

GTW ASSOCIATES



## **Comments of GTW Associates**

**February 15, 2013**

**Federal Trade Commission**

**Proposed Consent Agreement In the Matter of  
Motorola Mobility LLC, a limited liability  
company, and Google Inc., a corporation;  
FTC File No. 121 0120**

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## Introduction

GTW Associates welcomes the opportunity to contribute to the record and comment on the *Proposed Consent Agreement In the Matter of Motorola Mobility LLC, a limited liability company, and Google Inc., a corporation; FTC File No. 121 0120*<sup>1</sup> The proposed consent agreement in this matter is intended to settle alleged violations of federal law prohibiting unfair or deceptive acts or practices or unfair methods of competition.

GTW Associates comments on those portions of the FTC - provided rationale and proposed remedies relating to: 1) Description and documentation of the behavior leading to the Proposed Consent Agreement 2) The relevance of the Noerr Pennington Doctrine and immunity of the behavior; and 3) proposed remedies to be imposed on Motorola Mobility LLC and Google Inc.

FTC's actions in this matter will significantly impact the behavior of participants in standards setting activities around the world as well as the patent policies of many standards development organizations. The integrity of License assurances given by holders of patents and patent applications voluntarily or pursuant to the patent policies of a standards developing organization are important elements of a responsive standards process.

Since FTC states in its COMPLAINT<sup>2</sup> as rationale for the proposed Decision and Order<sup>3</sup> that license assurances to SDO(s) were violated:

*[Google and Motorola] ... engaged in unfair methods of competition and unfair acts or practices by breaching its commitments to standard-setting organizations ("SSOs") to license its standard essential patents ("SEPs") on fair, reasonable, and non-discriminatory ("FRAND") terms. Google violated its FRAND commitments by seeking to enjoin and exclude willing licensees of its FRAND encumbered SEPs.*

it is critical that this breach of the commitments be clearly documented. Participants in standards setting activities around the world need clear understanding of the behavior which lead to FTC's attention so that they may evaluate their own current and future behavior in context. SDOs need the same understanding to contemplate whether their procedures should be revised in contemplation of the behavior. The FTC description of the alleged unacceptable behavior has failed in this regard and needs to be further documented and substantiated.

The Noerr Pennington doctrine based upon the Constitution's First Amendment rights provision provides immunity from certain government actions for individuals "petitioning" government, whether through lobbying, administrative processes, or litigation. Questions arise in applying the doctrine such as whether the conduct in question is true "petitioning" and what constitutes

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<sup>1</sup> <http://www.ftc.gov/os/caselist/1210120/index.shtm>

<sup>2</sup> COMPLAINT <http://www.ftc.gov/os/caselist/1210120/130103googlemotorolacmpt.pdf>

<sup>3</sup> DECISION and ORDER <http://www.ftc.gov/os/caselist/1210120/130103googlemotorolado.pdf>

“misrepresentation” in petitioning or “sham” petitioning which would preclude the conduct from protection under *Noerr Pennington*. It would seem that Google’s filing of an injunction type lawsuit or pursuit of an exclusion order at the International Trade Commission constitutes *Noerr* petitioning unless it loses its immunity under the “misrepresentation” or “sham” exceptions.

Numerous recourses are available to potential licensors and potential licensees when disputes arise. FTC intervention in what is a normally well functioning process must be well documented and reserved for exceptional problems in order to reduce the potential of unintended consequences. FTC must better explain why currently available remedies fail to address the alleged breach of promises to SDOs by Google and why the proposed remedies are therefore necessary.

GTW Associates<sup>4</sup> is an International Standards and Trade Policy consultancy. The author as President of GTW Associates<sup>5</sup> is a member of the ANSI Intellectual Property Rights Policy Committee; and its Copyright Group. I contributed as a member of the IEEE Standards Association to the IEEE Standards Association Patent committee revision of the IEEE Patent policy. I served on the W3C patent policy-working group and am currently a member of the ITU Telecommunications Standards Bureau (TSB) Director’s Ad Hoc Group on IPR; and the ABA Science & Technology Section Technical Standardization and Infrastructure Committee which completed in 2007 the *Standards Development Patent Policy Manual*. I participate in the IP working group of the IETF currently contemplating revisions to the IP policies of the IETF. GTW Associates monitors the patent policies of numerous standards organizations and maintains an online database of such policies<sup>6</sup>.

These comments are the views of GTW Associates and are not submitted on behalf of any GTW Associates’ clients.

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<sup>4</sup> GTW Associates [www.gtwassociates.com](http://www.gtwassociates.com)

<sup>5</sup> Credentials and Experience of George T. Willingmyre, P.E., President, GTW Associates <http://www.gtwassociates.com/gtw/gtwresume.html>

<sup>6</sup> Intellectual Property Rights Policies of selected standards developers October 2012 <http://www.gtwassociates.com/answers/IPRpolicies.html>

## **I Description and documentation of the behavior leading to the Proposed Consent Agreement**

FTC's analysis and documentation of Google's behavior in this matter will significantly impact the behavior of participants in standards setting activities around the world and stimulate the discussion of patent policies of many standards development organizations. The integrity of license assurances given by holders of patents and patent applications voluntarily or pursuant to the patent policies of a standards developing organization are important elements of a responsive standards process.

Since FTC states in its COMPLAINT<sup>7</sup> as rationale for the proposed Decision and Order<sup>8</sup> that license assurances to SDO(s) were violated:

*[Google and Motorola] ... engaged in unfair methods of competition and unfair acts or practices by breaching its commitments to standard-setting organizations ("SSOs") to license its standard essential patents ("SEPs") on fair, reasonable, and non-discriminatory ("FRAND") terms. Google violated its FRAND commitments by seeking to enjoin and exclude willing licensees of its FRAND encumbered SEPs.*

it is critical that this breach of the commitments be clearly documented. Participants in standards setting activities around the world need clear understanding of the behavior which lead to FTC's attention so that they may evaluate their own current and future behavior in context. SDOs need the same understanding to contemplate whether their procedures should be revised in contemplation of the behavior. The FTC description of the alleged unacceptable behavior has failed in this regard and needs to be further documented and substantiated.

