

# **NIST**

Global Standards Information

## **FUNDAMENTALS OF STANDARDS AND MORE**



### **The U.S. Standards System and Intellectual Property Rights**

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# Types of Intellectual Property Rights (IPR)

Trade Secret

Letters Patent

Copyright

Trademark/Trade dress

Other

- Mask Works
- Semiconductor Chip Protection
- Domain Name
- Reputation/Image

# Legal Basis for Intellectual Property Rights

## ***United States Constitution***

The Congress shall have power . . .

to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries. (Art. 1, Sec. 8, Clause 8)

to regulate commerce with foreign nations, and among the several states, and with the Indian Tribes. (Art. I, Sec. 8, Clause 3)

# Legal Basis for Intellectual Property

(Cont'd.)

## Trade secrets

- State Law and Common Law
- Federal law: 18 U.S.C. § 1905 (Trade Secrets Act)

## Patents

- Federal Law: 35 U.S.C. §§100 et seq.

## Copyrights

- Federal Law: 17 U.S.C. §§ 101 et seq.

## Trademarks

- State Law and Common Law
- Federal Law: 15 U.S.C. §§ 1051 et seq. (Lanham Act)

# Trade Secrets Act

## 18 USC § 1905. Disclosure of confidential information generally

“Whoever, being an officer or employee of the United States or of any department or agency thereof . . . or being an employee of a private sector organization who is or was assigned to an agency under chapter 37 of title 5, publishes, divulges, discloses, or makes known in any manner or to any extent not authorized by law any information coming to him in the course of his employment or official duties or by reason of any examination or investigation made by, or return, report or record made to or filed with, such department or agency or officer or employee thereof, which information concerns or relates to the trade secrets, processes, operations, style of work, or apparatus, or to the identity, confidential statistical data, amount or source of any income, profits, losses, or expenditures of any person, firm, partnership, corporation, or association; or permits any income return or copy thereof or any book containing any abstract or particulars thereof to be seen or examined by any person except as provided by law; **shall be fined under this title, or imprisoned not more than one year, or both; and shall be removed from office or employment.**”

# Types of IPR: Summary

	<b>Trade Secret</b>	<b>Patent</b>	<b>Copyright</b>	<b>Trademark</b>
<b>What may be protected</b>	Any secret information that provides an advantage	Process, machine, manufacture or composition of material; plants; designs	Original works of authorship fixed in a tangible medium of expression (e.g., literary works, software, dramatic works, music lyrics, dances, pictures, sculptures, architectural works).	Words, phrases or logos used for Trademark (tangible goods) or Servicemark (services), or visual appearance used as Trade dress.
<b>Protection provided</b>	May prevent unlawful use or disclosure	May prevent others from making, using, selling, offering to sell and importing	Exclusive right to reproduce, modify, distribute, publicly display and publicly perform.	May prevent others from using mark in commerce
<b>How to obtain protection</b>	Automatic, so long as secrecy maintained; no application process.	Application process through U.S. Patent & Trademark Office	Protection arises at the time the original work of authorship becomes fixed. Registration required to bring suit.	Application process through state and/or federal agencies
<b>Duration</b>	Duration of secrecy	Utility – 20 yrs Plant – 20 yrs Design – 14 yrs	Life of author + 70 years or 95/120 years	Unlimited until abandoned; Federal registrations must be renewed
<b>Enforcement</b>	Misappropriation suit in State or Federal (diversity / TSA) Court	Infringement suit in Federal Court	Infringement suit in Federal Court	Infringement suit in State or Federal Court

# IPR and US Standards Development

IPR can pose challenges to the development and implementation of voluntary standards

- Standards developers have sought to ensure that a standard would infringe undisclosed patent claims, seeking royalties after a market has been locked in
- Standards developers have been unwilling to license their IPR (particularly patents) to others, impeding adoption of a standard
- Third party (non-member) owners of IPR essential to standard implementation have little or no incentive to license on reasonable terms
- SDO business models are often based in whole or part on the sale of copyrighted standards they develop

## Dell and Rambus Set the Stage for SDO Patent Policies

Dell's 1996 consent decree with the FTC regarding Dell's participation in a standard setting process hosted by the Video Electronics Standards Association (VESA):

- Dell failed to disclose to VESA its patent that it believed would be infringed by any implementation of the standard under consideration
- After adoption of the standard and its initial commercialization, Dell identified its patent and asserted a right to require royalties

FTC concluded that such behavior violated antitrust laws:

- Dell agreed to grant a royalty-free license to any implementer of the standard
- Dell was required to subject itself to oversight in its standards-related activities for a period of ten years

## Dell and Rambus Set the Stage for SDO Patent Policies

The non-manufacturer memory technology company Rambus is still in proceedings over its standards activities relating to SDRAM dating back to the early 1990s:

