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ENGLISH ONLY

UNITED NATIONS CENTRE FOR TRADE FACILITATION AND ELECTRONIC BUSINESS (UN/CEFACT)
DRAFT INTELLECTUAL PROPERTY RIGHTS POLICY FOR UN/CEFACT

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Submitted by the Bureau

This **draft** document is **for information** under agenda item 6 of the provisional agenda.

The document is circulated for review and comments by the Special Contact Group set by the Bureau.

TRADE/CEFACT/2005/MISC.3

1. Royalty-Free Goals for UN/CEFACT Specifications

In order to promote the widest adoption of Specifications, UN/CEFACT seeks to issue Specifications that can generally be implemented without fees or restrictions. Subject to the conditions of this IPR Policy (the “Policy”), UN/CEFACT will generally not approve a Specification if it is aware that Essential Intellectual Property Rights (IPR) exist that are not available without fees or restrictions.

2. Definitions

A “Participant” is an individual, association, organization, corporation, other entity or Affiliate of such an entity, or an agency of government, that has formally joined a UN/CEFACT Forum Group. “Participant” is the legal entity on whose behalf an Authorized Individual acts.

“Affiliate” is any entity other than a government, which directly or indirectly controls, is controlled by, or is under common control with, another entity, so long as such control exists. In the event that such control ceases to exist, such Affiliate will be deemed to have withdrawn from UN/CEFACT, and the withdrawal implications set forth in Section 3(b)(ii) of this Policy will apply. 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

An “Authorized Individual” is an individual designated by a Participant to represent and bind that Participant with respect to the obligations set forth by UN/CEFACT’s policies, such as this Policy, the Open Development Process and R650.

[Comment: Based on our current understanding, R650 requires formal registration, signatures, and commitments from Participants. As such, an Authorized Individual, as that term is used in this Policy, will be formally bound to the requirements of this Policy.]

“Contributing Non-Participant” is an “invited expert” to UN/CEFACT who might be called in for their particular expertise. These Contributing Non-Participants must agree to the terms of this Policy and the rules of UN/CEFACT in general. Specifically, the disclosure and waiver obligations set forth in this policy apply equally to Contributing Non-Participants as well as Participants. A government agency may only be bound by the terms of this Policy as a Participant through an Authorized Individual, designated in writing. A government agency or representative can never be deemed a contributing non-participant under the terms of this Policy.

[Comment: Contributing Non-Participants must also be formally bound to this Policy. If R650 or any other UN/CEFACT procedure does not account for the formal binding of third party contributors, we should include such a mechanism in this Policy.]

“IPR” or “Intellectual Property Rights” includes patents, copyrights, trademarks, utility models, invention registrations, databases, moral rights, and data rights.

[Comment: This definition for IPR is a slightly modified version of the definition used in the IETF policy. <http://www.ietf.org/rfc/rfc3668.txt>. Ideally, we should clearly identify and include only the types of IPR that we expect to be involved in the UN/CEFACT ODP. We might also consider alternative definitions or approaches, such as equating IPR with the subject matter listed in Article 2 of the Convention Establishing the World Intellectual Property Organization, or all categories of intellectual

property that are the subject of Section 1 through 7 of Part II of the TRIPS. These alternatives might, however, extend too broadly for our purposes.]

"Essential IPR" means any and all IPR in any jurisdiction in the world that would necessarily be infringed by implementation of a Specification because there are no commercially acceptable, non-infringing alternatives for implementing the Specification. The availability of a commercially acceptable non-infringing alternative shall be judged according to the state of the art when a disclosure triggering event relating to the IPR occurs. Essential IPR shall not include rights in any enabling technologies that may be necessary to implement or use a Specification, such as technology related to the underlying hardware, operating system, middleware, or business processes.

[Comment: For clarification we might consider providing examples of "enabling technologies" (e.g., semiconductor manufacturing technology, compiler technology, object oriented technology, basic operating system technology, computers, networks, connectivity protocols, application programs, integrated circuits, or other platform or general enabling technology).]

"Specification" as used in this Policy encompasses all Technical Specifications, Working Draft Technical Specifications, Final Technical Specifications, Recommendations, final UN/CEFACT Recommendations, as those terms are used in R650 and the ODP (<http://www.disa.org/cefact-groups/atg/docs/developmntprocess.cfm>), and any other formal documents and drafts that are materially involved in the Specification development process.

