



Standard Essential Patents

Presentation by the Delegation of Canada to the WIPO
Standing Committee on the Law of Patents (SCP)



Standard Essential Patents

- A standard-essential patent (or SEP) is a patent on a technology that is essential to the implementation of a given technical standard.
- Standards, developed by Standard Setting Organizations (SSOs) define the specifications that allow products from different manufacturers to work together. Standards increase compatibility, efficiency, and foster innovation.
- SEPs are vital for implementing technical standards and enabling interconnectivity across various industries, such as wireless communications and the Internet of Things (IoT).

Standard Essential Patents

- Patent owners contribute patented technologies to SSOs, which then incorporate them into standards.
- Patent owners of SEPs are typically required to license them under Fair, Reasonable, and Non-Discriminatory (FRAND) terms.
- FRAND licensing ensures that owners of a SEP are compensated fairly while keeping access to the technology affordable and accessible.

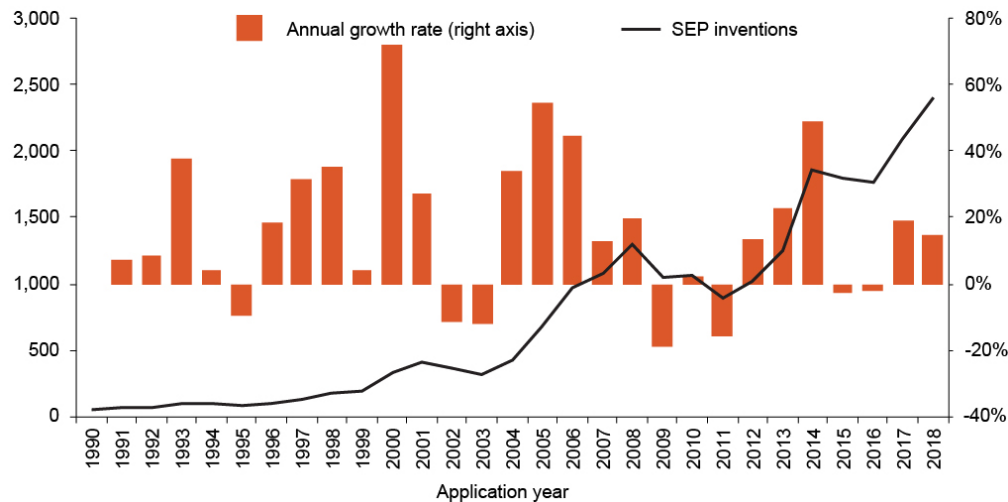
SEP Landscape

The slide features a white background with a decorative border at the top consisting of a grid of small grey dots. The bottom half of the slide is dominated by abstract, wavy shapes in black and orange. A black wave is at the bottom, with an orange wave above it. A grey triangle points downwards from the top of the black wave. A grey plus sign is positioned above the orange wave. A grey circle is located at the bottom left, partially overlapping the black wave. A grey triangle points upwards from the bottom of the black wave. The overall design is modern and minimalist.

