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2.10.2023

DRAFT OPINION

of the Committee on International Trade

for the Committee on Legal Affairs

on the Proposal for a Regulation of the European Parliament and of the Council
on Standard essential patents and amending Regulation (EU)2017/1001
(COM(2023)0232 – C9-0147/2023 – 2023\0133(COD))

Rapporteur for opinion: Danuta Maria Hübner

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AMENDMENTS

The Committee on International Trade calls on the Committee on Legal Affairs, as the committee responsible, to take the following into account:

Amendment 1

Proposal for a Regulation

Recital 3

Text proposed by the Commission

(3) SEPs are patents that protect technology that is incorporated in a standard. SEPs are ‘essential’ in the sense that implementation of the standard requires use of the inventions covered by SEPs. The success of a standard depends on its wide implementation and as such every stakeholder should be allowed to use a standard. To ensure wide implementation and accessibility of standards, standard development organisations demand the SEP holders that participate in standard development to commit to license those patents on FRAND terms and conditions to implementers that chose to use the standard. The FRAND commitment is a voluntary contractual commitment given by the SEP holder for the benefit of third parties, and it should be respected as such also by subsequent SEP holders. This Regulation should apply to patents that are essential to a standard that has been published by a standard development organisation, to which the SEP holder has made a commitment to license its SEPs on fair, reasonable and non-discriminatory (FRAND) terms and conditions and that is not subject to a royalty-free intellectual property policy, after the entry into force of this Regulation.

Amendment

(3) SEPs are patents that protect technology that is incorporated in a standard. SEPs are ‘essential’ in the sense that implementation of the standard requires use of the inventions covered by SEPs. The success of a standard depends on its wide implementation and as such every stakeholder should be allowed to use a standard. To ensure wide implementation and accessibility of standards, standard development organisations demand the SEP holders that participate in standard development to commit to license those patents on FRAND terms and conditions to implementers that chose to use the standard. The FRAND commitment is a voluntary contractual commitment given by the SEP holder for the benefit of third parties, and it should be respected as such also by subsequent SEP holders. This Regulation should apply to patents ***in force within the European Union*** that are essential to a standard that has been published by a standard development organisation, to which the SEP holder has made a commitment to license its SEPs on fair, reasonable and non-discriminatory (FRAND) terms and conditions and that is not subject to a royalty-free intellectual property policy, after the entry into force of this Regulation.

Or. en

Justification

The amendments reflects the fact that the European Union competence and jurisdiction is

limited to European patents, and as such the Union does not have jurisdiction in respect of patent rights granted by non-EU states.

Amendment 2

Proposal for a Regulation

Recital 4

Text proposed by the Commission

(4) There are well established commercial relationships and licensing practices for certain use cases of standards, such as the standards for wireless communications, with iterations over multiple generations leading to considerable mutual dependency and significant value visibly accruing to both SEP holders and implementers. There are other, typically more novel use cases – sometimes of the same standards or subsets thereof - with less mature markets, more diffuse and less consolidated implementer communities, for which unpredictability of royalty and other licensing conditions and the prospect of complex patent assessments and valuations and related litigation weigh more heavily on the incentives to deploy standardised technologies in innovative products. Therefore, in order to ensure a proportionate and well targeted response, ***certain procedures under this Regulation, namely the aggregate royalty determination and the compulsory FRAND determination prior to litigation,*** should not be applied to identified use cases of certain standards or parts thereof for which there is sufficient evidence that SEP licensing negotiations on FRAND terms do not give rise to significant difficulties or inefficiencies.

Amendment

(4) There are well established commercial relationships and licensing practices for certain use cases of standards, such as the standards for wireless communications, with iterations over multiple generations leading to considerable mutual dependency and significant value visibly accruing to both SEP holders and implementers. There are other, typically more novel use cases – sometimes of the same standards or subsets thereof - with less mature markets, more diffuse and less consolidated implementer communities, for which unpredictability of royalty and other licensing conditions and the prospect of complex patent assessments and valuations and related litigation weigh more heavily on the incentives to deploy standardised technologies in innovative products. Therefore, in order to ensure a proportionate and well targeted response, this Regulation should not be applied to identified use cases of certain standards or parts thereof for which there is sufficient evidence that SEP licensing negotiations on FRAND terms do not give rise to significant difficulties or inefficiencies.

Or. en

Justification

The proposed Regulation is based on the understanding that there are concerns about SEP

licensing and, in particular, about SEP licensing in future IoT industries. However, current evidence is inconclusive (see the "Empirical Assessment"), and the proposed measures are therefore in contrast with the Better Regulation principles, which require that any intervention in the markets is evidence-based. The Regulation should therefore not apply where significant difficulties or inefficiencies are not observed.

Amendment 3

Proposal for a Regulation

Recital 5

Text proposed by the Commission

Amendment

(5) *Whereas transparency in SEP licensing should stimulate a balanced investment environment, along entire Single Market value chains, in particular for emerging technology use cases underpinning Union objectives of green, digital and resilient growth, the Regulation should also apply to standards or parts thereof, published before its entry into force where inefficiencies in the licensing of the relevant SEPs severely distort the functioning of the internal market. This is particularly relevant for market failures hindering investment in the Single Market, the roll-out of innovative technologies or the development of nascent technologies and emerging use cases. Therefore, taking into account those criteria, the Commission should determine by a delegated act the standards or parts thereof that have been published before the entry into force of this Regulation and the relevant use cases, for which SEPs can be registered.* **deleted**

Or. en

Justification

Considering that there is no evidence of market failure in the impact assessment, the recital should be deleted and, more generally, there should not be retroactive effect (unless duly justified).

Amendment 4

Proposal for a Regulation Recital 6

Text proposed by the Commission

Amendment

(6) Because a FRAND commitment should be made for any SEP declared to any standard intended for repeated and continuous application, the meaning of standards should be broader than in Regulation (EU) No 1025/2012 of the European Parliament and of the Council³⁵. *deleted*

³⁵ *Regulation (EU) No 1025/2012 of the European Parliament and of the Council of 25 October 2012 on European standardisation, amending Council Directives 89/686/EEC and 93/15/EEC and Directives 94/9/EC, 94/25/EC, 95/16/EC, 97/23/EC, 98/34/EC, 2004/22/EC, 2007/23/EC, 2009/23/EC and 2009/105/EC of the European Parliament and of the Council and repealing Council Decision 87/95/EEC and Decision No 1673/2006/EC of the European Parliament and of the Council (OJ L 316, 14.11.2012, p. 12.)*

Or. en

Justification

The recital lacks a clear rationale and a clear scope. Regulations need total clarity as not to create legal uncertainty.

Amendment 5

Proposal for a Regulation Recital 8

Text proposed by the Commission

Amendment

(8) *In view of the global character of SEP licensing, references to aggregate royalty and FRAND determination may refer to global aggregate royalties and global FRAND determinations, or as otherwise agreed by the notifying stakeholders or the parties to the proceedings.* **deleted**

Or. en

Justification

The amendments reflects the fact that the European Union competence and jurisdiction is limited to European patents, and as such the Union does not have jurisdiction in respect of patent rights granted by non-EU states.

Amendment 6

Proposal for a Regulation Recital 10

Text proposed by the Commission

Amendment

(10) As there are specific procedures for assessing the validity and the infringement of patents, this Regulation should not affect such procedures.

(10) As there are specific procedures for assessing the validity and the infringement of patents, this Regulation should not affect such procedures. ***It is therefore necessary for the proposed FRAND determination procedure to run in parallel with such procedures.***

Or. en

Justification

Determination of validity and infringement of patent procedures are a prerequisite to any EU court determination of FRAND terms. It should therefore not be delayed by the FRAND determination procedure as provided in the COM Proposal.

Amendment 7

Proposal for a Regulation Recital 13

Text proposed by the Commission

(13) The competence centre should set up and administer an electronic register and an electronic database containing detailed information on SEPs in force in one or more Member States, including essentiality check results, opinions, reports, available case-law from jurisdictions across the globe, rules relating to SEPs in third countries, and results of studies specific to SEPs. In order to raise awareness and facilitate SEP licensing for SMEs, the competence centre should offer assistance to SMEs. The setting up and administering a system for essentiality checks and ***processes for aggregate royalty determination and*** FRAND determination by the competence centre should include actions improving the system and the processes on a continuous basis, including through the use of new technologies. In line with this objective, the competence centre should establish training procedures for evaluators of essentiality and conciliators for providing ***opinions on aggregate royalty as well as*** on FRAND determination and should encourage consistency in their practices.

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Or. en

Justification

For consistency with the deletion of the aggregate royalty mechanism.

Amendment 8

Proposal for a Regulation Recital 15

Text proposed by the Commission

Amendment

(15) Knowledge of the potential total royalty for all SEPs covering a standard (aggregate royalty) applicable to the implementations of that standard is important for the assessment of the royalty amount for a product, which plays a significant role for the manufacturer's cost determinations. It also helps SEP holder to plan expected return on investment. The publication of the expected aggregate royalty and the standard licensing terms and conditions for a particular standard would facilitate SEP licensing and reduce the cost of SEP licensing. Thus, it is necessary to make public the information on total royalty rates (aggregate royalty) and the standard FRAND terms and conditions of licensing. *deleted*

Or. en

Justification

For consistency with the deletion of the aggregate royalty mechanism.

Amendment 9

Proposal for a Regulation Recital 16

Text proposed by the Commission

Amendment

(16) SEP holders should have the opportunity to first inform the competence centre of the publication of the standard or the aggregate royalty which they have agreed upon among themselves. Except for those use cases of standards for which the Commission establishes that there are well established and broadly well-functioning licensing practices of SEPs, the competence centre may assist the parties in the relevant aggregate royalty *deleted*

determination. In this context, if there is no agreement on an aggregate royalty among SEP holders, certain SEP holders may request the competence centre to appoint a conciliator to assist the SEP holders willing to participate in the process in determining an aggregate royalty for the SEPs covering the relevant standard. In this case, the role of the conciliator would be to facilitate the decision-making by the participating SEP holders without making any recommendation for an aggregate royalty. Finally, it is important to ensure that there is a third independent party, an expert, that could recommend an aggregate royalty. Therefore, SEP holders and/or implementers should be able to request the competence centre for an expert opinion on an aggregate royalty. When such a request is made, the competence centre should appoint a panel of conciliators and administer a process in which all interested stakeholders are invited to participate. After receiving information from all of the participants, the panel should provide a non-binding expert opinion for an aggregate royalty. The expert opinion on the aggregate royalty should contain a non-confidential analysis of the expected impact of the aggregate royalty on the SEP holders and the stakeholders in the value chain. Important in this respect would be to consider factors such as, efficiency of SEP licensing, including insights from any customary rules or practices for licensing of intellectual property in the value chain and cross-licensing, and impact on incentives to innovate of SEP holders and different stakeholders in the value chain.

Or. en

Justification

A provision for SEP holders to collectively set an aggregate royalty for their SEPs risks a breach of competition law principles. The aggregate royalty may, in any event, be calculated

from individual rates that SEP holders are encouraged to publish. The determination of an aggregate royalty for an entire standard and specific use cases that the Commission proposes is fraught with difficulty and it has so far only been attempted a few times by national courts outside the EU. The few such cases have so far clearly demonstrated that the determination of an aggregate royalty for SEPs is a task that belongs to the courts of law. More generally, the Commission proposal appears to allow top-down price regulation, which is an infringement of Union principles unless there is a clear evidence of market failure (which in this case is absent). This provision should therefore be removed.

Amendment 10

Proposal for a Regulation

Recital 18

Text proposed by the Commission

(18) Once a standard has been notified ***or an aggregate royalty is specified, whichever is made first***, the competence centre will open the registration of SEPs by holders of SEPs in force in one or more Member States.

Amendment

(18) Once a standard has been notified, the competence centre will open the registration of SEPs by holders of SEPs in force in one or more Member States.

Or. en

Justification

For consistency with the deletion of the aggregate royalty mechanism.

