

THE 2022 IEEE IPR POLICY CHANGES: LEGAL AND POLICY IMPLICATIONS

Manveen Singh[†]

ABSTRACT

Ever since the Institute of Electrical and Electronics Engineers (IEEE) introduced amendments to its Intellectual Property Rights (IPR) Policy in February 2015, the amended policy has attracted constant criticism at the hands of several patent holders, primarily on account of the highly controversial provisions added by the said amendments. The patent holders, however, weren't alone in their criticism of the amended policy and found support in the United States Department of Justice (DOJ) and the European Commission. Both the agencies expressed their concerns regarding the potential negative implications of the 2015 policy change for innovation and competition, amidst calls for the IEEE to consider a review of the said change. An important case in point was the extraordinary step taken by the DOJ to update its 2015 Business Review Letter (BRL) issued to IEEE for the proposed amendments to its IPR Policy. The supplemental BRL, issued in September 2020, replaced the 2015 version while stating that the earlier BRL had been incorrectly cited as an endorsement of the IEEE IPR Policy, and labelling its terms implementer-friendly. The effect of the supplemental BRL, however, was short-lived, with the Biden Administration's DOJ classifying the 2020 BRL as "advocacy," and seemingly reinstating the 2015 BRL in April 2021. The latest turn of events in the long-running saga involve the IEEE's September 2022 decision to update its IPR Policy, with effect from 1st January 2023. The policy update is noteworthy, for it deals with provisions pertaining to the determination of reasonable royalties and injunctive relief, the same set of provisions that were at the heart of the 2015 amendments.

Against the above backdrop, the present paper, while focusing on the legal and policy developments in standard-setting in the US, analyses the possible implications of the IPR Policy change introduced by the IEEE in 2022.

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I. INTRODUCTION

Ever since the Institute of Electrical and Electronics Engineers (IEEE) introduced amendments to its Intellectual Property Rights (IPR) policy in February 2015 (2015 Policy), the amended policy has attracted constant criticism from some of the biggest contributors to wireless technology.¹ The likes of Qualcomm, Nokia, Ericsson, Interdigital, and Huawei have all declined to grant patent licenses under the 2015 Policy² because of its highly controversial provisions.³ However, the patent holders aren't alone in their criticism of the amended policy and have found support from the United States Department of Justice (DOJ) and the European Commission. Both agencies expressed their concerns regarding the potential negative implications

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† Dr. Manveen Singh is an Associate Professor and Associate Dean at Jindal Global Law School of O.P. Jindal Global University, India. He is also the Director of Centre for Postgraduate Legal Studies (CPGLS) and Deputy Director of the Jindal Initiative on Research in IP and Competition (JIRICO).

1. *Will IEEE Finally Admit the Errors of Its 2015 Patent Policy Changes?*, IP EUROPE (Oct. 19, 2021), <https://ipeurope.org/blog/will-ieee-finally-admit-the-errors-of-its-2015-patent-policy-changes/>.

2. *Id.*

3. Ashish Bharadwaj & Manveen Singh, *A Single Spark Can Start a Prairie Fire: Implications of the 2015 Amendments to IEEE-SA's Patent Policy*, 46 CAP. U. L. REV. 583, 602 (2018).

of the 2015 Policy for innovation and competition, amidst calls for the IEEE to consider a review of the said policy.⁴

In the United States, beginning in 2017, the then-Assistant Attorney General (AAG) Makan Delrahim signaled a realignment of the DOJ's policy on standard-essential patents (SEPs) and the development of standards.⁵ In doing so, he firmly advocated for SEP holders' right to seek infringement remedies.⁶ Delrahim further emphasized that "hold-out"—where potential licensees delay or avoid licensing negotiations for favorable terms—posed a greater threat than "hold-up"—wherein patent holders exploit their dominant position to extract supra-competitive royalties.⁷ All this, when considered in light of the IEEE's 2015 Policy, meant that Delrahim did not consider the policy changes innovation-friendly. In fact, between 2017 and 2020, he raised questions about the future of the 2015 Policy on behalf on the DOJ.⁸ What eventually followed was the extraordinary step taken by the DOJ to update its 2015 Business Review Letter (2015 BRL) issued to IEEE for the proposed amendments to the IPR's 2015 Policy.⁹ The September 2020 supplemental BRL (2020 BRL) stated that the 2015 BRL was incorrectly cited as an

4. Richard Llyod, *DOJ Antitrust Chief Takes "Extraordinary" Step Over IEEE's Controversial 2015 SEP Licensing Policy*, IAM (Sept. 14, 2020), <https://www.iam-media.com/article/doj-antitrust-chief-takes-extraordinary-step-in-letter-ieee-over-controversial-2015-licensing-policy>; Brian Pomper, *DOJ Should Not Approve IEEE Patent Policy Weakening WiFi Patents*, IP WATCHDOG (Feb. 2, 2015), <https://ipwatchdog.com/2015/02/02/doj-ieee-policy-wifi-patents/id=54419/>.

5. Lisa Kimmel, Juan A. Arteaga, Mark A. Klapow & Kate M. Watkins, *Antitrust, Standard Development, and Essential Patent Licensing: The Antitrust Division Returns to Sound Enforcement Principles*, CROWELL & MORING (Nov. 22, 2017), <https://www.crowell.com/NewsEvents/AlertsNewsletters/all/Antitrust-Standard-Development-and-Essential-Patent-Licensing-The-Antitrust-Division>Returns-to-Sound-Enforcement-Principles>; Jessica K. Delbaum & Geert Goeteyn, *US Policy Shifts in Intellectual Property Antitrust Enforcement*, LEXOLOGY (Aug. 8, 2019), <https://www.lexology.com/library/detail.aspx?g=99025bb0-2572-47c9-80d2-b20ac93e242a>; Elizabeth A.N. Haas, James T. McKeown, John F. Nagle & Kate E. Gehl, *DOJ and FTC Signal Shifts in Antitrust Enforcement of Essential Patent Disputes*, FOLEY (Oct. 10, 2018), <https://www.foley.com/en/insights/publications/2018/10/doj-and-ftc-signal-shifts-in-antitrust-enforcement>.

