



## **POLICY STATEMENT ON REMEDIES FOR STANDARDS-ESSENTIAL PATENTS SUBJECT TO VOLUNTARY F/RAND COMMITMENTS<sup>1</sup>**

December 19, 2019

The U.S. Patent & Trademark Office (USPTO), the National Institute of Standards and Technology (NIST), and the U.S. Department of Justice, Antitrust Division (DOJ), offer the following views on remedies for standards-essential patents that are subject to a RAND or FRAND licensing commitment.<sup>2</sup> Steps that encourage good-faith licensing negotiations between standards essential patent owners and those who seek to implement technologies subject to F/RAND commitments by the parties will promote technology innovation, further consumer choice, and enable industry competitiveness. When licensing negotiations fail, however, appropriate remedies should be available to preserve competition, and incentives for innovation

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<sup>1</sup> This statement offers the views of the agencies only and has no force or effect of law. It is not intended to be, and may not be, relied upon to create any rights, substantive or procedural, enforceable at law by any party. Nothing in this statement should be construed as mandating a particular outcome in any specific case, and nothing in this statement limits the discretion of any U.S. government agency to take any action, or not to take action, with respect to matters under its jurisdiction, including the United States Trade Representative's discretion in Presidential reviews under section 337(j) of the Tariff Act of 1930, 19 U.S.C. §1337(j).

<sup>2</sup> For purposes of this statement, a patent is subject to a RAND or FRAND commitment where a patent holder has voluntarily agreed to make available a license for the patent on reasonable and non-discriminatory (RAND) terms or fair, reasonable, and non-discriminatory (FRAND) terms while participating in standards-setting activities at a standards-developing organization (SDO). Often in the United States, SDO members may commit to license all of their patents that are essential to the SDO standard on RAND terms. Often in other jurisdictions, SDO members may commit to license such patents on FRAND terms. For the purposes of this statement, F/RAND refers to both types of licensing commitments. Commentators frequently use the terms interchangeably to denote the same substantive type of commitment.

and for continued participation in voluntary, consensus-based, standards-setting activities.<sup>3</sup> This statement is the joint view of the Agencies on the appropriate scope of remedies to advance those goals.

The patent system promotes innovation and economic growth by providing incentives to inventors to apply their knowledge, take risks, and make investments in research and development. In exchange for publishing their technical advancements in patents so that others can build on those advancements with further innovations, inventors receive time-limited exclusive rights to their inventions. Reliable, predictable, quality patent rights provide owners and the public confidence in the patent system, and promote vigorous, dynamic competition to the benefit of consumers.

Standards, particularly voluntary consensus standards set by standards developing organizations (SDOs), play a vital role in the economy. SDOs develop standards using open, transparent, and consensus-based processes to address issues of interest to their stakeholders. By allowing products designed and manufactured by many different firms to function together, interoperability standards can create enormous value for consumers and fuel the creation and utilization of new and innovative technologies to benefit consumers. As interoperability standards increasingly incorporate technologies covered by intellectual property rights, their development has become more complicated.

The USPTO is the executive-branch agency charged with examining patent and trademark applications, issuing patents and registering trademarks, and—through the Secretary

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<sup>3</sup> Regardless of a patent holder's F/RAND commitments, under some circumstances, such as coordinated delay in agreeing to a license to drive down its cost, the DOJ could find such joint conduct to cause competitive harm, for example, through the collective exertion of monopsony power over a patent holder.

of Commerce—advising the President on domestic and certain international issues of intellectual property policy.<sup>4</sup> NIST is the executive-branch agency charged with facilitating standards-related information sharing and cooperation among federal agencies and with coordinating federal agency participation in, and use of, private sector standards, emphasizing where possible the use of standards developed by private, consensus organizations, and—through the Secretary of Commerce—advising the President on standards policy pertaining to the nation’s technological competitiveness and innovation ability.<sup>5</sup> The DOJ is the executive-branch agency charged with promoting and protecting competition for the benefit of American consumers.

In 2013, the USPTO and the DOJ jointly issued a policy statement related to remedies for infringement of standards-essential patents subject to voluntary F/RAND commitments.<sup>6</sup> That statement noted that while in some circumstances an exclusionary remedy for infringement of a standards-essential patent subject to a F/RAND commitment may be inconsistent with the public interest for those patents, an exclusionary remedy may be appropriate in other circumstances, such as when the potential licensee constructively refuses to engage in a negotiation to determine F/RAND terms.<sup>7</sup>

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<sup>4</sup> See 35 U.S.C. §§ 1, 2 (2012).

<sup>5</sup> See 15 U.S.C. § 272(b) (2012).

<sup>6</sup> U.S. Dep’t of Justice and U.S. Pat. & Trade Off., *Policy Statement on Remedies for Standards-Essential Patents Subject to Voluntary F/RAND Commitments* 1–10 (Jan. 8, 2013), available at <https://www.justice.gov/sites/default/files/atr/legacy/2014/09/18/290994.pdf>. The primary focus of the 2013 policy statement was on exclusion orders issued pursuant to 19 U.S.C. § 1337. The statement was not “intended to be a complete legal analysis of injunctive relief under the *eBay* standard” in U.S. federal courts. *Id.* at 1 n.1.

<sup>7</sup> *Id.* at 6–7.

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