

Retroactivity of the proposed SEP Regulation: a legal analysis

Webinar + Q&A



Speaker: Prof Dr Leigh Hancher
Host: Axel Ferrazzini

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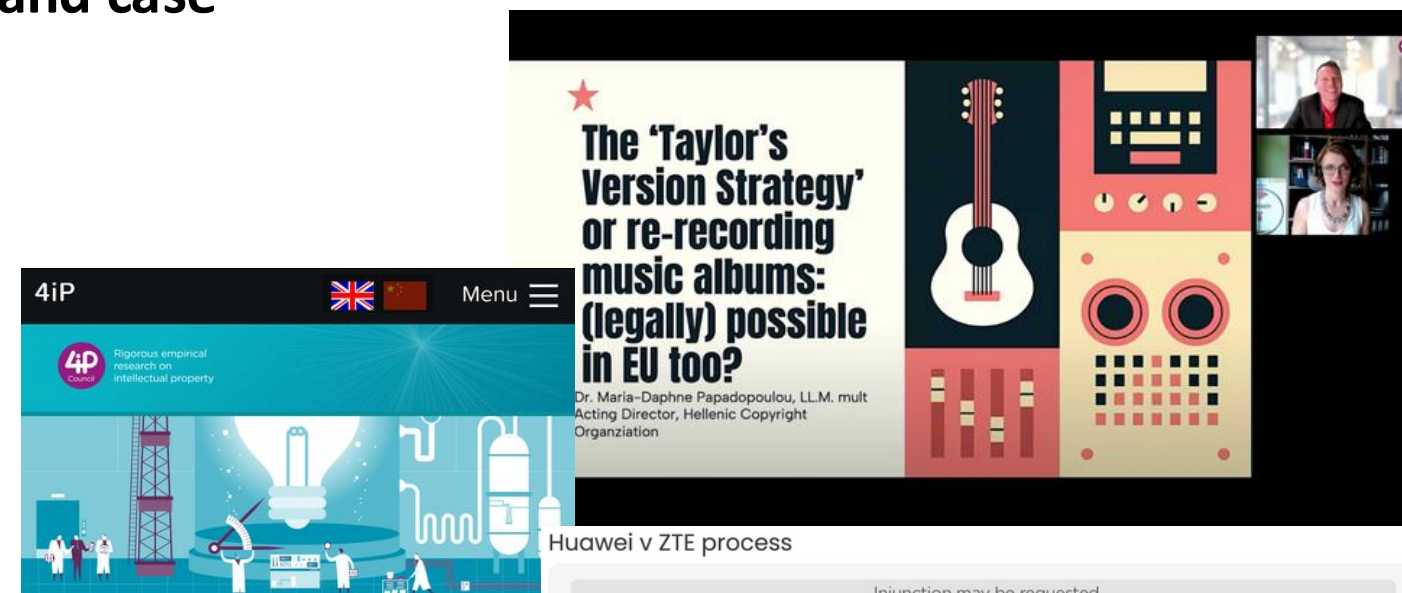
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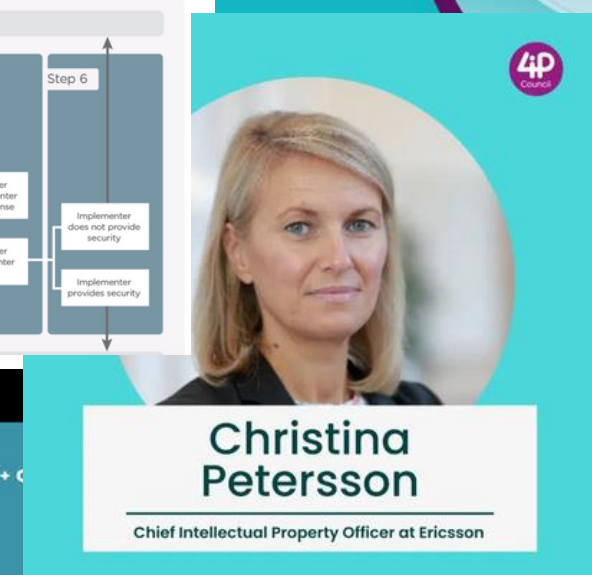
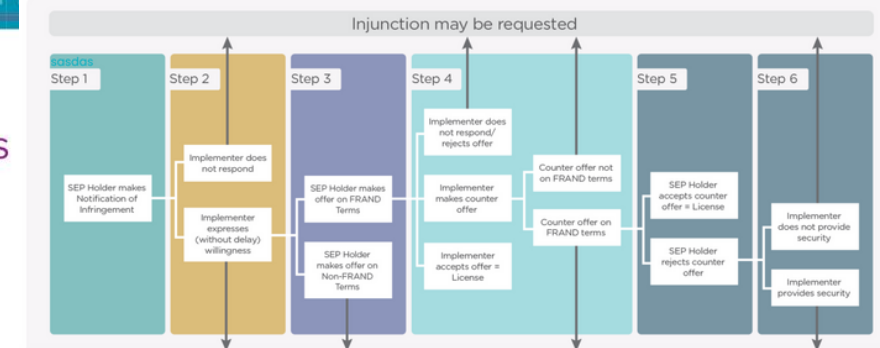