Amendment 11

Proposal for a Regulation

Recital 20

Text proposed by the Commission

(20) ***SEP holders may register after the indicated time limit. However, in that case, SEP holders should not be able to collect royalties and claim damages for the period of delay.***

Amendment

deleted

Or. en

Justification

This provision is not compatible with the fundamental property right, granted under Article 17(2) of the Charter of Fundamental Rights of the European Union (2000/C 364/01) TFEU, namely the right to damages, and its non-observance should not be allowed merely in order to encourage compliance with an administrative procedure. It also runs counter Article 13(1) of the Enforcement Directive (2004/48/EC).

Amendment 12

Proposal for a Regulation

Recital 23

Text proposed by the Commission

(23) A SEP holder may also request the modification of a SEP registration. An interested stakeholder may also request the modification of a SEP registration, if it can demonstrate that the registration is inaccurate based on a definitive decision by a public authority. A SEP can only be removed from the register at the request of the SEP holder, if the patent is expired, was invalidated or found non-essential by a final decision or ruling of a competent court of a Member State ***or found non-essential under this Regulation.***

Amendment

(23) A SEP holder may also request the modification of a SEP registration. An interested stakeholder may also request the modification of a SEP registration, if it can demonstrate that the registration is inaccurate based on a definitive decision by a public authority. A SEP can only be removed from the register at the request of the SEP holder, if the patent is expired, was invalidated or found non-essential by a final decision or ruling of a competent court of a Member State.

Or. en

Justification

The EUIPO is not a court. Removal from the register renders a patent unenforceable.

Amendment 13

Proposal for a Regulation

Recital 25

Text proposed by the Commission

(25) These essentiality checks should be conducted on a sampling from SEP portfolios to ensure that the sample is capable of producing statistically valid

Amendment

(25) These essentiality checks should be conducted on a sampling from SEP portfolios to ensure that the sample is capable of producing statistically valid

results. The results of the sampled essentiality checks should determine the ratio of positively checked SEPs from all the SEPs registered by each SEP holder. ***The essentiality rate should be updated annually.***

results. The results of the sampled essentiality checks should determine the ratio of positively checked SEPs from all the SEPs registered by each SEP holder.

Or. en

Justification

Essentiality checks are highly time consuming and it would be a too big work burden to redo annually.

Amendment 14

Proposal for a Regulation Recital 26

Text proposed by the Commission

(26) SEP holders ***or implementers*** may also designate annually up to 100 registered SEPs for essentiality checks. If the pre-selected SEPs are confirmed essential, the SEP holders may use this information in negotiations and as evidence in courts, without prejudicing the right of an implementer to challenge the essentiality of a registered SEP in court. The selected SEPs would have no bearing on the sampling process as the sample should be selected from all registered SEPs of each SEP holder. If a preselected SEP and a SEP selected for the sample set are the same, only one essentiality check should be done. Essentiality checks should not be repeated on SEPs from the same patent family.

Amendment

(26) SEP holders may also designate annually up to 100 registered SEPs for essentiality checks. If the pre-selected SEPs are confirmed essential, the SEP holders may use this information in negotiations and as evidence in courts, without prejudicing the right of an implementer to challenge the essentiality of a registered SEP in court. The selected SEPs would have no bearing on the sampling process as the sample should be selected from all registered SEPs of each SEP holder. If a preselected SEP and a SEP selected for the sample set are the same, only one essentiality check should be done. Essentiality checks should not be repeated on SEPs from the same patent family.

Or. en

Justification

The scope for implementers to each nominate up to 100 patents per year for essentiality checking has the potential to overwhelm the competence centre and could be used to "game" the system and cause further delays to licensing.

Amendment 15

Proposal for a Regulation Recital 30

Text proposed by the Commission

(30) It is necessary to ensure that the registration and ensuing obligations provided for in this Regulation are not circumvented by removing a SEP from the register. When an evaluator finds a claimed SEP non-essential, only the SEP holder can request its removal from the register and only after the **annual** sampling process has been completed and the proportion of true SEPs from the sample has been established and published.

Amendment

(30) It is necessary to ensure that the registration and ensuing obligations provided for in this Regulation are not circumvented by removing a SEP from the register. When an evaluator finds a claimed SEP non-essential, only the SEP holder can request its removal from the register and only after the sampling process has been completed and the proportion of true SEPs from the sample has been established and published.

Or. en

Amendment 16

Proposal for a Regulation Recital 33

Text proposed by the Commission

(33) The FRAND determination would be a mandatory step before a SEP holder would be able to initiate patent infringement proceedings or an implementer could request a determination or assessment of FRAND terms and conditions concerning a SEP before a competent court of a Member State. However, the obligation to initiate FRAND determination before the relevant court proceedings should not be required for SEPs covering those use cases of standards for which the Commission establishes that there are no significant difficulties or inefficiencies in licensing on FRAND terms.

Amendment

deleted

Justification

The Regulation should not affect access to courts which should remain available during FRAND determination.

Amendment 17

Proposal for a Regulation
Recital 34

Text proposed by the Commission

(34) Each party may choose whether it wishes to engage in the procedure and commit to comply with its outcome. ***Where a party does not reply to the FRAND determination request or does not commit to comply with the outcome of the FRAND determination, the other party should be able to request either the termination or the unilateral continuation of the FRAND determination. Such a party should not be exposed to litigation during the time of the FRAND determination. At the same time,*** the FRAND determination should be an effective procedure for the parties to reach agreement ***before*** litigation or to obtain a determination to be used in further proceedings. Therefore, the party or parties that commit to complying with the outcome of the FRAND determination and duly engage in the procedure should be able to benefit from its completion.

Amendment

(34) Each party may choose whether it wishes to engage in the procedure and commit to comply with its outcome. The FRAND determination should be an effective procedure for the parties to reach agreement ***and settle any ongoing*** litigation or to obtain a determination to be used in further proceedings. Therefore, the party or parties that commit to complying with the outcome of the FRAND determination and duly engage in the procedure should be able to benefit from its completion.

Justification

The one-sided continuation can be used in bad faith to cause further delay without risk. Furthermore, because a one-sided continuation is inherently unreliable and will be biased against the absent party, it is effectively a punitive measure. It seems inappropriate to introduce punitive measures in this Regulation.

Amendment 18

Proposal for a Regulation Recital 35

Text proposed by the Commission

(35) The obligation to initiate FRAND determination should not be detrimental to the effective protection of the parties' rights. ***In that respect, the party that commits to comply with the outcome of the FRAND determination while the other party fails to do so should be entitled to initiate proceedings before the competent national court pending the FRAND determination. In addition,*** either party should be able to request a provisional injunction of a financial nature before the competent court. In a situation where a FRAND commitment has been given by the relevant SEP holder, provisional injunctions of an adequate and proportionate financial nature should provide the necessary judicial protection to the SEP holder who has agreed to license its SEP on FRAND terms, while the implementer should be able to contest the level of FRAND royalties or raise a defence of lack of essentiality or of invalidity of the SEP. In those national systems that require the initiation of the proceedings on the merits of the case as a condition to request the interim measures of a financial nature, it should be possible to initiate such proceedings, ***but the parties should request that the case be suspended during the FRAND determination.*** When determining what level of the provisional injunction of financial nature is to be deemed adequate in a given case, account should be taken, inter alia, of the economic capacity of the applicant and the potential effects for the effectiveness of the measures applied for, in particular for SMEs, also in order to prevent the abusive use of such measures. ***It should also be clarified that once the FRAND determination is terminated, the whole***

Amendment

(35) The obligation to initiate FRAND determination should not be detrimental to the effective protection of the parties' rights ***to address infringement and validity of SEPs. Therefore,*** the FRAND determination ***should run in parallel to any court*** proceedings. Either party should be able to request a provisional injunction of a financial nature before the competent court. In a situation where a FRAND commitment has been given by the relevant SEP holder, provisional injunctions of an adequate and proportionate financial nature should provide the necessary judicial protection to the SEP holder who has agreed to license its SEP on FRAND terms, while the implementer should be able to contest the level of FRAND royalties or raise a defence of lack of essentiality or of invalidity of the SEP. In those national systems that require the initiation of the proceedings on the merits of the case as a condition to request the interim measures of a financial nature, it should be possible to initiate such proceedings. When determining what level of the provisional injunction of financial nature is to be deemed adequate in a given case, account should be taken, inter alia, of the economic capacity of the applicant and the potential effects for the effectiveness of the measures applied for, in particular for SMEs, also in order to prevent the abusive use of such measures.

range of measures, including provisional, precautionary and corrective measures, should be available to parties.

Or. en

Justification

Commitment to comply is not binding and can be manipulated according to one's own interests. Validity and infringement need to be addressed at the same time as FRAND determination. This provision further assists a bad faith one-sided continuation by placing the continuing party at a litigation advantage. Manipulation of the litigation positions, i.e. respective access to justice, to encourage use of this procedure is inadvisable for the reasons given above and is probably unlawful. A defence of lack of essentiality or invalidity takes time to conclude; this is another reason why the FRAND determination should proceed in parallel with any court proceedings.

Amendment 19

Proposal for a Regulation Recital 37

Text proposed by the Commission

(37) Upon appointment, the conciliation centre should refer the FRAND determination to the conciliator, who should examine whether the request contains the necessary information, and communicate the schedule of procedure to the parties ***or the party requesting the continuations of the FRAND determination.***

Amendment

(37) Upon appointment, the conciliation centre should refer the FRAND determination to the conciliator, who should examine whether the request contains the necessary information, and communicate the schedule of procedure to the parties.

Or. en

Justification

This AM is needed for consistency with the idea that both parties have to agree to continue the FRAND determination (no one-sided continuation).

Amendment 20

Proposal for a Regulation Recital 40

Text proposed by the Commission

(40) If a party initiates a procedure in a jurisdiction outside the Union resulting in legally binding and enforceable decisions regarding the same standard that is subject to FRAND determination and its implementation, or including SEPs from the same patent family as SEPs subject to FRAND determination and involving one or more of the parties to the FRAND determination as a party; before or during of the FRAND determination **by a party**, the conciliator, or where he/she has not been appointed has not been established, the competence centre, should be able to terminate the procedure upon the request of the other party.

Amendment

(40) If a party initiates a procedure in a jurisdiction outside the Union resulting in legally binding and enforceable decisions regarding the same standard that is subject to FRAND determination and its implementation, or including SEPs from the same patent family as SEPs subject to FRAND determination and involving one or more of the parties to the FRAND determination as a party; before or during of the FRAND determination, the conciliator, or where he/she has not been appointed has not been established, the competence centre, should be able to terminate the procedure upon the request of **one of** the other party.

Or. en

Justification

It should be allowed to any party to make the request to terminate the procedure.

Amendment 21

Proposal for a Regulation

Recital 42

Text proposed by the Commission

(42) The Regulation respects the intellectual property rights of patent owners (Article 17(2) of EU Charter of Fundamental Rights), although it includes a restriction on the ability to enforce a SEP that has not been registered within a certain time-limit and introduces a requirement to conduct a FRAND determination before enforcing individual SEPs. The limitation on the exercise of intellectual property rights is allowed under the EU Charter, provided that the proportionality principle is respected. According to settled case-law,

Amendment

deleted

fundamental rights can be restricted provided that those restrictions correspond to objectives of general interest pursued by the Union and do not constitute, with regard to the aim pursued, a disproportionate and intolerable interference which infringes the very essence of the rights guaranteed³⁹. In that respect, this Regulation is in the public interest in that it provides a uniform, open and predictable information and outcome on SEPs for the benefit of SEP holder, implementers and end users, at Union level. It aims at dissemination of technology for the mutual advantage of the SEP holders and implementers. Furthermore, the rules concerning the FRAND determination are temporary thus limited and aimed at improving and streamlining the process but are not ultimately binding.⁴⁰

³⁹ *Judgment of the Court of Justice of 13 December 1979, Hauer v. Land Rheinland-Pfalz, C-44/79, EU:C:1979:290, para. 32; judgment of the Court of Justice of 11 July 1989, Hermann Schröder HS Kraftfutter GmbH & Co. KG v. Hauptzollamt Gronau, C-256/87, EU:C:1999:332, para. 15, and judgment of the Court of Justice of 13 July 1989, Hubert Wachauf v. Bundesamt für Ernährung und Forstwirtschaft, C-5/88, EU:C:1989:321, paras. 17 and 18.*

⁴⁰ *The conciliation procedure follows the conditions for mandatory recourse to alternative dispute settlement procedures as a condition for the admissibility of an action before the courts, as outlined in the CJEU judgments; Joint Cases C-317/08 to C-320/08 Alassini and Others of 18 March 2010, and Case C-75/16 Menini and Rampanelli v. Banco Popolare Società Cooperativa of 14 June 2017, taking into account the specificities of SEP licensing.*

Justification

The cases mentioned in footnote 40 concerned consumer disputes with service providers under the Universal Services Directive. The CJEU held that a delay of 30 days for a mandatory dispute resolution procedure, in which there were no fees charged and the procedure itself was "transparent simple and inexpensive", was not unlawful, provided that interim measures remained available where necessary. This was in the context of reducing the workload on the courts concerning consumer debt for universal services, and the cases did not concern property rights of any kind and are not comparable to the context of this Regulation. Case C-75/16 similarly concerns consumer disputes with traders and a mandatory mediation scheme intended to protect consumers, and the outcome of that case is, once more, not comparable with the scheme proposed in the Regulation.