### **FTC's Analysis of Proposed Consent Order To Aid Public Comment<sup>9</sup> states:**

*Motorola sought to exploit the market power that it acquired through the standard-setting process by breaching its promises to license its SEPs on FRAND terms. ETSI, ITU, and IEEE require that firms disclose whether they will commit to license their SEPs on FRAND terms in order for the SSO to decide if the patents should be included in the relevant cellular, video codec, or wireless LAN standards. Motorola promised to license its patents essential to these standards on FRAND terms, inducing ETSI, ITU, and IEEE to include its patents in cellular, video codec, and wireless LAN standards. These commitments created express and implied contracts with the SSOs and their members. In acquiring Motorola and its patent portfolio, Google affirmatively declared that it would honor Motorola's FRAND commitments.*

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<sup>7</sup> COMPLAINT <http://www.ftc.gov/os/caselist/1210120/130103googlemotorolacmpt.pdf>

<sup>8</sup> DECISION and ORDER <http://www.ftc.gov/os/caselist/1210120/130103googlemotorolado.pdf>

<sup>9</sup> Analysis of Proposed Consent Order To Aid Public Comment  
<http://www.ftc.gov/os/caselist/1210120/130103googlemotorolaanalysis.pdf>

*Relying on Motorola’s promise to license its SEPs on FRAND terms, electronic device manufacturers implemented the relevant standards and were locked-in to using Motorola’s patents. Motorola then violated the FRAND commitments made to ETSI, ITU, and IEEE by seeking, or threatening, to enjoin certain competitors from marketing and selling products compliant with the relevant standards, like the iPhone and the Xbox, from the market unless the competitor paid higher royalty rates or made other concessions. At all times relevant to the allegations in the Proposed Complaint, these competitors – Microsoft and Apple – were willing to license Motorola’s SEPs on FRAND terms.*

**FTC’s complaint<sup>10</sup> states:**

*8. Google actively participates in numerous SSOs, including the Institute of Electrical and Electronics Engineers (“IEEE”), the European Telecommunications Standards Institute (“ETSI”), and the International Telecommunications Union (“ITU”). Collectively, this Complaint refers to these SSOs as the Relevant SSOs.*

...

*22. Motorola has been a longstanding member of the Relevant SSOs and irrevocably committed to license on FRAND terms all of its SEPs incorporated in the Relevant Technology Standards. These FRAND commitments enabled the incorporation of Motorola’s patented technology into the Relevant Technology Standards.*

**The IP policies of ETSI, ITU and IEEE describe statements these standards developers sometime solicit from claimed holders of standards essential patents or that are otherwise voluntarily made by holders of standards essential patents.**

**Relevant text<sup>11</sup> from ETSI is:**

*an irrevocable undertaking in writing that it is prepared to grant irrevocable licences on fair, reasonable and non-discriminatory terms and conditions*

**Relevant text<sup>12</sup> from ITU is:**

*The patent holder is willing to negotiate licences with other parties on a non-discriminatory basis on reasonable terms and conditions*

**Relevant text<sup>13</sup> from IEEE-SA is:**

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<sup>10</sup> COMPLAINT <http://www.ftc.gov/os/caselist/1210120/130103googlemotorolacmpt.pdf>

<sup>11</sup> [See Appendix A from ETSI Intellectual Property Rights Policy](#)

<sup>12</sup> [See Appendix B Excerpts from ITU Procedures Common Patent Policy for ITU-T/ITU-R/ISO/IEC](#)

*A statement that a license for a compliant implementation of the standard will be made available to an unrestricted number of applicants on a worldwide basis without compensation or under reasonable rates, with reasonable terms and conditions that are demonstrably free of any unfair discrimination*

The experience of GTW is that every word in a patent policy of an SDO and every word of a license assurance response to a patent policy of an SDO has important meaning. The words in any specific patent policy may contain nuances from different words in patent policies and assurances of other SDOs that may describe similar things. FTC has made a sweeping generalization that the words of the patent policies of three SDOs above are equivalent and that Google license assurances to such patent policies are equivalent as well.

This generalization may or may not be true. Certainly the words in the patent policies are different. No doubt the words and format of the license assurances given in response to the patent policies are different as well. The validity of the FTC generalization that the patent policies and license assurance were all “FRAND” may be made irrelevant if FTC documents the exact wording of the specific license assurances FTC contends were breached. The license assurances were likely made on templates<sup>14</sup> mandated for use by the three SDOs.

**For example FTC states in its complaint<sup>15</sup>:**

*Motorola sought to exploit the market power that it acquired through the standard-setting process by breaching its promises to license its SEPs on FRAND terms.*

**What were Motorola’s promises?** Presumably these are letters of assurance Motorola would have submitted for each “standards essential patent” for each standard of any of the three SDOs whose implementation required the use of that patent. FTC generalizes that all of these promises were promises to license on FRAND terms when in fact each SDO has its own required wording for a license assurance. FTC should share in detail what were the promises Motorola made separately to the three SDOs to license each of the patents FTC later contends Motorola breached. **Such detail would document what are the Standards Essential patents at issue and contain the exact words of the promises to each of the three SDOs FTC contends Motorola breached.**

**What exactly did Motorola do that was a breach of one or more of the promises identified in the preceding step?** It would seem that any injunction or exclusion order action for a patent directly following one or more of the license assurance promises for that patent in the SDO templates could be interpreted as a breach of a promise made consistent with any one of the patent policies of the three SDOs. However GTW understands that Google made license offers for all its SEPs it considered to be consistent with its promises before seeking an

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<sup>13</sup> See [Appendix C Excerpts from IEEE SA IEEE-SA STANDARDS BOARD BYLAWS Excerpts from 6. Patents](#)