6. Makan Delrahim, *Take it to the Limit: Respecting Innovation Incentives in the Application of Antitrust Law*, Remarks as Prepared for Delivery at USC Gould School of Law—Application of Competition Policy to Technology and IP Licensing (Nov. 10, 2017).

7. *Id.*

8. Kimmel et al., *supra* note 5.

9. *Justice Department Updates 2015 Business Review Letter to The Institute of Electrical and Electronics Engineers*, U.S. DEP'T JUST. (Sept. 10, 2020), <https://www.justice.gov/opa/pr/justice-department-updates-2015-business-review-letter-institute-electrical-and-electronics>.

endorsement of the 2015 Policy, and labeled its terms implementer-friendly.¹⁰ However, the effect of the supplemental BRL was short-lived, with the Biden Administration's DOJ classifying the 2020 BRL as "advocacy" and seemingly reinstating the 2015 BRL in April 2021. The latest turn of events in the long-running saga involves the IEEE's October 2022 update to its IPR policy (2022 Policy), effective 1st January 2023.¹¹ The updated 2022 Policy is noteworthy because it deals with provisions pertaining to the determination of reasonable royalties and injunctive relief—the same set of provisions that were at the heart of the 2015 Policy.

The present Article analyzes the possible implications of the IEEE IPR 2022 Policy which revised controversial provisions related to reasonable royalties and injunctive relief that were introduced in the 2015 Policy amendments.

II. THE 2015 IEEE IPR POLICY AMENDMENTS

Over the course of the last decade, one of the most important developments in the domain of standard-setting at Standard Setting Organizations (SSOs), has been the IEEE's IPR 2015 Policy. The IEEE, in redefining patent holders' right to seek returns on their investments and their ability to seek patent remedies,¹² showed a clear intent to step into a territory that had remained largely uncharted as far as SSOs are concerned. Two of the most important and highly talked about reforms introduced by the 2015 Policy were: (1) the definition of "reasonable rate"; and (2) the restriction on the availability of injunctive relief to SEP holders.¹³

Starting with the first of the two, the amended policy defined "reasonable rate" as the appropriate compensation given to the patent holder for the practice of an Essential Patent Claim. This excludes any value, if present, that

10. Letter from Makan Delrahim, Assistant Attorney General, U.S. Department of Justice, to Ms. Sophia A. Muirhead, General Counsel and Chief Compliance Officer, IEEE (Sept. 10, 2020), <https://www.justice.gov/atr/page/file/1315291/download>.

11. Monika Stüchel & Francine Tardo, *IEEE Announces Decision on Its Standard-related Patent Policy*, IEEE SA (Sept. 30, 2022), <https://www.ieee.org/about/news/2022/ieee-announces-decision-on-its-standards-related-patent-policy.html>.

12. Kevin Madigan & Adam Mossoff, *Study Finds IEEE's 2015 Patent Policy Sowing Uncertainty and Slowing Innovation*, C-IP2 (July 17, 2018), <https://cip2.gmu.edu/2018/07/17/study-finds-ieees-2015-patent-policy-sowing-uncertainty-and-slowing-innovation/>.

13. Jorge L. Contreras, *IEEE Amends its Patent (FRAND) Policy*, PATENTLYO (Feb. 9, 2015), <https://patentlyo.com/patent/2015/02/amends-patent-policy.html>; *Will the IEEE Finally Admit the Errors of Its 2015 Patent Policy Changes?*, IP EUROPE (Oct. 19, 2021), <https://ipeurope.org/blog/will-ieee-finally-admit-the-errors-of-its-2015-patent-policy-changes/>.

results from incorporating that Essential Patent Claim's technology into the IEEE Standards."¹⁴ It further stated that:

“[D]etermination of such Reasonable Rates should include, but need not be limited to, the consideration of:

- The value that the functionality of the claimed invention or inventive feature within the Essential Patent Claim contributes to the value of the relevant functionality of the smallest saleable Compliant Implementation that practices the Essential Patent Claim.
- The value that the Essential Patent Claim contributes to the smallest saleable Compliant Implementation that practices that claim, in light of the value contributed by all Essential Patent Claims for the same IEEE Standard practiced in that Compliant Implementation.
- Existing licenses covering use of the Essential Patent Claim, where such licenses were not obtained under the explicit or implicit threat of a Prohibitive Order, and where the circumstances and resulting license are otherwise sufficiently comparable to the circumstances of the contemplated license.”¹⁵

With the introduction of the “smallest saleable Compliant Implementation” rule, the IEEE ended up endorsing the calculation of fair, reasonable, and non-discriminatory (FRAND) royalties based on the value of the chipset, as opposed to a more flexible approach allowing for a choice between the smallest saleable patent practicing unit (SSPPU) and the entire market value, as the appropriate royalty base.¹⁶ This occurred despite the possibility of multiple other functions of the device using the said patented technology, or in other words, despite the existence of synergistic value between the patented technology and the device's functionalities.¹⁷ Therefore, with SSPPU as the prevalent royalty base, patent owners contributing highly valuable patent technologies to IEEE standards were unlikely to command royalties based on a percentage price of the end-user devices.

14. *IEEE-SA Standards Board Bylaws – Clause 6–8*, IEEE SA, <https://standards.ieee.org/about/policies/bylaws/sect6-7/>.

15. David Long, *IEEE's Controversial Proposed Intellectual Property Rights (“IPR”) Policy amendments*, ESSENTIAL PAT. BLOG (Feb. 3, 2015), <https://www.essentialpatentblog.com/2015/02/ieee/>.

16. Bharadwaj & Singh, *supra* note 3, at 596.

17. David J. Teece, *Are the IEEE Proposed Changes to IPR Policy Innovation Friendly?* 12 (Tusher Ctr. for Mgmt. Intell. Cap., Working Paper No. 2, 2015).