Essentiality Checks and Standards Essential Patents

- **Why automated patent analysis can be wrong, even when it's right** by Axel Contreras-Alvarez
- **Patent Landscaping Studies And Essentiality Checks: Rigorous (And Less Rigorous) Approaches** by Haris Tsilikas
- **Estimating 5G Patent Leadership: The Importance of Credible Reports** by Igor Nikolic

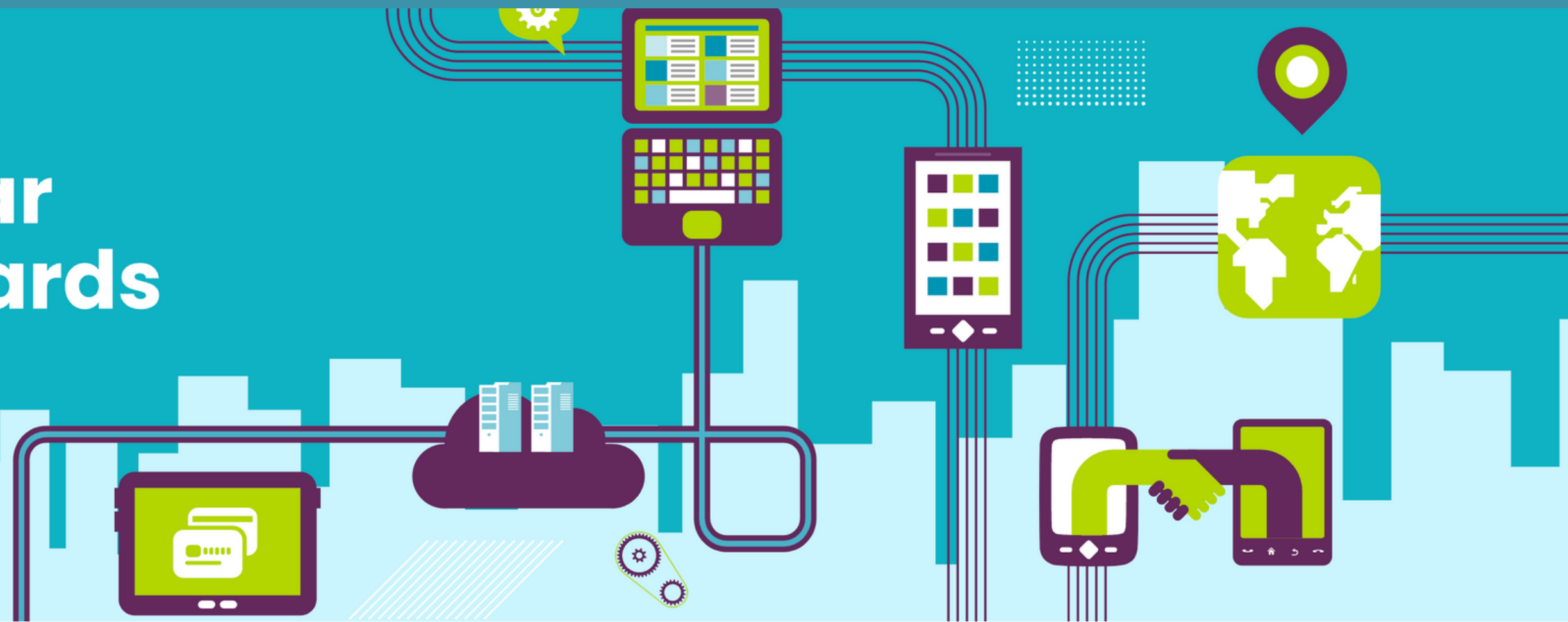
Why automated patent analysis can be wrong, even when it's right by Axel Contreras-Alvarez

Axel Contreras-Alvarez, former IPR Commercialization Manager at Ericsson, evaluates the reliability of software and automated analysis for patent valuation, considering the factors used by algorithms, and with an action plan for those wishing to use such platforms.



