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米国 SEP の救済に関する政策声明の改定案に対する米国政府への意見提出	米国司法省 (DOJ)、米国特許商標庁 (USPTO)、米国国立標準技術研究所 (NIST)	2022 年 2 月

February 4, 2022

The Japan Automobile Manufacturers Association, Inc. (“JAMA”) respectfully submits this comment on the draft Policy Statement on Licensing Negotiations and Remedies for Standards-Essential Patents Subject to F/RAND Commitments issued by the Department of Justice (“DOJ”), the U.S. Patent and Trademark Office (“USPTO”), and the National Institute of Standards and Technology (“NIST”) (collectively, the “Agencies”) on December 6, 2021 (hereinafter “Draft”). JAMA’s comment introduces the organization, provides some overall comments and suggested revisions, and answers the questions the DOJ posed in the press release announcing the Draft.

A. JAMA

JAMA is a nonprofit industry association representing 14 manufacturers passenger car, truck, bus, and motorcycle manufacturers of Japan.¹ JAMA is headquartered in Tokyo and has a branch office in Washington D.C. JAMA’s objective is to promote the sound development of the motor industry and support its members’ efforts to serve consumers, contribute to economic and social prosperity, and address safety and environmental challenges in those communities around the world in which they build and sell their products.

JAMA members have been integral to the U.S. auto industry and the broader American economy for decades. With cumulative manufacturing investment now reaching over \$55.8 billion, JAMA members have 24 U.S. production facilities and 44 research and development (R&D) and design centers across the country. Approximately one third of all vehicles produced in the U.S. are made by Japanese-brand automakers.

Japanese-brand automakers are interwoven with communities throughout the United States who count on them not only for employment but also for improved access to training and education, philanthropic support, and environmental stewardship. JAMA’s members provide 94,960 direct U.S. jobs and support more than 1.6 million jobs across the United States.

In light of JAMA’s strong economic footprint in the U.S., JAMA and its members are particularly interested in the Draft’s commitment to facilitate industry competitiveness through licensing of standards-essential patents (“SEPs”) that adheres to the patent owners’ commitments to license on fair, reasonable, and nondiscriminatory (“FRAND”) terms.

B. Overall Comments

1. General Comments

Overall, JAMA believes the Draft is a welcome development in restoring a more balanced approach between the rights and obligations of owners SEP-holders and licensees making innovative products that practice standardized technology. The Draft’s key guidance that a SEP-holder’s FRAND commitment limits its ability to seek injunctive relief against willing licensees is critical to that more balanced approach. This limitation is because “consistent with judicially articulated considerations, monetary remedies will usually be adequate to fully compensate a SEP holder for infringement.” Draft p. 8. The Draft’s more balanced approach also aligns with President Biden’s July 9, 2021 Executive Order on Promoting Competition in the American Economy because restricting injunctive relief “avoid[s] the potential for anticompetitive extension of market power beyond the scope of granted patents.” Executive Order § 5(d).

¹ JAMA members are listed on its English-language website: <http://www.jama-english.jp/about/member.html>.

The Draft's approach to injunctive relief is also rooted in applicable legal precedent. See, e.g., *Apple Inc. v. Motorola, Inc.*, 757 F.3d 1286, 1332 (Fed. Cir. 2014)² (denying an injunction because the SEP-holder's FRAND commitments "strongly suggest that money damages are adequate to fully compensate [the SEP-holder] for any infringement."). Unfortunately, the 2019 Policy Statement on Remedies for Standards-Essential Patents Subject to Voluntary F/RAND Commitments jointly promulgated by the Agencies ("2019 Policy Statement") flouted that precedent by embracing all remedies for SEP infringement actions, including injunctions. The 2019 Policy Statement stemmed from an apparent belief that there is no "a unique set of legal rules" for FRAND-encumbered patents. 2019 Policy Statement p. 4. The Draft implicitly acknowledges that the 2019 Policy Statement was misguided by noting that monetary damages are normally sufficient to compensate for infringement and that the factors for deciding injunctions pursuant to *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006) "generally militate against an injunction." Draft pp. 8, 9. The Draft thus reestablishes the more balanced approach originally articulated in the 2013 Policy Statement on Remedies for Standards-Essential Patents Subject to Voluntary F/RAND Commitments jointly issued by the DOJ and USPTO ("2013 Policy Statement") that the previous administration withdrew and replaced with the 2019 Policy Statement.