Amendment 22

Proposal for a Regulation Recital 44

Text proposed by the Commission

(44) When **determining the aggregate royalties and** making FRAND determinations the conciliators should take into account in particular any Union acquis and judgments of the Court of Justice pertaining to SEPs as well as guidance issued under this Regulation, the Horizontal Guidelines⁴² and the Commission's 2017 Communication 'Setting out the EU approach to Standard Essential Patents'.⁴³ Furthermore, the conciliators should consider any expert opinion on **the aggregate royalty** or in the absence thereof, should request information from the parties before it makes its final proposals **well as guidance issued under this Regulation, as well as guidance issued under this Regulation.**

⁴² Communication from the Commission – Guidelines on the applicability of Article 101 of the Treaty on the Functioning of the European Union to horizontal co-operation agreements, OJ C 11, 14.01.2011, pp. 1

Amendment

(44) When making FRAND determinations the conciliators should take into account in particular any Union acquis and judgments of the Court of Justice pertaining to SEPs as well as guidance issued under this Regulation, the Horizontal Guidelines⁴² and the Commission's 2017 Communication 'Setting out the EU approach to Standard Essential Patents'.⁴³ Furthermore, the conciliators should consider any expert opinion on **FRAND determination** or in the absence thereof, should request information from the parties before it makes its final proposals.

⁴² Communication from the Commission – Guidelines on the applicability of Article 101 of the Treaty on the Functioning of the European Union to horizontal co-operation agreements, OJ C 11, 14.01.2011, pp. 1

(currently under review)

⁴³ Communication on Setting out the EU approach to Standard Essential Patents, COM(2017)712 final, 29.11.2017.

(currently under review)

⁴³ Communication on Setting out the EU approach to Standard Essential Patents, COM(2017)712 final, 29.11.2017.

Or. en

Justification

For consistency with the deletion of the aggregate royalty mechanism.

Amendment 23

Proposal for a Regulation

Recital 46

Text proposed by the Commission

(46) SMEs may be involved in SEP licensing both as SEP holders and implementers. ***While there are currently a few SME SEP holders,*** the efficiencies produced with this Regulation ***are likely to*** facilitate the licensing of their ***SEP***. Additional conditions are necessary to relieve the cost burden on such SMEs such as reduced administration fees and potentially reduced fees for essentiality checks and conciliation in addition to free support and trainings. The SEPs of micro and small enterprises should not be the subject of sampling for essentiality check, but they should be able to propose SEPs for essentiality checks if they wish to. SME implementers should likewise benefit from reduced access fees and free support and trainings. Finally, SEP holders should be encouraged to incentivise licensing by SMEs through low volume discounts or exemptions from FRAND royalties.

Amendment

(46) SMEs may be involved in SEP licensing both as SEP holders and implementers. The efficiencies produced with this Regulation ***should also*** facilitate the licensing of ***SME SEP holders to ensure a fair return on their investment and encourage SME participation in standards development.*** Additional conditions are necessary to relieve the cost burden on such SMEs such as reduced ***administrative burden,*** administration fees and potentially reduced fees for essentiality checks and conciliation in addition to free support and trainings. The SEPs of micro and small enterprises should not be the subject of sampling for essentiality check, but they should be able to propose SEPs for essentiality checks if they wish to. SME implementers should likewise benefit from reduced access fees and free support and trainings. Finally, SEP holders should be encouraged to incentivise licensing by SMEs through low volume discounts or exemptions from FRAND royalties.

Or. en

Justification

The European Commission has been actively promoting and funding the participation of European SMEs in EU standards efforts and the patenting of their inventions. This regulation should be consistent with this policy, and it should seek to promote European technological ambitions, including fostering the growth of EU technology champions.

Amendment 24

Proposal for a Regulation Recital 47

Text proposed by the Commission

(47) In order to ***supplement certain non-essential elements*** of this Regulation, the power to adopt acts, in accordance with Article 290 of the Treaty on the Functioning of the European Union, should be delegated to the Commission ***in respect of the items to be entered in the register or in respect of determining the relevant existing standards*** or to identify use cases of standards or parts thereof for which the Commission establishes that there are no significant difficulties or inefficiencies in licensing on FRAND terms. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making⁴⁴. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.

⁴⁴ OJ L 123, 12.5.2016, p. 1.

Amendment

(47) In order to ***supplement certain non-essential elements*** of this Regulation, the power to adopt acts, in accordance with Article 290 of the Treaty on the Functioning of the European Union, should be delegated to the Commission to identify use cases of standards or parts thereof for which the Commission establishes that there are no significant difficulties or inefficiencies in licensing on FRAND terms. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making⁴⁴. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.

⁴⁴ OJ L 123, 12.5.2016, p. 1.

Justification

Only use cases to the extent there is proof that they do not give rise to inefficiencies.

Amendment 25
Proposal for a Regulation
Recital 48
Text proposed by the Commission

(48) In order to ensure uniform conditions for the implementation of the relevant provisions of this Regulation, implementing powers should be conferred on the Commission to adopt the detailed requirements for the selection of evaluators and conciliators, as well as adopt the rules of procedure and Code of Conduct for evaluators and conciliators. The Commission should also adopt the technical rules for the selection of a sample of SEPs for essentiality checks and the methodology for the conduct of such essentiality checks by evaluators and peer evaluators. The Commission should also determine any administrative fees for its services in relation to the tasks under this Regulation and fees for the services evaluators, experts and conciliators, derogations thereof and payment methods and adapt them as necessary. ***The Commission should also determine the standards or parts thereof that have been published before the entry into force of this Regulation, for which SEPs can be registered.*** Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council.⁴⁵

⁴⁵ Regulation (EU) No 182/2011 of the European Parliament and of the Council laying down the rules and general principles concerning mechanisms for

Amendment

(48) In order to ensure uniform conditions for the implementation of the relevant provisions of this Regulation, implementing powers should be conferred on the Commission to adopt the detailed requirements for the selection of evaluators and conciliators, as well as adopt the rules of procedure and Code of Conduct for evaluators and conciliators. The Commission should also adopt the technical rules for the selection of a sample of SEPs for essentiality checks and the methodology for the conduct of such essentiality checks by evaluators and peer evaluators. The Commission should also determine any administrative fees for its services in relation to the tasks under this Regulation and fees for the services evaluators, experts and conciliators, derogations thereof and payment methods and adapt them as necessary. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council.⁴⁵

⁴⁵ Regulation (EU) No 182/2011 of the European Parliament and of the Council laying down the rules and general principles concerning mechanisms for

control by the Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13.)

control by the Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13.)

Or. en

Justification

Only future standard and use cases should be covered in this Regulation, in order to ensure legal certainty.

Amendment 26

Proposal for a Regulation Recital 49

Text proposed by the Commission

(49) Regulation (EU) 2017/1001 of the European Parliament and of the Council⁴⁶ should be amended to empower EUIPO to take on the tasks under this Regulation. The functions of the Executive Director should also be expanded to include the powers conferred on him under this Regulation. Furthermore, the EUIPO's arbitration and mediation centre should be empowered to set up processes such as the ***aggregate royalty determination and the FRAND determination***.

⁴⁶ Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark (OJ L 154, 16.6.2017, p. 1.)

Amendment

(49) Regulation (EU) 2017/1001 of the European Parliament and of the Council⁴⁶ should be amended to empower EUIPO to take on the tasks under this Regulation. The functions of the Executive Director should also be expanded to include the powers conferred on him under this Regulation. Furthermore, the EUIPO's arbitration and mediation centre should be empowered to set up processes such as the FRAND determination.

⁴⁶ Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark (OJ L 154, 16.6.2017, p. 1.)

Or. en

Justification

For consistency with the deletion of the aggregate royalty mechanism.

Amendment 27

Proposal for a Regulation

Article 1 – paragraph 2 – introductory part

Text proposed by the Commission

2. This Regulation shall apply to patents that are essential to a standard that has been published by a standard development organisation, to which the SEP holder has made a commitment to license its SEPs on fair, reasonable and non-discriminatory (FRAND) terms and conditions and that is not subject to a royalty-free intellectual property policy,

Amendment

2. This Regulation shall apply to patents that ***are in force in one or more Member States and*** are essential to a standard that has been published by a standard development organisation, to which the SEP holder has made a commitment to license its SEPs on fair, reasonable and non-discriminatory (FRAND) terms and conditions and that is not subject to a royalty-free intellectual property policy, ***after the date of entry into force of this Regulation.***

Or. en

Justification

The Regulation should apply to future standards, to have legal certainty.

Amendment 28

Proposal for a Regulation

Article 1 – paragraph 2 – point a

Text proposed by the Commission

(a) after the entry into force of this Regulation, with the exceptions provided in paragraph 3;

Amendment

deleted

Or. en

Amendment 29

Proposal for a Regulation

Article 1 – paragraph 2 – point b

Text proposed by the Commission

Amendment

(b) before the entry into force of this Regulation, in accordance with Article 66.

deleted

Or. en

Amendment 30

Proposal for a Regulation Article 1 – paragraph 3

Text proposed by the Commission

Amendment

3. Articles 17 and 18 and Article 34(1) shall not apply to SEPs to the extent that they are implemented for use cases identified by the Commission in accordance with paragraph 4.

deleted

Or. en

Justification

Paragraph no longer necessary under the revised structure.

Amendment 31

Proposal for a Regulation Article 1 – paragraph 4

Text proposed by the Commission

Amendment

4. Where there is sufficient evidence that, as regards identified use cases of certain standards or parts thereof, SEP licensing negotiations on FRAND terms do not give rise to significant difficulties or inefficiencies affecting the functioning of the internal market, the Commission shall, after an appropriate consultation process, by means of a delegated act pursuant to Article 67, establish a list of such use cases, standards or parts thereof, **for the**

4. Where there is sufficient evidence that, as regards identified use cases of certain standards or parts thereof, SEP licensing negotiations on FRAND terms do not give rise to significant difficulties or inefficiencies affecting the functioning of the internal market, the Commission shall, **by [OJ: please insert the date: 18 months from the date of entry into force of this Regulation], and** after an appropriate consultation process, by means of a delegated act pursuant to Article 67,

purposes of paragraph 3.

establish a list of such use cases, standards or parts thereof.

Or. en

Justification

The proposed Regulation is based on the understanding that there are concerns about SEP licensing and, in particular, about SEP licensing in future IoT industries. However, current evidence is inconclusive (see the "Empirical Assessment"), and the proposed measures are therefore in contrast with the Better Regulation principles, which require that any intervention in the markets is evidence-based. The Regulation should therefore not apply where significant difficulties or inefficiencies are not observed.