The second major change saw severe limitation of SEP holders' right to seek injunctive relief against unwilling licensees,¹⁸ a right which is integral to patent holders' bouquet of patent remedies. According to the 2015 Policy, patent holders who gave FRAND undertakings shall "neither seek nor seek to enforce a Prohibitive Order ... unless the implementer fails to participate in, or to comply with the outcome of, an adjudication, including an affirming first level appellate review."¹⁹ Under the 2015 Policy, the SEP holders could only seek injunctive relief against the implementer of a standard if the latter failed to abide by the decision of a court or an arbitral tribunal.²⁰ Consequently, the 2015 Policy left minimal room for SEP holders to use injunctive relief as a means to induce unwilling licensees to come to the negotiation table,²¹ thereby encouraging hold-out. Furthermore, the IEEE did not offer any explanation on the limited availability of injunctive relief to patent holders under a FRAND obligation, despite it being a part of the patent enforcement system in the United States.²² In the words of Administrative Law Judge, Theodore Essex, "taking away the right to seek injunctive relief from SEP holders not only 'puts the risk of loss entirely on the side of the patent holder,' but also 'encourages patent hold-out,' which is as unsettling to a fair solution as any patent hold-up might be."²³

The fact that the above changes were, in principle, approved by the DOJ through the issuance of a positive BRL not only gave further impetus to IEEE in its quest to enforce its 2015 Policy, but the approval also shielded the SSO

18. Michael Frohlich, *Report-Work Plan Item 5: Availability of Injunctive Relief for FRAND-Defense in Patent Infringement Proceedings*, AIPPI (Mar. 2014), <http://aippi.org/wp-content/uploads/committees/222/>

Report222AIPPI+report+on+the+availability+of+injunctive+relief+for+FRAND-committed+standard+essential+patentsEnglish.pdf.

19. Ashish Bharadwaj, Manveen Singh & Srajan Jain, *All Good Things Mustn't Come to an End: Reigniting the Debate on Patent Policy and Standard-Setting*, in MULTI-DIMENSIONAL APPROACHES TOWARDS NEW TECHNOLOGY 100 (Ashish Bhardwaj, Indranath Gupta & Vishwas Devaiah eds., 2018).

20. Deepa Sundararaman, *Inside the IEEE's Important Changes to Patent Policy*, LAW 360 (Apr. 3, 2015), <https://advance.lexis.com/api/permalink/3ca3eb00-8a2a-4ebb-b031-53e17586f8be/?context=1000516>.

21. David J. Teece & Edward F. Sherry, *The IEEE's New IPR Policy: Did the IEEE Shoot Itself in the Foot and Harm Innovation?*, BUS. INNOVATION (Aug. 3, 2016), http://businessinnovation.berkeley.edu/wp-content/uploads/2014/07/14-The-IEEES-New-Policy_Teece_Sherry_8-3-16_2_Clean.pdf.

22. *Id.* at 5.

23. *In re Certain Wireless Devices with 3G and/or 4G Capabilities and Components Thereof*, Inv. No. 337-TA-868 113-14, USITC Pub. 4853 (Dec. 2018).

from possible antitrust scrutiny.²⁴ Nevertheless, the positive BRL did not deter SEP holders from questioning the negative impact the 2015 Policy could have on standard-setting in the information and communication technology sectors.²⁵

III. STANDARD-SETTING IN THE AFTERMATH OF THE 2015 IPR POLICY

The IEEE's 2015 Policy not only affected the standard-setting activities at the SSO, but also triggered a few policy changes that involved the DOJ and the Antitrust Division.

A. IMPACT ON IEEE STANDARDS: INCREASE IN NEGATIVE LOAs AND STALLED DEVELOPMENT OF STANDARDS

As soon as the 2015 Policy went into effect, speculations were rife that the policy changes would cast a negative impact on standard-setting activities at IEEE. In the months and years that followed, several academics and industry professionals came out with data supporting the claim that the 2015 Policy stifled innovation at IEEE.²⁶ One of the first and most comprehensive studies in the changes' aftermath was carried out by Ron Katznelson, whose 2016 paper (which was later updated in 2018) highlighted the substantial rise in the number of not just negative letters of assurance (LOAs) but also missing LOAs.²⁷ In the latter case, the IEEE did not receive an accepted LOA from

24. Kirti Gupta & Georgios Effraimidis, *IEEE Patent Policy Revisions: An Empirical Examination of Impact*, at 5, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3173799.

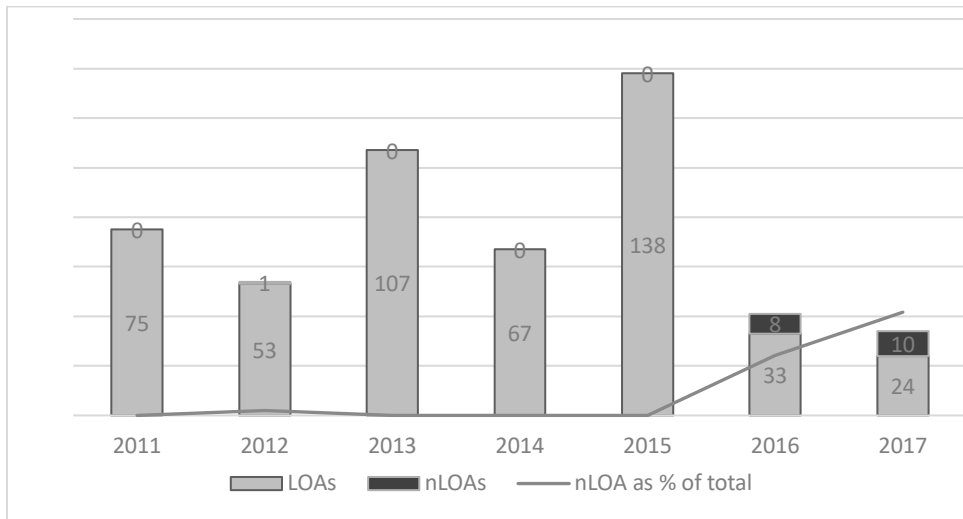
25. Susan Decker & Ian King, *Qualcomm Says It Won't Follow New Wi-Fi Rules on Patents*, BLOOMBERG (Feb. 11, 2015), <https://www.bloomberg.com/news/articles/2015-02-11/qualcomm-says-new-wi-fi-standard-rules-unfair-may-not-take-part?leadSource=verify%20wall>; Richard Lloyd, *InterDigital Reveals That, Like Qualcomm, It Is Reworking Relationship With IEEE After Introduction of New Patent Policy*, IAM (Mar. 24, 2015), <https://www.iam-media.com/article/interdigital-reveals-qualcomm-it-reworking-relationship-ieee-after-introduction-of-new-patent-policy>; *Will IEEE Finally Admit the Errors of Its 2015 Patent Policy Changes?*, IP EUROPE (Oct. 19, 2021), <https://ipeurope.org/blog/will-ieee-finally-admit-the-errors-of-its-2015-patent-policy-changes/>.

