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| 欧州標準必須特許など知的財産に関する一連の規則案への意見提出 | 欧州委員会 | 2023年8月 |

The Japan Automobile Manufacturers Association, Inc. ("**JAMA**") respectfully submits their comments and observations in respect of the *Proposal for a Regulation of the European Parliament and of the Council on Standard Essential Patents and Amending Regulation (EU)2017/1001*, 2023/0133 (COD) ("**Proposed Regulation**") by the European Commission ("**EC**").

**A. About JAMA**

JAMA is a non-profit industry association representing 14 passenger car, truck, bus, and motorcycle manufacturers of Japan, *i.e.*,

DAIHATSU MOTOR CO., LTD.,

HINO MOTORS, LTD.,

HONDA MOTOR CO., LTD.,

ISUZU MOTORS LIMITED,

KAWASAKI MOTORS, LTD.,

MAZDA MOTOR CORPORATION,

MITSUBISHI MOTORS CORPORATION,

MITSUBISHI FUSO TRUCK & BUS CORPORATION,

NISSAN MOTOR CO., LTD.,

SUBARU CORPORATION,

SUZUKI MOTOR CORPORATION,

TOYOTA MOTOR CORPORATION,

UD TRUCKS CORPORATION

YAMAHA MOTOR CO., LTD.,

JAMA's objective is to promote the sound development of the motor industry and support its members' efforts to serve consumers, contribute to economic and social prosperity, and address safety and environmental challenges in those communities around the world in which they manufacture and sell their products.

JAMA members have been integral to the European auto industry and the broader European economy for decades.

Japanese-brand automakers are interwoven with communities throughout the EU who count on them not only for employment but also for improved access to training and education, philanthropic support, and environmental stewardship.

In light of JAMA's strong economic footprint in the EU, JAMA and its members are particularly interested in the Proposed Regulation's commitment to facilitate industry competitiveness through licensing of standard essential patents ("**SEPs**") that adheres to the patent owners' commitments to license on fair, reasonable, and non-discriminatory ("**FRAND**") terms.

**B. General Comments on the Proposed Regulation**

JAMA appreciates the opportunity to comment on the Proposed Regulation.

JAMA generally welcomes the EC's initiative and the Proposed Regulation which will bring much needed transparency and guidance to SEP licensing. Specifically, JAMA believes that the implementation of mandatory essentiality checks and FRAND determination procedures along with the increased transparency due to mandatory disclosure of pertinent information in the proposed SEP Register and Electronic Database can be a real "game changer" for SEP licensing and greatly benefit the single market.

At the same time, JAMA notes that the implementation of the institutions and procedures provided for in the Proposed Regulation will require substantial resources and efforts, especially as regards the requisite pool of suitably qualified and genuinely neutral evaluators and conciliators. Individuals with the qualifications and experience required for carrying out high-quality essentiality checks, determining adequate aggregate royalties or making well-founded FRAND determinations are already sought-after experts in their respective industries in the private sector. Furthermore, they typically learn the requisite skill sets and gain their experience by working for either an implementer or an SEP holder and, therefore, might have a (subconscious) bias for either side.

JAMA is concerned that, if the essentiality checks, FRAND determination and expert opinions on aggregate royalties are (or are perceived as being) of insufficient quality and/or biased, the institutions and procedures set forth in the Proposed Regulation will become an additional burden for the industry rather than a relief. This would undermine the entire purpose of the Proposed Regulation.

For these reasons, JAMA respectfully requests that the EC be particularly diligent in procuring sufficient funding of the Competence Centre and rigorous selection processes for evaluators and conciliators to ensure that the Competence Centre's tasks will be carried out by demonstrably qualified, experienced and neutral personnel in a timely manner. JAMA also believes that there should be procedural safeguards throughout the various processes to ensure the same and address and concerns of the stakeholders involved.

Relatedly, JAMA respectfully requests that the FRAND determination procedure should involve a panel of three conciliators instead of a single conciliator. A panel of three conciliators can be expected to be more neutral, especially if attention is paid to a balanced composition in terms of each conciliator's background, skill set and industry experience.