"Open Development Process" or "ODP" is the process by which UN/CEFACT Technical Specifications and Recommendations are developed, approved, published and maintained.

"Contribution" is any material submitted to a UN/CEFACT Forum Group by a Participant or Authorized Individual. This material must be submitted in writing or by electronic means, whether through an in-person meeting or through any electronic conference or mailing list maintained by UN/CEFACT and which is or was proposed for inclusion in a UN/CEFACT Recommendation as defined in this Policy. This definition includes general feedback from Participants and Authorized Individuals.

"Forum Group" is the group of Participants that has been approved by the UN/CEFACT Plenary to undertake a long-term work program.

"Forum Management Group" is the body responsible for management of the Forum Groups and harmonization of work programs, among other things.

3. UN/CEFACT Waiver Obligations

The following obligations apply to all Participants.

a) Waiver Obligation

Subject to Section 3(b), as a condition of participating in UN/CEFACT, each Participant agrees to waive its rights to enforce its Essential IPR against any party implementing a Specification from any Forum Group of which Participant was a member or made a Contribution. The Participant's waiver of its rights to enforce Essential IPR against any party implementing the Specification extends only to the actual implementation of the Specification; Participant does not waive its rights to enforce its Essential IPR as to any applications or uses of its Essential IPR other than the actual implementation of a Specification.

If a Specification requires an implementation in its entirety, then the waiver extends only to such implementations, but if the Specification allows implementations in part, then the waiver extends to such portions.

[Comment: The IPR waiver approach is designed to meet the “Openness” goal of the UN/CEFACT Open Development Process with the least amount of cost and red tape (<http://www.disa.org/cefact-groups/atg/docs/developmntprocess.cfm>). Other standards development groups, including the ITU-R (downloadable at <http://www.itu.int/ITU-R/study-groups/patents/practice/index.html>) and the IEEE (downloadable at <http://standards.ieee.org/guides/bylaws/sect6-7.html>), seem to have incorporated the concept of a waiver or general disclaimer into their IPR policies. Other frameworks, including a royalty free licensing framework, could also be employed to achieve the same goals. A licensing scheme might require a more complex Policy, as the Policy would need to expressly define the license, and account for cross licensing, revocability, etc.]

b) Waiver Exception

The Waiver Obligation of this Policy does not apply to either:

i) Participant’s Essential IPR that is properly and timely disclosed in accordance with the requirements of this Policy and the Open Development Process, provided that the Participant disclosing such Essential IPR expressly and timely elects not to waive its rights, again in accordance with the requirements of this Policy and the Open Development Process; or

ii) Any new material added to a Specification after a Participant formally withdraws from that Specification’s Forum Group in writing to the Chair. The Waiver Obligation will continue to apply to any Contributions made to the Specification by the Participant before withdrawal.

c) Waiver Term

With respect to patents or any other IPR with a limited term, the term of such waiver shall be for the life of the patent or other IPR in question. With respect to any other IPR, the waiver shall be perpetual. Notwithstanding any other terms of this Policy, the waiver obligation applicable to a particular Specification does not apply to any Participant with respect to any party that is asserting a claim that an implementation of that Specification infringes that party’s IPR.

4. Disclosure

a) Disclosure Obligations

Disclosure is required only where the Participant elects not to waive its right to enforce its Essential IPR under the Waiver Obligations of this Policy and instead elects to follow the Exception Handling procedures of this Policy. In order not to waive the Participant’s rights under Essential IPR, the Authorized Individual must disclose the Essential IPR on or prior to the first disclosure triggering event (set forth in Section 4(d)) before which the Authorized Individual first has actual knowledge of the Essential IPR. This disclosure obligation applies to Participants only with respect to Forum Groups in which the Participant is a member or to which the Participant provides a Contribution.

An Authorized Individual’s failure to disclose in accordance with Section 4 of this Policy automatically results in the Participant’s waiver of its right to enforce the applicable Essential IPR as set forth in Section 3. The waiver extends to all future Essential IPR that originates from its waived Essential IPR. For example, should an Authorized Individual fail to disclose a known Essential pending patent claim

prior to a first disclosure triggering event, the Authorized Individual may not then disclose a patent claim that originated from the undisclosed pending claim prior to a future disclosure triggering event.