26. Keith Mallinson, *Development of Innovative New Standards Jeopardized by IEEE Patent Policy*, 4IP COUNCIL (Sept. 2017), https://www.4ipcouncil.com/application/files/6015/0479/2147/Mallinson_IEEE_LOA_report.pdf; Alden Abbott, *IEEE Patent Policy Change Would Undermine Property Rights and Innovation*, TRUTH ON MKT. (Feb. 4, 2015), <https://truthonthemarket.com/2015/02/04/ieee-patent-policy-change-would-undermine-property-rights-and-innovation/>; Teece & Sherry, *supra* note 21; Ron D. Katznelson, *The 2015 IEEE Policy on Standard Essential Patents – The Empirical Record*, BEPRESS (May 17, 2018), <https://works.bepress.com/rkatznelson/80/>.

27. Katznelson, *supra* note 26, at 12.

patent holders, despite them holding essential patent claims.²⁸ Furthermore, as early as 2016, the net average supply rate of unique LOAs for the IEEE 802.11k and 802.11h standards declined by 83 percent.²⁹ Kirti Gupta and Georgios Effraimidis's study found a drop of 91 percent in the number of positive LOAs, and at the same time, an increase in the number of negative LOAs in the post amendment period.³⁰ Furthermore, according to data from the IEEE PatCom Board meetings, in 2017 there were 10 negative LOAs revived.³¹ This starkly contrasts to the single negative LOA received between 2011 and 2015.³²

Figure 1. Change in the LOAs received by IEEE-SA for 802.11 during 2011-17.³³



One could argue that the IEEE seemed to acknowledge the problems emanating from the 2015 Policy and attempted to remedy the situation with the introduction of a custom LOA form that would allow patent holders to

28. *Id.* at 5.

29. Bharadwaj & Singh, *supra* note 3, at 602.

30. Gupta & Effraimidis, *supra* note 24, at 7.

31. Between December 2017 and March 2018, of the total of twelve LOAs received, three were negative. Bharadwaj, Singh & Jain, *supra* note 19, at 107.

32. *Id.*

33. Source: Author's assessment of the LOAs granted between 2011 and 2017, based on the IEEE PatCom Board's minutes of the meeting.

signal their willingness to grant a license under the pre-2015 IPR policy.³⁴ However, the applicability of these custom LOAs was limited to standardization projects that were taken up prior to the implementation of the changes in the 2015 Policy.³⁵

The impact of the 2015 Policy wasn't limited to the LOAs, as there was a dip even in the number of project authorization requests (PARs)³⁶ for 802 standards. While the average annual count of 802 PARs prior to 2015 was 16.7, the same dropped down to 16 in the period post 2015 (indicating a reduction in the number of PARs by 4.2% after the policy update).³⁷ Any questions about the veracity of the aforementioned claims were put to rest by the supplemental 2020 BRL issued to IEEE by the DOJ.³⁸ The DOJ, in its 2020 BRL, acknowledged that the amended policy “may be discouraging participation in standards development at IEEE and possibly chilling innovation.”³⁹ More specifically, the DOJ noted that there had been a significant increase in the number of negative LOAs since the amended policy went into effect; that negative LOAs were “77% of the total WiFi Letters of Assurance at IEEE between January 2016 and June 2019.”⁴⁰ Consequently, the approval of a couple of proposed iterations of the IEEE 802.11 Wi-Fi standard was declined by the American National Standards Institute (ANSI).⁴¹ The amended policy also appeared to have caused delays in disclosure of licensing intentions by patent holders, resulting in a lack of clarity regarding patents potentially essential to the standard under development.⁴²

B. IMPACT ON ANTTITRUST POLICY: SHIFTING PERSPECTIVES ON SEP LICENSING

While the supplemental BRL might have clarified the DOJ's stance on the amended policy, the Department's opposition to the changes in the 2015

34. Samuel Baird & Craig Thompson, *IEEE IPR Rule Changes Fuel the Wi-Fi 6 Litigation Fire (Part 2)*, IP WATCHDOG (Mar. 21, 2023), <https://ipwatchdog.com/2023/03/21/ieee-ipr-rule-changes-fuel-wi-fi-6-litigation-fire-part-2/id=158050/>.

35. *Id.*

36. A project authorization request (PAR) “is the means by which standards projects are started within the IEEE SA. PARs define the scope, purpose, and contact points for the new project.” See *FAQs: PARS, PAR Forms & Continuous Processing*, IEEE SA, <https://standards.ieee.org/faqs/pars/#:~:text=What%20is%20a%20PAR%3F,points%20for%20the%20new%20project> (last visited May 3, 2023).

37. Gupta & Efraimidis, *supra* note 24, at 26–27.

38. Delrahim, *supra* note 10, at 9.

39. *Id.*

40. *Id.*

41. *Id.*

42. *Id.*

Policy began in 2017 with the appointment of AAG Makan Delrahim. Delrahim kicked off his tenure by signaling a realignment of the DOJ's policy on SEPs and the development of standards.⁴³ He acknowledged the antitrust agencies' narrow focus on the risk of hold-up, and labeled hold-out as a far bigger threat to innovation than hold-up.⁴⁴ More specifically, he cautioned against the transformation of FRAND licensing commitments into a compulsory licensing scheme, and stated the deprivation of the right to seek injunctive relief as synonymous to compulsory licensing.⁴⁵ The inclusion of such a condition in the IPR policy of an SSO would, according to Delrahim, be viewed with suspicion by the antitrust agencies.⁴⁶ However, he did go on to clarify that a patent holder violating an SSO IPR policy provision restricting a patent holder's right to seek injunctive relief should not be treated as an antitrust violation, but may amount to fraud or breach of contract.⁴⁷

