MEMORANDUM

TO: Brian Henry, ABA Antitrust Section Vice Chair
    Long Range Planning Committee

FROM: Intellectual Property Committee
    Chair(s): Alexander Okuliar; Hartmut Schneider
    Vice Chairs: Dina Kallay; Paul Lugard; Jonathan Lutinski;
          Jonathan Sallet; Danny Sokol
    YLR(s): Elise Nelson; Jason Pang

DATE: December 11, 2017

RE: Long Range Plan, 2017-19

I. Current State of Your Committee

   A. Scope of Charter

   The ABA website describes the Mission of the Committee as follows:

   “The Intellectual Property Committee focuses on antitrust issues that arise from the
   acquisition, licensing, and enforcement of patents, copyrights, trademarks, and other forms of
   intellectual property, as well as developments in patent, copyright, and intellectual property law
   from the standpoint of competition policy. Although we focus primarily on antitrust issues in the
   United States, the globalization of both antitrust law and intellectual property rights has led the
   Committee to expand its geographic horizons, focusing on policy and counseling challenges that
   arise throughout the world.”

   This Mission statement accurately reflects the Committee’s mission, and we do not
   recommend any changes.

   B. Description and Reflective Evaluation of Membership Levels, Diversity, and
      Growth

   Our membership continues to grow. We have approximately 740 members, up from 649
   at the time of the 2015 Long Range Plan. The Committee saw a spike in membership growth
   from 2012-2013 (449 to 524 members) and then again from 2013-2014 (524 to 616 members).
   Committee membership has grown more gradually since then. We believe these growth patterns
   reflect the strong increase in attention to IP/antitrust questions during the 2012-14 time period,
   the continued relevance of IP/antitrust topics, and the success of the Committee in
   communicating with our membership about these issues.

   Our members hail from private law firms, economic consulting firms, large corporations,
   state attorney general offices, and law schools around the country. We also have significant non-
   US membership. The Committee’s membership appears to reflect the gender and ethnic profile
   of the Antitrust Section membership generally.

   One group where we are under-represented is the plaintiffs’ bar. We believe this is
   largely due to our charter and the fact that most major antitrust/IP conflicts outside of the
pharmaceutical industry (which is covered primarily by the Health Care & Pharmaceuticals Committee) have been litigated between businesses that are not typically represented by traditional plaintiffs’ law firms (e.g., Apple, Ericsson, Intel, Samsung, Qualcomm). As discussed below, we nevertheless plan to strengthen our outreach to the plaintiffs’ bar.

C. Level of Interaction with Other Committees (including co-sponsored programs)

The IP Committee engages with other SAL Committees (and other ABA Sections) in a variety of ways. For example, the IP Committee co-sponsors events with other SAL committees, including telephonic and Spring Meeting programs. At the 2017 Spring Meeting, the IP Committee co-sponsored a panel titled “Practicing in the New Music Licensing Marketplace” with the Federal Civil Enforcement and Media & Technology Committees. In 2016, we co-sponsored a panel titled “Antitrust/IP Guidelines Worldwide: More Guidance Needed?” with the International Committee and the International Task Force. Other joint programming activities included a networking event with the Health Care & Pharmaceuticals Committee in 2016.

The IP Committee also works with other Committees to provide comments on antitrust/IP-related proposals and policies being considered in other jurisdictions. Between 2015 and 2016, for example, the Committee took the lead or made significant contributions to six sets of comments: one each to the U.S. agencies, Korea, India, and Canada; and two to China.

D. Top 3 Accomplishments Since Last Long Range Plan

The Committee has covered several significant substantive developments since the last Long Range Plan. Highlights include the following:

• The Committee successfully implemented new ways to communicate with its membership. For example, we launched a student essay writing contest, which will provide the winner with a cash scholarship and free attendance at the 2018 Spring Meeting. In anticipation of the FTC’s PAE Study in 2016, we invited prominent antitrust scholars and practitioners across the policy spectrum to submit initial thoughts on the Study. Five authors responded to our request and the Committee published a special issue of its Public Domain newsletter less than one month after the PAE Study was released. We also recently launched a new series of brownbag programs with updates on IP/antitrust developments from non-US jurisdictions.

• The Committee has been an active contributor to Section publications. In addition to our regular participation in updating the chapter on antitrust and intellectual property in Antitrust Law Developments, the Committee helped publish the second edition of the Intellectual Property and Antitrust Handbook in late 2015, and recently finalized the draft of the second edition of the handbook on Intellectual Property Misuse: Licensing and Litigation. We also publish regular updates on IP/antitrust developments through our weekly tidBits and quarterly Public Domain newsletters.

