEP can greatly enhance its value**

- Implementer usually cannot design around all patents
- Ability to obtain an injunction makes every SEP a potentially blocking patent

**Over-declaration is a recognized problem**

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# Participation in SSOs

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# Practice Pointers re Participation in SSOs

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## Work with SSOs

- Help shape disclosure policy (short and long term)
- Ensure disclosure policies comply with SSO policy
- Knowledge for inventors and decision-makers

## Monitor disclosure obligations

- What disclosure obligations has company undertaken
- If acquiring patents, what obligations did prior owner(s) undertake

## Consequence of (non)disclosure

- FRAND Commitment
- Implied waiver
- Unenforceability issues



# Practice Pointers re Participation in SSOs

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## Implementation still matters

- Optional portions of standard
- Design implementations are key

## Importance of IP

- Worldwide view versus regional

## How do you measure the value an organization provides to an SSO?

- Attendance (organization vs. individuals)
- Patent counting (how many SEPs do you have?)
- Contribution counting
- Forward reference citation
- Leadership positions within SSO groups





# Transactional Considerations

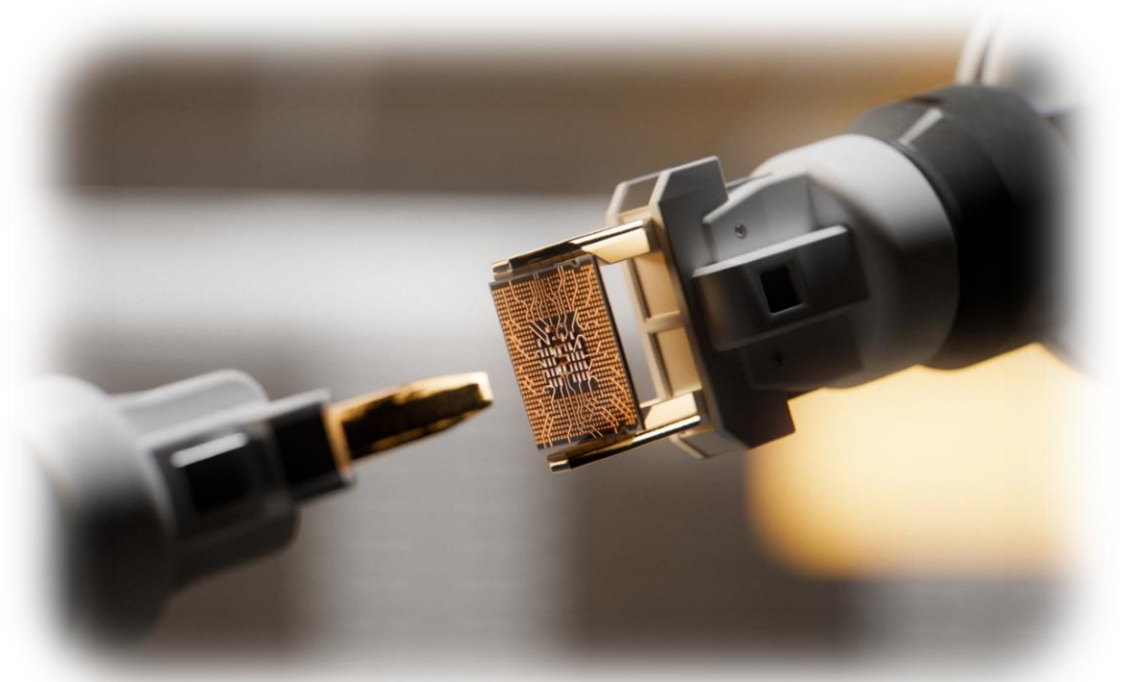
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# Transactional Considerations (with Suppliers)

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## Purchasing technology that provides standardized functionality

- Knowledge is key here, does a company have some rights?
- Indemnity and defense from suppliers
- Litigation support
- Access to chip details
- Ability to customize chips for performance issues
- Compliance certification





# Transactional Considerations (with SEP holders)

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## **NDA**

### **Non-use provision**

- Willfulness
- Indirect infringement

### **Term of the agreement**

- Follow technological cycle

### **Running royalty v. lump sum**

- Per-year election
- Memorandum to file re value

## **Non-standard essential patents**

- Covenant not to sue?
- Cross license?

