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Client Alert

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DOJ and Commerce Department Issue Antitrust Guidance on SEPs

On December 19, 2019, three federal agencies—the U.S. Department of Justice, Antitrust Division, the U.S. Patent and Trademark Office, and the National Institute of Standards and Technology—issued a joint policy statement addressing remedies available for the infringement Standard Essential Patents (SEPs). As covered in a previous client alert, U.S. Senators Thom Tillis (R-NC) and Christopher A. Coons (D-DE) sent a letter to DOJ leadership in October requesting greater clarity on this issue.

In the joint policy statement, the USPTO and NIST formally align themselves with the views of current DOJ leadership who have taken a hands-off antitrust approach to SEP issues and emphasized the need to protect patent exclusivity. As part of this, the USPTO formally joins the DOJ in withdrawing from their 2013 policy statement that previously stated that a patent holder's commitment to license on Fair, Reasonable, and Non-Discriminatory (FRAND) terms may impact its right to seek to exclude imports of infringing products through Section 337 petitions to the U.S. International Trade Commission. Now, all three agencies state that the existence of FRAND commitments is a relevant factor in determining patent infringement remedies but does not preclude injunctive and exclusionary relief for a SEP holder.

On the surface, the concise (8-page) joint policy statement seems to merely preserve the status quo but it potentially has deeper implications. The DOJ's current approach disfavors regulatory intervention with respect to SEPs, instead leaving it up to SEP holders and potential licensees to work out their negotiations. Consistent with this view, the joint policy statement now asserts that SEPs should be treated the same as other patent rights and that all remedies for infringement are available. On the other hand, potential licensees may argue that "hands-off" does not necessarily mean "neutral" in this situation. The prospect of injunctive and exclusionary relief gives SEP holders considerable leverage as part of license negotiations. For example, if a court were to enjoin sales of a competing product, then the potential licensee's investments in that product could be for nothing.

There are also two notable absences in the joint policy statement. First, the U.S. Federal Trade Commission, the other federal antitrust enforcement agency, did not sign on. By contrast, the DOJ and FTC have previously collaborated on other policy documents, including the *Antitrust Guidelines for the Licensing of Intellectual Property*, the latest update of which was jointly issued in 2017. The FTC's silence here is perhaps telling because the federal antitrust agencies have, at times, expressed differing views as to SEPs. Second, the policy statement does not state a view as to whether a SEP holder's violation of FRAND commitments may constitute an antitrust violation or whether it would disqualify the SEP holder from seeking injunctive and/or exclusionary relief. Some may see this as permitting SEP holders to take more aggressive positions during license negotiations going forward.

It will be interesting to see if there will be more guidance forthcoming from the agencies on the yet-evolving interaction between SEPs and the antitrust laws.

REFERENCES

The U.S. Department of Justice, U.S. Patent and Trademark Office, and National Institute of Standards and Technology's "Policy Statement on Remedies for Standards-Essential Patents Subject to Voluntary F/RAND Commitments" (Dec. 19, 2019) is available here.