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# SETTING RULES AFTER RAMBUS

The infamous case raises some thorny IP issues for standard-setting groups. —By Daniel McDonald

There's a conflict of interest built into standard-setting organizations. Companies participate in these groups to develop technology platforms that, in theory, should be freely available for all to use. However, these same companies develop proprietary, patented technology on their own to exclude competition. A clash between the group and the individual seems inevitable.

The conflict emerged in *Rambus, Inc.* v. *Infineon Technologies AG*. Rambus sued Infineon over patents related to standards set for computer memory. Rambus participated in setting the standards. Infineon charged that Rambus could not enforce its patents, in part because it fraudulently misled the standards-setting body, known as JEDEC. In January, the U.S. Court of Appeals for the Federal Circuit reversed the lower court's fraud judgment against Rambus and sent the case back to the trial court to determine if Infineon infringed Rambus's patents.

Though the Federal Circuit questioned Rambus's ethics in attempting to manipulate its patents based on information it gleaned by participating in JEDEC, the court concluded that there was "a staggering lack of defining details" in JEDEC's patent policy.

The decision is a wake-up call to those standard-setting organizations that have been struggling for years to manage the tension between standards and patents. These groups should be providing clear, written guidance on their intellectual property positions to prevent a Rambus scenario. Standard-setting bodies should also carefully review their guidelines to ensure that they do not create unintended results.

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This all sounds like common sense advice, but there are subtle issues to consider. It's not enough just to have an IP policy. Organizations should make sure that all their publications—from policies to PowerPoint slides, memos, and the like—are consistent in their treatment of IP issues. This was a problem in the Rambus case.

During depositions in *Rambus,* committee members were asked about their understanding of the duty to disclose patents and patent applications. Some members' answers were inconsistent with some of the written standards. Courts are loathe to impose liability where a duty does not appear to be clearly communicated or consistently followed within an organization.

It is simple to agree that a policy should be well communicated and consistent, but what should a disclosure policy require of members? The policy must balance the organization's interest in free access to information against the desire of the individual participants to protect their IP. Tilting too far in favor of individual participants may render the standard useless for those unable to obtain or afford the necessary licenses. Tilting too far in favor of the organization may cause innovative participants to withdraw.

The organization may also want to consider using the U.S. Patent and Trademark Office to help navigate these waters. A little used patent office mechanism may offer some relief (more on that later).

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Much of the commentary on the Rambus case concerns the disclosure duty of participants in standard-setting bodies. But in setting policies, looking at disclosure duties is not enough. In order for a standard to take root, participants may need to license technology on reasonable and nondiscriminatory terms. Negotiating these two duties gets tricky, but generally the duty to disclose should be broader than the duty to license.

Many organizations impose a licensing duty on participants that own patents or applications that, if enforced, would prevent members from practicing a proposed standard. But what about patents and applications that, while not necessary to practice the standard, provide a substantial cost advantage for practicing the standard? Standard-setting organizations should give serious thought to requiring that these patents be licensed too.

On the other hand, technological enhancements that may improve a standard but aren't crucial to its operation need not fall under a licensing regime—unless the enhancement is being considered for incorporation into the standard.

The technology that supports many of the standards where IP issues arise is oftentimes too complex and variable for organizations to write blanket rules. Many of these decisions may have to be made on a case-by-case basis. This is where broader disclosure requirements come into play. By putting more information in the hands of participants, a broader disclosure requirement should help lead to better decisions. So long as disclosure does not require a participant to license, the disclosing participant's interests can be protected.

Since patents are public upon issuance, disclosure does not conflict with individual participant rights. But when should pending applications be revealed? One could require disclosure once the applicant has made the contents public or decided to allow its contents to go public. Key triggering events might be the publication of pending U.S. or international applications, or payment of an issue fee to a patent office.

Timing these revelations is important. The organization's policy should clearly state when the duty to disclose arises. If disclosure comes too late, an organization may have to revisit several years of work and decisions. Any disclosure policy should also consider patent applications that are filed during the drafting of a standard.

As hinted at above, the organization may do some disclosing of its own through a rarely used patent office procedure called a Statutory Invention Registration. The registration provides public notice of work on a standard and will be available to examiners who are considering related patent applications as prior art. A better-informed patent office will make better decisions, and may grant narrower or fewer patents as a result of such disclosures.

The registration provides another potential advantage. It can be the basis of an interference proceeding with other pending or issued patents. An interference proceeding, for example, could give the organization early notice of pending applications of members or nonmembers. The process may also help prevent the issuance of overbroad claims to competitors. Although registrations, like interferences, are relatively rare, perhaps it is time to consider more use of this tool. Whether through registrations or not, organizations should also consider regular publication of technology developments, even before they become standards.

Not everyone agrees that the policy of transparency is the best approach. There are legitimate interests that favor a more limited duty to disclose. Too much technology sharing can implicate antitrust issues. Also, companies that are forced to divulge more technology may withdraw from the organization. While there may be disagreement on how much information to disclose within a standard-setting body, the Rambus decision makes it clear that a policy dealing with these issues must be established. Standard-setting organizations that cope with conflicting interests by ignoring them are potentially paying a heavy price.

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