2. Suggested Revisions

Again, JAMA believes the Draft is a noteworthy effort to restore a more careful balance between SEP-holders and potential licenses. The Draft could be further improved by more fully addressing competitive concerns that arise with the standard-setting process is abused. Below are some suggestions to that effect.

a. The Draft should explicitly apply to ITC exclusion orders.

The 2013 Policy Statement applied to exclusion orders issued by the International Trade Commission ("ITC") on FRAND-encumbered SEPs in addition to injunctions granted by federal courts. The Draft should do the same. Although the Draft states that relevant considerations for determining remedies are enumerated in 19 U.S.C. § 1337 (among other sources) and further states that § 1337 requires consideration of the public health and welfare of consumers for ITC exclusion orders, the Draft is otherwise silent on its application to ITC exclusion orders. Draft p. 7 n.15. The ITC is not required to apply the *eBay* standard district courts use in deciding requests for injunctions, see *Spansion, Inc. v. ITC*, 629 F.3d 1331, 1358-60 (Fed. Cir. 2010), but many of the potential harms associated with injunctions noted in the Draft apply with equal respect to ITC exclusion orders.

As with injunctions, SEP-holders' threats of exclusion orders provide "undue leverage" that can lead to "[o]pportunistic conduct . . . to obtain . . . higher compensation for SEPs than they would have been able to negotiate prior to standardization." Draft pp. 2, 4. SEP-holders thereby can reassert market power obtained from standardization, *id.* p. 4, even though the FRAND commitment is designed to retain the benefits of *ex ante* competition between technologies during the standard-setting process and to restore balance to the respective rights and obligations of SEP holders and downstream innovators. Such actions by SEP-holders "can deter investment in and delay introduction of standardized products, raise prices, and ultimately harm consumers and small businesses," regardless of whether the remedy is an injunction or an ITC exclusion order. *Id.* p. 4. These concerns are appropriately considered as part of the public interest analysis in considering exclusion orders issued by the ITC under 19 U.S.C. § 1337. We encourage the Agencies to revise the Draft to explicitly cover ITC exclusion orders.

b. Whether the SEP-holder can receive appropriate monetary compensation in accordance with governing law is the key consideration for granting an injunction, not the negotiating conduct of the parties.

The Draft correctly observes that "[a]s a general matter . . . , monetary remedies will usually be adequate to fully compensate a SEP holder for infringement." Draft p. 8. This is the most important consideration in determining whether an injunction on a FRAND-encumbered SEP should be granted. Again, as the Federal Circuit has noted, a SEP-holder's FRAND commitment "strongly suggest[s] that money damages are adequate to fully compensate [the SEP-holder] for any infringement." *Apple*, 757 F.3d at 1332.

² Overruled on other grounds by *Williamson v. Citrix Online, LLC*, 792 F.3d 1339 (Fed. Cir. 2015).

Notwithstanding that helpful observation, the Draft contains other statements that could be misinterpreted to suggest the conduct of the parties during licensing negotiations – and especially whether a licensee is acting in “good faith” – should be central to an injunction analysis. For example, the Draft states that “[w]here a potential licensee is willing to license and is able to compensate a SEP holder for past infringement and future use of SEPs subject to a voluntary F/RAND commitment, seeking injunctive relief in lieu of good-faith negotiation is inconsistent with the goals of the F/RAND commitment.” Draft p. 4. Under applicable precedent, “[a]n injunction may be justified where an implementer is unwilling or unable to enter into a F/RAND license.” *Id.* p. 9; *see also Apple*, 757 F.3d at 1332 (While an injunction “may be justified where an infringer unilaterally refuses a FRAND royalty. . . . “this does not mean that an alleged infringer’s refusal to accept any license offer necessarily justifies issuing an injunction.”). But the conduct of the licensee during negotiations is not as pertinent as whether money damages constitute adequate compensation. We recommend that the Agencies revise the Draft to make this clear.

c. The Draft should make clear that SEP-holders may not seek injunctions against end product manufacturers if a component manufacturer in the supply chain is willing to take a license on FRAND terms.