## C. Specific Comments on the Proposed Regulation

### 1. Scope of the Proposed Regulation

#### 1.1. Application to Existing Standards

Pursuant to Article 1(2), the Proposed Regulation will generally only apply to standards published after the entry into force of the Proposed Regulation. This would exclude major existing standards for wireless communication such as those for 4G, 5G, and Wi-Fi, which are and will be business critical to a plethora of industry sectors and the Internet of Things (IoT) generally for years to come. At the same time, it is those kinds of wireless communication standards that have seen the most SEP litigation and licensing disputes over the past decades and have the greatest issues with transparency and the determination of FRAND terms.

JAMA is concerned that by carving out those major existing standards from the scope of the Proposed Regulation, the beneficial effects of the Proposed Regulation will be missing where they are needed the most. JAMA therefore suggests broadening the scope of the Proposed Regulation to also cover standards published before the entry into force of the Proposed Regulation in order to provide a solution to also to the current pressing issues with FRAND licensing and enforcement.

Relatedly, JAMA suggests that the reference to wireless communication standards in paragraph (4) of the Recitals should be removed and that frequent litigation should expressly be named as a counterindication for a "well established" standard.

### 1.2. Application to SEPs That Are Not Subject to a FRAND Declaration Regardless of the SEP Holder's SSO Membership

Pursuant to Article 1(2), the Proposed Regulation will only apply to SEPs in relation to which the SEP holder has made a commitment to license the SEP on FRAND terms.

JAMA is concerned that this will leave implementers vulnerable to SEP holders—in particular, patent assertion entities ("**PAEs**") who purchase patents from non-SSO members and may decide to withhold or delay a FRAND commitment for strategic or tactical reasons. That is because, as per the EC's Proposed Regulation, those SEP holders would not have to adhere to the procedures set forth therein before initiating litigation. The prospect of being able to avoid the consequences of the Proposed Regulation may even be an incentive for some PAEs to withhold FRAND commitments for as long as possible. This would run counter to what JAMA understands as one of the ultimate goals of the Proposed Regulation, *i.e.*, to create a comprehensive framework for the FRAND licensing of SEPs in the single market and to prevent the abuse of dominant positions facilitated by standardization and SEPs. In fact, according to the courts of key EU member states such as Germany, the FRAND defense is primarily based directly on Art. 102 TFEU, rather than contract law. Accordingly, it is not decisive whether or not the SEP holder has issued a FRAND commitment to an SSO.

Furthermore, excluding SEPs that are *not* the subject of a FRAND commitment from the scope of the Proposed Regulation could negatively affect the accuracy and reliability of the determinations of the aggregate royalty for a given standard and, consequently, FRAND terms. That is because those determinations rely on the Competence Centre's ability to consider all SEPs of a standard and not just those for which a FRAND declaration has been made.

Furthermore, if the Competence Centre does not have "jurisdiction" over, and cannot consider, SEPs that are *not* the subject of a FRAND declaration, this may incentivise certain SEP holders to not join SSOs or refrain from issuing FRAND commitments to void the obligations defined by the Proposed Regulation. This may harm standard developing activities and the implementation of standardized technology.

As a solution to the above concerns, JAMA suggests removing the requirement of a FRAND commitment in Article 1(2) and, more generally, clarifying the definition of "SEP holder" so that it expressly includes all SEP holders regardless of SSO membership.

## 2. Suppliers as Stakeholders

JAMA welcomes the open and comprehensive definition of "stakeholder" in Article 2(17) of the Proposed Regulation as meaning anyone who can demonstrate a legitimate interest in SEPs, and naming some examples (including, *e.g.*, SEP holders and implementers) for illustration.

For clarification only, and to avoid any later dispute or uncertainty, JAMA respectfully requests the addition of another example, namely "supplier of an implementer". This is against the background of recent SEP-related litigations that directly or indirectly involved suppliers of implementers on multiple tier levels and the potential impact of FRAND determinations on sales prices throughout the value chain.