• As noted, we contributed to six sets of comments on efforts by antitrust agencies around the world to provide or update guidance on the application of antitrust law to conduct involving intellectual property.
II. Major Competition/Consumer Protection Policy or Substantive Issues within Committee’s Jurisdiction Anticipated to Arise Over Next Three Years

A. Licensing of SEPs

We expect that questions involving the licensing of SEPs will continue to stay relevant. Over the last several years, a wave of cases and enforcement actions addressed fundamental SEP licensing questions such as whether, and under which conditions, owners of SEPs can seek injunctions; whether the breach of a promise to license SEPs on fair, reasonable, and non-discriminatory (FRAND) terms can be an antitrust violation; or how to calculate reasonable royalties in practice. These issues related primarily to underlying concerns about the ability of SEP technology owners to “hold-up” users of standardized technology by threatening injunctive relief and then extracting higher or discriminatory royalties, potentially in violation of FRAND commitments. We anticipate that courts and agencies in the US and worldwide will continue to address hold-up and refine the answers to these questions in the coming years. In addition, recent statements by DOJ and FTC leadership indicate that the US agencies intend to focus more of their investigative and enforcement activity on concerns about “hold-out” that can occur during or after the standard-setting process. For example, hold-out can occur when competitors agree to artificially lower the royalties paid to a SEP technology owner.

We expect to take the following actions to keep our members on top of these developments: (1) invite the heads of the DOJ/FTC to speak about their views on enforcement activity in this space at a networking event and other events; (2) create a series of short podcasts in which members of the IP Committee leadership interview private practitioners and past/present government enforcers to explain the legal and economic implications and theories underlying hold-up, hold-out, and related activity; (3) continue to develop programming on recent developments, including panels and “courthouse steps” type updates on important cases; and (4) reach out to the Books & Treatises Committee about updating the handbook on Federal Antitrust Guidelines for the Licensing of Intellectual Property to reflect these and other recent developments, as well as a new edition of the IP/Antitrust Handbook, which the committee last updated in 2015. We also plan to discuss with Books & Treatises whether issues surrounding SEPs and FRAND commitments may benefit from the development of targeted publications.

B. Lifecycle Strategies Involving IP

In the pharmaceutical sector, we expect that lifecycle strategies involving intellectual property will continue to play a prominent role, and we anticipate these strategies to expand beyond the type of conduct that has attracted litigation about “reverse payment” patent settlements. Other forms of life cycle management, such as “product hopping” or efforts remove pharmaceutical IP from the jurisdiction of the Patent Office, will raise new and interesting questions at the intersection of antitrust and IP.

In addition to traditional programming, we anticipate the following efforts to help update our members on these developments: (1) creating a dedicated “pharma” column in our Public Domain newsletter that will be written by rotating guest authors to include in-house, defense lawyers, plaintiffs lawyers, academics, and enforcers; (2) approaching the Health Care & Pharmaceuticals Committee to help with the most recent update to the Pharmaceutical Industry Antitrust Handbook (2009); and (3) developing an annual or bi-annual all-day CLE event on pharmaceutical antitrust developments with the Health Care & Pharmaceuticals committee.
C. Agencies Outside the U.S.

Over the past years, agencies outside of the US—especially in Asia—have actively developed and updated guidance on the exercise of IP rights, especially in the licensing context. Some of the new guidance suggests potential antitrust liability for conduct that is generally beyond the reach of antitrust law in the United States (e.g., “excessive” royalties). Some agencies have started to implement the new guidance, but many questions about the practical significance of the new guidelines are still unresolved. We expect that this will be major area of interest over the coming years.

The Committee has begun to expand its programming to include developments in other jurisdictions, and in the last year has sponsored panels on IP/antitrust developments in Europe, Asia, and Latin America with speakers taking part from those regions. In addition, as other jurisdictions take actions to apply their new guidelines, we expect to develop tailored programming – including special issues of Public Domain or interviews with practitioners and/or enforcers in the relevant jurisdictions. The topic of IP guidelines and related enforcement activity is also covered in an International Licensing handbook that the Committee is currently drafting.

III. Specific Long Term Plans to Strengthen Your Committee

A. Potential Modifications to Charter

We do not see a need to modify the Committee’s Charter. In our programming and publication activities we continue to focus more on patent issues covered by our charter and less on other intellectual property issues such as copyright or trademark. We do not believe, however, that the traditionally greater focus on patents requires a change in the Committee’s Charter. We do include copyright and other non-patent content in our activities and the relative greater emphasis on patents simply reflects the fact that litigation and enforcement actions with antitrust implications have more commonly involved patents than other types of intellectual property.