IOT & Cellular Standards

Made simple



Explore IoT and Cellular Standards

● **What are IoT and Cellular Standards?**

○ Benefits of cellular standards

○ IoT sectors enhanced by cellular standards

○ FRAND: Cycle of Innovation

○ How are cellular standards developed?

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(HOST)

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Dr. Maria Daphne Papadopoulou

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Amanda Costa Novaes


3rd Place
Ángela H. Martínez López

#33

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**Christina
Petersson**

Chief Intellectual Property Officer at Ericsson

Retroactivity of the proposed SEP Regulation: a legal analysis



PROF DR LEIGH HANCHER

Professor of European Law at the University of Tilburg, and part time Professor responsible for EU Energy Law and Policy at the Florence School of Regulation, of the EUI

Introduction to the project



The problem of retroactivity – extending the SEP to existing standards

01

Overview of the SEP Regulation, objectives, and scope.

02

Which existing standards are targeted and how?

03

The role of the Delegated Acts (DA) in regulating standards and licensing practices.

What is at stake?



How many standards?

1. If the DA is adopted, it will extend the reach of the SEP Regulation to certain standards published well before the date on which that regulation becomes applicable, including potentially, to important standards such as 4G and 5G, on which many IoT applications run
2. As of July 2023, approximately 60,000 patent families have been declared to 5G and approximately 24,000 to 4G, many of which patent families will contain at least one European patent
3. Such existing standards may consequently have to be notified to the competence centre to trigger the registration process for the standard
4. European patents declared to those standards would then have to be registered at the EUIPO
5. If the EU loses technological leadership in the cellular space, it could lead to **an annual loss of up to \$2,6 billion**, in addition to other non-monetary losses

Impact assessment accompanying the draft SEP Regulation

Five separate options considered

The Commission expressly noted that:

“For options 1 to 5 a sub-option to cover all past standards (e.g. 3G) was discarded as too costly, because of the large number of patents that would need to be registered, and having the effect of reducing legal certainty for existing contracts”

Impact of including existing standards in new regime

- **General concerns on use of DAs**
 - Potential adverse impacts of retroactive DAs on businesses and innovation and competitiveness
 - Industry concerns about DA burdens on regulatory certainty and impact on competitiveness .. “ very often delegated acts make the regulatory frameworks less certain and business environment in general less predictable, instead of doing the opposite”
- **Specific concerns on ‘SEP DA’ for existing standards**
 - No impact assessment
 - Vague tests in Art 1(4) and recitals

Key Issues Discussed

Some issues around the planned DA

- Is a retroactive application of the (draft) SEP Regulation to existing standards legal?
- Procedures for the EC's new investigatory powers to identify existing standards to be included (ex ante controls)
- Scope and function of Delegated Acts– judicial control (ex post)

Short Overview of Delegated Acts (DAs)

What is a DA?

- Definition and purpose of DAs under Article 290 TFEU – amending technical and non-essential elements of the basic act
- Useful cases for DA application (e.g., expanding/supplementing regulations)
- Role of EC in adopting DAs

Ex ante Scrutiny of Delegated Acts

- Main mechanisms: revocation rights, objections, and time limits
- Delays, limited access, and technical complexities limiting effective oversight
- So many challenges for Parliament and stakeholders in scrutinizing DAs ex ante
- **Limitations on DA scope** to prevent EC overreach are important

Stakeholder Input on DAs

A transparent process?

- Importance of expert and stakeholder consultation in DA adoption process – Best Practices –>The Commission's 'Better Regulation Toolbox'
- Does the EC have to follow the results? Wide discretion in practice
- Industry critiques on increased reliance on 'highly granular' DAs

Scope of Delegated Acts

Ex post control – Essential v non-essential

- Purpose of DAs – amending vs. supplementing basic acts
- Limitations on scope
- How to determine essential vs. non-essential elements > who makes the political and economic choices?



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Retroactive Application of the SEP Regulation via DAs –Is retroactive application of DAs to existing standards legal?

- Definitions of retroactive/retrospective application
- EU perspectives on retroactive regulations, especially for SEPs
- Possible solutions?

Legal Safeguards and EU Principles

What are the Guardrails?

- EU principles on legitimate expectations and non-retroactivity
- Use of transitional provisions to protect rights in EU law
- Scope for transitional arrangements here seem limited?

Conclusion

3 areas of concern

- General political concerns about procedures for adoption of DAs
- General and specific legal concerns about the eventual scope of a DA to extend the scope of the draft Regulation
- Economic concerns as to impact of proposed DA

Q&A

Open floor for questions and discussion.

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