Amendment 32

Proposal for a Regulation

Article 2 – paragraph 1 – point 1

Text proposed by the Commission

(1) ‘standard essential patent’ or ‘SEP’ means any patent that is essential to a standard;

Amendment

(1) ‘standard essential patent’ or ‘SEP’ means any patent that is ***in force in one or more Member States, that is*** essential to a standard, ***and for which the SEP holder has made a commitment to license its SEPs on FRAND terms and conditions.***

Or. en

Justification

The Regulation cannot extend beyond European patents that are essential and for which a FRAND commitment has been made.

Amendment 33

Proposal for a Regulation

Article 2 – paragraph 1 – point 7

Text proposed by the Commission

(7) ‘implementer’ means a natural or legal person that implements, or intends to implement, a standard in a product,

Amendment

(7) ‘implementer’ means a natural or legal person that implements, or intends to implement, a standard in a product, process, service or system ***on the Union***

process, service or system;

market;

Or. en

Justification

Unless an implementer intends to use inventions that are protected by a European patent the implementer has no legal nexus with the European Union (unless they are resident in a Member State).

Amendment 34

Proposal for a Regulation

Article 2 – paragraph 1 – point 10

Text proposed by the Commission

Amendment

(10) ‘aggregate royalty’ means the maximum amount of royalty for all patents essential to a standard;

deleted

Or. en

Justification

No longer necessary under the revised structure.

Amendment 35

Proposal for a Regulation

Article 2 – paragraph 1 – point 11

Text proposed by the Commission

Amendment

(11) ‘patent pool’ means an entity created by an agreement between two or more SEP holders to license one or more of their *patents* to one another or to third parties;

(11) ‘patent pool’ means an entity created by an agreement between two or more SEP holders to license one or more of their *SEPs* to one another or to third parties;

Or. en

Justification

See definition of SEP.

Amendment 36

Proposal for a Regulation

Article 2 – paragraph 1 – point 15

Text proposed by the Commission

Amendment

(15) **‘recommendation of a standard’ means expression, in the content of a document, that conveys a suggested possible choice or course of action deemed to be particularly suitable without necessarily mentioning or excluding others;** **deleted**

Or. en

Justification

No longer necessary under the revised structure.

Amendment 37

Proposal for a Regulation

Article 2 – paragraph 1 – point 16

Text proposed by the Commission

Amendment

(16) **‘patent family’ means a collection of patent documents that *cover the same invention and whose members have the same priorities*;** (16) **‘patent family’ means a collection of patent documents that *all have at least one priority in common, including the priority document(s) themselves*.**

Or. en

Justification

The current text of the definition of "patent family" is very difficult to implement because "cover the same invention" is open to interpretation and has a subjective element. The definition has important effects – see footnote 60 at page 68 of the Pilot Study for Essentiality Assessment of Standard Essential Patents published by the JRC – we therefore suggest using the ETSI patent family definition.

Amendment 38

Proposal for a Regulation

Article 3 – paragraph 2 – point f

Text proposed by the Commission

Amendment

(f) administer a process for aggregate royalty determination;

deleted

(Please note that the numbering of the following points within the list under paragraph 2 should be adjusted accordingly.)

Or. en

Amendment 39

Proposal for a Regulation

Article 4 – paragraph 3 – point c

Text proposed by the Commission

Amendment

(c) the standard version, the technical specification and *the specific sections* of the technical specification for which the patent is considered essential;

(c) the standard version, the technical specification and *the illustrative section* of the technical specification for which the patent is considered essential;

Or. en

Justification

It is unnecessary, burdensome and costly to require identification of all sections for which the standard is essential. Such a provision is likely to lead to further litigation and is not necessary for the purposes of establishing whether a patent is essential and therefore required to be licensed.

Amendment 40

Proposal for a Regulation

Article 4 – paragraph 4 – point b

Text proposed by the Commission

Amendment

(b) the grant or transfer of a licence

deleted

***through patent pools, where applicable
pursuant to Article 9;***

*(Please note that the numbering of the
following points within the list under
paragraph 4 should be adjusted
accordingly.)*

Or. en

Justification

The COM proposal seems to be unnecessary because under Article 9 patent pools are required to publish lists of licensees by sector. For significant patent pools, this additional requirement would impose a large administrative burden. This amendment is also consistent with the deletion of the aggregate royalty and of the possibility to suspend SEPs from the register.

Amendment 41

Proposal for a Regulation

Article 4 – paragraph 4 – point f

Text proposed by the Commission

(f) date of publication of information pursuant to Article 19(1) ***in conjunction with Article 14(7), Article 15(4) and Article 18(11);***

Amendment

(f) date of publication of information pursuant to Article 19(1);

Or. en

Justification

The COM proposal seems to be unnecessary because under Article 9 patent pools are required to publish lists of licensees by sector. For significant patent pools this additional requirement would impose a large administrative burden. This AM is also consistent with the deletion of the aggregate royalty and of the possibility to suspend SEPs from the register.

Amendment 42

Proposal for a Regulation

Article 4 – paragraph 4 – point g

Text proposed by the Commission

(g) ***the date of suspension of the SEP***

Amendment

deleted

from the Register pursuant to Article 22;

Or. en

Justification

The COM proposal seems to be unnecessary because under Article 9 patent pools are required to publish lists of licensees by sector. For significant patent pools this additional requirement would impose a large administrative burden. This AM is also consistent with the deletion of the aggregate royalty and of the possibility to suspend SEPs from the register.

Amendment 43

**Proposal for a Regulation
Article 4 – paragraph 5**

Text proposed by the Commission

Amendment

5. *The Commission is empowered to adopt delegated acts in accordance with Article 67, amending paragraphs (3) and (4) to determine items other than those referred to in paragraphs (3) and (4) that are to be entered in the Register for the purposes of this Regulation.* *deleted*

Or. en

Justification

The registration requirements constitute a heavy administrative burden and it is unjustified for the Commission to continuously change the set of requirements.

Amendment 44

**Proposal for a Regulation
Article 5 – paragraph 2 – point a**

Text proposed by the Commission

Amendment

(a) *patent bibliographic data on the claimed SEP or SEP, including priority date, family members, grant date and expiration date;* *deleted*

(Please note that the numbering of the

following points within the list under paragraph 2 should be adjusted accordingly.)

Or. en

Justification

The registration of patent bibliographic data is administratively burdensome, costly, and duplicative, since all of this information (and much more) is readily available free of charge on the European Patent Office's "Espacenet" online database, which is a primary tool used by patent professionals.

Amendment 45

Proposal for a Regulation

Article 5 – paragraph 2 – point d

Text proposed by the Commission

(d) information regarding known products, processes, services or systems and implementations pursuant to Article 7, *first paragraph, point (b)*;

Amendment

(d) information regarding known products, processes, services or systems and implementations pursuant to Article 7;

Or. en

Amendment 46

Proposal for a Regulation

Article 5 – paragraph 2 – point f

Text proposed by the Commission

(f) *non-confidential information on FRAND determinations pursuant to Article 11;*

Amendment

deleted

Or. en

Justification

Deletion of point (f) is consistent with the suggestions to protect confidentiality put forward in other AMs.

Amendment 47

Proposal for a Regulation

Article 5 – paragraph 2 – point g

Text proposed by the Commission

Amendment

(g) information on aggregate royalties pursuant to Articles 15, 16 and 17; **deleted**

Or. en

Justification

Deletion of point (g) is consistent with the deletion of aggregate royalty put forward in other AMs.

Amendment 48

Proposal for a Regulation

Article 5 – paragraph 2 – point h

Text proposed by the Commission

Amendment

(h) expert opinions referred to in Article 18; **deleted**

Or. en

Justification

Deletion of point (h) is consistent with the deletion of aggregate royalty put forward in other AMs.

Amendment 49

Proposal for a Regulation

Article 6 – paragraph 1

Text proposed by the Commission

Amendment

1. When a party requests that data and documents of the database be kept confidential, that party shall provide a non-

1. When a party requests that data and documents of the database be kept confidential, that party shall, ***so far as***

confidential version of the information submitted in confidence in sufficient detail to permit a reasonable understanding of the substance of the information submitted in confidence. The competence centre may disclose that non-confidential version.

reasonably possible, provide a non-confidential version of the information submitted in confidence in sufficient detail to permit a reasonable understanding of the substance of the information submitted in confidence. The competence centre may disclose that non-confidential version.

Or. en

Justification

Data expressed by numerical values such as royalty rates, product volumes, etc cannot be reduced to a non-confidential form.

Amendment 50

Proposal for a Regulation Article 7 - paragraph - 1a (new)

Text proposed by the Commission

Amendment

-1a. An implementer shall provide to the competence centre information as regards the products, processes, services or systems available in the Union Market that it provides or intends to provide, that are compliant with a standard published by a standard development organization that requires a FRAND commitment, identifying the standard concerned.

Or. en

Amendment 51

Proposal for a Regulation Article 7 – paragraph 1 – introductory part

Text proposed by the Commission

Amendment

1. A SEP holder shall provide to the competence centre ***the following*** information:

1. A SEP holder shall provide to the competence centre information, ***where available, about its standard terms and conditions for SEP licensing, including its***

royalty and discount policies, within 7 months from the opening of the registration for the relevant standard and implementation by the competence center.

Or. en

Justification

Implementers using, or intending to use, standardised technologies should seek licenses for their use. The starting point is to inform the EUIPO competence centre of the uses they make. SEP holders are not in a position to do this, and it is necessary for implementers to engage.

Amendment 52

Proposal for a Regulation

Article 7 – paragraph 1 – point a

Text proposed by the Commission

Amendment

(a) information as regards the products, processes, services or systems in which the subject-matter of the SEP may be incorporated or to which it is intended to be applied, for all existing or potential implementations of a standard, to the extent such information is known to the SEP holder.

deleted

Or. en

Amendment 53

Proposal for a Regulation

Article 7 – paragraph - 1a (new)

Text proposed by the Commission

Amendment

-1a. An implementr shall provide to the competence centre information as regards the products, processes, service or systems available in the Union Market that it provides or intends to provide, that are compliant with a standard published by a

standard development organisation that requires a FRAND commitment, identifying the standard concerned.

Or. en

Amendment 54

Proposal for a Regulation

Article 8 – paragraph 1 – introductory part

Text proposed by the Commission

A SEP holder shall provide to the competence centre *the following* information *to* be included in the database and referenced in the register:

Amendment

A SEP holder shall provide to the competence centre *information on a final decision on essentiality for a registered SEP made by a competent court of a Member State within 6 months from the publication of such decision. Such* information *shall* be included in the database and referenced in the register *without undue delay.*

Or. en

Amendment 55

Proposal for a Regulation

Article 8 – paragraph 1 – point a

Text proposed by the Commission

(a) a final decision on essentiality for a registered SEP made by a competent court of a Member State within 6 months from the publication of such decision.

Amendment

deleted

Or. en

Amendment 56

Proposal for a Regulation

Article 8 – paragraph 1 – point b

Text proposed by the Commission

Amendment

(b) any essentiality check prior to [OJ: *deleted*
please insert the date = 24 months from
entry into force of this regulation] by an
independent evaluator in the context of a
pool, identifying the SEP registration
number, the identity of the patent pool
and its administrator, and the evaluator.

Or. en

Justification

Point (b) is removed as this provision would require the SEP holder to act in breach of confidence and in breach of the contractual provisions governing the patent pool.

Amendment 57

Proposal for a Regulation

Article 9 – paragraph 1 – point g

Text proposed by the Commission

Amendment

(g) list of products, services and *deleted*
processes that may be licensed through
the patent pool or the entity;

(Please note that the numbering of the following points within the list under paragraph 2 should be adjusted accordingly.)

Or. en

Justification

For consistency with the revised Article 7.

Amendment 58

Proposal for a Regulation

Article 10 – paragraph 2

Text proposed by the Commission

Amendment

2. Any person may inform the competence centre about any judicial proceeding *or alternative dispute resolution proceeding concerning a SEP*.

2. Any person may inform the competence centre about any judicial proceeding.

Or. en

Justification

Alternative dispute resolution proceedings are voluntary, contractual in nature and almost invariably agreed to be confidential. Usually, the existence of the proceedings is itself confidential. This provision could be read as endorsing or permitting breach of confidence and breach of contract.