There is no requirement that the Authorized Individual perform a patent search or any analysis of the relationship between the patents that the Participant holds and the Specification in question. However, notwithstanding any other terms of this Policy, the right to enforce any Essential IPR that has not been disclosed prior to five days after the final technical specification release disclosure triggering event (Section 4(d)(vi)) will be waived by the Participant pursuant to Section 3 of this Policy, whether or not the Authorized Individual has actual knowledge of that IPR.

Once the Authorized Individual discloses specific Essential IPR with respect to a Specification following the rules laid out in this Policy, the Participant is relieved from its obligation to continue to disclose that Essential IPR at additional disclosure triggering events unless the nature of the Essential IPR has changed (e.g., a claim is approved or a patent application has issued).

b) Disclosure Statement Contents

Disclosure statements must be sent to the Chair of the Forum Group in question and the Forum Management Group and include in writing:

- i) An identification of the portion of the Specification that the Participant believes infringes the Participant's Essential IPR;
- ii) A specific identification of the Participant's Essential IPR as specified in Section 4(c);
- iii) A signed statement from the Authorized Individual, binding on the Participant, indicating that the Participant does not agree to waive its rights to the disclosed Essential IPR, and elects to implicate the Exception Handling procedures of this Policy.

c) Specific Identification of Essential IPR

- i) For copyrights, the specific identification includes a disclosure of any formal registration numbers or information; or in the case of an unregistered copyright, a copy of the copyrighted material and an explanation of Participant's entitlement to legal rights in the material.

- ii) For trademarks, such specific identification includes a disclosure of any formal registration numbers or information; or in the case of an unregistered trademark, a description of the mark and an explanation of Participant's entitlement to legal rights in the mark.

[Comment: We should consider whether and to what extent trademark rights should be included in the definition of Essential IPR and subject to the disclosure and waiver obligations].

- iii) For issued patents, the specific identification includes the patent number and an identification of specific claims. Any patent claims not specifically identified, even if included in otherwise disclosed patents, are waived pursuant to the Waiver Obligations of this Policy.

- iii) For laid-open or published patent applications, or for allowed claims in any patent application, the specific identification includes the disclosure and identification of specific claims. Any patent claims originating from published or allowed claims that are not specifically identified, even if included in otherwise disclosed patents, are waived pursuant to the Waiver Obligations of this Policy.

- iii) For any pending claims in an unpublished patent application, the specific identification includes only the disclosure of the existence of such claims. Any patent claims originating from pending

claims not specifically identified, even if included in otherwise disclosed patents, are waived pursuant to the Waiver Obligations of this Policy.

v) For any pending unpublished patent claims that must be disclosed under the Disclosure Obligations of this policy, such disclosure is satisfied by the Authorized Individual's disclosure of the existence of such pending unpublished claims.

d) **Timing of Disclosure: Disclosure Triggering Events**

Authorized Individuals are obligated to disclose IPR in accordance with this Policy at the following times:

- i) At the time of making a Contribution containing the Essential IPR;
- ii) Within 30 days after joining a newly established or operating working group;
- iii) 30 days after the publication of the first working draft (step 3 of the ODP);
- iv) 30 days after the publication of each subsequent working draft (steps 4, 5, and 6 of the ODP);
- v) 30 days after the end of the public review period (step 5 of the ODP);
- vi) 5 days after final technical specification release (step 7 of the ODP).

[Comment: We should consider whether it is preferable to craft the disclosure triggering events to occur before or after these key development events. The ODP reads as if these development events might occur at unpredictable times, and therefore the Participants might not know when exactly, for instance, the working drafts will be published or the public review period will close. For this reason, this draft places the triggers after, rather than before, these development events occur.]

e) **Disclosures to Be Publicly Available**

Essential IPR disclosure information for each Specification will be made public along with each public Working Draft issued by the Forum Group. No later than 10 days following each Disclosure Triggering Event, the Working Draft will be updated to include a list of all specifically identified Essential IPR disclosed, and all Exception Handling procedures implicated, by any and all Participants pursuant to this Policy.

