

VITA Patent Policy

10.0 Patent Policy

All VSO members, including study and working group members, shall follow the procedures set forth in this Section 10.

10.1 Early Patent and FRAND License Disclosure Policy

This section implements an early patent and FRAND license disclosure policy.

10.2 Disclosure of Patents

10.2.1 Disclosure Obligations

Each working group member (“WG Member”)¹ shall disclose to the working group (“WG”) in writing the existence of all patents and patent applications owned, controlled, or licensed by the VITA member company (“VITA Member Company”) the WG Member represents, which are known by the WG Member and which the WG Member believes contain claims that may become essential to the draft VSO specification (“Draft VSO Specification”)² of the WG in existence at the time, after the WG Member has made a good faith and reasonable inquiry into the patents and patent applications the VITA Member Company (or its Affiliates³) owns, controls or licenses. An “essential” claim for this purpose means any claim the use of which is necessary to create a compliant implementation and for which there is no technically and commercially feasible non-infringing alternative. The WG Member must provide, on behalf of the VITA Member Company, all patent disclosure information to VSO by completing a “Declaration of VITA Member Company” (“Declaration”), which is set forth in Appendix 6.

10.2.2 Patent Information to be Disclosed

All patents or patent applications to be disclosed under Section 10.2.1 shall include the following information: (a) for issued patents and published patent applications, the patent or patent application number, the associated country and, as reasonably practicable, the relevant portions of the WG’s Draft VSO Specification; and (b) in the case of unpublished patent applications, the existence of the unpublished patent applications and, as reasonably practicable, the relevant portions of the WG’s Draft VSO Specification.

10.2.3 Timing of Patent Disclosure

¹ For purposes of Section 10, “WG Member” includes all three levels of membership described in Section 7.1.4 of *VSO Policies and Procedures*: sponsors, participants, and observers.

² For purposes of Section 10, “Draft VSO Specification” includes any eventual standard developed and adopted under Track 1 or Track 2 in Section 7.2 as an IEC Industry Technical Agreement, a VSO or VITA Specification, or an American National Standard.

³ For purposes of Section 10, an “Affiliate” is any entity that directly or indirectly controls, is controlled by, or is under common control with, another entity, so long as such control exists. For purposes of this definition, with respect to a business entity, control means direct or indirect beneficial ownership of or the right to exercise (i) greater than fifty percent (50%) of the voting stock or equity in an entity; or (ii) greater than fifty percent (50%) of the ownership interest representing the right to make the decisions for the subject entity in the event that there is no voting stock or equity.

A VSO member who proposes to VSO a specification for consideration to become a Draft VSO Specification must disclose all patents and patent applications owned, controlled, or licensed by the VSO member that contain claims that may become essential to the Draft VSO Specification prior to the date the study group or WG, as applicable, adopts the proposed specification as a Draft VSO Specification.

Upon formation of a WG, all WG Members must disclose, on behalf of the VITA Member Company he or she represents, all patents and patent applications owned, controlled, or licensed by the VITA Member Company that contain claims that may become essential to the Draft VSO Specification within sixty (60) days after the formation of the WG.

In anticipation of a ballot to adopt the Draft VSO Specification as a VSO or VITA Specification (including an IEC Industry Technical Agreement or an American National Standard), all WG Members must disclose, on behalf of the VITA Member Company he or she represents, all undisclosed patents and patent applications owned, controlled, or licensed by the VITA Member Company that contain claims that may become essential to the Draft VSO Specification no later than fifteen (15) days from the date of publication of a Draft VSO Specification.

In addition, at the commencement of all face-to-face WG meetings, the WG Chairperson shall ask WG Members to disclose, on behalf of the VITA Member Company he or she represents, any undisclosed patents or patent applications owned, controlled, or licensed by the VITA Member Company that contain claims that may become essential to the Draft VSO Specification in accordance with the requirements set forth in this Patent Policy. If any WG Member thereupon discloses such a patent or patent application, the WG Chairperson shall ask the WG Member to submit and the WG Member shall submit, on behalf of the VITA Member Company he or she represents, a Declaration with information regarding that patent or patent application within thirty (30) days of the meeting at which the disclosure is made.