Amendment 59

Proposal for a Regulation Article 11

Text proposed by the Commission

Amendment

Article 11

deleted

Information on FRAND determinations

1. *Persons involved in alternative dispute resolution proceedings concerning SEPs in force in a Member State shall disclose to the competence centre within 6 months from the termination of the procedure the standards and the implementations concerned, the methodology used for the calculation of FRAND terms and conditions, information on the name of the parties, and on specific licensing rates determined.*

2. *No confidential information shall be disclosed by the competence centre without the prior consent of the affected party.*

Or. en

Justification

Alternative dispute resolution proceedings are voluntary, contractual in nature and confidential. This provision could endorse or permit breach of confidence/contract. It would undermine attempts at alternative dispute resolution for SEP licenses worldwide, nullifying the value of similar systems established by international arbitration institutions (e.g. ICC, LCIA, WIPO, AAA and many others). In addition, the EUIPO cannot be forcibly introduced to the confidentiality regimes of all SEP licensing resolution mechanisms, which are often established under non-EU jurisdictions.

Amendment 60

Proposal for a Regulation Article 13 – paragraph 3

Text proposed by the Commission

3. The competence centre shall include in the database case-law from competent courts of Member States, from third country jurisdictions ***and alternative dispute resolution bodies.***

Amendment

3. The competence centre shall include in the database case-law from competent courts of Member States ***and*** from third country jurisdictions.

Or. en

Justification

Alternative dispute resolution proceedings are voluntary, contractual in nature and almost invariably agreed to be confidential. Usually, the existence of the proceedings is itself confidential. This provision could lead to breach of confidence and breach of contract.

Amendment 61

Proposal for a Regulation Article 13 – paragraph 4

Text proposed by the Commission

4. The competence centre shall collect all information on FRAND terms and conditions, including any discounts, which have been made public by SEP holders, ***disclosed to it pursuant to Article 11*** and included in the FRAND determination reports and shall make such disclosures accessible to public authorities in the

Amendment

4. The competence centre shall collect all information on FRAND terms and conditions, including any discounts, which have been made public by SEP holders, and included in the FRAND determination reports and shall make such disclosures accessible to public authorities in the Union, including competent courts of

Union, including competent courts of Member States, subject to a written request. Confidential documents shall be accompanied by a non-confidential version of the information submitted in confidence in sufficient detail to permit a reasonable understanding of the substance of the information submitted in confidence.

Member States, subject to a written request. Confidential documents shall be accompanied by a non-confidential version of the information submitted in confidence in sufficient detail to permit a reasonable understanding of the substance of the information submitted in confidence.

Or. en

Justification

For consistency with the revised structure.

Amendment 62

**Proposal for a Regulation
Article 15**

Text proposed by the Commission

Amendment

Article 15

deleted

Notification of an aggregate royalty to the competence centre

1. Holders of SEPs in force in one or more Member States for which FRAND commitments have been made may jointly notify the competence centre the aggregate royalty for the SEPs covering a standard.

2. The notification made in accordance with paragraph (1) shall contain the information on the following:

(a) the commercial name of the standard;

(b) the list of technical specifications that define the standard;

(c) the names of the SEP holders making the notification referred to in paragraph (1);

(d) the estimated percentage the SEP holders referred to in paragraph (1) represent from all SEP holders;

- (e) *the estimated percentage of SEPs they own collectively from all SEPs for the standard;*
- (f) *the implementations known to the SEP holders referred to in point (c);*
- (g) *the global aggregate royalty, unless the notifying parties specify that the aggregate royalty is not global;*
- (h) *any period for which the aggregate royalty referred to in paragraph (1) is valid.*
3. *The notification referred to in paragraph (1) shall be made at the latest 120 days after:*
- (a) *the publication of a standard by the standard development organisation for implementations known to the SEP holders referred to in paragraph (2), point (c); or*
- (b) *a new implementation of the standard becomes known to them.*
4. *The competence centre shall publish in the database the information provided under paragraph (2).*

Or. en

Justification

The provision for SEP holders to collectively set an aggregate royalty for their SEPs risks a breach of competition law principles. The aggregate royalty may, in any event, be calculated from individual rates that SEP holders are encouraged to publish. The determination of an aggregate royalty for an entire standard and specific use cases that the Commission proposes is fraught with difficulty and it has so far only been attempted a few times by national courts outside the EU. The few such cases have so far clearly demonstrated that the determination of an aggregate royalty for SEPs is a task that belongs to the courts of law. More generally, the Commission proposal appears to allow top-down price regulation, which is an infringement of Union principles unless there is a clear evidence of market failure (which in this case is absent). This provision should therefore be removed.

Amendment 63

Proposal for a Regulation Article 16

Text proposed by the Commission

Amendment

Article 16

deleted

Revision of aggregate royalty

1. In case of revision of the aggregate royalty, the SEP holders shall notify the competence centre about the revised aggregate royalty and the reasons for the revision.

2. The competence centre shall publish in the database the initial aggregate royalty, the revised aggregate royalty and the reasons for the revision in the register.

Or. en

Justification

See comment to Article 15.

Amendment 64

**Proposal for a Regulation
Article 17**

Text proposed by the Commission

Amendment

Article 17

deleted

Process for facilitating agreements on aggregate royalty determinations

1. Holders of SEPs in force in one or more Member States representing at least 20 % of all SEPs of a standard may request the competence centre to appoint a conciliator from the roster of conciliators to mediate the discussions for a joint submission of an aggregate royalty.

2. Such a request shall be made no later than 90 days following the publication of the standard or no later than 120 days following the first sale of new implementation on the Union market

for implementations not known at the time of publication of the standard.

3. *The request shall contain the following information:*

(a) *the commercial name of the standard;*

(b) *the date of publication of the latest technical specification or the date of the first sale of new implementation on the Union market;*

(c) *the implementations known to the SEP holders referred to in paragraph (1);*

(d) *the names and contact details of the SEP holders supporting the request;*

(e) *the estimated percentage of SEPs they own individually and collectively from all potential SEPs claimed for the standard.*

4. *The competence centre shall notify the SEP holders referred to in paragraph (3), point (d) and request them to express their interest in participating in the process and to provide their estimated percentage of SEPs from all SEPs for the standard.*

5. *The competence centre shall appoint a conciliator from the roster of conciliators and inform all SEP holders that expressed interest to participate in the process.*

6. *SEP holders that submit to the conciliator confidential information shall provide a non-confidential version of the information submitted in confidence in sufficient detail to permit a reasonable understanding of the substance of the information submitted in confidence.*

7. *Where the SEP holders fail to make a joint notification within 6 months from the appointment of the conciliator, the conciliator shall terminate the process.*

8. *If the contributors agree on a joint notification, the procedure set out in*

Article 15(1), (2) and (4) shall apply.

Or. en

Justification

See comment to Article 15.

Amendment 65

Proposal for a Regulation Article 18

Text proposed by the Commission

Amendment

[...]

deleted

Or. en

Justification

See comments to Article 15.

Amendment 66

Proposal for a Regulation Article 19 – paragraph 1 – introductory part

Text proposed by the Commission

Amendment

1. The competence centre shall create an entry in the register for a standard for which FRAND commitments have been made within 60 days from ***the earliest*** of the ***following events***:

1. The competence centre shall create an entry in the register for a standard for which FRAND commitments have been made within 60 days from ***publication by the competence centre*** of the ***standard and related information pursuant to Article 14(7)***.

Or. en

Justification

Amended to reflect the removal of aggregate royalty rate.

Amendment 67

Proposal for a Regulation Article 19 – paragraph 2

Text proposed by the Commission

2. The competence centre shall publish a notice on the EUIPO website informing stakeholders that an entry in the register has been made **and refer to the publications referred to in paragraph (1)**. The competence centre shall notify known SEP holders individually by electronic means and the relevant standard development organisation of the notice in this paragraph.

Amendment

2. The competence centre shall publish a notice on the EUIPO website informing stakeholders that an entry in the register has been made. The competence centre shall notify known SEP holders individually by electronic means and the relevant standard development organisation of the notice in this paragraph.

Or. en

Justification

Amended to reflect the previous amendment.

Amendment 68

Proposal for a Regulation Article 20 – paragraph 1

Text proposed by the Commission

1. Upon request of a SEP holder the competence centre shall register any **patent** in force in one or more Member States and falling within the scope of this Regulation that is essential for a standard, for which the competence centre has published a notice pursuant to Article 19(2).

Amendment

1. Upon request of a SEP holder the competence centre shall register any **SEP** in force in one or more Member States and falling within the scope of this Regulation that is essential for a standard, for which the competence centre has published a notice pursuant to Article 19(2).

Or. en

Justification

See definition of SEP.

Amendment 69

Proposal for a Regulation Article 20 – paragraph 2

Text proposed by the Commission

2. For a SEP to be included in the register, at least one patent claim shall correspond with at least one requirement ***or recommendation*** to the standard, identified by standard name, version (and/or release) and sub-clause.

Amendment

2. For a SEP to be included in the register, at least one patent claim shall correspond with at least one requirement to the standard, identified by standard name, version (and/or release) and sub-clause.

Or. en

Justification

A recommendation is not a basis for essentiality; see the ETSI definitions.

Amendment 70

Proposal for a Regulation Article 22 – paragraph 4

Text proposed by the Commission

4. ***If the SEP holder fails to provide the correct and complete information, the registration shall be suspended from the register, until such time as the incompleteness or inaccuracy is remedied.***

Amendment

deleted

Or. en

Justification

This provision has a wholly disproportionate effect since a suspended patent becomes unenforceable.

Amendment 71

Proposal for a Regulation Article 22 – paragraph 5

Text proposed by the Commission

Amendment

5. A SEP holder whose SEP has been suspended from the register pursuant to paragraph (4) and considers that the finding of the competence centre is incorrect may apply before the Boards of Appeal of the EUIPO for a decision on the matter. The application shall be made within 2 months from the suspension. Within 2 months from the application, the Boards of Appeal of the EUIPO shall either reject the application or request the competence centre to correct its finding and inform the requesting person. **deleted**

Or. en

Justification

This provision has a wholly disproportionate effect, since a suspended patent becomes unenforceable.

Amendment 72

Proposal for a Regulation Article 23 – paragraph 5

Text proposed by the Commission

Amendment

5. If the SEP holder fails to correct the entry in the register or the information submitted for the database within the given time limit, the registration shall be suspended from the register, until such time as the incompleteness or inaccuracy is remedied. **deleted**

Or. en

Justification

This provision has a wholly disproportionate effect since a suspended patent becomes unenforceable.

Amendment 73

Proposal for a Regulation Article 23 – paragraph 6

Text proposed by the Commission

Amendment

6. *A SEP holder whose SEP has been deleted suspended from the register pursuant to paragraph (5) and considers that the finding of the competence centre is incorrect may apply before the Boards of Appeal of the EUIPO for a decision on the matter. The application shall be made within 2 months from the suspension. Within two months from the application, the Boards of Appeal of the EUIPO shall either reject the application or request the competence centre to correct its finding and inform the requesting person.*

Or. en

Justification

This provision has a wholly disproportionate effect since a suspended patent becomes unenforceable.

Amendment 74

Proposal for a Regulation Article 24

Text proposed by the Commission

Amendment

Article 24

deleted

Effects of absence of registration or suspension of registration of SEPs

1. *A SEP that is not registered within the time-limit set out in Article 20(3) may not be enforced in relation to the implementation of the standard for which a registration is required in a competent court of a Member State, from the time-limit set out in Article 20(3) until its registration in the register.*

2. *A SEP holder that has not registered its SEPs within the time-limit set out in Article 20(3) shall not be entitled to receive royalties or seek damages for infringement of such SEPs in relation to the implementation of the standard for which registration is required, from the time-limit set out in Article 20(3) until its registration in the register.*

3. *Paragraphs (1) and (2) are without prejudice to provisions included in contracts setting a royalty for a broad portfolio of patents, present or future, stipulating that the invalidity, non-essentiality or unenforceability of a limited number thereof shall not affect the overall amount and enforceability of the royalty or other terms and conditions of the contract.*

4. *Paragraphs (1) and (2) apply also in case the registration of a SEP is suspended, during the suspension period pursuant to Article 22(4) or 23(5), except where the Boards of Appeal request the competence centre to correct its findings in accordance with Article 22(5) and 23(6).*

5. *A competent court of a Member State requested to decide on any issue related to a SEP in force in one or more Member States, shall verify whether the SEP is registered as part of the decision on admissibility of the action.*

Or. en

Justification

This provision is incompatible with the fundamental property right granted under Article 17(2) of the Charter of Fundamental Rights of the European Union (2000/C 364/01) TFEU and its non-observance should not be allowed merely in order to encourage compliance with an administrative procedure.

