

February 4, 2022

The Honorable Jonathan Kanter
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U.S. Department of Justice
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The Honorable Drew Hirschfield
Performing the functions and duties of the
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USPTO
U.S. Patent and Trademark Office
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The Honorable Dr. James Olthoff
Performing the non-exclusive functions and
duties of the Under Secretary of Commerce
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National Institute of Standards and
Technology
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RE: *Small Business Innovator Comments on the Draft Policy Statement on Licensing Negotiations and Remedies for Standards-Essential Patents Subject to F/RAND Commitments*

We represent a diverse group of small businesses that rely on standards to drive innovation in the products and services we create, which are in wide use across the U.S. economy. As small business software app developers and connected device companies, the success of our businesses rely on clear technical standards and common-sense patent policies to leverage the connectivity of smart devices to produce groundbreaking software solutions that impact Americans' everyday lives.

We applaud the efforts of the U.S. Department of Justice (DOJ), U.S. Patent and Trademark Office (USPTO), and National Institute of Standards and Technology (NIST) to develop guidance on standard-essential patent (SEP) licensing and remedies SEP holders have available to them in light of their volunteering to license their SEPs on fair, reasonable, and non-discriminatory (FRAND) terms.

The rise of the internet of things (IoT) is an exciting, but somewhat worrisome, time to innovate. We know how technical interoperability standards significantly effect, and will increasingly effect, new consumer and enterprise industries within the app economy. Creating a clear standards system will enhance competition and innovation for small business in the app economy. However, without clarity around FRAND commitments, a SEP holder wields immense market power over any entity, particularly very small businesses like ours, seeking to innovate using patents declared essential to a standard by a SEP holder. This is particularly true with regard to the availability of federal court injunctions and International Trade Commission (ITC) exclusion orders. Our communities and the markets we service, depend on consistent and clear

frameworks to avoid frivolous and costly litigation. Uncertainty around FRAND commitments will only lead to further abuses by SEP holders exploiting ambiguities in the law.

The previous administration's DOJ-USPTO-NIST's 2019 policy statement (2019 policy statement) on SEPs and remedies available to SEP holders was detrimental to the standards and SEP licensing ecosystem. The 2019 policy statement discarded decades of bipartisan policy and encouraged SEP holders to discard the commitments those SEP asserters voluntarily made to license their patented technologies included in a standard on FRAND terms by seeking injunctions and exclusion orders to block those who innovate using standards from participating in markets. The need to revise the U.S. government's one-sided approach taken in the 2019 policy statement received appropriate recognition in Section 5(d) of President Biden's Executive Order 14036. DOJ-USPTO-NIST's action to return U.S. policy to a reasonable and balanced approach, in alignment with DOJ-USPTO-NIST's 2013 policy statement on SEPs and SEP remedies, is timely and necessary.

The new draft DOJ-USPTO-NIST policy statement reflects the reality that U.S. government policies must reinforce that a FRAND commitment on a SEP clearly restricts the availability of injunctions and ITC exclusion orders on those SEPs. Without this clarity, our communities will continue to face hurdles in creating IoT products and services that leverage standardized 5G connectivity and new artificial intelligence capabilities. Appropriately, the draft statement provides an approach to remedies reflecting that, per *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006), an injunction is rarely appropriate for a FRAND-encumbered SEP as "monetary remedies will usually be adequate to fully compensate a SEP holder for infringement." We strongly recommend, however, that the new statement expand its discussion on ITC exclusion orders to explain that they should, similarly, be issued in rare circumstances consistent with the public interest factors set forth in 19 U.S.C. § 1337(d)(1).

Further, we support DOJ-USPTO-NIST's proposed flexible guidance on good faith SEP licensing negotiation behavior. The draft policy statement provides reasonable behavioral norms at key points in the negotiation process. We are particularly concerned that declared SEPs are often found not to be valid, essential to the standard as claimed, or infringed. For this reason, the statement appropriately notes that parties should have the ability to exercise their legal rights in contesting a patent's validity, claimed essentiality to a standard, and assertions of patent infringement. Exercising those rights should not be considered an indication of lack of good faith or unwillingness in the context of SEP licensing negotiations, as such a determination will be heavily fact-dependent and is best left to the courts.

We appreciate and support your development of a new DOJ-USPTO-NIST SEP policy statement, which indicates a change in policy that will support the U.S. standards system and innovation across the economy, while also allowing the United States to regain global leadership in SEP policy. Further, we support the new policy's reinforcement that standards-setting organizations (SSOs) should develop and adjust patent policies to best meet their particular needs. This action would build upon the DOJ's separate action to reinstate its 2015 IEEE Standards Association Business Review Letter that the previous administration improperly revised and discouraged SSOs from taking action to promote good-faith negotiation and facilitate voluntary FRAND licensing.

We appreciate the opportunity to provide comments on the draft DOJ-USPTO-NIST policy statement and congratulate the administration on taking this important step forward. We strongly encourage the finalization of a new policy as soon as possible, and commit to partnering with DOJ, USPTO, and NIST to accomplish its mission moving forward.

Sincerely,

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Computer Ways

Critical Sites

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For All Abilities

Fresco Capital

Motionmobs

Qi-Fense LLC

Robert Coons Consulting

SheerID

Sigao Studios

Southern DNA

SPENDiD

TEEM

Turbojet Tech

Vemos

Well Beyond

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