Between 2017 and the issuance of the 2020 BRL, Delrahim continued to make public statements, voicing his strong opinion against any kind of policing of SEP holders by SSOs or antitrust agencies.⁴⁸ Of these, his speech at the 2020 LeadersHIP Virtual Series is noteworthy. In it, Delrahim reiterated the significance of the New Madison approach⁴⁹ to the intersection of IP and antitrust law, expressed his unequivocal support for the availability of injunctive relief for SEP holders.⁵⁰ From the perspective of SSOs, and IEEE

43. Kimmel et al., *supra* note 5.

44. Delrahim, *supra* note 6, at 3.

45. *See generally* MANVEEN SINGH, STANDARD-SETTING ORGANISATIONS' IPR POLICIES: INTELLECTUAL PROPERTY AND COMPETITION ISSUES (1st ed. 2022).

46. Delrahim, *supra* note 6, at 12.

47. *Id.*

48. Elizabeth A. N. Haas, James T. McKeown, John F. Nagle & Kate E. Gehl, *DOJ and FTC Signal Shifts in Antitrust Enforcement of Essential Patent Disputes*, FOLEY (Oct. 10, 2018), <https://www.foley.com/en/insights/publications/2018/10/doj-and-ftc-signal-shifts-in-antitrust-enforcement>.

49. In 2018, Makan Delrahim enunciated the New Madison approach, which is comprised of four core premises aimed at incentivizing innovation and implementation. These are—"First: hold-up is fundamentally not an 'antitrust' injury, but rather a contract or fraud injury, when it is proven. Second, SDOs should not become vehicles for concerted action by market participants to favor implementers over patent holders. Third, a fundamental feature of patent rights is the right to exclude, and courts should be hesitant to limit that right by, say, disfavoring injunctive remedies, absent specific congressional direction. Fourth, consistent with the right to exclude, the antitrust laws ought to regard a unilateral decision not to license a patent as *per se* legal." The term SDO stands for a "standards development organization." *See* Makan Delrahim, *Broke ... but Not No More: Opening Remarks – Innovation Policy and the Role of Standards, IP, and Antitrust, Remarks as Prepared for Delivery at LeadersHIP Virtual Series*, U.S. DEP'T JUST. (Sept. 10, 2020), <https://www.justice.gov/opa/speech/assistant-attorney-general-makan-delrahim-delivers-remarks-leadership-virtual-series>.

50. *Id.*

in particular, what is important is that the New Madison approach cautions against the use of SSOs as vehicles of concerted action by market participants, to favor implementers over SEP holders.⁵¹

Yet another dimension on SEP holders' right to seek injunctive relief is added by the constantly changing policy statement of government agencies on the licensing of SEPs. In 2013 when, for the first time, the DOJ and the United States Patent and Trademark Office (USPTO) issued a joint "Policy Statement on Remedies for Standards-Essential Patents Subject to Voluntary F/RAND Commitments"(2013 Policy Statement).⁵² As a part of the 2013 Policy Statement, the two agencies expressed concerns about the remedy of injunctive relief or an exclusion order, and stated the same to be "incompatible with the terms of a patent holder's existing F/RAND licensing commitment to an SDO."⁵³ They further noted that "public interest may preclude the issuance of an exclusion order in cases where the infringer is acting within the scope of the patent holder's F/RAND commitment and is able, and has not refused, to license on F/RAND terms."⁵⁴ While this was the position of the DOJ during the Obama Administration prior to the IPR 2015 Policy, things took a turn in the aftermath of the 2015 Policy change, and more importantly, during Delrahim's tenure as AAG under the Trump Administration.

The 2013 Policy Statement was withdrawn and replaced in 2019 by a revised "Policy Statement on Remedies for Standards-Essential Patents Subject to Voluntary F/RAND Commitments" (2019 Policy Statement) jointly issued by the DOJ, the USPTO, and the National Institute of Standards and Technology (NIST).⁵⁵ In digressing from the approach to injunctive relief as laid down under the 2013 Policy Statement, the 2019 Policy Statement offered the view that "all remedies available under national law, including injunctive relief and adequate damages, should be available for infringement of standards-essential patents subject to a [FRAND] commitment, if the facts of a given case warrant them."⁵⁶ It further stated that there need not be a

51. Makan Delrahim, *The "New Madison" Approach to Antitrust and Intellectual Property Law, Remarks as Prepared for Delivery at the University of Pennsylvania Law School, Philadelphia* (Mar. 16, 2018), <https://www.justice.gov/opa/speech/file/1044316/download>.

52. U.S. DEP'T JUST. & U.S. PAT. & TRADEMARK OFF., POLICY STATEMENT ON REMEDIES FOR STANDARDS-ESSENTIAL PATENTS SUBJECT TO VOLUNTARY F/RAND COMMITMENTS (2013), <https://www.justice.gov/atr/page/file/1118381/download>.

53. *Id.* at 6.

54. *Id.* at 9.

55. U.S. PAT. & TRADEMARK OFF., U.S. DEP'T JUST. & NAT'L INST. STANDARDS & TECH., POLICY STATEMENT ON REMEDIES FOR STANDARDS-ESSENTIAL PATENTS SUBJECT TO VOLUNTARY F/RAND COMMITMENTS (2019), <https://www.justice.gov/atr/page/file/1228016/download>.