Growth in Standard Essential Patent Filings

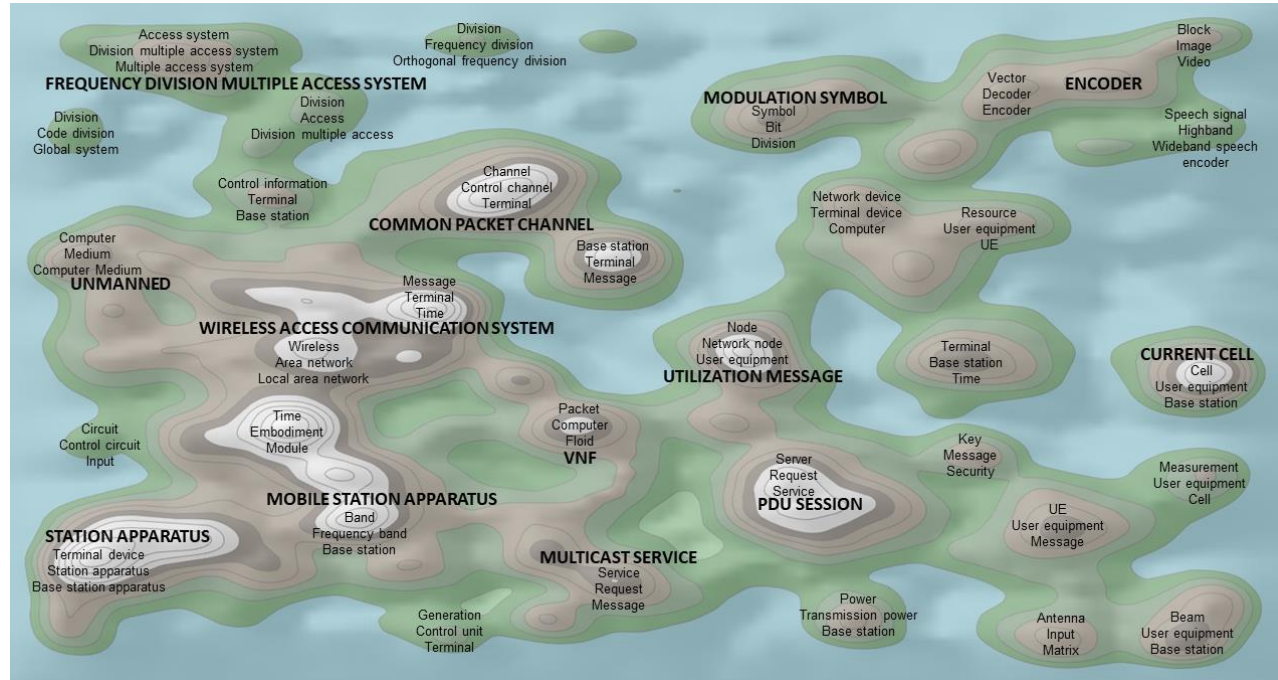
Worldwide annual average growth rate of 14% from 1990 to 2018.