10.2.4 Disclosure of Third Party Patent Claims

Each WG Member who becomes aware of patents or patent applications owned or claimed by a third party that the WG Member believes to contain claims that may become essential to the Draft VSO Specification of the WG in existence at the time, including but not limited to any such patents that are licensed to the VITA Member Company the WG Member represents, must disclose them, provided that such disclosure is not prohibited by any confidentiality obligation binding upon the WG Member or the VITA Member Company he or she represents. Any WG Member that discloses third party patent claims does not take a position on the essentiality or relevance of the third party claims to the Draft VSO Specification.

10.3 Disclosure of FRAND License

10.3.1 License Terms

Each WG Member agrees, on behalf of the VITA Member Company he or she represents, that it will grant to any WG Member, VITA Member Company, or third party a nonexclusive, worldwide, nonsubicensable (except to the extent necessary "to have made"), perpetual patent license (or equivalent non-assertion covenant) for its patent claims essential to the Draft VSO Specification on fair, reasonable and non-discriminatory terms to use, make, have made, market, import, offer to sell, and sell, and to otherwise directly or indirectly distribute products that implement the Draft VSO Specification. Such license need only extend to the portions of the Draft VSO Specification for which the license is essential to its implementation.

10.3.2 Declaration

Each WG Member must complete and execute a Declaration (Appendix 6) on behalf of its VITA Member Company. Each WG Member must declare the maximum royalty rate for all patent claims that the VITA Member Company he or she represents (or its Affiliates) owns or controls and that may become essential

to implement the Draft VSO Specification. WG Members are encouraged to attach to the Declaration a draft licensing agreement for all patent claims essential to implement the Draft VSO Specification. The failure to do so precludes the VITA Member Company from including in its final licensing agreement a grantback, reciprocal license, non-assert provision, covenant not to sue, or defensive suspension provision that is broader or more restrictive upon licensees than the following:

1. A VITA Member Company may include in its final licensing agreement a term requiring the licensee to grant a license on fair, reasonable, and non-discriminatory terms to any of the licensee's patent claims on present or future improvements that are essential to the same Draft VSO Specification;
2. A VITA Member Company may include in its final licensing agreement a term requiring the licensee to grant a reciprocal license to all the licensee's present or future patent claims essential to the same Draft VSO Specification;
3. A VITA Member Company may include in its final licensing agreement a term under which the licensee commits not to assert or not to bring suit to enforce any of the licensee's present or future patent claims essential to the same final specification against the VITA Member Company based on its implementation of the Draft VSO Specification;
4. A VITA Member Company may include in its final licensing agreement a term providing that the license may be suspended with respect to the licensee if the licensee sues the VITA Member Company for infringement of any of the licensee's present or future patent claims essential to the same Draft VSO Specification.

License terms must in all other respects be fair, reasonable, and non-discriminatory.

The Declaration is irrevocable. If a subsequent Declaration covering previously disclosed information is submitted, the subsequent Declaration may only supersede the prior Declaration if the subsequent Declaration is less restrictive upon prospective licensees than the former Declaration. Otherwise, the former Declaration continues to apply. The Declaration will apply to the Draft VSO Specification and any reaffirmations or revisions to that Draft VSO Specification.

10.3.3 Record of Declarations

A record of all Declarations shall be placed and retained in the files of VSO.

10.3.4 Negotiation of License Terms

The negotiation or discussion of license terms among WG Members or with third parties is prohibited at all VSO and WG meetings.

10.4 Effect of Failure to Disclose Patents or License Terms

If a WG Member fails to adequately and timely disclose, on behalf of the VITA Member Company he or she represents, a patent claim or license terms for it as set forth in this Section 10, including at any of the times specified in Section 10.2.3, the VITA Member Company must license it to the extent it is essential to a Draft VSO Specification on a royalty free basis and in accordance with the license restrictions set forth in Section 10.3 for purposes of an implementation compliant with the Draft VSO Specification.

