

Statement: Motorola's position on VITA's proposed Ex Ante IPR Policy

Motorola agrees with the concept of requiring ex ante disclosure of possible intellectual property interests in a specification under development. Indeed, Motorola subscribes to the policies of other consortia which have similar provisions. When disclosures are required according to the personal knowledge of the participants in the specification process without a duty to search a potentially large patent portfolio, and without punitive measures for failure to disclose, they are consistent with Motorola policy.

VITA's proposal with respect to ex ante IPR disclosure is not acceptable to Motorola because it imposes a duty to search, and because it imposes a penalty in the form of royalty-free licensing for a failure to comply. For a company the size of Motorola, with an extensive patent portfolio extending across a wide range of business activities, the risk of non-compliance is too great. If the consequences of a failure to disclose were simply a default commitment to license under Reasonable and Non-Discriminatory (RAND) terms, as is the case with the policies of other consortia, VITA's proposal would be acceptable to Motorola.

Licensing terms

Motorola has concerns with regard to the principle of ex ante disclosure of licensing terms. From a practical viewpoint, licensing terms are not necessarily available at the same time as the IP they cover. In the interval between filing and granting of a patent, the IP holder isn't sure what claims will be allowed or how they may have to be modified. It is impossible to craft a license appropriate to a particular set of IP rights until the patent examination process is complete, yet the VITA policy requires disclosure of both claims and license terms from the earliest stages of the examination process.

Under these circumstances, a participant in the VITA process has only two choices:

1. To craft a license with "worst case" terms that could be relaxed as the examination process moves forward
2. To commit to royalty-free licensing or non-assertion of the IP rights.

In the first case, the terms are likely to cause the IP to be excluded from the standard leaving the second alternative as the only one acceptable to the working group.

Motorola also has concerns with regard to the potential for misuse of disclosed licensing terms. Once this information is made available for use in the technology selection process by working group members, it is unrealistic that it will not be discussed. A prohibition against discussion in official meetings serves only to push the discussion into informal settings. While the DoJ business letter seems to sanction such discussions when their effect is pro-competitive, Motorola believes that the risk of inappropriate discussion is too great.

Motorola continues to believe that in the vast majority of situations the discussion of licensing terms is appropriate only on a bilateral basis between a licensor and a potential licensee. VITA's current requirements for timely availability of licensing terms are appropriate.

Arbitration

Finally, Motorola objects to the provisions of the policy regarding arbitration. This is the mechanism that will be used by VITA to make a determination when the ex ante policy has been violated, and will impose the punitive provisions of the policy. It is unacceptable to Motorola that the final decision in this process is made by a single individual, namely the Executive Director, with appeal only to the Board of Directors. If a single individual is vested with that responsibility, Motorola believes that person should be an impartial third party with no ties to VITA, or any other parties to the dispute.

Conclusion

It is for these reasons that Motorola will vote against these ex ante policies in the VSO.

If these policies are imposed in their current form as a result of a favorable vote by the VSO, all Motorola employees will withdraw immediately from all VSO Working Groups.