<sup>14</sup> See [Appendix A ETSI](#); [Appendix B ITU](#); [Appendix C IEEE](#)

<sup>15</sup> COMPLAINT <http://www.ftc.gov/os/caselist/1210120/130103googlemotorolacmpt.pdf>

injunction or exclusion order. **This fact is not noted in any of the FTC documentation. The FTC documentation otherwise leads to an impression Google did not complete this step.**

**FTC further states in its analysis<sup>16</sup>:**

*Motorola then violated the FRAND commitments made to ETSI, ITU, and IEEE by seeking, or threatening, to enjoin certain competitors from marketing and selling products compliant with the relevant standards, like the iPhone and the Xbox, from the market unless the competitor paid higher royalty rates or made other concessions.*

**In what way were the specific license offers Motorola made “higher” than license offers Motorola made to other licensees or that were inconsistent with license agreements Motorola had with other licensees of its patents? What were the “other concessions” Motorola requested that differed from license agreements Motorola had with other licensees of its patents?**

**Since none of the wording of any of patent policies of the three SDOs addresses exclusion orders or injunctions<sup>17</sup> what exactly did Motorola do to breach any of the promises to be found in the license assurances it made ?**

**FTC states in its complaint<sup>18</sup>:**

*16. An implementer of a SEP is a willing licensee when it manifests its willingness to accept terms that are determined to be FRAND, either because such terms have been voluntarily negotiated or have been determined to be FRAND by a court or other neutral third party*

*and*

*22 ... At all times relevant to this Complaint, these implementers were willing licensees of Google’s FRAND-encumbered SEPs.*

**What is the basis for the statement that the implementers were willing licensees of Google’s FRAND-encumbered SEPs. Did the implementers state this anywhere?**

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<sup>16</sup> Analysis of Proposed Consent Order To Aid Public Comment  
<http://www.ftc.gov/os/caselist/1210120/130103googlemotorolaanalysis.pdf>

<sup>17</sup> See [Appendix A ETSI](#); [Appendix B ITU](#); [Appendix C IEEE](#)

<sup>18</sup> COMPLAINT <http://www.ftc.gov/os/caselist/1210120/130103googlemotorolacmpt.pdf>



## II Relevance of the Noerr Pennington Doctrine and immunity of the behavior

The Noerr Pennington doctrine based upon the Constitution's First Amendment rights provision provides immunity from certain government actions for individuals "petitioning" government, whether through lobbying, administrative processes, or litigation. Questions may arise in applying the doctrine about whether the conduct in question is true "petitioning" and what constitutes "misrepresentation" in petitioning or "sham" petitioning which would preclude the conduct from protection. It would seem that Google's filing of an injunction type lawsuit or pursuit of an exclusion order at the International Trade Commission constitutes *Noerr* petitioning unless it loses its immunity under the "misrepresentation" or "sham" exceptions.

Commissioner Ohlhausen in *DISSENTING STATEMENT OF COMMISSIONER MAUREEN K. OHLHAUSEN In the Matter of Motorola Mobility LLC and Google Inc*<sup>19</sup> explained her position that similar questions of the applicability of the Noerr Pennington doctrine apply in both the recent FTC action re Bosch and here:

*I dissented then in large part because I question whether such conduct, standing alone, violates Section 5 and because the Noerr-Pennington doctrine precludes Section 5 liability for conduct grounded in the legitimate pursuit of an injunction or any threats incidental to it, outside of a handful of well-established exceptions not alleged there.*

Courts have held that *Noerr* immunity does not extend to knowing and material misrepresentations made in adjudicatory or administrative proceedings or to private action that is not genuinely aimed at procuring favorable government action and is a mere sham that cannot be deemed a valid effort to influence government action but rather to cover what is actually nothing more than an attempt to interfere directly with the business relationships of a competitor.

FTC's single statement<sup>20</sup> with respect to Noerr-Pennington is a reply to Commissioner Ohlhausen's assertion above that the Noerr-Pennington doctrine precludes FTC action. But FTC does not answer the underlying question, **What aspect of Google's petitioning conduct is "misrepresentation" or "sham" conduct? that would not be immune from FTC's actions under this doctrine.**

*Finally, we are not persuaded by Commissioner Ohlhausen's argument that the conduct*

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<sup>19</sup> DISSENTING STATEMENT OF COMMISSIONER MAUREEN K. OHLHAUSEN *In the Matter of Motorola Mobility LLC and Google Inc*. File No. 121-0120 January 3, 2013 at <http://ftc.gov/os/caselist/1210120/130103googlemotorolaohlhausenstmt.pdf>

<sup>20</sup> [Statement of the Commission](http://ftc.gov/os/caselist/1210120/130103googlemotorolastmtofcomm.pdf) at <http://ftc.gov/os/caselist/1210120/130103googlemotorolastmtofcomm.pdf>



*alleged in the Commission's complaint implicates the First Amendment and the Noerr-Pennington doctrine. As noted above, we have reason to believe that MMI willingly gave up its right to seek injunctive relief when it made the FRAND commitments at issue in this case. We do not believe that imposing Section 5 liability where a SEP holder violates its FRAND commitments offends the First Amendment because doing so in such circumstances "simply requires those making promises to keep them."*

**FTC should better explain why Google's petitioning behavior is either "misrepresentation" or "sham" conduct that would not be immune from FTC's actions under this doctrine.**

### III Proposed remedies to be imposed on Motorola Mobility LLC and Google Inc.

Numerous recourses are available to potential licensors and potential licensees when disputes arise. FTC intervention in what is a normally well functioning process must be fully documented and reserved for exceptional problems in order to reduce the potential of unintended consequences. FTC must better explain why currently available remedies fail to address the alleged breach of promises to SDOs by Google and why the proposed remedies are therefore necessary to overcome weaknesses or flaws in the existing processes.