56. *Id.* at 4–5.

separate standard for SEPs, and that the *eBay* framework that established a four-factor test for injunctive relief in patent cases was sufficient to arrive at a decision on the question of injunctive relief.⁵⁷ The above position was quite the opposite to the one taken by the Obama Administration and ended up formalizing Delrahim's views on the rights of SEP holders.⁵⁸

The effect of the 2019 Policy Statement was short-lived, as Joe Biden, on becoming the US President, encouraged the reconsideration of the 2019 Statement.⁵⁹ The result was a request for public comments on a new "Draft Policy Statement on Licensing Negotiations and Remedies for Standards-Essential Patents subject to Voluntary F/RAND Commitments," (2021 Draft Statement) jointly issued by NIST, USPTO and the DOJ in December 2021.⁶⁰ Interestingly enough, the 2021 Draft Statement sought to modify the 2019 Statement and revert to a more neutral position as enshrined under the 2013 Statement.⁶¹ On the issue of injunctive relief, the 2021 Draft Statement stated that "[w]here a SEP holder has made a voluntary F/RAND commitment, the *eBay* factors, including the irreparable harm analysis, balance of harms, and the public interest generally militate against an injunction.⁶² Nevertheless, "an injunction may be justified where an implementer is unwilling or unable to enter into a F/RAND license."⁶³ The Draft Statement, at the time it was issued, was quite the expected response from the DOJ under the Biden

57. See generally ASHISH BHARADWAJ, INDRANATH GUPTA & VISHWAS H. DEVALIAH, *LOCATING LEGAL CERTAINTY IN PATENT LICENSING* (1st ed. 2022).

58. See generally Peter J. Levitas, Sonia Kuester Pfaffenroth & Matthew Tabas, *Joint Statement with PTO and NIST on FRAND Injunctions Clarifies DOJ's Position on SEP-infringement Relief*, 32 INTELL. PROP. & TECH. L.J. 1 (2020).

59. President Biden issued an Executive Order in July 2021, asking the three agencies to revisit the 2019 Policy Statement. See *Executive Order on Promoting Competition in the American Economy*, WHITE HOUSE (July 9, 2021), https://www.whitehouse.gov/briefing-room/presidential-actions/2021/07/09/executive-order-on-promoting-competition-in-the-american-economy/?utm_campaign=subscriptioncenter&utm_content=&utm_medium=email&utm_name=&utm_source=govdelivery&utm_term=.

60. U.S. PAT. & TRADEMARK OFF., U.S. DEP'T JUST. & NAT'L INST. STANDARDS & TECH., DRAFT POLICY STATEMENT ON LICENSING NEGOTIATIONS AND REMEDIES FOR STANDARDS-ESSENTIAL PATENTS SUBJECT TO VOLUNTARY F/RAND COMMITMENTS (2021), <https://www.justice.gov/opa/press-release/file/1453826/download> [hereinafter 2021 Draft Policy Statement].

61. John J. Kavanagh & Michael L. Weiner, *Draft Policy Statement Updates Guidance for Negotiations and Remedies for Standards-essential Patents*, LEXOLOGY (Jan. 21, 2022), <https://www.lexology.com/library/detail.aspx?g=9fc380e6-7fc4-41f4-9f9d-12cc751b1d99>.

62. 2021 Draft Policy Statement, *supra* note 60, at 9.

63. *Id.*

Administration and in stark contrast to that under the Trump Administration.⁶⁴ What came as a surprise, however, was the three agencies' decision to withdraw the 2019 Policy Statement in 2022, in the aftermath of the inputs received from the public on possible revisions.⁶⁵ In doing so, the agencies stated that "withdrawal best serves the interests of innovation and competition," and that going forward, the DOJ, in exercise of its law enforcement will review the conduct of SEP holders and implementers on a "case-by-case basis"⁶⁶ without any active policy statement on licensing of SEPs.

It's evident from the policy statements that over the last decade, each change in administration in the United States has witnessed a change in the antitrust policy. The only exception seems to be the Biden Administration's decision to maintain a position of neutrality in terms of antitrust policies, especially because the administration was expected to adopt an implementer-centric approach.⁶⁷ That said, it remains to be seen for how long the said position is likely to exist. Furthermore, the said change isn't just limited to the issuance of policy statements, but also influenced the BRLs issued by the DOJ. The decision to issue the supplemental 2020 BRL, as discussed earlier, was an extraordinary one. However, the decision to reclassify the supplemental BRL

64. The antitrust policies of the Biden Administration have largely mirrored those under the Obama Administration, as a result of which the 2021 Draft Policy Statement ended up aligning with the 2013 Policy Statement.

65. Oblon, McClelland, Maier & Neustadt, L.L.P., *The Department of Justice, U.S. Patent and Trademark Office and National Institute of Standards and Technology Withdraw 2019 Standards-Essential Patents (SEP) Policy Statement*, MONDAQ (June 13, 2022), <https://www.mondaq.com/unitedstates/patent/1200892/uspto-nist-and-doj-withdraw-joint-2019-policy-statement-on-remedies-for-standards-essential-patents-subject-to-voluntary-frand-commitments>; Jonathan H. Ashtor, Andrew C. Finch, William B. Michael, Catherine Nyarady, Joshua H. Soven & Aidan Synnott, *DOJ Withdraws Standards-Essential Patent Policy and Will Evaluate Competition Issues "Case-by-Case,"* PAUL WEISS (June 14, 2022), <https://www.paulweiss.com/practices/litigation/antitrust/publications/doj-withdraws-standards-essential-patent-policy-and-will-evaluate-competition-issues-case-by-case?id=43287>; Ryan C. Richardson, *DOJ, USPTO, and NIST Withdraw 2019 Standards-Essential Patents (SEP) Policy Statement*, STERNE KESSLER (June 10, 2022), <https://www.sterneessler.com/news-insights/client-alerts/doj-uspto-and-nist-withdraw-2019-standards-essential-patents-sep-policy>.

66. U.S. PAT. & TRADEMARK OFF., U.S. DEP'T JUST. & NAT'L INST. STANDARDS & TECH., *WITHDRAWAL OF 2019 POLICY STATEMENT ON REMEDIES FOR STANDARDS-ESSENTIAL PATENTS SUBJECT TO VOLUNTARY F/RAND COMMITMENTS (2022)*, <https://www.uspto.gov/sites/default/files/documents/SEP2019-Withdrawal.pdf>.

