

Your Standard Essential Patent (SEP) May Lose its Essentiality

Have you ever wondered how many billions does a Standard Essential Patent (SEP) fetch to a SEP owner? The answer is billions. The licensing fees associated with a SEP generates a huge amount of revenue for the SEP owner.

But what if the SEP unknowingly loses its essentiality? The upward curve of revenue will drop significantly if the SEP loses its value. To avoid this situation, we are here to discuss some of the factors responsible for the loss of the essentiality of a SEP patent. Before that, let us first discuss how a patent is declared as a Standard Essential Patent (SEP).

How is a patent declared as a SEP?

Reasons For Over-Declaration Of SEP

The standard setting organizations (SSOs) selects a specific technology for developing a standard. This information is provided by the SSO to the leading companies in the domain which can contribute to the development of the standard.

During the development phase of the standard, the SSO require their members to self-disclose the patents which are or might be essential to the development of the standard.



To facilitate the above-said process, the SSO for example European Telecommunications Standards Institute (ETSI) provides the patent owners the opportunity to declare a patent as a SEP even if they are not 100% sure. Below is the screen-shot of the ETSI Policy:

Source Link: <https://www.etsi.org/intellectual-property-rights>

But this overinclusive nature of the SSOs gives the patent owners freedom to take unfair advantage and sometimes knowingly declare non-SEP as SEP. Due to this practice, it has been reported by [Fairfield Resources International](#), an intellectual property consultancy that nearly **80 percent** of the SEPs declared in the telecommunication industry is not actually essential.

Possible Factors Which Can Lead SEPs To Non-SEPs

The next question which arises is that how are these non-essential SEP tackled? Well, there are some sure-shot strategies that can be adapted to knock out the declared SEP. Below is a brief description of some of the strategies along with realistic case studies associated with them.

1) Claim Amendments During Prosecution/Re-examination:

During the prosecution stage of the patent application wherein the patent application is under examination, either the patent application is abandoned due to failure to respond to an office action, or the scope of the patent application is narrowed following a rejection by the examiner. Therefore, the allowed claims might be narrowed compared to the original filing and the patent is no longer a SEP.

Below is the case study to illustrate this method:

There is a patent application [US20160219111A1](#) which was initially declared as a standard-essential patent under WFA Peer-to-Peer (P2P) specifications.

Claim Elements of <u>US20160219111A1</u>	Specification of WFA Peer-to-Peer (P2P) specifications
E1: Open an ASP session between the first ASP and a second ASP on a second device over a Peer to Peer (P2P) connection between the first and second devices. ("Open an Application Service Platform (ASP) session between two devices")	Step 1: An ASP session manages the link between a Service Advertiser and a Service Seeker.
E2: The ASP session uniquely identified by a combination of a session Media Access Control (MAC) address and a session identifier (id), which are included in a request session message.	Step 2: Each ASP session has the following data associated with it: Session MAC address, session identifier
E3: Receive from the second ASP a remove session message to close the ASP session, the remove session message comprising the session MAC address, the session id, and a reason field to indicate a reason for closing said ASP session. (Receive remove session message comprising the session MAC address, the session id, and a reason	Step 3: The REMOVE_SESSION message format is shown in Table 6.

field to indicate a reason for closing said ASP session.)	
E4: Send to a service on the first device a session status message indicating the ASP session is to be closed. (Send a message indicating the ASP session is to be closed to service.)	Step 4: The Session Status parameters are: Closed: The ASP session has transitioned from open or initiated to the closed state.

During the prosecution stage of the patent application US20160219111A1, the scope of the claim was narrowed, and an additional feature was included in the claim which is given below:

Claim Elements of <u>US20160219111A1</u>	Specification of WFA Peer-to-Peer (P2P) specifications.
Step 1: Open an Application Service Platform (ASP) session between two devices.	Step 1: An ASP session manages the link between a Service Advertiser and a Service Seeker.
Step 2: ASP session is uniquely identified by a combination of a session Media Access Control (MAC) address and a session identifier (id).	Step 2: Each ASP session has the following data associated with it: Session MAC address, session identifier.
Step 3: Receive remove session message comprising the session MAC address, the session id, and a reason field to indicate a reason for closing said ASP session.	Step 3: The REMOVE_SESSION message format is shown in Table 6.
Step 4: (Newly Added) Send an acknowledgment message to the second ASP to acknowledge receipt of the remove session message.	Not Disclosed in the given Standard.
Step 5: Send a message indicating the ASP session is to be closed to service.	Step 5: The Session Status parameters are: Closed: The ASP session has transitioned from open or initiated to the closed state.

With the help of the case study discussed above, we can conclude that many patent applications which were initially declared as SEPs might no longer be a SEP due to the amendments in the claims during the prosecution stage.

2) Standard Specification Revision:

Another method to rule out a declared SEP is during the Standard specification revision. A patent may have been declared SEP in the initial stages when the standard was not even finalized. As the specification of the standard keeps on varying during the drafting cycle, a declared SEP may not be essential to the final standard specification.

Below is the case study to illustrate this method:

There is a patent application **US20140126470A1** which was initially declared as a standard-essential patent under WFA Peer-to-Peer (P2P) specification.

Claim Elements of <u>US20140126470A1</u>	Specification of WFA Peer-to-Peer (P2P) Version 0.7	Specification of WFA Peer-to-Peer (P2P) Latest Version 1.7
KF 1: A first peer-to-peer (P2P)-enabled device configured to wirelessly transmit a first request message containing a request requiring a response; and (First P2P enabled device transmits the first request.)	ASP of the first device sends the P2P Provision discovery request.	ASP of the first device sends the P2P Provision discovery request.
KF 2: A second P2P-enabled device configured to wirelessly receive the first request message, (Second P2P enabled device received the first request.)	ASP of the second device receives a P2P Provision discovery request.	ASP of the second device receives a P2P Provision discovery request.
KF 3: Wherein, upon receiving the first request message, the second P2P-enabled device wirelessly transmits a second request message to the first P2P-enabled device, and (After receiving the first request, the second P2P-enabled device wirelessly transmits a second	ASP of the second device sends the P2P Provision discovery response.	ASP of the second device sends the P2P Provision discovery response.

request message to the first P2P-enabled device.)		
KF 4: Wherein, if the request contained in the first request message is rejected by the second P2P-enabled device, the second request message includes status control information indicating that the first request message is rejected. (If the request contained in the first request message is rejected by the second P2P-enabled device, the second request message includes status control information indicating that the first request message is rejected.)	The status field in the P2P Provision discovery response shall be set to null to indicate failure of the request.	Not Disclosed in the given version of Standard.

Conclusion - What lessons can patent owners learn?

An application declared as a SEP when it is not actually a SEP application can provide short term benefits but in the long run, it would be ruled out. Evidently, many patent applications that were initially declared as SEPs might no longer be a SEP due to the changes in the standard specifications over a period. Patent Owners should keep track of the different versions of the standards and once the final version is out for a particular standard, they should crosscheck the overlapping of the claims with the specification of the final version of the standard. In case the specification of the standard is changed in the latest versions, and the pending patent application is no longer a SEP, they can go for filing new patent applications, if possible, in form of continuation or continuation-in-part while taking leads from the amended sections of the standard specifications. Also, the claim amendments during the prosecution-phase/re-examination shall be done cautiously to not lose the essentiality of a potential SEP patent. This will help the patent owners in expanding the patent portfolio and reap fruits later during the patent cross-licensing and monetization phase.

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