10.5 Arbitration Procedure

Any VSO member who believes a WG Member or the VITA Member Company that the WG Member represents has not complied with his/her or its obligations under this Patent Policy, including but not limited to obligations under Section 10.3 to grant licenses on terms that are fair, reasonable and non-discriminatory, may submit his/her claim in this respect to the applicable WG Chairperson. If the claim is

not thereupon resolved on an informal basis within fifteen (15) days of its submission, the WG Chairperson will commence an Arbitration Procedure in accordance with the provisions set forth below.

The Arbitration Panel will consist of three persons: one person selected by the party asserting noncompliance; one person selected by the party whose compliance or noncompliance is at issue; and a third person jointly selected by the other two selected persons. The first two selected persons cannot be affiliated with VITA members represented on the Working Group in question but may be affiliated with other VITA members if so desired. The third jointly selected person, who will act as Chair of the Panel, cannot be affiliated with any VITA member or with VITA. The entire panel must be selected within fifteen (15) days of the WG Chairperson's commencement of this Arbitration Procedure as referenced in the paragraph above. The VITA Technical Director will act as the non-voting Administrator of the Arbitration Procedure to convene, oversee and record the Panel's activity. The VITA General Counsel will specify and advise on the procedures to be followed, including procedures under which parties to the dispute and other interested parties asking to participate may be heard with respect to the dispute.

The Arbitration Panel will submit a Recommendation on the dispute to the VITA Executive Director within forty-five (45) days of commencement of the Arbitration Procedure. Within fifteen (15) days of receiving that Recommendation, the VITA Executive Director will consult with the VITA Board regarding the Recommendation and will then render a Decision on the dispute.

Any VSO member may request reconsideration of the Decision by notice to that effect to the VITA Board. Upon receiving any such notice, the VITA Board will reconsider the Decision and thereupon render a Final Decision on the dispute within thirty (30) days of that notice.

All VSO members and the VITA Member Companies they represent are expected to accept either the Executive Director's Decision or, if there is reconsideration, the Final Decision as a final and binding determination of the dispute subject to this Arbitration Procedure.

The VITA Board must approve any fees or other costs to be incurred in connection with an Arbitration Procedure, and will also specify the party or parties responsible for payment of all such costs. General principles to be followed are that (a) a party who initiates an Arbitration Procedure but whose claim is ultimately rejected will pay all costs; and (b) a party ultimately found to have not complied with its obligations will pay all costs.

Appendix 6: Declaration of VITA Member Company

Section 10 of the *VSO Policies and Procedures* requires the undersigned WG Member⁴ to complete and execute this Declaration on behalf of the VITA Member Company he or she represents. The Declaration is irrevocable. Any subsequent Declaration covering information disclosed in this Declaration may only supersede this Declaration if the subsequent Declaration is less restrictive upon prospective licensees than the information set forth in this Declaration. This Declaration will apply to the Draft VSO Specification⁵ identified below in Section C and to all reaffirmations or revisions to such Draft VSO Specification.

A. VITA Member Company

Legal Name of Organization _____

B. WG Member Representing the VITA Member Company

Name & Department: _____

Address: _____

Telephone: _____ Fax: _____

E-Mail: _____ URL: _____

C. Draft VSO Specification

Number: _____

Title: _____

D. Disclosure of Patents Containing Essential Claims

1. In accordance with Section 10 of the *VSO Policies and Procedures*, the undersigned WG Member shall disclose, on behalf of the VITA Member Company he or she represents, all patents or patent applications that the VITA Member Company (or its Affiliates⁶) may own or control and that it believes may contain claims essential to create an implementation compliant with the Draft VSO Specification identified above in Section C of this Declaration.

Patent / Application No.: _____

Title: _____

⁴ For purposes of this Declaration, "WG Member" includes all three levels of membership described in Section 7.1.4 of the *VSO Policies and Procedures*: sponsors, participants, and observers.