## 3. Patent Pools

Patent pools for SEPs are common in the industry. While SEP pool licensing can benefit both SEP holders and implementers, it also creates distinct challenges that differ from those of bilateral licensing between a single SEP holder and a single implementer.

### 3.1. Parallel Negotiations / Restrictions on Enforcement

JAMA is particularly concerned about the fact that many patent pools are set up in a way that the pool's members (SEP holders) can still enforce their SEPs individually against an implementer while negotiations between the patent pool (agent) and that implementer are pending. Several litigations in recent years have shown that this is not a theoretical concern but a real-life problem.

Against this background, JAMA respectfully requests that the Proposed Regulation be amended such that SEP holders are barred from bringing SEP infringement claims against implementers who are in negotiations with a patent pool agent (including proceedings in accordance with the Proposed Regulation) about a FRAND pool license comprising the SEP(s) in question.

### 3.2. No Exemption from Essentiality Checks

Pursuant to Article 29(4) in conjunction with Article 8 point (b), the Competence Centre shall not conduct essentiality checks for any SEPs where the register references a previous essentiality check by an "*independent evaluator in the context of a pool*" ("**Pool-Checked SEPs**").

JAMA firmly believes that Pool-Checked SEPs should *not* be exempted from the Competence Centre's essentiality checks and scrutiny for the following reasons:

a) Essentiality checks on behalf of patent pools are typically carried out by commercial service providers against payment. Even if those service providers may be formally independent of the patent pool and its members, there is no guarantee that the service provider is, in fact, neutral and objective in its assessment, given his financial interest in obtaining further engagements from the pool. The relevant service providers are aware that the pool will generally benefit from a positive essentiality assessment. This creates and inherent risk of (unconscious) bias in favor of finding essentiality.

b) Furthermore, the approach of a commercial service provider assessing the essentiality of a declared SEP (including the time spent and the degree of diligence applied) may differ significantly from the approach of the Competence Centre's trained examiners and, therefore, arrive at different conclusions. This will inevitably create uncertainty as to the consistency and reliability of the Competence Centre's essentiality data and, thus, any expert opinions and determinations based thereon and render them vulnerable to challenges.

Accordingly, JAMA respectfully requests that the reference in Article 29(4) be limited to Article 8 point (a), *i.e.*, final decisions on essentiality made by a competent court of a Member State, and specifically exclude essentiality checks carried out on behalf of patent pools by commercial service providers or other third parties outside the Competence Centre.

## 4. Aggregate Royalty

JAMA is generally supportive of the idea that the Competence Centre could facilitate nonbinding expert opinions on the aggregate royalty for a given standard through a structure process involving as many stakeholders as possible, including both SEP holders and implementers, as provided for in Article 18 of the Proposed Regulation.

However, JAMA is critical of Articles 15 through 17 of the Proposed Regulation, which provide for the notification and determination of aggregate royalties by, or with the involvement of, SEP holders only. JAMA respectfully requests that those Articles be deleted in their entirety.

This is due to the following considerations:

a) The term "aggregate royalty" is not defined in the Regulation. The term is generally used to describe a threshold for the total royalty burden resulting from SEPs of a particular standard in respect of a particular product or category of products. Consequently, SEP holders have an inherent interest in a high aggregate royalty, if any. At the same time, there is no accepted or commonly used methodology for determining an aggregate royalty.

b) In view of the foregoing, it is reasonable to expect that any aggregate royalty agreed and notified by SEP holders alone will be reflective of the SEP holders' interest in a particularly high aggregate royalty instead of one that is objectively justified, taking into account the legitimate interests of all stakeholders, including implementers.

c) While the Proposed Regulation does not seem to provide for any binding effect of an aggregate royalty agreed and notified in accordance with Articles 15 through 17, it does provide for the publication of the aggregate royalty in the Electronic Database (see Article 5(2) point (g)). This implies that this biased information should be considered as part of a FRAND determination. At the same time, it creates a platform for SEP holders to publish and promote their expectation of an aggregate royalty without any similarly institutionalized counterbalance reflecting the legitimate interests of other stakeholders, in particular implementers. That is because the Proposed Regulation does not provide these other stakeholders with any opportunity to document their position regarding an aggregate royalty in the Electronic Database. The resulting informational disbalance will cause an unreasonable bias in favor of SEP holders with respect to aggregate royalties.