- FTC ruled in 2006 that Rambus illegally created a monopoly in certain standards-reliant technology by abusing the Joint Electron Device Engineering Council (JEDEC) standard setting process
- FTC required that Rambus license essential patent claims, set limits on the amount of royalties, and barred any royalties after three years
- FTC required Rambus to make complete disclosure of all relevant patents as required by any SSO, have a “Commission-approved compliance officer,” and maintain auditable records of its activities
- Appeals Court reversed the FTC in 2008, finding that it failed to prove monopolistic anti-competitive behavior

## IPR in Standards Setting – The ANSI “{Essential Requirements” Patent Policy

“There is no objection in principle to drafting an American National Standard (ANS) in terms that include the use of an essential patent claim (one whose use would be required for compliance with that standard) if it is considered that technical reasons justify this approach.”

## IPR in Standards Setting – The ANSI Patent Policy

“The ASD shall receive from the patent holder or a party authorized to make assurances on its behalf, in written or electronic form, either:

(a) assurance in the form of a general disclaimer to the effect that such party does not hold and does not currently intend holding any essential patent claim(s); or

(b) assurance that a license to such essential patent claim(s) will be made available to applicants desiring to utilize the license for the purpose of implementing the standard either:

(i) under reasonable terms and conditions that are demonstrably free of any unfair discrimination; or

(ii) without compensation and under reasonable terms and conditions that are demonstrably free of any unfair discrimination.”

## IPR in Standards Setting – The ANSI Patent Policy

“Neither the ASD nor ANSI is responsible for identifying patents for which a license may be required by an American National Standard or for conducting inquiries into the legal validity or scope of those patents that are brought to their attention.”

# IPR in Standards Setting – ANSI Guidelines for Implementing Patent Policy

## “Possible Procedures for Implementing the Policy”

- Early Disclosure of Patent Rights
  - Where known (no obligation to search)
  - By any participant (e.g., non-patent holders)
- Early Indication of a Willingness to License
  - Refusal may be ground to favor alternative technology
- Subsequently Discovered Patents
  - Same assurances required; failure to do so results in withdrawal of ANSI approval of standard

# IPR in Standards Setting – Other Forms of IPR

## Copyright – Ownership Typically Retained

- Member-contributed material is
  - irrevocably licensed to the SDO to make the contribution available to other members for purposes of considering its inclusion in a standard
  - licensed to the SDO to distribute the eventual standard with the contribution included, in whole or in part
  - Subject to agreement that the SDO will own the copyright in the final standard into which the contribution is incorporated (the SDO business model)
- The *Veeck* Case – “Does the government's decision to make the copyrighted proposals binding place the copyrighted material in the public domain? The First Circuit said maybe. The Second and Ninth Circuits said no. And nine of fifteen Fifth Circuit judges said yes.”

## IPR in Standards Setting – Other Forms of IPR

### Trademarks – Ownership Uniformly Retained

- IPR policies uniformly provide that members retain ownership of their trademarks, and SDOs retain ownership of theirs
- Trademarks particularly important to SDOs that conduct, or authorize the operation of, certification testing

### Confidentiality – All or Nothing

- IPR policies either define what is entitled to be maintained in confidence, or (more often) provide that nothing will be considered confidential
- Timing of disclosure to non-members is important as early knowledge of evolving standards is of commercial value

## Antitrust Considerations

In the United States, antitrust laws promote vigorous competition and protect consumers from anticompetitive mergers and business practices.

The [National Cooperative Research Act of 1984](#) permits organizations to collaborate to carry out joint research and development ventures and not be deemed illegal *per se* under Federal antitrust laws or similar State laws.



## Antitrust Considerations

SDOs with written procedures that provide for consensus, due process, openness, and an appeals mechanism are less likely to be liable for antitrust actions ***if those procedures are followed.***

NIST participants should always know the procedures and policies of the SDOs in which they participate.

***Whenever such procedures and policies are perceived to raise antitrust issues, this should be brought to the attention of the NIST Office of Chief Counsel.***

# Antitrust Considerations

## ***You should never discuss:***

- Any company's prices or pricing policies;
- Specific R&D, sales and marketing plans;
- Any company's confidential product, product development or production strategies;
- Whether certain suppliers or customers will be served;
- Prices paid to input sources; or
- Complaints about individual firms or other actions that might tend to hinder a competitor in any market.

Source: <http://www.incits.org/inatrust.htm>

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## Sovereign Immunity

The United States Government (USG) has sovereign immunity and may not be sued unless it has waived its immunity or consented to suit.

Individual USG employees acting within the scope of their duties will usually not be personally liable.

NIST management and staff may face personnel actions for misconduct in voluntary standards development activities.



Thank You

## The U.S. Standards System and Intellectual Property Rights

***QUESTIONS?***

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