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Agencies Revise Position on Standards-Essential Patents

Draft policy statement updates guidance from prior administration

On December 6, 2021, the U.S. Department of Justice, along with the U.S. Patent and Trademark Office and the National Institutes of Standards and Technology, issued a draft policy statement on standards-essential patents (“SEPs”) and welcomed public comments by interested parties. The guidance modifies a 2019 policy statement issued under the Trump Administration, which we [previously covered](#).

Most of the modifications are subtle, and the new guidance stops short of asserting that injunctive relief should never be available for infringement of SEPs. Here is a comparison of some of the major provisions.



2019 Policy Statement	2021 Policy Statement
<p>Explicitly states that all remedies, including injunctive relief and ITC exclusionary orders, should be available for infringement of SEPs subject to FRAND commitments.</p>	<p>Adopts more neutral approach, citing existing case law that a voluntary FRAND commitment is one among several factors to be weighed in deciding whether an injunction is appropriate.</p> <p>BUT: Also says that, where a SEP holder has made a voluntary FRAND agreement, the <i>eBay</i> factors, “generally militate against an injunction.”</p>
<p>SEP holders and potential licensees “encouraged” to engage in good-faith negotiations to reach agreement on FRAND terms.</p>	<p>Uses more prescriptive language to say that SEP holders and potential licensees “should” engage in good-faith negotiations.</p>
<p>Does not specify steps for good-faith negotiations of FRAND license terms.</p>	<p>Includes model framework for good-faith negotiations of FRAND license terms.</p>
<p>FRAND commitments do not preclude enhanced damages for willful infringement.</p>	<p>FRAND commitments do not preclude enhanced damages for willful infringement.</p>

The 2021 Statement also establishes a model framework for good-faith negotiations of FRAND terms:

- 1) SEP holder alerts potential licensee of specific patents at issue and provides background information to help evaluate whether infringement has occurred or will occur.
- 2) SEP holder makes a good-faith FRAND offer (whether concurrently with Step 1 or shortly thereafter).
- 3) Potential licensee responds to the FRAND offer within a commercially reasonable amount of time. Acceptable responses to a FRAND offer include acceptance, counteroffer, raising specific concerns about the offer and/or regarding validity and infringement, proposing that the dispute be resolved by a neutral party, or requesting that the SEP holder provide more information.
- 4) In the case of a continuing dispute, parties are encouraged to seek alternative dispute resolution or judicial resolution.



SEPs are a flashpoint in the opposing objectives of the patent laws (rewarding innovation through exclusivity) and the antitrust laws (protecting competition). The tension inherent in SEPs is still largely unresolved and the differing philosophies of individual agency leaders have resulted in policy swings over time. We previously discussed the competing positions taken within the agencies, observing in a [2019 writeup](#) that “[I]ndividual agency leaders can exert significant influence in this yet unsettled area of the antitrust and patent laws. The antitrust risks associated with SEPs and licensing practices will likely depend largely upon the continuing swings in policy.” This latter prediction has held true.

Given the uncertainty, some businesses and standard-setting organizations may benefit from more predictable rules of the road in the form of legislation and court decisions. And, although the DOJ and FTC have at times adopted opposing positions on antitrust issues in the patent space, the White House’s recent [executive order](#) as well as comments by agency heads suggest a more unified approach in the Biden Administration.

The public comment period on the draft policy statement closes on January 5, 2022.

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