

A PRACTICAL GUIDE FOR NEW ENTRANTS TO LICENSING STANDARD ESSENTIAL PATENTS (SEP)

DID YOU KNOW?

The 5G cellular communication standard has been designed to increase the bandwidth available to cellular devices to enable mass device communication and the Internet of Things (IoT).



Whereas 3G and 4G were predominantly implemented in smartphones, 5G will bring connectivity to new sectors, including smart factories, telehealth, autonomous vehicles, and the connected home.

McKinsey estimates that the economic impact of the IoT will be \$11.1 trillion per year in 2025.

\$11.1Tn



To make the most of the 5G opportunity, businesses looking to build connected products should plan accordingly, as there may be a need to take licences from the inventors of cellular communication technologies.

SIX PRINCIPLES FOR SUCCESSFUL SEP LICENSING:

These six principles were developed by world-leading cellular standards developers and implementers with decades of experience in SEP licensing negotiations. They seek to provide some guidance and information to companies which are new to SEP licensing, and to better enable these new entrants to assess their licensing needs and conduct SEP licensing negotiations where and when necessary.



Owners of patent rights which are essential for using standardised technologies (SEP) should allow access to that patented technology for implementing and using the standard.



Both the SEP owner and the potential licensee should act in good faith with respect to each other with the aim of concluding a FRAND licence agreement in a timely and efficient manner.



Each party should provide to the other party, consistent with the protection of confidentiality, information that is reasonably necessary to enable the timely conclusion of a FRAND licence.



"Fair and reasonable" compensation should be based upon the value of the patented standardised technology to its users.



An SEP owner should not discriminate between similarly situated competitors.



If the parties are unable to conclude a FRAND licence agreement within a reasonable timeframe they should seek to agree to third party determination of a FRAND licence either by a court or through binding arbitration.

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