Amendment 75

Proposal for a Regulation

Article 26 – paragraph 2 – introductory part

Text proposed by the Commission

Amendment

2. A conciliator shall ***conduct the following tasks:***

2. A conciliator shall ***serve in a FRAND determination.***

Or. en

Justification

For consistency with the deletion of the aggregate royalty mechanism.

Amendment 76

Proposal for a Regulation

Article 26 – paragraph 2 – point a

Text proposed by the Commission

Amendment

(a) ***mediate among parties in establishing an aggregate royalty;***

deleted

Or. en

Amendment 77

Proposal for a Regulation

Article 26 – paragraph 2 – point b

Text proposed by the Commission

Amendment

(b) ***provide a non-binding opinion on an aggregate royalty;***

deleted

Or. en

Amendment 78

Proposal for a Regulation

Article 26 – paragraph 2 – point c

Text proposed by the Commission

Amendment

(c) *serve in a FRAND determination.* *deleted*

Or. en

Amendment 79

Proposal for a Regulation

Article 26 – paragraph 5 – introductory part

Text proposed by the Commission

Amendment

5. By [OJ: please insert the date = 18 months from entry into force of this regulation], the Commission shall by means of an implementing act adopted in accordance with the examination procedure referred to in , lay down the practical and operational arrangements concerning:

5. By [OJ: please insert the date = 18 months from entry into force of this regulation], the Commission shall by means of an implementing act adopted in accordance with the examination procedure referred to in **Article 68(2)**, lay down the practical and operational arrangements concerning:

Or. en

Justification

For consistency with the deletion of the aggregate royalty mechanism.

Amendment 80

Proposal for a Regulation

Article 26 – paragraph 5 – point b

Text proposed by the Commission

Amendment

(b) the procedures pursuant to Articles **17, 18**, 31 and 32 and Title VI.

(b) the procedures pursuant to Articles 31 and 32 and Title VI.

Or. en

Justification

For consistency with the deletion of the aggregate royalty mechanism.

Amendment 81

Proposal for a Regulation Article 27 – paragraph 2

Text proposed by the Commission

2. The competence centre shall establish a roster of suitable candidates for evaluators or conciliators. There **may** be different rosters of evaluators and conciliators depending on the technical area of their specialisation or expertise.

Amendment

2. The competence centre shall establish a roster of suitable candidates for evaluators or conciliators. There **shall** be different rosters of evaluators and conciliators depending on the technical area of their specialisation or expertise.

Or. en

Justification

The skillsets required for essentiality checking (evaluators) and for FRAND determination (conciliators) are very different. For instance, evaluators require engineering and legal skills, whereas conciliators require economic and negotiation skills.

Amendment 82

Proposal for a Regulation Article 29 – paragraph 1

Text proposed by the Commission

1. The competence centre shall select annually a sample of registered SEPs from different patent families from each SEP holder and with regard to each specific standard in the register for essentiality checks. Registered SEPs of micro and small enterprises shall be excluded from the annual sampling process. The checks shall be conducted based on a methodology that ensures the establishment of a fair and statistically valid selection that can produce sufficiently accurate results about the essentiality rate in all registered SEPs of a SEP holder with regard to each specific standard in the register. By [OJ: please insert the date = **18** months from entry into force of this regulation] the Commission shall, by means of an implementing act,

Amendment

1. The competence centre shall select annually a sample of registered SEPs from different patent families from each SEP holder and with regard to each specific standard in the register for essentiality checks. Registered SEPs of micro and small enterprises shall be excluded from the annual sampling process. The checks shall be conducted based on a methodology that ensures the establishment of a fair and statistically valid selection that can produce sufficiently accurate results about the essentiality rate in all registered SEPs of a SEP holder with regard to each specific standard in the register. By [OJ: please insert the date = **24** months from entry into force of this regulation] the Commission shall, by means of an implementing act,

determine the detailed methodology. That implementing act shall be adopted in accordance with the examination procedure referred to in Article 68(2).

determine the detailed methodology. That implementing act shall be adopted in accordance with the examination procedure referred to in Article 68(2).

Or. en

Justification

More time is necessary to define the correct methodology.

Amendment 83

**Proposal for a Regulation
Article 29 – paragraph 6**

Text proposed by the Commission

Amendment

6. Any implementer may voluntarily propose annually up to 100 registered SEPs from different patent families to be checked for essentiality with regard to each specific standard for which SEP registrations have been made.

deleted

Or. en

Justification

There are many implementers and there will only ever be more. This provision leaves scope for implementers to collectively challenge very large numbers of registered SEPs, albeit at their own expense. The consequent burden on the EUIPO is likely to lead to delays, which may be used to justify delays in negotiating SEP licenses.

Amendment 84

**Proposal for a Regulation
Article 32 – paragraph 3 a (new)**

Text proposed by the Commission

Amendment

3 a. In case the peer evaluator considered the SEP essential to the standard, the peer evaluator shall issue a final reasoned opinion to that effect in

accordance with paragraph 6 below.

Or. en

Justification

The positive case also needs to be provided for, as in the current AM.

Amendment 85

Proposal for a Regulation
Article 34 – paragraph 4

Text proposed by the Commission

4. The obligation to initiate FRAND determination pursuant to paragraph 1 ***prior to the court proceedings*** is without prejudice to the possibility for either party to request, pending the FRAND determination, the competent court of a Member State to issue a provisional injunction ***of a financial nature*** against the alleged infringer. ***The provisional injunction shall exclude the seizure of property of the alleged infringer and the seizure or delivery up of the products suspected of infringing a SEP.*** Where national law provides that the provisional injunction ***of a financial nature*** can only be requested where a case is pending on the merits, either party may bring a case on the merits before the competent court of a Member State for that purpose. ***However, the parties shall request the competent court of a Member State to suspend the proceedings on the merits for the duration of the FRAND determination.*** In deciding whether to grant the provisional injunction, the competent court of a Member States shall consider that a procedure for FRAND determination is ongoing.

Amendment

4. The obligation to initiate FRAND determination pursuant to paragraph 1 is without prejudice to the possibility for either party to request, pending the FRAND determination, the competent court of a Member State to issue a provisional injunction against the alleged infringer. Where national law provides that the provisional injunction can only be requested where a case is pending on the merits, either party may bring a case on the merits before the competent court of a Member State for that purpose. In deciding whether to grant the provisional injunction, the competent court of a Member States shall consider that a procedure for FRAND determination is ongoing.

Or. en

Justification

Please see comments to the corresponding recital.

Amendment 86

Proposal for a Regulation

Article 34 – paragraph 5

Text proposed by the Commission

Amendment

5. Once the FRAND determination is terminated, the whole range of measures, including provisional, precautionary and corrective measures, shall be available to parties. **deleted**

Or. en

Justification

No longer necessary under the revised structure.

Amendment 87

Proposal for a Regulation

Article 37 – paragraph 2

Text proposed by the Commission

Amendment

2. The period for the time barring of claims before a competent court of a Member State shall be suspended for the duration of the FRAND determination. **deleted**

Or. en

Justification

The FRAND determination should run in parallel with any court proceedings.

Amendment 88

Proposal for a Regulation Article 38 – paragraph 2

Text proposed by the Commission

2. The responding party shall notify the competence centre within 15 days from the receipt of the notification of the request for FRAND determination from the competence centre in accordance with paragraph (1). The response shall indicate whether the responding party agrees to the FRAND determination ***and whether it commits to comply with its outcome.***

Amendment

2. The responding party shall notify the competence centre within 15 days from the receipt of the notification of the request for FRAND determination from the competence centre in accordance with paragraph (1). The response shall indicate whether the responding party agrees to the FRAND determination.

Or. en

Justification

The additional requirement for commitment is a quasi-judicial device to justify a one-sided continuation. However, the commitment made has no legal force or meaning since it can be later withdrawn (per Art.46(1)(b)) and the reasoned determination may in any case be rejected (per Art.56(1)(c)). The "commitment" aspect is unnecessary where a FRAND determination proceeds because both parties agree to participate.

Amendment 89

Proposal for a Regulation Article 38 – paragraph 3 – introductory part

Text proposed by the Commission

3. Where the responding party does not reply within the time limit laid down in paragraph (2) or informs the competence centre of its decision not to participate in the FRAND determination, ***or not to commit to comply with the outcome, the following shall apply:***

Amendment

3. Where the responding party does not reply within the time limit laid down in paragraph (2) or informs the competence centre of its decision not to participate in the FRAND determination, ***the competence centre shall terminate the FRAND determination.***

Or. en

Justification

The amendment provides that the FRAND determination will only continue if both parties

agree to participate.

Amendment 90

Proposal for a Regulation

Article 38 – paragraph 3 – point a

Text proposed by the Commission

Amendment

(a) the competence centre shall notify the requesting party thereof and invite it to indicate within seven days whether it requests the continuation of the FRAND determination and whether it commits to comply with the outcome of the FRAND determination; *deleted*

Or. en

Amendment 91

Proposal for a Regulation

Article 38 – paragraph 3 – point b

Text proposed by the Commission

Amendment

(b) where the requesting party requests the continuation of the FRAND determination and commits to its outcome, the FRAND determination shall continue, but Article 34(1) shall not apply to the court proceedings for the requesting party in relation to the same subject matter. *deleted*

Or. en

Amendment 92

Proposal for a Regulation

Article 38 – paragraph 3 – point c

Text proposed by the Commission

Amendment

(c) where the requesting party fails to request, within the time limit referred to in subparagraph (a), the continuation of the FRAND determination, the competence centre shall terminate the FRAND determination. **deleted**

Or. en

Amendment 93

Proposal for a Regulation

Article 38 – paragraph 4 – introductory part

Text proposed by the Commission

Amendment

4. Where the responding party agrees to the FRAND determination and **commits to comply with its outcome pursuant to paragraph (2), including where such commitment is contingent upon the commitment of the requesting party to comply with the outcome of the FRAND determination, the following shall apply:**

4. Where the responding party agrees to the FRAND determination, **such commitment shall continue and, upon mutual agreement, the outcome may be binding for both parties.**

Or. en

Justification

The amendment provides that the FRAND determination will only continue if both parties agree to participate.

Amendment 94

Proposal for a Regulation

Article 38 – paragraph 4 – point a

Text proposed by the Commission

Amendment

(a) the competence centre shall notify the requesting party thereof and request to inform the competence centre within seven days whether it also commits to **deleted**

comply with the outcome of the FRAND determination. In case of acceptance of the commitment by the requesting party, the FRAND determination shall continue and the outcome shall be binding for both parties;

Or. en

Amendment 95

Proposal for a Regulation

Article 38 – paragraph 4 – point b

Text proposed by the Commission

Amendment

(b) where the requesting party does not reply within the time limit referred to in subparagraph (a) or informs the competence centre of its decision not to commit to comply with outcome of the FRAND determination, the competence centre shall notify the responding party and invite it to indicate within seven days whether it requests the continuation of the FRAND determination.

deleted

Or. en

Amendment 96

Proposal for a Regulation

Article 38 – paragraph 4 – point c

Text proposed by the Commission

Amendment

(c) where the responding party requests the continuation of the FRAND determination, the FRAND determination shall continue, but Article 34(1) shall not apply to the court proceedings for by the responding party in relation to the same subject matter;

deleted

Or. en

Amendment 97

Proposal for a Regulation

Article 38 – paragraph 4 – point d

Text proposed by the Commission

Amendment

(d) *where the responding party fails to request, within the time-limit referred to in subparagraph (b), the continuation of the FRAND determination, the competence centre shall terminate the FRAND determination.* *deleted*

Or. en

Amendment 98

Proposal for a Regulation

Article 38 – paragraph 5

Text proposed by the Commission

Amendment

5. *Where either party commits to comply with the outcome of the FRAND determination, while the other party fails to do so within the applicable time limits, the competence centre shall adopt a notice of commitment to the FRAND determination and notify the parties within 5 days from the expiry of the time-limit to provide the commitment. The notice of commitment shall include the names of the parties, the subject-matter of the FRAND determination, a summary of the procedure and information on the commitment provided or on the failure to provide commitment for each party.* *deleted*

Or. en

Justification

No longer necessary under the revised structure.