⁵ For purposes of this Declaration, "Draft VSO Specification" includes any eventual standard developed and adopted under Track 1 or Track 2 in Section 7.2 of the *VSO Policies and Procedures* as an IEC Industry Technical Agreement, a VSO or VITA Specification, or an American National Standard.

⁶ For purposes of this Declaration, an "Affiliate" is any entity that directly or indirectly controls, is controlled by, or is under common control with, another entity, so long as such control exists. For purposes of this definition, with respect to a business entity, control means direct or indirect beneficial ownership of or the right to exercise (i) greater than fifty percent (50%) of the voting stock or equity in an entity; or (ii) greater than fifty percent (50%) of the ownership interest representing the right to make the decisions for the subject entity in the event that there is no voting stock or equity.

Patent / Application No.: _____
Title: _____

Patent / Application No.: _____
Title: _____

Attach additional pages if necessary.

2. Does the VITA Member Company the undersigned represents hold a license from another party to a patent that may include a claim essential to create an implementation compliant with the Draft VSO Specification identified above in Section C of this Declaration?

Yes No

If yes, the undersigned shall disclose on behalf of the VITA Member Company all patents to which the VITA Member Company holds a license from another party that may include a claim essential to create an implementation compliant with the Draft VSO Specification identified above in Section C.

Patent No.: _____
Title: _____
Licensor: _____

Attach additional pages if necessary.

E. VITA Member Company's Declaration regarding the Licensing of Essential Patents

In accordance with Section 10 of the *VSO Policies and Procedures*, the VITA Member Company, by and through the undersigned, hereby declares for itself, its Affiliates, successors, assigns, and transferees of its patent rights its licensing position with respect to all patents that it may hold or control and that contain claims that may be essential to create an implementation compliant with the Draft VSO Specification identified above in Section C of this Declaration, as follows:

1. The VITA Member Company will grant to all interested parties a nonexclusive, worldwide, nonsublicensable (except to the extent necessary "to have made"), perpetual patent license (or equivalent non-assertion covenant) for its patent claims essential to create an implementation compliant with the above-referenced Draft VSO Specification on fair, reasonable and non-discriminatory terms to use, make, have made, market, import, offer to sell, and sell, and to otherwise directly or indirectly distribute products that implement the Draft VSO Specification. (The license need only extend to the portions of the Draft VSO Specification for which the license is essential to its implementation. Any other intended condition or limitation on this commitment is stated in a letter accompanying this Declaration.)
2. The VITA Member Company will grant a license to all such claims to all interested parties with a royalty rate that will not exceed: USD \$ _____, or _____% of product price, per unit.

3. The VITA Member Company attaches to this Declaration a draft licensing agreement for any claims essential to create an implementation compliant with the Draft VSO Specification identified above in Section C (the final licensing agreement will not be more restrictive upon licensees than this draft); or
- The VITA Member Company will not include in its final licensing agreement for all claims essential to create an implementation compliant with the Draft VSO Specification identified above in Section C a grantback, reciprocal license, non-assert provision, covenant not to sue, or defensive suspension provision that is broader and more restrictive upon prospective licensees than those specified in Section 10 of the current *VSO Policies and Procedures*.

F. Signature

By signing this Declaration, the undersigned represents that he or she is authorized to bind the VITA Member Company as stated herein. The undersigned acknowledges and agrees that this Declaration is a binding agreement between the VITA Member Company and VITA, and its terms are enforceable against the VITA Member Company, its Affiliates, successors, assigns, and transferees. The undersigned further acknowledges and agrees on behalf of the VITA Member Company that each licensee and prospective licensee of patent claims essential to implement the Draft VSO Specification identified above in Section C is an intended beneficiary of this agreement, and each such beneficiary is entitled to rely upon and enforce against the VITA Member Company the provisions set forth in this Declaration.

Signature: _____

Print Name: _____

Title: _____

Organization: _____

Date: _____