The Proposed Consent Order essentially prohibits Google and Motorola from continuing or enforcing existing claims for injunctive relief based on FRAND-encumbered SEPs and from bringing future claims for injunctive relief based on FRAND-encumbered SEPs unless detailed procedures are followed in advance of the such claims.<sup>21</sup> Some of the procedures described would have the effect of promoting solutions to disputes whether or not any specific offer of a license for a SEP was consistent with a promise that SEP to license under reasonable and non discriminatory terms. It is not the detailed procedures that concern GTW, it is the FTC making mandatory the procedures. Some of the procedures are tools that SDOs and participants already voluntarily employ. Arbitration for example is a means to address disputes called for in procedures of the DVB consortium<sup>22</sup>. Nothing currently stands in the way of standards participants voluntarily declaring to use some or all of the tools FTC has mandated such as when standards participants declare<sup>23</sup> they would not seek injunctions for patents for which RAND assurances were previously made. The key distinction is between a voluntary action and a mandatory one.

By adding prohibitions and conditions for Google to seek injunctions in private litigation or exclusion orders at the International Trade Commission (ITC), FTC has co-opted the legal system and the procedures of the ITC. It has substituted its conclusions about behavior and remedies for the judgments of the legal system and the operational procedures of the ITC.

Noteworthy is the contrast between the FTC proposed conditions for initiating injunction or exclusion order actions and the Antitrust Division and Patent and Trademark Office recent statement on enforcement of SEPs<sup>24</sup> that shares perspective on whether injunctive relief in judicial proceedings or exclusion orders ... are properly issued.

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<sup>21</sup> [See Appendix D](#) containing excerpts of the proposed remedies described in the Analysis of Proposed Consent Order to Aid Public Comments

<sup>22</sup> [http://www.dvb.org/documents/brochures/DVB-IPR\\_Policy.pdf](http://www.dvb.org/documents/brochures/DVB-IPR_Policy.pdf)

<sup>23</sup> See for example DOJ discussion in STATEMENT OF JOSEPH F. WAYLAND ACTING ASSISTANT ATTORNEY GENERAL ANTITRUST DIVISION BEFORE THE COMMITTEE ON THE JUDICIARY UNITED STATES SENATE REGARDING OVERSIGHT OF THE IMPACT ON COMPETITION OF EXCLUSION ORDERS TO ENFORCE STANDARDS-ESSENTIAL PATENTS@ PRESENTED JULY 11, 2012 of Apple letter to ETSI and Microsoft public statement page 10 <http://www.justice.gov/atr/public/testimony/284982.pdf>

<sup>24</sup> Antitrust Division and Patent and Trademark Office statement on enforcement of SEPs, available here: <http://www.justice.gov/atr/public/guidelines/290994.pdf> (Jan. 8, 2013)

*The U.S. Department of Justice, Antitrust Division (DOJ), and the U.S. Patent & Trademark Office (USPTO), an agency of the U.S. Department of Commerce, provide the following perspectives on a topic of significant interest to the patent and standards-setting communities: whether injunctive relief in judicial proceedings or exclusion orders in investigations under section 337 of the Tariff Act of 19301 are properly issued when a patent holder seeking such a remedy asserts standards-essential patents that are encumbered by a RAND or FRAND licensing commitment*

The distinction is that the DOJ/USPTO statement provides information and decision criteria that courts and the International Trade Commission may find helpful in their analysis of the matters brought before them. The FTC action adds mandatory steps before the initiation of such processes.

This same DOJ/USPTO statement describes conditions where an injunction or exclusion order may be justified and describes possible motivations for a potential licensee to delay completion of a license negotiation with a holder of a standards essential patent:

*For example, if a putative licensee refuses to pay what has been determined to be a F/RAND royalty, or refuses to engage in a negotiation to determine F/RAND terms, an exclusion order could be appropriate. Such a refusal could take the form of a constructive refusal to negotiate, such as by insisting on terms clearly outside the bounds of what could reasonably be considered to be F/RAND terms in an attempt to evade the putative licensee's obligation to fairly compensate the patent holder.*

*Footnote in DOJ/USPTO statement:*

*We recognize that the risk of a refusal to license decreases where the putative licensee perceives a cost associated with delay and increases where the putative licensee believes its worst-case outcome after litigation is to pay the same amount it would have paid earlier for a license.*

FTC recently provided information to the International Trade Commission (ITC) it believed ITC should take in to consideration in a closely related active case involving licensing of standards essential patents before the ITC. FTC offered its perspective on potentially responsive ITC actions last June<sup>25</sup>:

*The ITC has a range of remedies available to it here to give effect to its statutory obligation to consider "competitive conditions in the United States economy ... and United States consumers[,]”<sup>8</sup> and to refrain from imposing Section 337 remedies in conflict with the public interest. For example, the ITC could find that Section 337's public interest factors support denial of an exclusion order unless the holder of the RAND-encumbered SEP has made a reasonable royalty offer.<sup>9</sup> For example, in the Initial Determination of Investigation No. 337-TA-752, the ITC ALJ found that, "the*

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<sup>25</sup> FTC comments to US International Trade Commission in ITC investigations involving assertions of standards-essential patents (June 6, 2012) <http://www.ftc.gov/os/2012/06/1206ftcgamingconsole.pdf>

*royalty rate of Motorola of 2.25%, both as to its amount and the products covered, could not possibly have been accepted by Microsoft.”<sup>10</sup> While this approach may leave the patentee without a remedy in the ITC, a remedy in district court would remain available. Alternatively, the ITC could delay the effective date of its Section 337 remedies until the parties mediate in good faith for damages for past infringement and/or an ongoing royalty for future licensed use, with the parties facing the respective risks that the exclusion order will (i) eventually go into effect if the implementer refuses a reasonable offer or (ii) be vacated if the ITC finds that the patentee has refused to accept a reasonable offer.*

