

DOJ, USPTO, and NIST Withdraw 2019 Standards-Essential Patents (SEP) Policy Statement

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Synopsis

On June 8, 2022, the Department of Justice (DOJ), U.S. Patent and Trademark Office (USPTO) and the National Institute of Standards and Technology (NIST) (collectively, the Agencies) [announced](#) the withdrawal of the 2019 Policy Statement on Remedies for Standards-Essential Patents Subject to Voluntary F/RAND Commitments (2019 Statement). The Agencies chose not to institute a new SEP policy in its place, instead leaving the industry without any formal guidelines for SEP licensing and enforcement.

What the Withdrawal Does and Does Not Do

With the June 8 development, the 2019 Statement issued during the Trump Administration is formally withdrawn. The most impactful positions set out in the 2019 Statement were: (i) that SEP holders were allowed to seek injunctions against infringing technology implementers; and (ii) that SEP licensing disputes should not implicate antitrust laws.

The withdrawal, however, does *not* reinstate the Obama Administration's 2013 Policy Statement on Remedies for SEPs (2013 Statement), which strongly discouraged SEP injunctions. The Agencies' withdrawal of the 2019 Statement also does *not* institute the December 2021 Draft Policy Statement on Licensing Negotiations and Remedies for SEPs (2021 Draft Statement). The 2021 Draft Statement, while hotly debated by both SEP holders and implementers, sought to find a middle ground between the 2013 and 2019 Statements by stating that *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006) generally weighed against SEP injunctions, but that injunctions could still be available where an SEP implementer is unwilling or unable to enter into a license on Fair Reasonable and Non-Discriminatory (FRAND) terms.

How We Got Here

The state of SEP licensing and enforcement in the U.S. had been trending towards a middle ground policy ever since the Biden Administration took over. The first official indication of this shift came from Biden's July 2021 Executive Order on Promoting Competition in the American Economy, which was followed up by the 2021 Draft Statement. Both of these statements sought to promote innovation and fair competition in the U.S., but largely chose not to clearly denounce any specific licensing or enforcement practices or remedial actions.

While much of the public expected a version of the 2021 Draft Statement to be adopted in place of the 2019 Statement, it's important to recognize that the 2021 Draft Statement was issued before the Directors of NIST and the USPTO were confirmed. The fact that no version of the 2021 Draft Statement was adopted could be an indication that Assistant Attorney General Jonathan Kanter (DOJ), Director Laurie E. Locascio (NIST), and Director Kathi Vidal (USPTO) could not reach an agreement on the language for a policy to replace the 2019 Statement.

Practical Impact

In essence, the withdrawal, and decision not to implement a new SEP policy statement, creates a void where both SEP implementers and holders are left without any clear guidance. The lack of

a current SEP policy statement makes it difficult to predict how these agencies will treat SEP issues in the coming months. It's possible that the withdrawal of the 2019 Statement was an attempt by the Agencies to stop the policy ping-pong effect that had taken place with the 2013 and 2019 Statements. But if the withdrawal is in fact a result of the Agencies not being able to reach an agreement on SEP policy, then it's unlikely that we are going to see official guidance anytime soon.

Reading the tea leaves, particularly Jonathan Kanter's statements that the DOJ will "carefully scrutinize opportunistic conduct by any market player that threatens to stifle competition in violation of the law" with the hope that its "case-by-case approach will encourage good-faith efforts to reach F/RAND licenses and create consistency for antitrust enforcement policy," it appears that the DOJ is open to the idea of applying antitrust laws to SEP disputes (a clear reversal from the 2019 Statement). However, without any policy in place regarding the availability of SEP injunctions, it's possible that the courts consider injunctions on a case-by-case basis under the framework laid out in *eBay Inc. v. MercExchange, L.L.C.*, which would be closer to a continuation of the 2019 Statement rather than a return to the 2013 Statement.

In the short term, we should expect to see an increase in SEP disputes reaching the court system as SEP holders and implementers alike test the boundaries of what remedies and defenses are available to them in this policy-less period. We should also expect to see the DOJ's willingness to intervene in SEP lawsuits, potentially in support of SEP holders in some instances and implementers in others. It's also possible that SEP holders will seek relief from courts outside the U.S. where SEP injunctions and global licenses are more readily available.

We will be monitoring these developments and will provide analysis as they occur.

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