## **Exhaustion**

## **Choice of law**

## **Arbitration**



# Transactional Considerations (with Patent Pools)

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**Key issue:** Who is in the pool and who is not in the pool, i.e., who else might have to be paid and/or considered when evaluating the total value of standard

**NDA, non-use, term:** May be comparable to negotiation with SEP holders

**Non-essential patents:** Not likely negotiated as part of pool

**Royalty:** Can be negotiated

- Do you already have rights from prior licensor?
- Rights from standard technology holder (e.g., chip supplier)?



# Transactional Considerations (General)

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## Importance of Good Faith

- FRAND obligations require good faith negotiations to reach a license
- Best practice is to show continuing communications addressing key issues
- Propose licensing structures that are reasonable, industry standard, or comparable with past licenses

## If No Good Faith

- Can lead to injunctions, both against an implanter (Injunction against a product) or preventing a SEP holder from enforcing SEP injunction (Anti-Suit Injunction).



# Global SEP Issues

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# Recent Worldwide Litigation

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# SEP-Based Injunctions

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- **U.S.**
  - District court injunction available only if *Ebay* factors satisfied
  - ITC injunction available if no public interest defense established.
- **China**
  - Injunctions historically available automatically upon a finding of infringement
- **Germany**
  - Injunctions historically available automatically upon a finding of infringement
- **Brazil/Colombia**
  - Injunctions available and, in some instance, can be granted *ex parte*



# Anti-Suit Injunctions

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An anti-suit injunction is an **order** by a court that has personal jurisdiction over a party to require that party either **not to file** a claim in a foreign jurisdiction or **not to proceed** with a claim that has already been filed.

## Legal Standard

- Whether the parties and issues are the same and the first action is dispositive of the one to be enjoined;
- Whether at least 1 of the 4 *Unterweser* factors applies (i.e., whether foreign litigation would (i) frustrate a policy in the issuing forum, (ii) be vexatious or oppressive, (iii) threaten the issuing court's *in rem* or *quasi in rem* jurisdiction, and (iv) cause prejudice or offend equitable principles)
- Whether the impact on comity is tolerable

**Recent Jurisprudence.** *Ericsson v. Lenovo*, No. 24-1515 (Fed. Cir. Oct. 24, 2024)



# Current SEP Issues to Watch

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- *Ericsson v. Lenovo*
- *Netgear v. Huawei*
- Patent pools and pool participants (Avanci, Sisvel)
- IoT space re patent divestments
- DOJ and FTC Policies with New Administration
- UPC / Germany



# Tips to Prepare for SEP litigation

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# Preparing for SEP Litigation

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## Pre-suit

- Organizing portfolios, declarations to standards, essentiality analysis
- Track patent maintenance

## Correspondence

- Capture and preserve prior correspondence, drafts with asserting/implementing party or prior patent holders, SEP licenses, even if subject to 408
- Timeline of negotiations, keep a timeline in addition to correspondence
- Collect and preserve prior diligence work, e.g., claim charts, invalidity research
- Continuing correspondence
  - Maintain throughout the case indicating you are still willing to take/or offer a FRAND license
  - Consider how to use injunctions, prepare for injunctions, etc.
  - Have correspondence sent by individuals who might serve as potential witnesses

# Preparing for SEP Litigation

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## **Correspondence (cont.)**

- Discuss format for negotiations (e.g., deadlines, topics, structures, NDAs)
- Claim charts, will you exchange or not?

## **Standards Setting Organizations**

- Identify any participation in the relevant SSO
- Collect and preserve correspondence, agreements, draft standards re the SSO, if any

## **Indemnity**

- Identify whether the accused functionality is provided by a third party and whether that party is contractually under an indemnity obligation
- Tender/prompt notice

**Questions?**

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# Thank You!

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