

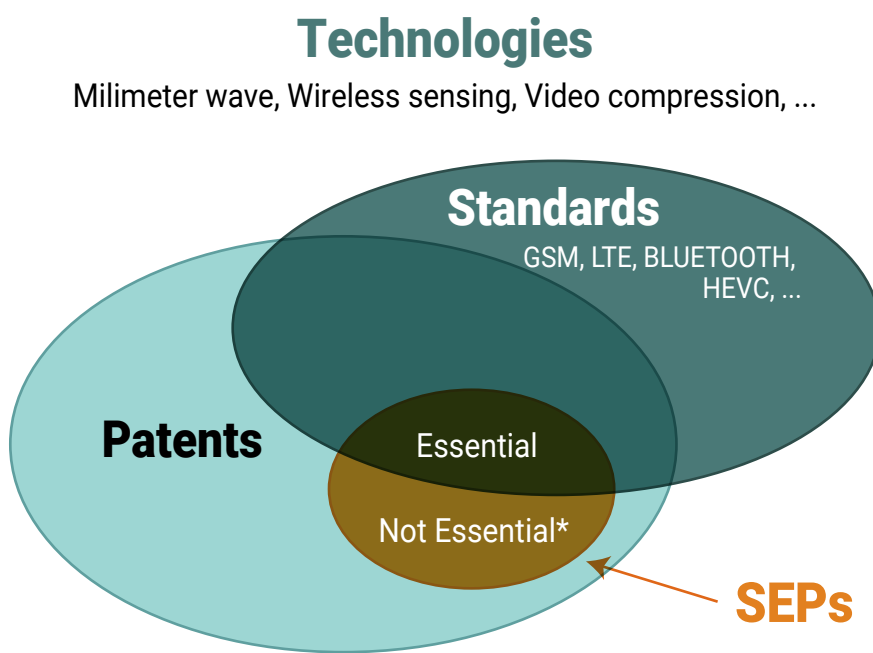
Standard Essential Patents: Importance of identifying risks



A SEP is a patent that is indispensable for the implementation of a standard, and is considered essential to the standard if its text is written in such a way that it becomes impossible to implement the standard's specifications without using the patent technology. Although there are patent-protected innovations that can add value to standards-based products, not all of them are necessarily essential.

The production and distribution of devices and services that enable the connection and transmission of data – such as audio, video and messages – follow specific technical standards that ensure efficient interoperability and communication between different systems for a large-scale exchange of information.

Structuring a business based on a specific standard can lead to disputes involving significant financial and operational impacts, as standardized technologies may be protected by essential patents (Standard Essential Patents – SEP).



*Yes, some "SEPs" are not actually essential

Source: <https://www.dilworthip.com/resources/news/part-i-what-is-a-standard-essential-patent/>

To mitigate risks to businesses structured on SEPs, pre-litigation and judicial business analyses are recommended as a precaution. To this end, it is important to:

Identify risks in the operation and exploration of markets, such as impacts on the manufacturing, assembly and distribution of devices and services that incorporate protected essential standards.

Also identify the financial risks, since these are essential standards and are used in millions of products that incorporate the technology. If a violation is found, the compensation amounts can be in the hundreds of millions of dollars (or billions of reais).

Mapping standard technologies as a strategy

For the development and production sector, as well as the commercial and strategic side of companies, it is important to know not only which standard technologies are declared as such, but whether they are patented in the areas and jurisdictions of interest, in the name of which players or NPEs, in order to assess risks and chances of being subject to enforcement.

The European Telecommunications Standards Institute (ETSI) is an independent, non-profit standards organization operating in the information and communications sector, supporting the development and testing of global technical standards for systems and applications.

It is recommended that the processes of declaration of standards and standardization be monitored and mapped before ETSI and other standardization bodies.

Additional measures

Constantly analyze and monitor the market, players and patent pools to better evaluate license negotiations with technologies declared as essential standards.

Map new technologies that are likely to become established as standards, such as 5G, which is the subject of several patents.

Monitor standards in ETSI, ITU, IEEE (among others) to facilitate strategy in the development of new products to mitigate risks with the launch.

The precautions recommended above are aimed at preventing litigation, particularly those initiated by Non-Practicing Entities (NPEs) that own or license these patents.

NPEs acquire standard essential patents (SEPs) but do not implement them commercially, using them only to support lawsuits seeking damages, settlements and financial benefits without exploiting the invention.

These entities hold records in enforcement against large technology implementing companies, and it is recommended to monitor NPEs and the results of their actions in other jurisdictions, to help with defense strategies.

How a specialized consultancy can help companies that work with SEPs stay one step ahead in terms of standardizable technologies:

- Monitor SEP declarations in standardization bodies
- Map the patentability of new standardizable technologies
- Actively work at the BPTO to prevent the protection of non-patentable standards
- Observe actions on a global scale involving SEP
- Monitor governmental and legal aspects that may regulate the topic
- Evaluate the possibility of replicating the actions in national jurisdiction
- Adopt preventive legal measures and strategic defenses
- Support in negotiations of fair global or local agreements
- Damage control: implement fair forms of calculating compensation



WE PROTECT INNOVATION. WE INNOVATE TO PROTECT.

diblasiparente.com.br | [@diblasiparente](https://www.instagram.com/diblasiparente)

patents@diblasi.com.br

Di Blasi, Parente & Associados