Amendment 99

Proposal for a Regulation Article 38 – paragraph 6

Text proposed by the Commission

6. The FRAND determination shall concern a global SEP licence, unless otherwise specified by the parties ***in case both parties agree to the FRAND determination or by the party that requested the continuation of the FRAND determination.*** SMEs that are parties to the FRAND determination may request to limit the territorial scope of the FRAND determination.

Amendment

6. The FRAND determination shall concern a global SEP licence, unless otherwise specified by the parties. SMEs that are parties to the FRAND determination may request to limit the territorial scope of the FRAND determination.

Or. en

Justification

For consistency with the amendment that provides that the FRAND determination will only continue if both parties agree to participate.

Amendment 100

Proposal for a Regulation Article 39 – paragraph 1

Text proposed by the Commission

1. Following the reply to the FRAND determination by the responding party in accordance with Article 38(2), ***or the request to continue in accordance with Article 38(5),*** the competence centre shall propose at least 3 candidates for the FRAND determination from the roster of conciliators referred to Article 27(2). The parties ***or party*** shall select one of the proposed candidates as a conciliator for the FRAND determination.

Amendment

1. Following the reply to the FRAND determination by the responding party in accordance with Article 38(2), the competence centre shall propose at least 3 candidates for the FRAND determination from the roster of conciliators referred to Article 27(2). The parties shall select one of the proposed candidates as a conciliator for the FRAND determination.

Or. en

Justification

For consistency with the amendment that provides that the FRAND determination will only continue if both parties agree to participate.

Amendment 101

Proposal for a Regulation Article 42 – paragraph 2

Text proposed by the Commission

2. He/she shall communicate to the parties ***or the party requesting the continuation of the FRAND determination*** the conduct as well as the schedule of procedure.

Amendment

2. He/she shall communicate to the parties the conduct as well as the schedule of procedure.

Or. en

Justification

For consistency with the amendment that provides that the FRAND determination will only continue if both parties agree to participate.

Amendment 102

Proposal for a Regulation Article 44 – paragraph 1

Text proposed by the Commission

1. A party may submit an objection stating that the conciliator is unable to make a FRAND determination on legal grounds, such as a previous binding FRAND determination or agreement between the parties, ***no later than in the first written submission***. The other party shall be given opportunity to submit its observations.

Amendment

1. A party may submit an objection stating that the conciliator is unable to make a FRAND determination on legal grounds, such as a previous binding FRAND determination or agreement between the parties, ***at any time***. The other party shall be given opportunity to submit its observations.

Or. en

Amendment 103

Proposal for a Regulation Article 45 – paragraph 2

Text proposed by the Commission

2. The conciliator may invite the parties ***or the party requesting the continuation of the FRAND determination*** to meet with him/her or may communicate with him/her orally or in writing.

Amendment

2. The conciliator may invite the parties to meet with him/her or may communicate with him/her orally or in writing.

Or. en

Justification

For consistency with the amendment that provides that the FRAND determination will only continue if both parties agree to participate.

Amendment 104

Proposal for a Regulation Article 45 – paragraph 3

Text proposed by the Commission

3. The parties ***or the party requesting the continuation of the FRAND determination*** shall cooperate in good faith with the conciliator and, in particular, shall attend the meetings, comply with his/her requests to submit all relevant documents, information and explanations as well as use the means at their disposal to enable the conciliator to hear witnesses and experts whom the conciliator might call.

Amendment

3. The parties shall cooperate in good faith with the conciliator and, in particular, shall attend the meetings, comply with his/her requests to submit all relevant documents, information and explanations as well as use the means at their disposal to enable the conciliator to hear witnesses and experts whom the conciliator might call.

Or. en

Justification

For consistency with the amendment that provides that the FRAND determination will only continue if both parties agree to participate.

Amendment 105

Proposal for a Regulation Article 45 – paragraph 4

Text proposed by the Commission

Amendment

4. ***The responding party may join the FRAND determination at any moment before its termination.*** ***deleted***

Or. en

Justification

No longer necessary under the revised structure.

Amendment 106

Proposal for a Regulation Article 45 – paragraph 5

Text proposed by the Commission

Amendment

5. At any stage of the procedure upon request by both parties, ***or the party requesting the continuation of the FRAND determination, as applicable,*** the conciliator shall terminate the FRAND determination.

5. At any stage of the procedure upon request by both parties, the conciliator shall terminate the FRAND determination.

Or. en

Justification

For consistency with the amendment that provides that the FRAND determination will only continue if both parties agree to participate.

Amendment 107

Proposal for a Regulation Article 46 – paragraph 1 – point b

Text proposed by the Commission

Amendment

(b) *withdraws its commitment to comply with the outcome of the FRAND determination as set out in Art. 38, or* ***deleted***

Or. en

Justification

For consistency with the amendment that provides that the FRAND determination will only continue if both parties agree to participate.

Amendment 108

Proposal for a Regulation Article 46 – paragraph 3

Text proposed by the Commission

Amendment

3. *If the party requesting the continuation of the FRAND determination fails to comply with any request of the conciliator or in any other way fails to comply with a requirement relating to the FRAND determination, the conciliator shall terminate the procedure.* ***deleted***

Or. en

Justification

For consistency with the amendment that provides that the FRAND determination will only continue if both parties agree to participate.

Amendment 109

Proposal for a Regulation Article 47 – paragraph 2

Text proposed by the Commission

Amendment

2. Where a parallel proceeding has been initiated before or during the FRAND determination by a party, the conciliator, or

2. Where a parallel proceeding has been initiated before or during the FRAND determination by a party, the conciliator, or

where he/she has not been appointed, the competence centre, shall terminate the FRAND determination upon the request of any *other* party.

where he/she has not been appointed, the competence centre, shall terminate the FRAND determination upon the request of any party.

Or. en

Justification

It should be allowed to any party to make the request to terminate the procedure.

Amendment 110

**Proposal for a Regulation
Article 50 – paragraph 3**

Text proposed by the Commission

3. When submitting suggestions for FRAND terms and conditions, the conciliator shall take into account the impact of the determination FRAND terms and conditions on the value chain and on the incentives to innovation of both the SEP holder and the stakeholders in the relevant value chain. To that end, the conciliator may ***rely on the expert opinion referred to in Article 18 or, in case of absence of such an opinion*** request additional information and hear experts or stakeholders.

Amendment

3. When submitting suggestions for FRAND terms and conditions, the conciliator shall take into account the impact of the determination FRAND terms and conditions on the value chain and on the incentives to innovation of both the SEP holder and the stakeholders in the relevant value chain. To that end, the conciliator may request additional information and hear experts or stakeholders.

Or. en

Justification

For consistency with the deletion of the aggregate royalty mechanism.

Amendment 111

**Proposal for a Regulation
Article 54 – paragraph 3**

Text proposed by the Commission

3. When a party requests the

Amendment

3. When a party requests the

information in a document it had submitted to be kept confidential, the conciliator shall not disclose that information to the other party. The party invoking confidentiality shall also provide a non-confidential version of the information submitted in confidence in sufficient detail to permit a reasonable understanding of the substance of the information submitted in confidence. This non-confidential version shall be disclosed to the other party.

information in a document it had submitted to be kept confidential, the conciliator shall not disclose that information to the other party. ***Where reasonably possible***, the party invoking confidentiality shall also provide a non-confidential version of the information submitted in confidence in sufficient detail to permit a reasonable understanding of the substance of the information submitted in confidence. This non-confidential version shall be disclosed to the other party.

Or. en

Justification

In some circumstances this may not be possible, for instance where the confidential information comprises values in a confidential licensing agreement with a third party.

Amendment 112

Proposal for a Regulation

Article 54 – paragraph 3 a (new)

Text proposed by the Commission

Amendment

3 a. A conciliator shall respect the confidentiality rights of third parties, for instance concerning a confidential license from or to either party. The third party shall be notified by the conciliator and afforded a reasonable opportunity to make its representations concerning the protection of its confidential material in the conduct of the FRAND determination and any subsequent report.

Or. en

Amendment 113

Proposal for a Regulation

Article 54 – paragraph 3 b (new)

Text proposed by the Commission

Amendment

3 b. Where confidentiality provisions are agreed or imposed in a FRAND determination, they shall have contractual force, and shall include the right to seek ex parte injunctive relief against disclosure in any relevant court.

Or. en

Amendment 114

Proposal for a Regulation Article 55 – paragraph 1

Text proposed by the Commission

Amendment

1. At the latest 45 days before the end of the time limit referred to in Article 37, the conciliator shall submit a reasoned proposal for a determination of FRAND terms and conditions to the parties ***or, as applicable, the party requesting the continuation of the FRAND determination.***

1. At the latest 45 days before the end of the time limit referred to in Article 37, the conciliator shall submit a reasoned proposal for a determination of FRAND terms and conditions to the parties.

Or. en

Justification

For consistency with the amendment that provides that the FRAND determination will only continue if both parties agree to participate.

Amendment 115

Proposal for a Regulation Article 55 – paragraph 2

Text proposed by the Commission

Amendment

2. Either party may submit observations to the proposal and suggest amendments to the proposal by the conciliator, who may reformulate its

2. Either party may submit observations to the proposal and suggest amendments to the proposal by the conciliator, who may reformulate its

proposal to take into account the observations submitted by the parties and shall inform the parties *or the party requesting the continuation of the FRAND determination, as applicable*, of such reformulation.

proposal to take into account the observations submitted by the parties and shall inform the parties of such reformulation.

Or. en

Justification

For consistency with the amendment that provides that the FRAND determination will only continue if both parties agree to participate.

Amendment 116

Proposal for a Regulation

Article 56 – paragraph 1 – introductory part

Text proposed by the Commission

1. In addition to the termination of the FRAND determination for reasons provided for Article **38(4)**, Article 44(3), Article **45(5)**, Article 46(2), point (b), **Article 46(3)** and Article 47(2), the FRAND determination shall be terminated in any of the following ways:

Amendment

1. In addition to the termination of the FRAND determination for reasons provided for Article **38(3)**, Article 44(3), Article **45(4)**, Article 46(2), point (b) and Article 47(2), the FRAND determination shall be terminated in any of the following ways:

Or. en

Justification

This amendment is aimed at adapting the article to the revised structure.

Amendment 117

Proposal for a Regulation

Article 56 – paragraph 1 – point d a (new)

Text proposed by the Commission

Amendment

(d a) a binding FRAND determination agreed between the parties pursuant to Article 38(4) shall terminate when the conciliator makes its final reasoned

Justification

This amendment is aimed at adapting this Article to the revised structure.

Amendment 118

**Proposal for a Regulation
Article 56 – paragraph 4**

Text proposed by the Commission

Amendment

4. A competent court of a Member State, asked to decide on determination of FRAND terms and conditions, including in abuse of dominance cases among private parties, or SEP infringement claim concerning a SEP in force in one or more Member States subject to the FRAND determination shall not proceed with the examination of the merits of that claim, unless it has been served with a notice of termination of the FRAND determination, or, in the cases foreseen in Article 38(3)(b) and Article 38(4)(c), with a notice of commitment pursuant to Article 38(5). **deleted**

Justification

Validity is not determined or assessed in the FRAND determination. Determination of validity and infringement procedures are prerequisite to any EU court determination of FRAND terms. It should therefore not be delayed by the FRAND determination procedure in this Regulation.