The Draft correctly observes that “[b]y contributing technologies during standards-setting activities at an SDO and voluntarily making a F/RAND licensing commitment under the SDO’s policies, a patent holder indicates that it is willing to license that technology for uses implementing the standard and that it will not exercise any market power obtained through standardization.” Draft p. 4 (emphasis added). The FRAND commitment entails that SEP licenses must be available to all entities, regardless of their role within the product supply chain (though only one level needs be licensed pursuant to patent exhaustion principles). The intellectual property rights policies of SDOs do not permit SEP-holders to unilaterally dictate the level of the supply chain that will be licensed. But despite their FRAND commitments, some SEP-holders refuse to offer licenses to component suppliers, instead targeting only end-product manufacturers in order to capture a larger royalty base. SEP-holders do so even when component suppliers are willing and desire to have an independent court adjudicate a binding license on FRAND terms.

This dynamic is particularly acute for JAMA members due to the general and longstanding role and responsibility in the research, development and manufacturing activities that have been shared among automakers and their component suppliers. These practices exist because an automobile consists of tens of thousands complex components, and its safety and economy are assured by the fact that each level of suppliers is engaged in research and development in the corresponding component area. As a result, suppliers are generally responsible for their components’ quality and warranty, including intellectual property. Moreover, component suppliers are more knowledgeable concerning the applicable standardized technology, which is generally practiced at the component level (not the level of the vehicle).

Notwithstanding the above, many component suppliers are unable to fulfill their responsibility for third party intellectual property of their components due to some SEP-holders’ refusal to offer component licenses. This imposes unnecessary costs on the auto supply chains and prevents the free market from otherwise determining at what level licensing would be most efficient. This problem does not just affect companies within the auto industry; ultimately it is to the detriment of auto consumers.

As a result, the Draft should explicitly state that SEP-holders may not seek injunctions against an original equipment manufacturer in connection with components supplied by a party that is willing to enter into a license on FRAND terms, or to have those terms adjudicated in a U.S. court or via voluntary arbitration. Additionally, the

Agencies might consider adding language along the lines of “regardless of a potential licensee’s position in the supply chain” to the language quoted on p. 4 and referenced above to underscore that SEP-licensors may not refuse licenses on the basis of a potential licensee’s position in the supply chain.

C. Responses to DOJ’s Specific Questions

For brevity, we have referred to our prior comments above in this submission in our answers to several of the questions below.

1. Should the 2019 Policy Statement on Remedies for Standards-Essential Patents Subject to Voluntary F/RAND Commitments be revised?

As described in Part B.1, the 2019 Policy Statement defied applicable precedent. As a result, it should be explicitly withdrawn in its entirety and replaced with the final version of the Draft.

2. Does the draft revised statement appropriately balance the interests of patent holders and implementers in the voluntary consensus standards process, consistent with the prevailing legal framework for assessing infringement remedies?

As discussed above in Part B.1, we believe the Draft is a welcome development in restoring a more careful balance between SEP-holders and licensees that the previous administration rejected, particularly in its core message that SEP-holders generally may not seek injunctions on FRAND-encumbered SEPs against willing licensees because monetary damages are usually adequate compensation for infringement. See Draft pp. 8-9. Additionally, as discussed above in Part B.2.b, to further align the Draft with the prevailing legal framework for assessing infringement remedies, we recommend that the Draft make clear that the key consideration for an injunction is whether the SEP-holder can receive appropriate monetary compensation in accordance with governing law, not whether a licensee is acting in “good faith.”

3. Does the draft revised statement address the competition concerns about the potential for extension of market power beyond appropriate patent scope identified in the July 9, 2021 Executive Order on Promoting Competition in the American Economy?

Again, we believe the Draft’s guidance that a SEP-holder’s FRAND commitment restrains its ability to seek injunctive relief against willing licensees addresses the competition concerns about the potential extension of market power beyond the appropriate patent scope identified in the July 9, 2021 Executive Order on Promoting Competition in the American Economy. To further address this concern, the Draft should (1) explicitly apply to ITC exclusion orders (see above Part B.2.a) and (2) make clear that SEP-holders may not seek injunctions against end product manufacturers if a component manufacturer in the supply chain is willing to take a license on FRAND terms (see above Part B.2.c).

- 4. In your experience, has the possibility of injunctive relief been a significant factor in negotiations over SEPs subject to a voluntary F/RAND commitment? If so, how often have you experienced this?**

For JAMA members, the possibility of injunctive relief is a key factor in negotiations over FRAND-encumbered SEPs, including threats to sue for injunctions. JAMA's antitrust compliance rules prevent it from further discussion of details of negotiations between member companies and SEP-holders.