Furthermore, independently of the above request to delete Articles 15 through 18, JAMA respectfully requests the following changes to Article 18 of the Proposed Regulation:

a) The nonbinding expert opinion provided for in Article 18 of the Proposed Regulation should—by default—be in relation to the single market only, *i.e.*, not global. This would be consistent with jurisdictional considerations and avoid potential issues with parallel determinations in jurisdictions in third countries outside of the EU.

b) The requirements and threshold for initiating the procedure for an expert opinion on an aggregate royalty pursuant to Article 18(6) of the proposed regulation should be amended as follows:

> *"If the requests for participation include SEP holders representing collectively at least an estimated 20% of all SEPs for the standard, ~~and~~ implementers holding collectively at least 10% relevant market share in the Union or at least ~~10 SMEs~~ five actual or potential implementers that are, or can credibly show that they have concrete intentions of, implementing the relevant standard in a product, process, service or system, the competence centre shall appoint a panel of three conciliators selected from the roster of conciliators with the appropriate background from the relevant field of technology."*

Implementers should be able to pursue the procedure pursuant to Article 18 regardless of SEP holders' willingness to participate. The aggregate royalty in respect of a standard is important information for any implementer who is practicing or intending to practice that standard in the Union and may play a crucial role when deciding whether to offer products or services implementing that standard on the

Single Market. SEP holders, in the other hand, often have no incentive for specifying an aggregate royalty (even if only by a non-binding expert opinion) because, by definition, it creates a limitation on the royalties that should be charged for using SEPs for the relevant standard. In fact, in the past, many SEP holders have rejected altogether the concept of an aggregate royalty and a FRAND royalty determination on that basis. Consequently, it seems reasonable to assume that SEP holders' willingness to engage in the procedure pursuant to Article 18 will be limited at best. Therefore, making the procedure dependent on active participation of any significant number of SEP holders is likely to undermine its practical applicability and relevance to the detriment of implementers and consumers within the Union.

Relatedly, the proposed threshold for the requisite level of implementer participation in terms of market share is inadequate in that it only considers implementers who are already active on the relevant market to a significant degree. Put differently, it disregards implementers that are only considering entering the relevant market for the first time or have only recently entered the market and not yet established a significant market share. However, those prospective or recent implementers are just as dependent on the practical guidance offered by a neutral expert opinion on the aggregate royalty for the relevant standard as implementers that already have an established market presence. In fact, transparency on the aggregate royalty to expect can be an important factor when deciding on whether to enter the market at all. Therefore, the procedure pursuant to Article 18 should be allowed to continue if a realistic number of actual or potential implementers request to participate in the procedure, regardless of current market shares and regardless of their current size (*i.e.*, regardless of whether they qualify as SMEs).

## 5. FRAND Determination

JAMA welcomes the concept of mandatory FRAND determination proceedings at the Competence Centre as a prerequisite to SEP infringement litigation as set forth in the Proposed Regulation.

However, JAMA respectfully requests the following amendments to the Proposed Regulation in respect of the FRAND determination procedure:

a) Article 34 *et seq*. provide that FRAND determination proceedings will be between an SEP holder and an implementer. However, any resulting FRAND determination may directly or indirectly affect third parties up or down the value chain for the respective product, *i.e.*, suppliers or customers of the implementer involved. JAMA believes that such third parties who have a legitimate interest in the outcome of the FRAND determination should be allowed to join the proceeding or, at least, be entitled to submit observations which the conciliator ought to consider.

Relatedly JAMA would welcome if the Proposed Regulation would (i) clarify that SEP holders must offer FRAND licenses to all implementers requesting such a license as a willing licensee, regardless of their position within the value chain, and (ii) expressly stipulate that an SEP holder must not bring SEP infringement litigation against manufacturers or distributors of end products while FRAND determination proceedings are pending between the SEP holder (or the relevant SEP pool agent ) and an implementer (supplier) further up in the supply chain of the respective end product with regard to the relevant SEP or SEP portfolio.