FTC could have offered advice in relevant on going private litigation through amicus curie or through submitting to ITC information similar to that it submitted last June it deemed relevant that ITC should include in its own deliberations. It chose instead to substitute its own analysis and judgment of misbehavior to that which courts and the ITC might have otherwise found. FTC added pre conditions to just the seeking of such redress (not to mention the granting of such redress) FTC has not identified instances where courts or the ITC have favored the patent holder in a matter involving licensing of SEPs in a way that would be inconsistent with FTCs perspectives. **Where there exists a working process(es) for addressing a concern the addition of a new process superseding the existing process(es) must be predicated on some flaw in or inconsistency or inability of the existing process(es) to function. FTC has not done so.**

One of the conditions FTC provides for Google to seek an injunction or exclusion order is where another party has filed for an injunction or exclusion order against Google. According to the Analysis<sup>26</sup>:

*Google retains the option to file for injunctive relief against a potential licensee that itself files a claim for injunctive relief against Google based on the potential licensee’s FRAND-encumbered SEPs, unless that potential licensee has followed the procedures similar to those set out by the Proposed Consent Order for Google.*

**GTW notes this condition is similar to the provisions in the IP policies of ETSI and ITU that the maker of a license assurance may include a limitation that the assurance be conditional on reciprocity. Presumably Motorola’s license assurances contained such an exception but we do not know that for certain unless and until that can be confirmed by review of the exact text. Since the IP policy text describes this as an option it could also be that FTC is granting a process Motorola did not seek.**

**Relevant text<sup>27</sup> from ETSI is:**

*This irrevocable undertaking is made subject to the condition that those who seek licences agree to reciprocate (check box if applicable).*

**Relevant text<sup>28</sup> from ITU is:**

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<sup>26</sup> Analysis of Proposed Consent Order To Aid Public Comment  
<http://www.ftc.gov/os/caselist/1210120/130103googlemotorolaanalysis.pdf>

<sup>27</sup> [See Appendix A from ETSI Intellectual Property Rights Policy](#)

Also mark here \_\_\_ if the Patent Holder's willingness to license is conditioned on Reciprocity for the above document

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*Reciprocity: The word "Reciprocity" means that the Patent Holder shall only be required to license any prospective licensee if such prospective licensee will commit to license its Patent(s) for implementation of the same above document Free of Charge or under reasonable terms and conditions*

**FTC also addresses the instance where Google might sell or assign its FRAND-encumbered SEPs.** The Analysis<sup>29</sup> states:

*Finally, the Proposed Consent Order prohibits Google from selling or assigning its FRAND-encumbered SEPs to third parties unless those parties agree to assume Google's FRAND commitments, abide by the terms of the Proposed Consent Order, and condition any further sale or assignment of Google's FRAND-encumbered SEPs on the same. (SP)*

**GTW notes that the IP policies of ETSI and ITU and IEEE already include such transfer limitations on those who make license assurances.**

**Relevant text<sup>30</sup> from ETSI is:**

*In the event a MEMBER assigns or transfers ownership of an ESSENTIAL IPR that it disclosed to ETSI, the MEMBER shall exercise reasonable efforts to notify the assignee or transferee of any undertaking it has made to ETSI pursuant to Clause 6 with regard to that ESSENTIAL IPR.*

**Relevant text<sup>31</sup> from ITU is:**

*In the event a Patent Holder participating in the work of the Organizations assigns or transfers ownership or control of Patents for which the Patent Holder reasonably believes it has made a license undertaking to the ITU/ISO/IEC, the Patent Holder shall make reasonable efforts to notify such assignee or transferee of the existence of such license undertaking. In addition, if the Patent Holder specifically identified patents to ITU/ISO/IEC, then the Patent Holder shall have the assignee or transferee agree to be bound by the same licensing commitment as the Patent Holder for the same patent. If the Patent Holder did not specifically identify the patents in question to ITU/ISO/IEC, then it shall use reasonable efforts (but without requiring a patent search) to have the assignee or transferee to agree to be so bound*

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<sup>28</sup> [See Appendix B Excerpts from ITU Procedures Common Patent Policy for ITU-T/ITU-R/ISO/IEC](#)

<sup>29</sup> Analysis of Proposed Consent Order To Aid Public Comment  
<http://www.ftc.gov/os/caselist/1210120/130103googlemotorolaanalysis.pdf>

<sup>30</sup> [See Appendix A from ETSI Intellectual Property Rights Policy](#)

<sup>31</sup> [See Appendix B Excerpts from ITU Procedures Common Patent Policy for ITU-T/ITU-R/ISO/IEC](#)

**Relevant text<sup>32</sup> from IEEE-SA is:**

*The Submitter and all [Affiliates](#) (other than those Affiliates excluded in a Letter of Assurance) shall not assign or otherwise transfer any rights in any Essential Patent Claims that are the subject of such Letter of Assurance that they hold, control, or have the ability to license with the intent of circumventing or negating any of the representations and commitments made in such Letter of Assurance.*

*The Submitter of a Letter of Assurance shall agree (a) to provide notice of a Letter of Assurance either through a [Statement of Encumbrance](#) or by binding any assignee or transferee to the terms of such Letter of Assurance; and (b) to require its assignee or transferee to (i) agree to similarly provide such notice and (ii) to bind its assignees or transferees to agree to provide such notice as described in (a) and (b).*

**Presumably Google is already bound by such conditions that could be confirmed by review of the exact text of the license assurances made by Motorola. FTC seems to be adding a requirement very similar to that which Google has already committed.**

**The IP policy of ETSI describe the process to be followed in instances where there is alleged violation of the patent policy.**

This process is described in Section 8.2 *Non-availability of licences after the publication of a STANDARD or a TECHNICAL SPECIFICATION*<sup>33</sup>

It is relevant to the matter at hand and to whether FTC action is warranted to document whether any parties followed the defined procedures and what was any disposition that might indicate a flaw or weakness of the private sector process to resolve the issue.