67. Gene Quinn, *IEEE Approves Pro-Patent Holder Policy Updates*, IP WATCHDOG (Sept. 30, 2022), <https://ipwatchdog.com/2022/09/30/ieee-approves-pro-patent-holder-policy-updates/id=151824/>.

just months after Joe Biden came to power was also quite unusual.⁶⁸ The DOJ, in signaling the return to an implementer-centric antitrust policy, “reclassified” the 2020 BRL as mere “advocacy” as opposed to “formal guidance.” The reclassification meant that the 2015 BRL would yet again be considered the prevailing authority on the availability of remedies for SEP holders.⁶⁹

IV. THE 2022 IEEE IPR POLICY UPDATE

While the DOJ under the Biden Administration might have reclassified the IEEE’s supplemental 2020 BRL, it nonetheless triggered a change in the IPR policy of the SSO. In fact, prior to the reclassification in 2021, the IEEE announced its decision to review the IPR 2015 Policy.⁷⁰ Eventually, in September 2022, the Board of Governors of IEEE announced changes to its 2015 Policy, with it taking effect from 1 January 2023.⁷¹ As was predicted, the two major changes brought about by the 2022 Policy concerned the definition of “Reasonable Rate” and the availability of injunctive relief,⁷² with the former having further implications on the choice of royalty base and the overall determination of FRAND.⁷³

Beginning with the definitions under Clause 6.1, “Reasonable Rate” under the new Policy is defined as the “appropriate compensation to the patent holder for the practice of an Essential Patent Claim excluding the value, if any, resulting from the inclusion of that Essential Patent Claim’s technology in the

68. John Pierce, *DOJ’s 2015 Business Review Letter for IEEE and 2020 Supplemental Response*, UNIFIED PATS. (July 22, 2021), <https://www.unifiedpatents.com/insights/2021/7/22/dojs-2015-business-review-letter-for-ieee-and-2020-supplemental-response>.

69. Kathryn Jordan Mims, Jaelyn Phillips & Abdul M. Hafiz, *DOJ Antitrust Division Quietly Walks Back Prior Administration-Era Support of Standard Essential Patent Holders*, WHITE & CASE (May 26, 2021), <https://www.whitecase.com/insight-alert/doj-antitrust-division-quietly-walks-back-prior-administration-era-support-standard>.

70. Emily Luken & James Tierney, *IEEE’s Efforts to Placate its Adversaries by Making Minor Changes to Its Patent Policy Will Create Unnecessary Risk and Uncertainty for Its Core Constituents*, COMPETITION POL’Y INT’L (Feb. 28, 2023), <https://www.competitionpolicyinternational.com/ieees-efforts-to-placate-its-adversaries-by-making-minor-changes-to-its-patent-policy-will-create-unnecessary-risk-and-uncertainty-for-its-core-constituents/>.

71. *IEEE Announces Decision on Its Standards-related Patent Policy*, IEEE SA (Sept. 30, 2022), <https://standards.ieee.org/news/ieee-announces-decision-on-its-standards-related-patent-policy/>.

72. David Cohen, *Recent Edits to the IEEE IPR Policy are Steps in the Right Direction*, JD SUPRA (Apr. 25, 2023), <https://www.jdsupra.com/legalnews/recent-edits-to-the-ieee-ipr-policy-are-2877643/>.

73. OxFirst, *Implications of the Updated IEEE IPR Policy for FRAND Rate Determination*, IP FINANCE (Oct. 7, 2022), <http://www.ip.finance/2022/10/implications-of-updated-ieee-ipr-policy.html>.

IEEE Standard,” with some optional considerations for the determination of “Reasonable Rate” now including:

- “The value that the functionality of the claimed invention or inventive feature within the Essential Patent Claim contributes to the value of the relevant functionality of the smallest saleable Compliant Implementation that practices the Essential Patent Claim *or to another appropriate value level of the Compliant Implementation.*
- The value that the Essential Patent Claim contributes to the smallest saleable Compliant Implementation *or to another appropriate value level of the Compliant Implementation* that practices that *Essential Patent Claim*, in light of the value contributed by all Essential Patent Claims for the same IEEE Standard practiced in that Compliant Implementation.
- Existing licenses covering use of the Essential Patent Claim, where the circumstances and resulting licenses are sufficiently comparable to the circumstances of the contemplated license. . . .”⁷⁴

The above changes to the definition of “Reasonable Rate” imply that the SSPPU is no longer the preferred royalty base, and apportionment no longer the preferred principle, for the determination of a RAND rate. Rather, the definition now allows for other appropriate levels of Compliant Implementation, such as the entire market value of the product, to also be factored in for such analysis.⁷⁵ Additionally, the new definition, in removing the existing limitation of comparable licenses obtained under the implicit or explicit threat of a prohibitive order, allows for all licenses to be treated as comparable licenses so long as the circumstances under which they were obtained are sufficiently comparable to those of the contemplated license.⁷⁶ These changes are significant because most of the changed language was introduced by the 2015 Policy.

The second of the changes affects the availability of injunctive relief for SEP holders under Clause 6.2, and aligns the IEEE’s IPR policy with those of other major SSOs operating around the world.⁷⁷ The 2022 Policy encourages both the SEP holders and the implementers to negotiate in good faith without

74. Thomas Cotter, *IEEE Amends Its Patent Policy, Effective January 1*, COMPAR. PAT. REMEDIES (Oct. 3, 2022), <http://comparativepatentremedies.blogspot.com/2022/10/ieee-amends-its-patent-policy-effective.html>.

75. Cohen, *supra* note 72.

76. Luken & Tierney, *supra* note 70, at 3.

77. Cohen, *supra* note 72.

causing unreasonable delay.⁷⁸ However, an SEP holder is allowed to seek a prohibitive order against an implementer not willing to negotiate a license in good faith.⁷⁹ In defining the scope of good faith negotiations, the 2022 Policy clarifies that a party seeking additional information post the initial notice of infringement, choosing to file a case, or arbitrating over the FRAND rate does not imply that the party is not willing to negotiate in good faith.⁸⁰

These changes, according to the IEEE, are intended to bring clarity to the “IEEE’s standards processes related to patented technologies,” while at the same time offer “more options for stakeholders.”⁸¹

V. POSSIBLE IMPLICATIONS OF THE 2022 IPR POLICY UPDATE

At the very outset, it is important to recognize that the IEEE’s decision to update its existing 2015 Policy was taken after much deliberation over the years in the lead up to September 2022.⁸² And while the latest policy update may not have drastically changed the SEP licensing landscape, it does make for a positive reading from the patent holders’ perspective.⁸³ The biggest reason is the dilution of some of the controversial provisions introduced by the 2015 Policy, including the preference of SSPPU as royalty base and the limitations on the patent holders’ right to seek injunctive relief.⁸⁴ The addition of the words “another appropriate value level of the Compliant Implementation” implies that the 2015 Policy now offers much more flexibility in terms of the choice of royalty base, bringing entire market value of the standard compliant product back into the fold. As a result, patent holders are no longer restricted in terms of their demand for royalties based on a single methodology or royalty base and can rather proceed on a case-by-case basis. Furthermore, the updated

78. *IEEE SA Standards Board Bylaws*, IEEE SA (Sept. 30, 2022), <https://standards.ieee.org/wp-content/uploads/import/governance/bog/resolutions/september2022-updates-sasb-bylaws.pdf>.