Therefore, JAMA respectfully requests that a provision to this effect be added to Article 34 and/or any other suitable article of Title VI (FRAND Determination) of the Proposed Regulation.

b) Article 38(6) provides that the FRAND determination shall concern a global SEP license by default unless otherwise specified or agreed by the party/parties involved. However, this raises jurisdictional

concerns and creates complicated issues when FRAND determination proceedings and/or related SEP infringement proceedings between the parties involved are pending or subsequently brought in countries outside of the EU.

Therefore, JAMA respectfully requests that the default should be a FRAND determination for the single market only unless the parties agree on a global FRAND determination *and* undertake to not initiate any conflicting procedures or litigations in countries outside of the EU for the duration of the FRAND determination proceedings at the Competence Centre.

c) Article 47 effectively provides that any SEP- and/or FRAND-related proceeding in a country outside of the EU will take precedence over a FRAND determination at the Competence Centre and enable its termination. JAMA is concerned that this is prone to abuse. Importantly, the provision would be entirely unnecessary if the default rule of Article 38(6) would be amended as proposed above by JAMA.

Therefore, JAMA requests that this clause be deleted in its entirety in conjunction with the implementation of JAMA's proposal regarding Article 38(6) above.

## 6. Contents of the SEP Register and Electronic Database

JAMA welcomes the EC's approach to ensuring transparency in connection with SEP licensing by requiring disclosure of pertinent information in a central SEP register and database and by specifying the requisite information in some detail.

Consistent with this desire for transparency, JAMA respectfully requests the following amendments to Articles 4 and 5 of the Proposed Regulation:

a) Article 4(3) point (h)

"*(h) the existence of any public standard terms and conditions, including SEP holder's royalty and discount policies, including information as to the licensed products and (groups of) potential licensees to whom those standard terms and policies relate (e.g., the applicable industry/section and the application level within the value chain (OEM, TierN supplier))*."

Reason: Without the proposed additional information, information on standard royalty and discount policies is rarely useful, in particular, as some SEP holders tend to apply different standard terms to different products and/or types of licensees.

b) Article 5(2) point (g)

If the EC follows JAMA's proposal regarding the deletion of Articles 15 through 17 for the reasons set out in Section 4 above, Article 5(2) point (g) can be deleted in its entirety. Otherwise, if Articles 15, 16, and/or 17 remain in whatever form, Article 5(2) point (g) should be amended as follows:

"*(g) information on aggregate royalties pursuant to Articles 15, 16, and 17, including the underlying methodology and assumptions*."

Reason: Without specific information about the methodology used to determine the aggregate royalty and the underlying assumptions, it is impossible to ascertain whether the determination is accurate and FRAND. Without that information, it will also be more difficult to make comparisons between different standards and methods.

## 7. Special Rules for Micro, Small, and Medium Enterprises (SME)

The Proposed Regulation provides for certain special, favorable rules applicable to SMEs. JAMA is generally supportive of certain limited benefits for SMEs that are implementers and dependent on the use of a particular standard.

However, JAMA does not agree with Article 29(1) to the extent that it carves out SEPs of micro and small enterprises from the annual sampling process. This is because PAEs (including special-purpose vehicles set up to assert patents, *i.e.*, "patent trolls") may easily qualify as small enterprises and be exempted from the annual sampling process, even though such entities are arguably amongst those most prone to declare and assert SEPs that are not actually essential.

Against this background, JAMA respectfully requests that the aforementioned exemption for SEPs owned by micro and small enterprises be removed.

At the very least, provision should include a further qualification to the effect that the exemption will only apply to micro and small enterprises owning a very small (*i.e.*, low single-digit) number of SEPs and specifically carve out PAEs, *i.e.*, entities whose business primarily consist of asserting and licensing patents or similar intellectual property rights.