

JAPAN INTELLECTUAL PROPERTY ASSOCIATION

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To: Madam / Sir
Government of India
Ministry of Commerce and Industry
Department of Industrial Policy and Promotion
Udyog Bhawan, New Delhi,
India

Dear Madam / Sir,

Re: Discussion Paper on Standard Essential Patents and Their Availability on
FRAND Terms

The Japan Intellectual Property Association (JIPA) is a non-governmental organization that was established in 1938, which represents users of intellectual property systems. As an association having about 940 Japanese leading companies, JIPA submits recommendations and proposals to the relevant authorities and organizations with regard to the establishment of intellectual property systems overseas and improvements in the implementation thereof.

In reference to the discussion paper on which your department invites public comments on the website, enclosed please find JIPA's opinions on the themes.

Your deeply consideration on these matters will be appreciated.

Yours faithfully,

(Masahiro Kamei)

President

Japan Intellectual Property Association

**JIPA's opinions on the Discussion Paper on
Standard Essential Patents and Their Availability on FRAND Terms**

Japan Intellectual Property Association

JIPA will give its opinions on 13 issues stated in "*11. Issues for Resolution*" in the Discussion Paper.

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.

<JIPA's opinion>

In one case, an owner of an SEP for which a FRAND commitment has been made filed an infringement suit based on the SEP, and the court seemed to permit an ex parte preliminary injunction (e.g. Ericsson vs Xiaomi). This case, on the documents of the court, is regarded as an exercise of the right of the FRAND-committed SEP, but the ex parte preliminary injunction seems to have been unilaterally issued without any opportunity for the defendant to plead. Such application of the existing legislations which is extremely in favor of SEP owners suggests that the existing legislations may be inadequate. (See the answer to question h).)

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?

<JIPA's opinion>

The Standard Setting Organizations should formulate IPR policy harmonized with the IPR policy of the international standards bodies (ISO/IEC/ITU) on their own initiative.

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?

<JIPA's opinion>

Standard Setting Organizations have a wide variety of activities, and thus

are not suited to across-the-board management based on the guidelines prescribed by the Government.

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?

<JIPA's opinion>

Specific circumstances should be considered in each case in view of the technical and commercial nature. Thus, it is not preferable for the Government or other authorities to establish guidelines.

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?

<JIPA's opinion>

The rates should be decided by the parties at their own discretion. For the product based on which the amount of money is determined, the technical scope of the SEP in question should be considered.

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?

<JIPA's opinion>

This should be determined by the parties concerned after considering specific circumstances of each case.

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

<JIPA's opinion>

We do not think that the practice of NDA per se leads to misuse of dominant position or is 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?

<JIPA's opinion>

In principle, the exercise of the right to demand an injunction based on a FRAND-committed SEP should be restrictive. However, the exercise of the right should be approved in cases where a person who exploits the invention has for example a dishonest or malicious intent.

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

<JIPA's opinion>

This should be left to the negotiation between the parties.

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

<JIPA's opinion>

Specific circumstances should be considered while paying attention to international antitrust laws and guidelines, to determine royalty rates, etc.

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?

<JIPA's opinion>

It should be determined based on facts.

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?

<JIPA's opinion>

We do not think that there is a need to do so.

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?

<JIPA's opinion>

We cannot answer this question because the meaning of the question is unclear.

EOD