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US Department of Justice
Antitrust Division
Competition Policy and Advocacy Section
950 Pennsylvania Avenue, NW
Washington, DC 20530

US Patent and Trademark Office
USPTO Madison Building
600 Dulany Street
Alexandria, VA 22314

National Institute for Standards and Technology
100 Bureau Drive
Gaithersburg, MD 20899

BSA | The Software Alliance¹ supports the Administration's issuing a revised statement on licensing negotiations and remedies for standards-essential patents subject to voluntary F/RAND commitments.²

BSA welcomes the solicitation of comments by the US Patent & Trademark Office (USPTO), the National Institute of Standards and Technology (NIST), and the US Department of Justice, Antitrust Division (DOJ) regarding those agencies' draft revised statement on remedies for the infringement of SEPs. BSA applauds the US government for seeking to provide clear guidance in this regard.

About BSA

BSA is the leading advocate for the global software industry before governments and in the international marketplace. Its members are among the world's most innovative companies, creating trusted software solutions that are driving the digital transformation and job growth in all sectors. With headquarters in Washington, DC, and operations in more than 30 countries, BSA advocates for intellectual property (IP) and other public policies that foster technology innovation and drive growth in the digital economy.

BSA members invest heavily in creativity, innovation, technology development, and IP generation. Annual US software research and development (R&D) investments exceed US\$103

billion,³ and BSA members are counted among: (a) leading US patent recipients (accounting for roughly 75% of all US patents issued to US companies among the top 10 patent grantees);⁴ (b) leading US AI-related patent owners (accounting for 70% of AI-related patents owned by top 10 US companies);⁵ and (c) leading US copyright and trademark holders (accounting for 40% of brand value among US companies in the top 10 ranked brands).⁶

The US software industry is a primary driver of the US and global economies, and has helped build stability and resilience at a time of unprecedented economic uncertainty. The US software industry accounts for \$1.9 trillion of total US value added GDP and 15.8 million jobs — jobs that pay more than twice the national average for all occupations.⁷ Additionally, jobs in software development, computer programming and related fields are growing very rapidly – so much so that the US Bureau of Labor Statistics estimates 1 million computer programming jobs need to be filled in the United States.⁸

BSA Supports a Balanced Position on SEP Licensing

Investments in an innovation ecosystem that includes a predictable and efficient framework for SEP licensing can support US technology leadership and innovation and improve the lives of citizens, workers, and consumers at home and abroad. The broad adoption – consistent with IP rights – of interoperable standards by multiple innovators can advance the creation and utilization of new technologies to address the pressing challenges of the day.

As recognized by the 2022 Policy Statement, transparency and cooperation by SEP holders and implementers alike is necessary for this system to succeed. Both as annual grantees of thousands of US patents and as implementers of SEPs, BSA members have a strong interest in promoting the health and transparency of SEP licensing.

Prior Policy Statements on SEP Licensing

The draft policy statement from DOJ, USPTO, and NIST follows two prior policy statements on the same subject.

The 2013 Statement addressed the relationship between SEPs that are subject to F/RAND commitments (on the one hand) and injunctions and other exclusionary remedies, such as so-called “exclusion orders” issued under section 337 of the Tariff Act of 1930 (on the other). Among other things, the 2013 Statement clarified that, in many situations, injunctive or exclusionary remedies will not be appropriate for infringement of a SEP subject to a F/RAND commitment.⁹

The 2019 Statement distanced itself from the 2013 Statement. The 2019 Statement states that injunctive and other exclusionary “remedies are equally available in patent litigation involving standards-essential patents” as in patent litigation not involving such patents.¹⁰

The draft 2022 Policy Statement clarifies the state of US law with a more detailed recitation of US jurisprudence than was found in either of the prior Statements. The Statement reiterates that the availability of injunctive relief for infringement of SEPs subject to F/RAND licensing commitments should be analyzed under the equitable framework of *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006), like all other patents. Although courts should review the facts in

each case independently, injunctive relief for a SEP subject to a F/RAND commitment has rarely been granted. This should be the result because the patent holder “may be implicitly acknowledging that money damages, rather than injunctive or exclusionary relief, is the appropriate remedy for infringement.”