5. **Intellectual Property Ownership**

No right related to IPR of a Participant will be deemed waived except as expressly set forth in this Policy. Further, each Participant in each UN/CEFACT Group approved by the UN/CEFACT Plenary will retain ownership of all rights in IPR that such entity owned prior to participation and that may vest in the course of participation. Except as specifically set forth in this Policy, Participants and contributing non-Participants do not grant any waivers, or otherwise limit their rights in or to, their Contributions, Essential IPR, or any other IPR.

[Comment: Nice to leave distinction here between the "right" to enforce and the other IP rights]

6. **Exception Handling**

[Comment: The IPAG structure is currently modeled after the W3C PAG concept. As such, the IPAG provisions below are not extensively detailed, and do not include details regarding due process (e.g.

whether Participants or third parties have a right to notice and a right to be heard). Nor do the provisions below detail the power behind the IPAG (e.g. whether it can demand additional information from Participants, etc.).]

a) IPAG Formation

In the event that an Authorized Individual or Participant, following the disclosure and waiver exception procedures outlined in this Policy, informs UN/CEFACT that they will not waive their rights to enforce particular Essential IPR, an Intellectual Property Advisory Group (IPAG) will be launched by the Plenary Bureau, in coordination with the Forum Management Group, to resolve the conflict. The IPAG is an ad-hoc group constituted specifically in relation to the Forum Group with the IPR conflict. An IPAG may also be formed without such a disclosure if the Plenary Bureau and the Forum Management Group determine that an IPAG could help avoid anticipated IPR problems. During the time that the IPAG is operating, the Forum Group may continue its technical work within the bounds of its charter.

b) IPAG Composition

The IPAG is composed of:

- [INSERT]
 - [INSERT]
 - [INSERT]
 - Forum Group Chair, ex officio
 - Forum Management Group
 - Plenary Bureau
 - Others suggested by the Forum Group Chair, the Forum Management Group, and/or the Plenary Bureau
- Members of the IPAG should be authorized to represent their organization's views on IPR licensing issues. Any member of the IPAG may also be represented by legal counsel, though this is not required.

c) IPAG Procedures

i) IPAG Formation Timing

Within 30 days after being launched by the Plenary, an IPAG will be convened by the Forum Group Chair, in coordination with the Forum Management Group and the Plenary Bureau and based on a charter developed initially by this group and following the requirements listed in this Policy.

ii) IPAG Charter Requirements

The charter should include:

- clear goals for the IPAG, especially a statement of the question(s) the IPAG is to answer;
- duration;
- confidentiality obligations; and
- determination of the publication of the IPAG charter, IPAG deliberations, and IPAG conclusions.

The IPAG charter must specify deadlines for completion of individual work items it takes on. The IPAG, once convened, may propose changes to its charter as appropriate, to be accepted based on consensus of the IPAG participants. The Plenary Bureau will choose a member of the IPAG to serve as Chair.

d) IPAG Conclusion

i) Possible IPAG Conclusions

After appropriate consultation, the IPAG may conclude:

- a. The initial concern has been resolved with no need to change the Specification;
- b. The Forum Group should be instructed to consider designing around the identified Essential IPR;
- c. The IPAG needs further information;
- d. The Forum Group should be terminated;
- e. The Specification, if issued, should be rescinded; or
- f. Alternative solutions should be considered.

7. Warranties and Indemnities

- a) Every Participant warrants that to the best of its Authorized Individual's knowledge, and without investigation, no third party contends that the Participant's Contributions infringe that third party's intellectual property.
- b) There are no other warranties or indemnities made by the Participants or UN/CEFACT, and UN/CEFACT and Participants hereby disclaim any implied or express warranties.
- c) UN/CEFACT does not take a position as to the validity or scope of any Essential IPR or any other rights that might be claimed to relate to the implementation of a Specification. UN/CEFACT makes no representation that it has made any independent investigation or effort to identify or evaluate any such rights.

8. Confidentiality

UN/CEFACT and the Participant have no duty of confidentiality with respect to any information transferred between them. No Contribution that is subject to any requirement of confidentiality or any restriction on its dissemination will be considered in any part of the UN/CEFACT Open Development Process, and there must be no assumption of any confidentiality obligation with respect to any such Contribution. No submission of any kind should be made on the basis of an assumed confidentiality obligation or restriction on dissolution.