B. On-going Activities and Plans for Growth

a. Expansion of Membership

The IP Committee has a strong and growing membership and we are actively working on meeting the Section’s goals of expanding the Committee’s membership to include lesser-represented groups. The Committee’s student writing competition illustrates our activities in this area. Through our Vice Chair Prof. Danny Sokol, we have increased our outreach to law schools; and our Vice Chairs Dina Kallay (Ericsson) and Jon Lutinski (American Express) reinforce the Committee’s openness to in-house counsel. In addition, we are one of the few substantive committees with a non-US Vice Chair, Paul Lugard (Baker Botts Brussels).

As noted above, one group that continues to be under-represented is the plaintiffs’ bar. We have discussed this among Committee leadership and are continuing to look for ways to attract plaintiffs’ lawyers to the Committee.
b. Diversification of Membership

See Membership Expansion.

c. CLE/Committee Programs

The Committee has traditionally been an active contributor to the Section’s CLE and programming efforts, and the past two years have been no exception. Our programs have covered a wide range of topics and formats, from traditional lunch hour brownbags on IP licensing questions, to international updates, to a “fireside chat” program on the US IP Licensing Guidelines.

d. Publications and Newsletter

As noted above, the IP Committee has a diverse set of publications designed to inform members about developments of relevant interest. Under the leadership of Perry Lange, we recently finalized the draft of the second edition of the handbook on *Intellectual Property Misuse: Licensing and Litigation*. In addition, we have focused on frequent communications in response to member interest and the many developments involving antitrust and intellectual property. We have also experimented with publication formats that quickly deliver commentary on significant developments to our membership, such as the special issue of our Public Domain newsletter on the Federal Trade Commission’s Patent Assertion Entity (PAE) study.

As noted above, we plan to reach out to the Books & Treatises Committee about updating the *Federal Antitrust Guidelines for the Licensing of Intellectual Property* to reflect recent developments, as well as evaluate a new edition of the *IP/Antitrust Handbook*, which the committee last updated in 2015. We also plan to discuss with Books & Treatises whether issues surrounding SEPs and FRAND commitments may benefit from the development of targeted publications. We are also currently updating the *International Licensing Handbook*.

e. Technology, CONNECT, and Innovative Content/Value Delivery

The Committee regularly contributes to Connect and has used social media (such as LinkedIn) to promote Committee initiatives. Nevertheless, the Committee’s presence on Connect and its Committee webpage on the ABA website is an area of increased focus for the Committee going forward.

f. Joint Activities with Other Committees/Entities

As noted above, we actively seek out opportunities to co-sponsor events with other committees and with the IP Section.

g. Development of Future Leaders

The Committee has been successful in grooming future Section leaders. Our YLRs have moved on to serve as vice chairs on other committees and the editor of the second edition of our Patent Misuse handbook, Perry Lange, is now a Vice Chair on the Joint Conduct Committee. We have also discovered potential future leaders through volunteering opportunities. For example, Andy Tuck (Alston & Bird, Atlanta) reached out to us last year and has since taken charge of the
pending update of the IP/antitrust chapter of *ALD*. Assuming successful completion of the project we expect that he will be recommended for a future leadership position.

h. Other Recommended Resources, Support, or Initiatives?

N/A

C. Principal Challenges, Weaknesses, or Impediments to Operation of Your Committee – And Plans to Address

The IP Committee is a strong group that generates significant interest among the Section membership. As discussed in our report to the 2017 Midwinter Council Meeting, we see the main challenges for the Committee as follows:

- The Committee could improve its use of the Section’s online resources, especially Connect. We use Connect to communicate with our members and advertise programs but could be more active in converting Connect into a virtual gathering place for our membership. We have made this a priority for the Committee’s activities going forward. Notably, we have appointed one of our Vice Chairs to take the lead in updating our Connect website.

- The Committee has been an active contributor to the Spring Meeting planning process, and routinely submits numerous program proposals. However, we were the primary sponsor for only one Spring Meeting program in each of the last two years. We sponsored a panel on Performing Rights Organizations at the 2017 Spring Meeting (moderated by Rob Davis), and a panel on Intellectual Property Guidelines at the 2016 Spring Meeting (moderated by Hartmut Schneider). We have focused on increasing the Committee’s presence at the Spring Meeting and are encouraged that our proposals for the 2018 Spring Meeting resulted in primary sponsorship of four panels and secondary sponsorship of one additional panel. As always, we will continue to use rejected proposals for our Committee programming activities.

- The IP/antitrust interface can be more polarized than other substantive Section activities. The diversity of opinions among our members is one most exciting aspects of leading the Intellectual Property Committee, but balancing these diverse perspectives can also be a challenge for the entire Committee leadership, especially when the Committee calls for significant volunteer efforts, such as contributions to Section comments on international guidelines. Our continued goal is to represent the full spectrum of opinions of our membership in all aspects of the Committee’s activities.

cc:  Responsible Council Member: Sean Gates  
Committee Operations Representative: Samantha Knox  
Long Range Planning Committee Representative: William Greene