For the aforementioned reasons, BSA broadly supports the perspectives on SEP licensing outlined in the draft Statement, including that: (1) seeking injunctive relief in lieu of good-faith negotiation is inconsistent with the goals of the F/RAND commitment where a potential licensee is willing to license and is able to compensate a SEP holder for past infringement and future use of SEPs subject to a voluntary F/RAND commitment; (2) seeking injunctive relief may be justified, for example, where an implementer refuses to pay an adjudicated FRAND royalty; (3) when good-faith negotiations fail and the parties cannot agree on alternative dispute resolution or to seek a F/RAND determination in a mutually agreeable jurisdiction, consistent with judicially articulated considerations, monetary remedies will usually be adequate to fully compensate a SEP holder for infringement; and (4) a F/RAND commitment does not preclude enhanced damages for willful infringement if a potential licensee acts in bad faith.¹¹ BSA also supports the nuanced guidance throughout the Policy Statement regarding consensual and good faith negotiation between a SEP holder and an implementer, including the caution against premature and unilateral recourse to litigation.

BSA thanks DOJ, USPTO, and NIST for the opportunity to comment on the draft 2022 Policy Statement. Please let us know if you have any questions or comments.

Sincerely yours,

Joseph Whitlock

Joseph P. Whitlock
Director, Policy
BSA | The Software Alliance

¹ BSA's members include: Adobe, Alteryx, Atlassian, Autodesk, Bentley Systems, Box, CNC/Mastercam, DocuSign, Dropbox, IBM, Informatica, MathWorks, Microsoft, Okta, Oracle, PTC, Salesforce, SAP, ServiceNow, Shopify Inc., Siemens Industry Software Inc., Splunk, Trend Micro, Trimble Solutions Corporation, Twilio, Unity Technologies, Inc., Workday, Zendesk, and Zoom Video Communications, Inc.

² US Department of Justice, US Patent & Trademark Office, National Institute for Standards and Technology, Draft Policy Statement (Dec. 6, 2021), at: <https://www.justice.gov/atr/page/file/1453471/download>

³ Software.org, Growing US Jobs and the GDP (Sept. 2019), available at: software.org/wp-content/uploads/2019SoftwareJobs.pdf.

⁴ IFI Claims Patent Services, 2020 Top 50 US Patent Assignees (accessed Oct. 11, 2021) ("2020 Top 50 US Patent Assignees"), available at: <https://www.ificlaims.com/rankings-top-50-2020.htm>

⁵ USPTO, *Inventing AI - Tracing the Diffusion of Artificial Intelligence with US Patents*, p. 8 ("Figure 6: Top 30 U.S. AI patent owners-at-grant, 1976–2018") (Oct. 2020), <https://www.uspto.gov/sites/default/files/documents/OCE-DH-AI.pdf>

⁶ See Interbrand, *Best Global Brands Report* (2020), [learn.interbrand.com/hubfs/INTERBRAND/Interbrand_Best_Global_Brands%202020_Desktop-Print.pdf](https://www.interbrand.com/hubfs/INTERBRAND/Interbrand_Best_Global_Brands%202020_Desktop-Print.pdf)

⁷ Software.org, Software – Supporting US Through COVID (2021), available at: <https://software.org/wp-content/uploads/2021SoftwareJobs.pdf>

⁸ BSA | The Software Alliance, *A Policy Agenda to Build Tomorrow's Workforce* (2018), available at: <https://www.bsa.org/files/policy-filings/05022018BSAWorkforceDevelopmentAgenda.pdf>.

⁹ US Department of Justice and US Patent and Trademark Office, *Policy Statement on Standard Essential Patents* (2013), at: https://www.uspto.gov/about/offices/ogc/Final_DOJ-PTO_Policy_Statement_on_FRAND_SEPs_1-8-13.pdf

¹⁰ US Department of Justice, US Patent and Trademark Office, National Institute of Standards and Technology, *Policy Statement on Remedies for Standards-Essential Patents Subject to Voluntary F/RAND Commitments* (2019), at: <https://www.justice.gov/atr/page/file/1228016/download>

¹¹ Additional guidance may be helpful in respect of such enhanced damages.