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<sup>32</sup> [See Appendix C Excerpts from IEEE SA IEEE-SA STANDARDS BOARD BYLAWS Excerpts from 6. Patents](#)

<sup>33</sup> [Appendix A](#)

Excerpt from pages 34/35

## 6 Availability of Licences

6.1 When an ESSENTIAL IPR relating to a particular STANDARD or TECHNICAL SPECIFICATION is brought to the attention of ETSI, the Director-General of ETSI shall immediately request the owner to give within three months an irrevocable undertaking in writing that it is prepared to grant irrevocable licences on fair, reasonable and non-discriminatory terms and conditions under such IPR to at least the following extent:

- MANUFACTURE, including the right to make or have made customized components and sub-systems to the licensee's own design for use in MANUFACTURE;
- sell, lease, or otherwise dispose of EQUIPMENT so MANUFACTURED;
- repair, use, or operate EQUIPMENT; and
- use METHODS.

The above undertaking may be made subject to the condition that those who seek licences agree to reciprocate.

In the event a MEMBER assigns or transfers ownership of an ESSENTIAL IPR that it disclosed to ETSI, the MEMBER shall exercise reasonable efforts to notify the assignee or transferee of any undertaking it has made to ETSI pursuant to Clause 6 with regard to that ESSENTIAL IPR.

### Excerpt from page 43 Appendix A: IPR Licensing Declaration forms

#### IPR INFORMATION STATEMENT AND LICENSING DECLARATION

#### IPR LICENSING DECLARATION

In accordance with Clause 6.1 of the ETSI IPR Policy the Declarant and/or its AFFILIATES hereby irrevocably declares the following (**check one box only, and subordinate box, where applicable**):

To the extent that the IPR(s) disclosed in the attached *IPR Information Statement Annex* are or become, and remain ESSENTIAL in respect of the ETSI Work Item, STANDARD and/or TECHNICAL SPECIFICATION identified in the attached *IPR Information Statement Annex*, the Declarant and/or its AFFILIATES are prepared to grant irrevocable licences under this/these IPR(s) on terms and conditions which are in accordance with Clause 6.1 of the ETSI IPR Policy.

This irrevocable undertaking is made subject to the condition that those who seek licences agree to reciprocate (**check box if applicable**).



## **Excerpt from page 37**

### **Non-availability of licences after the publication of a STANDARD or a TECHNICAL SPECIFICATION**

#### **8.2 Non-availability of licences after the publication of a STANDARD or a TECHNICAL SPECIFICATION**

Where, in respect of a published STANDARD or TECHNICAL SPECIFICATION, ETSI becomes aware that licences are not available from an IPR owner in accordance with Clause 6.1 above, that STANDARD or TECHNICAL SPECIFICATION shall be referred to the Director-General of ETSI for further consideration in accordance with the following procedure:

- i) The Director-General shall request full supporting details from any MEMBER or third party who has complained that licences are not available in accordance with Clause 6.1 above.
- ii) The Director-General shall write to the IPR owner concerned for an explanation and request that licences be granted according to Clause 6.1 above. Where the concerned IPR owner is a MEMBER, it shall inform the Director-General of ETSI of its decision and provide a written explanation of its reasons in case of continuing refusal to license that IPR.
- iii) Where the IPR owner refuses the Director-General's request or does not answer the letter within three months, the Director-General shall inform the General Assembly and, if available, provide the General Assembly with the IPR owner's explanation for consideration. A vote shall be taken in the General Assembly on an individual weighted basis to immediately refer the STANDARD or TECHNICAL SPECIFICATION to the relevant COMMITTEE to modify it so that the IPR is no longer ESSENTIAL.
- iv) Where the vote in the General Assembly does not succeed, then the General Assembly shall, where appropriate, consult the ETSI Counsellors with a view to finding a solution to the problem. In parallel, the General Assembly may request appropriate MEMBERS to use their good offices to find a solution to the problem.
- v) Where (iv) does not lead to a solution, then the General Assembly shall request the European Commission to see what further action may be appropriate, including non-recognition of the STANDARD or TECHNICAL SPECIFICATION in question.

In carrying out the foregoing procedure due account shall be taken of the interest of the enterprises that have invested in the implementation of the STANDARD or TECHNICAL SPECIFICATION in question.

## Appendix B Excerpts from ITU Procedures

**Common Patent Policy for ITU-T/ITU-R/ISO/IEC** from <http://www.itu.int/en/ITU-T/ipr/Pages/policy.aspx>

This code of practice may be summarized as follows:

1. The ITU Telecommunication Standardization Bureau (TSB), the ITU Radiocommunication Bureau (BR) and the offices of the CEOs of ISO and IEC are not in a position to give authoritative or comprehensive information about evidence, validity or scope of patents or similar rights, but it is desirable that the fullest available information should be disclosed. Therefore, any party participating in the work of ITU, ISO or IEC should, from the outset, draw the attention of the Director of ITU-TSB, the Director of ITU-BR, or the offices of the CEOs of ISO or IEC, respectively, to any known patent or to any known pending patent application, either their own or of other organizations, although ITU, ISO or IEC are unable to verify the validity of any such information.

2. If a Recommendation | Deliverable is developed and such information as referred to in paragraph 1 has been disclosed, three different situations may arise:

2.1 The patent holder is willing to negotiate licences free of charge with other parties on a non-discriminatory basis on reasonable terms and conditions. Such negotiations are left to the parties concerned and are performed outside ITU-T/ITU-R/ISO/IEC.

2.2 The patent holder is willing to negotiate licences with other parties on a non-discriminatory basis on reasonable terms and conditions. Such negotiations are left to the parties concerned and are performed outside ITU-T/ITU-R/ISO/IEC.

2.3 The patent holder is not willing to comply with the provisions of either paragraph 2.1 or paragraph 2.2; in such case, the Recommendation | Deliverable shall not include provisions depending on the patent.

