

Why Standardized Technology Matters

American consumers rely on standardized technology that allows devices – including smart phones, tablets and gaming consoles – to work together seamlessly. Standards benefit the market by:

- encouraging compatibility among rival firms' products
- promoting interoperability across competing devices
- lowering the costs of products for consumers



Standard Essential Patents

Companies belong to standard setting organizations (SSOs) that develop standards based on patents and shared technologies.

- 1 The SSO develops a new technology standard.
- 2 Companies who own patents related to a standard contribute patents to the SSO and promise to license their patent on “fair, reasonable and non-discriminatory” terms.
- 3 The standard is established. Every patent used in the standard is considered a **standard essential patent (SEP)**.
- 4 Companies implement the standard in consumer products.



The FTC charged that Google/Motorola Mobility broke its promise to license its SEPs on “fair, reasonable, and non-discriminatory terms.”

When a company does this, consumers lose.

HIGHER PRICES



When companies force competitors to pay unfairly for using patents, it can drive prices up.

FEWER CHOICES



If companies successfully block the sale and marketing of products, fewer options are available in stores.

LESS INNOVATION



If this behavior is permitted, companies may not be able to develop products that rely on standards.

In January 2013, the FTC and Google reached a settlement that requires Google to honor its commitments and that ensures that the high-tech marketplace will continue to thrive.