

Answers to Public Consultation Questionnaire on Standard Essential Patents -
Ministry of Commerce and Industry of India

11. Issues for Resolution

a) Whether the existing provisions in the various IPR related legislations, especially the Patents Act, 1970 and Anti-Trust legislations, are adequate to address the issues related to SEPs and their availability on FRAND terms? If not, then can these issues be addressed through appropriate amendments to such IPR related legislations? If so, what changes should be affected.

It seems that there are some cases where SEP holder files patent infringement suit based on its SEPs which are already subject to FRAND declaration, and courts order ex parte interim injunction (e.g. Ericsson VS Xiaomi). According to records at the court for these cases, it appears that there were no chances for defendants to make a plea or rebuttal arguments before invocation of interim injunction in spite of the FRAND declaration. If such unfair operation of law is being conducted in favor of patentees, current system might be considered inadequate.

b) What should be the IPR policy of Indian Standard Setting Organizations in developing Standards for Telecommunication sector and other sectors in India where Standard Essential Patents are used?

Standard Setting Organizations independently should be able to set their IPR policy which harmonizes with Common Patent Policy for ITU-T/ITU-R/ISO/IEC. Furthermore, such IPR policy should provide a FRAND commitment shall be transferred together with the relevant patent.

c) Whether there is a need for prescribing guidelines on working and operation of Standard Setting Organizations by Government of India? If so, what all areas of working of SSOs should they cover?

Basically, there is not a need for such guidelines. SSOs are supported by voluntary efforts, annual membership fees, etc. Moreover, they have a wide range of activities and complicated forms of operation. Therefore, it is not desirable to control their activities in a uniform way by Government guidelines.

d) Whether there is a need for prescribing guidelines on setting or fixing the royalties in respect of Standard Essential Patents and defining FRAND terms by Government of India? If not, which would be appropriate authority to issue the guidelines and what could be the possible FRAND terms?

Basically, there is not a need for such guidelines. In determining adequate guidelines, it is important to take into consideration specific circumstances, including nature of relevant technologies and commercial activities. Therefore, it is not desirable that guidelines be set by the Government or other authority.

e) On what basis should the royalty rates in SEPs be decided? Should it be based on Smallest Saleable Patent Practicing Component (SSPPC), or on the net price of the Downstream Product, or some other criterion?

On the basis of SSPPC.

f) Whether total payment of royalty in case of various SEPs used in one product should be capped? If so, then should this limit be fixed by Government of India or some other statutory body or left to be decided among the parties?

There should be an upper limit and desirably, it should be decided by the parties in consideration of specific circumstances, including the nature of relevant technologies and commercial activities.

g) Whether the practice of Non-Disclosure Agreements (NDA) leads to misuse of dominant position and is against the FRAND terms?

We do not think that the practice of an NDA itself will lead to misuse of a dominant position or will be against the FRAND terms.

h) What should be the appropriate mode and remedy for settlement of disputes in matters related to SEPs, especially while deciding FRAND terms? Whether Injunctions are a suitable remedy in cases pertaining to SEPs and their availability on FRAND terms?

With respect to disputes regarding SEPs involved in infrastructure technologies (e.g. communication, network), such disputes should be resolved by making the payment of a reasonable royalty rate to the SEP holder. Injunctions are not suitable especially in those cases.

i) What steps can be taken to make the practice of Cross-Licensing transparent so that royalty rates are fair & reasonable?

Basically, terms and conditions of cross-license agreement should be decided by negotiations between the parties. In the first place, the practice of cross-licensing does not need to be transparent.

j) What steps can be taken to make the practice of Patent Pooling transparent so that royalty rates are fair & reasonable?

No answer.

k) How should it be determined whether a patent declared as SEP is actually an Essential Patent, particularly when bouquets of patents are used in one device?

No answer.

l) Whether there is a need of setting up of an independent expert body to determine FRAND terms for SEPs and devising methodology for such purpose?

Not necessary for setting such body. It is desirable that the parties negotiate FRAND terms on their own.

m) If certain Standards can be met without infringing any particular SEP, for instance by use of some alternative technology or because the patent is no longer in force, what should be the process to declassify such a SEP?

We do not understand what this question intends to ask. If there is an alternative technology, the patent in question should not be a SEP in the first place.

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