3. Whatever case applies (2.1, 2.2 or 2.3), the patent holder has to provide a written statement to be filed at ITU-TSB, ITU-BR or the offices of the CEOs of ISO or IEC, respectively, using the appropriate "Patent Statement and Licensing Declaration" form. This statement must not include additional provisions, conditions, or any other exclusion clauses in excess of what is provided for each case in the corresponding boxes of the form

**Excerpt from to Guidelines for Implementation of the Common Patent Policy for ITU-T/ITU-R/ISO/IEC** [http://www.itu.int/dms\\_pub/itu-t/oth/04/04/T04040000010003PDFE.pdf](http://www.itu.int/dms_pub/itu-t/oth/04/04/T04040000010003PDFE.pdf)

Information contained in a Declaration Form may be corrected in case of obvious errors, such as a typographical mistake in a standard or patent reference number. The licensing declaration contained in the Declaration Form remains in force unless it is superseded by another Declaration Form containing more favourable licensing terms and conditions from a licensee's perspective reflecting (a) a change in commitment from option 3 to either option 1 or option 2, (b) a change in commitment from option 2 to option 1 or (c) un-checking one or more sub-options contained within option 1 or 2.

**Excerpt from to Guidelines for Implementation of the Common Patent Policy for ITU-T/ITU-R/ISO/IEC** [http://www.itu.int/dms\\_pub/itu-t/oth/04/04/T04040000010003PDFE.pdf](http://www.itu.int/dms_pub/itu-t/oth/04/04/T04040000010003PDFE.pdf)

### **7 Assignment or Transfer of Patent Rights**

In the event a Patent Holder participating in the work of the Organizations assigns or transfers ownership or control of Patents for which the Patent Holder reasonably believes it has made a license undertaking to the ITU/ISO/IEC, the Patent Holder shall make reasonable efforts to notify such assignee or transferee of the existence of such license undertaking. In addition, if the Patent Holder specifically identified patents to ITU/ISO/IEC, then the Patent Holder shall have the assignee or transferee agree to be bound by the same licensing commitment as the Patent Holder for the same patent. If the Patent Holder did not specifically identify the patents in question to ITU/ISO/IEC, then it shall use reasonable efforts (but without requiring a patent search) to have the assignee or transferee to agree to be so bound. By complying with the above, the Patent Holder has discharged in full all of its obligations and liability with regards to the licensing commitments after the transfer or assignment. This paragraph is not intended to place any duty on the Patent Holder to compel compliance with the licensing commitment by the assignee or transferee after the transfer occurs

**Excerpt from Annex 2 to Guidelines for Implementation of the Common Patent Policy for ITU-T/ITU-R/ISO/IEC** [http://www.itu.int/dms\\_pub/itu-t/oth/04/04/T04040000010003PDFE.pdf](http://www.itu.int/dms_pub/itu-t/oth/04/04/T04040000010003PDFE.pdf)

PATENT STATEMENT AND LICENSING DECLARATION FORM FOR ITU-T OR ITU-R  
RECOMMENDATION | ISO OR IEC DELIVERABLE

Licensing declaration:

The Patent Holder believes that it holds granted and/or pending applications for Patents, the use of which would be required to implement the above document and hereby declares, in accordance with the Common Patent Policy for ITU-T/ITU-R/ISO/IEC, that (check one box only):

2. The Patent Holder is prepared to grant a license to an unrestricted number of applicants on a worldwide, non-discriminatory basis and on reasonable terms and conditions to make, use and sell implementations of the above document.

Negotiations are left to the parties concerned and are performed outside the ITU-T, ITU-R, ISO, or IEC.

*Also mark here \_\_\_ if the Patent Holder's willingness to license is conditioned on Reciprocity for the above document*


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Reciprocity: The word "Reciprocity" means that the Patent Holder shall only be required to license any prospective licensee if such prospective licensee will commit to license its Patent(s) for implementation of the same above document Free of Charge or under reasonable terms and conditions

## Appendix C Excerpts from IEEE SA IEEE-SA STANDARDS BOARD BYLAWS

Excerpts from 6. Patents at <http://standards.ieee.org/develop/policies/bylaws/sect6-7.html#statement-of-encumbrance>

### Excerpts from 6.2 Policy

IEEE standards may be drafted in terms that include the use of [Essential Patent Claims](#). If the IEEE receives notice that a [Proposed] IEEE Standard may require the use of a potential Essential Patent Claim, the IEEE shall request licensing assurance, on the IEEE Standards Board approved [Letter of Assurance form](#) , from the patent holder or patent applicant. The IEEE shall request this assurance without coercion.

The [Submitter](#) of the [Letter of Assurance](#) may, after [Reasonable and Good Faith Inquiry](#), indicate it is not aware of any [Patent Claims](#) that the Submitter may own, control, or have the ability to license that might be or become Essential Patent Claims. If the patent holder or patent applicant provides an assurance, it should do so as soon as reasonably feasible in the standards development process once the PAR is approved by the IEEE-SA Standards Board. This assurance should be provided prior to the Standards Board's approval of the standard. An asserted potential Essential Patent Claim for which an assurance cannot be obtained (e.g., a Letter of Assurance is not provided or the Letter of Assurance indicates that assurance is not being provided) shall be referred to the [Patent Committee](#)

A Letter of Assurance shall be either:

- a) A general disclaimer to the effect that the Submitter without conditions will not enforce any present or future Essential Patent Claims against any person or entity making, using, selling, offering to sell, importing, distributing, or implementing a compliant implementation of the standard; or
- b) A statement that a license for a compliant implementation of the standard will be made available to an unrestricted number of applicants on a worldwide basis without compensation or under reasonable rates, with reasonable terms and conditions that are demonstrably free of any unfair discrimination. At its sole option, the Submitter may provide with its assurance any of the following: (i) a not-to-exceed license fee or rate commitment, (ii) a sample license agreement, or (iii) one or more material licensing terms.

...

The Submitter and all [Affiliates](#) (other than those Affiliates excluded in a Letter of Assurance) shall not assign or otherwise transfer any rights in any Essential Patent Claims that are the subject of such Letter of Assurance that they hold, control, or have the ability to license with the intent of circumventing or negating any of the representations and commitments made in such Letter of Assurance.