79. Cotter, *supra* note 74.

80. *IEEE SA Standards Board Bylaws*, *supra* note 78.

81. *IEEE Announces Decision on Its Standards-related Patent Policy*, IEEE SA (Sept. 30, 2022), <https://standards.ieee.org/news/ieee-announces-decision-on-its-standards-related-patent-policy/>.

82. The 2022 Policy Update was announced by the IEEE on September 30.

83. Quinn, *supra* note 67.

84. Florian Mueller, *IEEE Rejoins Mainstream of Standard-setting World as It Undoes Key Elements of 2015 Patent Policy That Encouraged Hold-out By Unwilling Licensees: Major Defeat for Apple and Its Allies*, FOSS PATS. (Sept. 30, 2023), <http://www.fosspateints.com/2022/09/ieee-rejoins-mainstream-of-standard.html>.

Policy broadens the scope of comparable licenses regardless of whether a threat of injunctive relief played a part in their acquisition.

The other much talked about provision from the 2015 Policy concerning the limitation on the right to seek a prohibitive order or injunctive relief also caused a lot of discontentment amongst patent holders, especially in terms of encouraging hold-out by implementers. Those concerns, to a great extent, are quelled by the 2022 Policy because the patent holders are now at liberty to seek a prohibitive order against any party not willing to negotiate in good faith. What it has also done is send a clear message to the implementers that they can no longer indulge in any kind of delaying tactics while engaging in licensing negotiations, and if they do, there is a major risk of being subject to injunction. Moreover, with the availability of injunctive relief on the table, there is a major likelihood that the number of negative LOAs goes down.⁸⁵ This would in turn benefit the standard-setting activities carried out at IEEE and, more importantly, help regain ANSI accreditation for IEEE standards.⁸⁶ It is also worth noting that with the DOJ's withdrawal of the 2019 Policy Statement and the updates to the IEEE's 2015 Policy, for all questions pertaining to the grant of injunctions, courts in the US are likely to continue relying on the *eBay* framework. Whether that would attract more litigation is a question that will be answered over time.

Nonetheless, questions have already been asked of the need to update the policy, given the fact that the 2020 BRL that arguably acted as a catalyst for the 2022 updates was rescinded by the DOJ Antitrust Division in 2021.⁸⁷ Amongst the biggest critics was the Fair Standards Alliance, who called out the IEEE for what it described as giving into “pressure from a minority of stakeholders with specific business interests, which were seemingly given precedence over the interests of the vast majority of industry participants supporting the 2015 policy.”⁸⁸ It further stated that the changes were likely to “create more uncertainty for licensing of patents essential to IEEE standards.”⁸⁹

Despite of all that has been said about the IEEE's IPR 2022 Policy, it cannot be denied that its present position on the definition of “reasonable rate” and the grant of injunctive relief is on the same wavelength as that of

85. *Id.*

86. *Id.*

87. Luken & Tierney, *supra* note 70, at 3.

88. *Changes to IEEE Licensing Policy Undermine Its Own Mission to Benefit Privileged Few*, FAIR STANDARDS ALL. (Oct. 5, 2022), <https://fair-standards.org/2022/10/05/changes-to-ieee-ipr-policy-undermine-its-own-mission/>.

89. *Id.*

other major SSOs operating in the information and communication technology sector.

VI. CONCLUSION

At the ITU-T Roundtable of 2012, when Renata Hesse, the then-Deputy Assistant Attorney General of the Antitrust Division at the DOJ, urged SSOs to bring clarity and transparency to their IPR policies,⁹⁰ the IEEE was one of the first SSOs to start updating its policy. The 2015 Policy and the 2022 Policy proved to be two major flashpoints over the course of the next decade, shaping much of the discussion about SSO IPR policies. Yet, after all these years, there continues to remain a lack of consensus on the effect the latest update is likely to have on standard-setting at IEEE, despite the IEEE having brought changes to some of the most fundamental aspects of SEP licensing twice over. What it also points to is the fact that there cannot be a perfect IPR policy, and there are bound to be certain provisions that might favor the patent holders and other provisions that might favor the implementers. The important thing, however, is to maintain a balance between the interests of the two, and the SSO IPR policies must also be reflective of the same.

The updated 2022 Policy by the IEEE board is a step in the right direction. It is only fair that an SSO, through the medium of its IPR policy, should not fix the royalty base or the royalty determination methodology in a manner that favors one set of stakeholders over the other. Rather, the same should entail flexibility and must be considered on a case-by case basis. Similarly, for a remedy such as injunctive relief, it is important to not deprive patent holders of their rights. This, especially when as a middle path, injunctive relief can be limited to exceptional situations involving lack of good faith from the opposite party. It is in furtherance of the aforementioned aspects of royalty determination and injunctive relief that the IEEE looks to have brought about the latest set of changes to its IPR policy. The 2022 Policy changes gain additional significance because the Biden Administration opted against issuing any policy statement on the licensing of SEPs. Having said that, whether the said changes kickstart a new era at IEEE or continue to be a stumbling block for IEEE standards remains to be seen.

90. Renata Hesse, *Six "Small Proposals for SSOs Before Lunch"*, ITU-T PAT. ROUNDTABLE (Oct. 10, 2012), <https://www.justice.gov/atr/file/518951/download>.