Filing Trend of SEP inventions

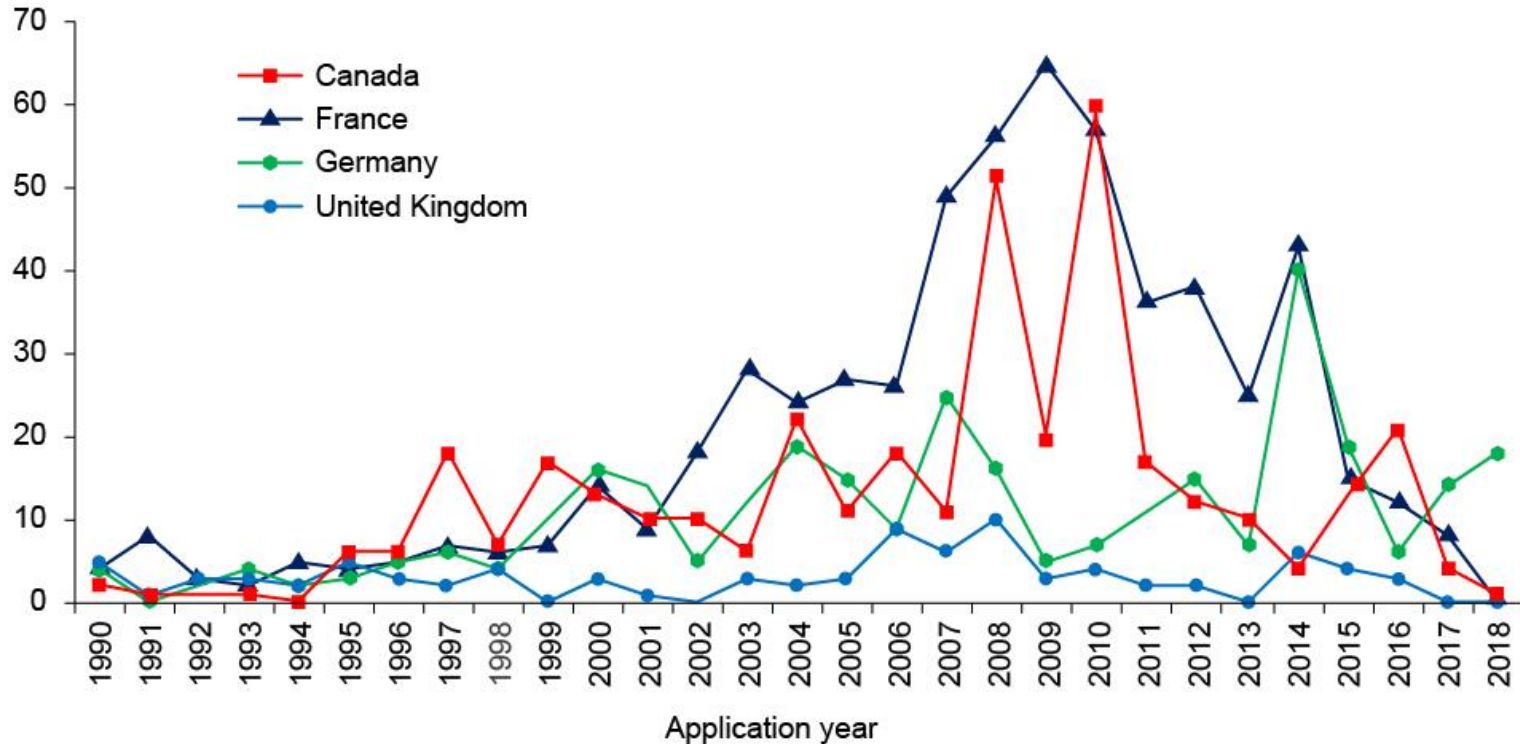


Source: PatentVector

Worldwide SEP inventions are tied predominately to the telecommunications sector



Canadian SEPs compared to other countries



SEP and Canadian legislation

The background features a series of wavy, overlapping shapes in black, orange, and white. The top section is a white background with a light gray dot pattern. The bottom section is a white background with a light gray dot pattern. The middle section is a white background with a light gray dot pattern. The bottom section is a white background with a light gray dot pattern. The overall design is modern and abstract.

Canadian *Patent Act* regarding SEPs

Subsequent patentee or holder bound

52.1 (1) A licensing commitment in respect of a standard-essential patent that binds the patentee, binds any subsequent patentee and any holder of any certificate of supplementary protection that sets out that patent.

Subsequent holder bound

(2) If a certificate of supplementary protection sets out a standard-essential patent, a licensing commitment that binds the holder of that certificate of supplementary protection, binds any subsequent holder of the certificate of supplementary protection.

Application

(3) Subsections (1) and (2) apply despite any other Act of Parliament and any decision or order made under such an Act.

Regulations

52.2 The Governor in Council may make regulations, for the purposes of section 52.1, respecting what constitutes, or does not constitute, a licensing commitment or a standard-essential patent.

The Federal Court of Canada cannot designate a patent as a SEP

- *Wheel Monitor Inc. v Cleral Inc.*, T-1686-18
- A motion by defendant to have the Federal Court of Canada (FC) declare a patent as a SEP, heard in 2020
- FC found no authority enabling it to declare a patent a SEP
- Under section 52.2 of the *Patent Act*, the Governor in Council has authority to make regulation regarding what does or does not constitute a SEP

Competition law and SEPs

- Competition Bureau Canada has issued guidance in August 2023 on the application of competition law to SEPs in its Intellectual Property Enforcement Guidelines
 - Bureau recognizes that standards development can pose competition concerns, such as reducing price and/or non-price competition, foreclosing innovative technologies and restricting firms' ability to compete by denying access to the standard or providing access on discriminatory terms
- In *Barroqueiro v Qualcomm Incorporated*, 2023 BCSC 1662, the Supreme Court of British Columbia certified a class action lawsuit where the plaintiffs alleges SEP holder of unlawful conduct under the *Competition Act*.

Summary of Canadian legal landscape on SEPS

- Canadian courts have not yet had the opportunity to address many SEPs issues, such as issuance of injunctions, negotiation and framework for calculating FRAND royalties etc.
- Canadian jurisprudence continues to develop in this area

Contact for Further Information

David Norris

Senior Trade Policy Officer,
Intellectual Property, Digital Economy and Innovation Division,
Global Affairs Canada

david.norris@international.gc.ca

Erin Campbell

Director,
Patent Policy Directorate,
Innovation, Science and Economic Development Canada

erin.campbell2@ised-isde.gc.ca

Mark Kohras

Senior Project Leader of Policy Development,
Patent Policy Directorate,
Innovation, Science and Economic Development Canada

mark.kohras@ised-isde.gc.ca