The Submitter of a Letter of Assurance shall agree (a) to provide notice of a Letter of Assurance either through a [Statement of Encumbrance](#) or by binding any assignee or transferee to the terms of such Letter of Assurance; and (b) to require its assignee or

transferee to (i) agree to similarly provide such notice and (ii) to bind its assignees or transferees to agree to provide such notice as described in (a) and (b).

...

The assurance is irrevocable once submitted and accepted and shall apply, at a minimum, from the date of the standard's approval to the date of the standard's transfer to inactive status.

**The IEEE-SA Letter of assurance blank form may be found at**

<https://development.standards.ieee.org/myproject/Public//mytools/mob/loa.pdf>

## **Appendix D Description of the procedures Google is mandated to follow in the proposed remedy**

Excerpt from Analysis of Proposed Consent Order To Aid Public Comment at <http://www.ftc.gov/os/caselist/1210120/130103googlemotorolaanalysis.pdf>

Remedy: The Proposed Consent Order further prohibits Google and Motorola from continuing or enforcing existing claims for injunctive relief based on FRAND-encumbered SEPs. Google and Motorola are similarly prohibited from bringing future claims for injunctive relief based on FRAND-encumbered SEPs. For both current and future claims for injunctive relief, Google and Motorola must follow specific negotiation procedures, described below, that are intended to protect the interests of potential willing licensees while allowing Google and Motorola to seek injunctions only after the licensee refuses to engage in the negotiation process. However, if a potential licensee indisputably demonstrates that it is not willing to pay Google a reasonable fee

for use of Google's FRAND-encumbered SEPs, Google is permitted by this Order to seek injunctive relief.

Outside the processes outlined in the Order, Google is permitted to seek injunctive relief only in the following four narrowly-defined circumstances: (1) the potential licensee is not subject to United States jurisdiction; (2) the potential licensee has stated in writing or in sworn testimony that it will not accept a license for Google's FRAND-encumbered SEPs on any terms;

(3) the potential licensee refuses to enter a license agreement for Google's FRAND-encumbered SEPs on terms set for the parties by a court or through binding arbitration; or (4) the potential licensee fails to assure Google that it is willing to accept a license on FRAND terms. The Proposed Consent Order provides Google with a form letter, attached to the Proposed Consent Order as Exhibit B, for requesting a potential licensee to affirm that it is willing to pay a FRAND rate for Google's FRAND-encumbered SEPs, and Google must provide a copy of the Proposed Consent Order along with the form letter. Google may not, however, seek an injunction simply because the potential licensee challenges the validity, value, infringement or essentiality of Google's FRAND-encumbered patents.

The Proposed Consent Order provides potential licensees with two avenues for resolving licensing disputes that involve Google's FRAND-encumbered SEPs. The first is a framework for resolution that a potential licensee may voluntarily elect. Under this path, Google and the potential licensee agree to negotiate the terms of the license for at least six (6) months (unless a license agreement is reached sooner); after the negotiation period concludes, Google may offer a license agreement, or, if the potential licensee requests a license after this negotiation period, Google must provide a proposed license within two months of the request. Google's proposed license agreement must be a binding, written offer that contains all material terms and limitations. Under this procedure, the potential licensee either accepts the proposed license or informs Google of the terms that it accept and the terms that it believes are inconsistent with

Google's FRAND commitments; for each term that it disagrees with, the potential licensee must

provide an alternative term that it believes is consistent with Google's FRAND commitment. The potential licensee may then go to court for a FRAND determination or propose binding arbitration to resolve the disputed provisions of Google's proposed license agreement. If a court

decides that it cannot resolve the disputed terms, the parties are to go to binding arbitration to



finalize the terms of the license agreement.

In the event that the potential licensee does not choose to pursue the path set forth above for resolving the licensing dispute, Google is nevertheless prohibited from seeking injunctive relief unless it takes the following steps.

At least six months before seeking an injunction, Google must provide the potential licensee with the Proposed Consent Order and an offer to license Google's FRAND-encumbered patents containing all material terms; Google's offer may require that the potential licensee in turn offer Google a license for the potential licensee's FRAND-encumbered SEPs within the same standard. If no agreement is reached, at least sixty days before initiating a claim for injunctive relief, Google must offer the potential licensee the option to enter binding arbitration to determine the terms of a license agreement between the parties. The Proposed Consent Order describes the terms and conditions that Google must follow should the potential licensee accept the offer for binding arbitration, although the parties are free to agree to their own terms. Google's license offers will be irrevocable until it makes the offer to arbitrate, and Google's offers to arbitrate will be irrevocable until thirty (30) days after Google files for injunctive relief.

Under these provisions, if the potential licensee seeks a court's determination of a FRAND-license-rate between the parties instead of accepting Google's offer to arbitrate, Google may not file for injunctive relief as long as the potential licensee goes to court within seven (7) months of Google providing a license offer, or within three months of Google's offer to arbitrate. But the potential licensee must, in connection with its court action, provide Google with assurances that it will abide by the license terms set by the court and pay royalties based on a final court determination or Google will be free to seek injunctive relief. The Proposed Consent Order provides Google with a form letter, attached as Exhibit A, for requesting that the potential licensee agree to be bound by the court's FRAND determination.

Under the terms of the Proposed Consent Order, Google retains the option to file for injunctive relief against a potential licensee that itself files a claim for injunctive relief against Google based on the potential licensee's FRAND-encumbered SEPs, unless that potential licensee has followed the procedures similar to those set out by the Proposed Consent Order for Google.

Finally, the Proposed Consent Order prohibits Google from selling or assigning its FRAND-encumbered SEPs to third parties unless those parties agree to assume Google's FRAND commitments, abide by the terms of the Proposed Consent Order, and condition any further sale or assignment of Google's FRAND-encumbered SEPs on the same.