- 5. Are other challenges typically present in negotiating a SEP license? If so, what information should be provided or exchanged as a practical matter to make negotiation more efficient and transparent?**

Another challenge in negotiating an SEP license is the power imbalance between SEP-holders and potential licensees when it comes to access to information. Specifically, the SEP-holder possesses all the necessary information a potential licensee needs to assess the SEP-holder's infringement, essentiality, and validity contentions and analyze whether the offer adheres to the SEP-holder's FRAND obligation. SEP-holders often refuse to share this information, citing non-disclosure agreements. Although parties may voluntarily agree to limit confidentiality through an NDA, any such NDAs may not be truly voluntarily because of the power imbalance vis-à-vis information discussed above. Instead of demanding that potential licensees enter into restrictive NDAs, SEP-holders should be open and transparent about what patents are being licensed, their basis for representing the patents are valid SEPs, the royalty rates sought, how the royalty rates are calculated, whether other licensees have entered into licenses for the same portfolio, and, if applicable, the royalty rates for those licenses in the same portfolio.

- 6. Are small business owners and small inventors impacted by perceived licensing inefficiencies involving SEPs? If so, how can licensing be made more efficient and transparent for small businesses and small inventors that either own, or seek to license, SEPs?**

No opinion beyond the answer to Question 5.

- 7. Will the licensing considerations set forth in the draft revised Statement promote a useful framework for good-faith F/RAND licensing negotiations? In what ways could the framework be improved? How can any framework for good-faith negotiations, and this framework in particular, better support the intellectual property rights policies of standards-setting organizations?**

As discussed above in Part B.2.b, we believe the framework could be improved by making clear that the key consideration for an injunction is whether the SEP-holder can receive appropriate monetary compensation in accordance with governing law, not whether a potential licensee is acting in "good faith." This approach is also consistent with a SEP-holder's FRAND commitment pursuant to SSO policies, which implicitly acknowledges that monetary damages, not injunctive relief, is the appropriate remedy for infringement in certain circumstances. See 2013 Policy Statement p. 5 n.11.

8. What other impacts, if any, would the draft revised statement have on standards-setting organizations and contributors to the standards development process?

The Draft would clearly signal to SDOs that the current administration is committed to (1) undoing the harm caused by the prior administration's "New Madison" policy approach and (2) preserving access to FRAND licenses without the inappropriate threat of injunctions.

9. The draft revised statement discusses fact patterns intended to indicate when a potential licensee is willing or unwilling to take a F/RAND license. Are there other examples of willingness or unwillingness that should be included in the statement?

With respect to willingness on the part of potential licensees, we appreciate that the Draft recognizes licensees may "request[] that the SEP holder provide more specific information reasonably needed to evaluate the offer." Draft. p. 6 The Draft should make clear that this includes claim charts.

With respect to the SEP-licensor's willingness to make an offer on FRAND terms and otherwise act in good faith, additional illustrative examples of actions that are at odds with good faith are: seeking an injunction prior to initiating negotiations or offering a license;³ seeking an injunction to pressure a licensee "to accept more onerous licensing terms than the patent holder would be entitled to receive consistent with the F/RAND commitment;"⁴ relatedly, seeking an injunction to improperly capture the value added due to standardization, as opposed to the underlying value of the technology outside of standardization;⁵ and immediately seeking an injunction after an offer has expired, which suggests that the offer was a mere pretext.⁶

10. Have prior executive branch policy statements on SEPs been used by courts, other authorities, or in licensing negotiations? If so, what effect has the use of those statements had on the licensing process, outcomes, or resolutions?

Before the prior administration withdrew the 2013 Policy Statement, courts and other authorities relied upon it in denying requests for injunctions on FRAND-encumbered SEPs:

- ***Apple Inc. v. Motorola, Inc.*, 757 F.3d 1286 (Fed. Cir. 2014):** The district court granted summary judgment that neither side was entitled to any damages or an injunction (among other rulings), including on one SEP. On appeal, although the Federal Circuit rejected the argument that injunctions on FRAND-encumbered SEPs are *per se* unavailable, it affirmed the district court in denying Motorola's request for an injunction against Apple because the FRAND commitment "strongly suggest[s] that money damages are adequate to fully compensate Motorola for any infringement." *Id.* at 1332. The court cited the 2013 Policy Statement in distinguishing between when an injunction may be justified, noting that "[a] patentee subject to FRAND commitments may have difficulty establishing irreparable harm," but "an injunction may be justified where an infringer unilaterally refuses a FRAND royalty or unreasonably delays negotiations to the same effect." *Id.* at 1332.
- ***Realtek Semiconductor Corp. v. LSI Corp.*, 946 F. Supp. 2d 998 (N.D. Cal. 2013):** Realtek sued SEP-holder LSI for breach of contract, alleging that LSI violated its FRAND obligations on two IEEE 802.11 wireless SEPs when LSI sought an exclusion order against the importation of Realtek's WIFI chips before the ITC. The district court held that LSI's seeking injunctive relief at the ITC prior to proposing a FRAND license to

³ *Realtek Semiconductor Corp. v. LSI Corp.*, 946 F. Supp. 2d 998, 1007–1008 (N.D. Cal. 2013).

⁴ *Id.* at 1007.

⁵ See, e.g., *Microsoft Corp. v. Motorola, Inc.*, 795 F.3d 1024, 1045 (9th Cir. 2015).

⁶ *Id.*

Realtek was “inherently inconsistent” with its FRAND obligations. *Id.* at 1006. The court granted Realtek’s motions for (1) partial summary judgment on its breach of contract claim, and (2) a preliminary injunction barring LSI from enforcing any ITC exclusion order that it might obtain against Realtek with respect to the two SEPs. The court cited the 2013 Policy Statement in explaining how “Realtek is harmed as a result of the breach because the pending threat of an exclusion order gives defendants inherent bargaining power in any RAND licensing negotiation that may now take place,” quoting language from the 2013 Policy Statement that “[a] decision maker could conclude that the holder of a F/RAND-encumbered, standards-essential patent had attempted to use an exclusion order to pressure an implementer of a standard to accept more onerous licensing terms than the patent holder would be entitled to receive consistent with the F/RAND commitment—in essence concluding that the patent holder had sought to reclaim some of its enhanced market power” *Realtek*, 946 F. Supp. 2d at 1007 (quoting 2013 Policy Statement at 6).

- ***In re Certain Electronic Devices, No. 337-TA-794, Comm’n Op., at 42 n.8 (U.S.I.T.C. July 5, 2013); USTR Nullification (2013)***: Samsung sought and obtained an exclusion order against Apple from the ITC that would have banned the import of certain Apple devices, including iPhones and the iPad, that infringed one of Samsung’s 3G SEPs. The U.S. Trade Representative (USTR) subsequently exercised statutory authority to overturn the exclusion order because it was not in the public interest, relying heavily on the 2013 Policy Statement. The USTR’s nullification letter expressed a shared concern “about the potential harms that can result” from SEP-owners “gaining undue leverage and engaging in ‘patent hold-up,’ i.e., asserting the patent to exclude an implementer of the standard from a market to obtain a higher price for use of the patent than would have been possible before the standard was set.” USTR Nullification Letter p. 2. The USTR further noted that “exclusionary relief from the Commission based on FRAND-encumbered SEPs should be available based only on the relevant factors described in the [2013] Policy Statement.” *Id.* Based on the USTR’s review of “policy considerations . . . as they relate to the effect on competitive conditions in the U.S. economy and the effect on U.S. consumers,” which was rooted in the 2013 Policy Statement, the USTR nullified the exclusion order. USTR Nullification Letter p. 3.

11. Are there resources or information that the U.S. government could provide/develop to help inform businesses about licensing SEPs subject to a voluntary F/RAND commitment?

Below are some suggested sources.

CEN/CENELEC Workshop Agreement 95000, *Core Principles and Approaches for Licensing of Standard Essential Patents* (June 2019), <https://2020.standict.eu/sites/default/files/CWA95000.pdf>

FAIR STANDARDS ALLIANCE, *Transparency Issues with Standard-Essential Patents Position Paper* (2021), https://fair-standards.org/wp-content/uploads/2021/08/210802_FSA_Position_Paper_on_Transparency.pdf

FAIR STANDARDS ALLIANCE, *Injunction in Accordance With the Principles of Equity and Proportionality Position Paper* (2017), http://fair-standards.org/wp-content/uploads/2020/07/170123_FSA-Injunction-Position-Paper.pdf