Amendment 119

**Proposal for a Regulation
Article 56 – paragraph 5**

Text proposed by the Commission

Amendment

5. *In the cases foreseen in Article 38(3)(b) and in Article 38(4)(c), Article 34(5) shall apply mutatis mutandis in the proceedings before a competent court of a Member State.* **deleted**

Or. en

Justification

No longer necessary under the revised structure.

Amendment 120

Proposal for a Regulation Article 61 – paragraph 1

Text proposed by the Commission

Amendment

1. The competence centre shall offer training and support on SEP related matters for micro, small and medium-size enterprises free of charge.

1. The competence centre shall offer training and support on SEP related matters for micro, small and medium-size enterprises free of charge. ***In particular, the competence centre shall work in close collaboration with the European Commission, national patent offices and governmental schemes that support SMEs, in order to offer practical guidance and advice to SMEs, whether these are SEP holders or implementers.***

Or. en

Justification

The amendments to Article 61 seek to outline a range of possible measures to implement Option 1 of the Commission's Impact Assessment (i.e. the "SME SEP Licensing Assistance Hub"). In particular, these amendments seek to focus the competence centre on one of the main issues that this Regulation is intended to prevent, namely the reduced use of standards by EU SMEs seeking to enter new IoT markets because of SEP licensing issues.

Amendment 121

Proposal for a Regulation Article 61 – paragraph 2

Text proposed by the Commission

2. The competence centre may commission studies, if it considers it necessary, to assist micro, small and medium-size enterprises on SEP related matters.

Amendment

2. The competence centre may commission studies, if it considers it necessary, to assist micro, small and medium-size enterprises on SEP related matters. ***Such studies may include requiring SEP holders and implementers to provide information regarding licenses entered into, royalties paid or collected, and products sold for IoT applications. The competence center may provide to SMEs estimates of licensing costs for such applications.***

Or. en

Justification

The amendments to Article 61 seek to outline a range of possible measures to implement Option 1 of the Commission's Impact Assessment (i.e. the “SME SEP Licensing Assistance Hub”). In particular, these amendments seek to focus the competence centre on one of the main issues that this Regulation is intended to prevent, namely the reduced use of standards by EU SMEs seeking to enter new IoT markets because of SEP licensing issues.

Amendment 122

Proposal for a Regulation Article 61 – paragraph 3

Text proposed by the Commission

3. The ***costs of the services referred to in paragraph (1) and paragraph (2)*** shall ***be borne by the EUIPO.***

Amendment

3. The ***competence center*** shall ***require each SEP holder with a Registered SEP to report annually:***
(a) all license agreements concluded with SMEs;
(b) all SMEs that sent it unsolicited requests it for an SEP license; and
(c) all SMEs to which it specifically directed a request to take an SEP license.

The competence center shall publish an annual report on SME SEP Licensing based on such reports.

Or. en

Justification

The amendments to Article 61 seek to outline a range of possible measures to implement Option 1 of the Commission's Impact Assessment (i.e. the “SME SEP Licensing Assistance Hub”). In particular, these amendments seek to focus the competence centre on one of the main issues that this Regulation is intended to prevent, namely the reduced use of standards by EU SMEs seeking to enter new IoT markets because of SEP licensing issues.

Amendment 123

**Proposal for a Regulation
Article 61 – paragraph 3 a (new)**

Text proposed by the Commission

Amendment

3 a. The competence centre shall invite SEP holders with a Registered SEP to identify an employee to the competence center, known as an “SME Ambassador,” to whom the competence center may direct inquiries under paragraphs 1 to 3. SEP holders may identify an SME Ambassador on a voluntary basis.

Or. en

Justification

The amendments to Article 61 seek to outline a range of possible measures to implement Option 1 of the Commission's Impact Assessment (i.e. the “SME SEP Licensing Assistance Hub”). In particular, these amendments seek to focus the competence centre on one of the main issues that this Regulation is intended to prevent, namely the reduced use of standards by EU SMEs seeking to enter new IoT markets because of SEP licensing issues.

Amendment 124

**Proposal for a Regulation
Article 61 – paragraph 3 b (new)**

Text proposed by the Commission

Amendment

3 b. The costs of the services referred to in paragraphs 1 to 3 shall be borne by the EUIPO. The EUIPO shall ensure that this function is sufficiently funded and resourced.

Or. en

Justification

These amendments flesh out the idea of an “SME SEP Licensing Assistance Hub” referenced in Option 1 of the Impact Assessment (page 30). In particular, the amendments seek to focus the competence centre on the potential future problem that the European Commission has stated that the Regulation is intended to prevent: reduced use of standards by EU SMEs seeking to enter new IoT markets because of SEP licensing issues. This focus includes conducting studies to enable the competence center to adequately advise SMEs about licensing costs in IoT markets and the annual collection of and reporting on information regarding SEP licensing activity involving SMEs.

Amendment 125

Proposal for a Regulation Article 61 a (new)

Text proposed by the Commission

Amendment

Article 61 a

Safe harbors and Alternative Dispute Resolution for micro, small, and medium-sized enterprises

1. The competence centre shall seek to sign an agreement with the World Intellectual Property Organization (WIPO) to promote the use of the WIPO Arbitration and Mediation Centre for SEP disputes involving SMEs in the EU and to exchange information.

2. The competence center shall offer SMEs the opportunity to register their willingness to engage in mediation under the WIPO rules for SEP-related disputes. If an SME has registered such willingness and has not revoked it, then an SEP

holder shall not commence an action to enforce an SEP against such SME in a national court without first initiating mediation proceedings under the WIPO rules.

3. The competence center shall offer SMEs the opportunity to make an irrevocable commitment to accept a license on FRAND terms and conditions from any SEP holder that has registered an SEP. A SEP holder that is the beneficiary of such a commitment may not initiate any action seeking an injunction in any court of a member state for an SEP covered by such commitment after such commitment is made.

4. The registration or willingness to mediate and commitment to accept FRAND terms, as provided for in paragraphs (2) and (3), are purely voluntary and no adverse inference may be drawn by any court of a Member State arising from a failure to register or make a commitment under those paragraphs.

Or. en

Justification

The agreement with WIPO in paragraph (1) is adopted from Option 1 in the Impact Assessment (at page 30). Paragraph (2) gives SMEs an option to require patent holders to mediate with them under the auspices of WIPO before initiating any infringement action. This would give SMEs the benefit of an opportunity to reach an out-of-court settlement before expending large litigation costs similar to the effect of the original FRAND Determination provisions that would be deleted elsewhere. Paragraph(3) gives SMEs the opportunity to make a commitment to accept a FRAND license on a SEP Holder-by-SEP Holder basis. If an SME makes such a commitment, the SEP Holder would be prohibited from seeking an injunction since it could enforce the commitment under contract law in a national court. Paragraph (4) expressly provides that no adverse inference should be drawn against SMEs that do not avail themselves of the safe harbors.

Amendment 126

Proposal for a Regulation

Article 63 – paragraph 2 – point a

Text proposed by the Commission

Amendment

(a) for the conciliators facilitating agreements on aggregate royalty determinations in accordance with Article 17; *deleted*

Or. en

Justification

No longer necessary given the deletion of the aggregate royalty mechanism.

Amendment 127

Proposal for a Regulation

Article 63 – paragraph 2 – point b

Text proposed by the Commission

Amendment

(b) for the expert opinion on aggregate royalty in accordance with Article 18; *deleted*

Or. en

Justification

No longer necessary given the deletion of the aggregate royalty mechanism.

Amendment 128

Proposal for a Regulation

Article 63 – paragraph 3 – point a

Text proposed by the Commission

Amendment

(a) the fees referred to in paragraph (2), point (a) by the SEP holders that participated in the process based on their estimated percentage of SEPs from all SEPs for the standard; *deleted*

Or. en

Justification

For consistency with previous amendments.

Amendment 129

Proposal for a Regulation

Article 63 – paragraph 3 – point b

Text proposed by the Commission

Amendment

(b) the fees referred to in paragraph (2), point (b) equally by the parties that participated in the procedure of the expert opinion on aggregate royalty, unless they agree otherwise, or the panel suggests a different apportionment based on the size of the parties determined on the basis of their turnover; *deleted*

Or. en

Justification

For consistency with previous amendments.

Amendment 130

Proposal for a Regulation

Article 64 – paragraph 2

Text proposed by the Commission

Amendment

2. If the amounts requested are not paid in full within 10 days after the date of the request, the competence centre may notify the defaulting party and give it the opportunity to make the required payment within [5] days. It shall submit a copy of the request to the other party, in case of ***an aggregate royalty or*** FRAND determination.

2. If the amounts requested are not paid in full within 10 days after the date of the request, the competence centre may notify the defaulting party and give it the opportunity to make the required payment within [5] days. It shall submit a copy of the request to the other party, in case of FRAND determination.

Or. en

Justification

For consistency with the deletion of the aggregate royalty.

Amendment 131

Proposal for a Regulation

Article 66

Text proposed by the Commission

Amendment

Article 66

deleted

Opening registration for an existing standard

1. Until [OJ: please insert the date = 28 months from the entry into force of this regulation] holders of SEPs essential to a standard published before the entry into force of this Regulation ('existing standards'), for which FRAND commitments have been made, may notify the competence centre pursuant to Articles 14, 15 and 17 of any of the existing standards or parts thereof that will be determined in the delegated act in accordance with paragraph (4). The procedures, notification and publication requirements set out in this Regulation apply mutatis mutandis.

2. Until [OJ: please insert the date = 28 months from entry into force of this regulation] implementers of a standard, standard published before the entry into force of this Regulation, for which FRAND commitments have been made may notify pursuant to Article 14(4) the competence centre of any of the existing standards or parts thereof, that will be determined in the delegated act in accordance with paragraph (4). The procedures, notification and publication requirements set out in this Regulation apply mutatis mutandis.

3. Until [OJ: please insert the date = 30 months from entry into force of this regulation] a SEP holder or an

implementer may request an expert opinion pursuant to Article 18 regarding SEPs essential to an existing standard or parts thereof, that will be determined in the delegated act in accordance with paragraph (4). The requirements and procedures set out in Article 18 apply mutatis mutandis.

4. Where the functioning of the internal market is severely distorted due to inefficiencies in the licensing of SEPs, the Commission shall, after an appropriate consultation process, by means of a delegated act pursuant to Article 67, determine which of the existing standards, parts thereof or relevant use cases can be notified in accordance with paragraph (1) or paragraph (2), or for which an expert opinion can be requested in accordance with paragraph (3). The delegated act shall also determine which procedures, notification and publication requirements set out in this Regulation apply to those existing standards. The delegated act shall be adopted within [OJ: please insert the date = 18 months from entry into force of this regulation].

5. This article shall apply without prejudice to any acts concluded and rights acquired by [OJ: please insert the date = 28 months from entry into force of this regulation].

Or. en

Justification

This article should be deleted in line with the proposal to change the scope of this Regulation (i.e. applying it only to new standards).

Amendment 132

Proposal for a Regulation Article 68 – paragraph 2

Text proposed by the Commission

Amendment

2. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

2. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply. ***In accordance with Article 5(4)(b) of that Regulation, where no committee opinion is delivered, the Commission shall not adopt the draft implementing act.***

Or. en

Justification

The integration is aimed at specifying that no implementing act should be adopted without an opinion of the committee.

Amendment 133

**Proposal for a Regulation
Article 69 – paragraph 1**

Text proposed by the Commission

Amendment

The Commission may issue guidance under this Regulation on matters covered by its scope, excluding matters related to the interpretation of Article 101 and Article 102 TFEU.

deleted

Or. en

Justification

It is necessary to ensure legal clarity. The scope needs to be defined clearly in advance.

Amendment 134

**Proposal for a Regulation
Article 72 – paragraph 2
Regulation (EU) 1001/2017
Article 72 – paragraph**

Text proposed by the Commission

2. It shall apply from ... [OP: please insert the date = **24** months after the date of entry into force of this Regulation].

Amendment

2. It shall apply from ... [OP: please insert the date = **36** months after the date of entry into force of this Regulation].

Or. en

Justification

More time is needed for setting up the structure envisaged by the Regulation.