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**ENGLISH ONLY**

**UNITED NATIONS CENTRE FOR TRADE FACILITATION AND ELECTRONIC BUSINESS  
(UN/CEFACT)**

**COMMENTS ON THE DRAFT INTELLECTUAL  
PROPERTY POLICY OF UN/CEFACT**

The present document is submitted to the 9<sup>th</sup> UN/CEFACT Plenary session for discussion.

1. We recommend that both the participants defined in Section 2(f) and the contributing non-participants referred to in Section 3(f), be required to sign an instrument certifying that they have received a copy of the Policy and agree to be bound by it prior to being admitted to participate in UN/CEFACT work.

2. In this respect, we note the provision, in the second sentence of Section 2(f), that “Except as used in Section 6(a), Participant means the legal entity on whose behalf an authorized individual acts”. If an individual is to participate in a UN/CEFACT group as representative of another entity, the instrument referred to in paragraph 1 should be signed in the name and on behalf of such entity, and should specify that the entity’s designated representative in the UN/CEFACT group shall be authorized to make, on behalf of the entity, contributions under the UN/CEFACT Policy (see also our comments on Sections 4(e) and 6(a)).

#### Section 2(a)

3. We suggest that the last sentence, that is part of the definition of a “Participant”, be combined with Section 2(f) that provides the definition of “Participant” (see paragraph 10 below).

#### Section 2(b) and 2(c)

4. There may be a need to clarify the distinction between “Intellectual Property” and “Contribution”, as defined in paragraphs (b) and (c) of Section 2.

5. “Intellectual property” is defined to mean only “all copyrights and patent claims”. It may be useful to refer to “the claims of any patent or patent application”, which refers to specific legal rights that govern use of protected material. References to “Contribution of Intellectual Property” (e.g., Section 3), seem to introduce ambiguity. It may be preferable to characterize the relationship between the definitions of “Contributions” and “Intellectual Property” by referring to “contributions” as defined in the draft Policy, and referring to intellectual property rights in such contributions, or intellectual property rights owned by the contributor that could prevent or restrict the intended use of the contributions. Perhaps the distinction could be made between “Contribution” and “licenses under intellectual property rights over contributions”.

6. Other intellectual property rights that are not directly owned or controlled by the contributor may need to be addressed. For example, the contributor may have assigned the patent rights or given an exclusive license to a third party in one jurisdiction, but otherwise kept the rights in other jurisdictions - this could mean a constraint on the use of the specifications in that jurisdiction, but not elsewhere. The entitlement of the contributor may be constrained in other ways, such as research agreements. There is also a distinction between the Participant’s intellectual property rights over potential contributions, and third party rights (of which the Participant may or may not be aware). Sections 3(c) & (d) are relevant here: (c) refers to “only Intellectual Property under which the Participant making the submission has a right to grant the licenses...”. Strictly this could be recast along the following lines: “where subject-matter is provided as a potential contribution, the Participant should be entitled to provide any necessary license for its use in all jurisdictions or territories in which it holds relevant intellectual property rights, and should warrant that it is unaware of any intellectual property rights held by third parties that would restrict its intended use”.

#### Section 2(d)

7. At the end of paragraph (d), “recognized by ECOSOC” should be replaced by “which have consultative status with ECOSOC”.

#### Section 2 (e)

8. Perhaps the following phrase, which begins in the fifth line of paragraph (e), should be deleted:

"... because there is no technically plausible non-infringing alternative for implementing the Contribution and still comply with such Specifications".

This paragraph defines subject matter that is subsequently licensed by Participants in Section 4. The quoted language would condition any license for infringing subject matter on proof that there is no non-infringing alternative for compliance with a specification. The need for this clause and its scope is unclear as the preceding phrase limits "Necessary Claims" to those that would be infringed by implementing a Contribution. In addition, the clause appears to be unnecessary in view of other safeguards provided in the explanation of "Contributions" in Paragraph 3.

9. It is not clear what is intended by claims over "implementation examples" in clause (iv), in the last line of Section 2(e). Normally, implementation examples are provided in the body of a patent specification and may be relevant to interpreting the scope of the invention. This may actually refer to dependent claims for more specific characterizations of the invention that are not relevant to the implementation of the specifications - in that event, clause (ii) would presumably cover this. The relationship between patent claims and the examples given in the specification would be considered by national judicial authorities.

#### Section 2(f)

10. We suggest that the following text be added as the second sentence of paragraph (f), after "the group's membership rules." in the third line:

"All references to 'Participant' in this Policy shall be deemed to include such Participant's Affiliates as defined in Section 2(a)".

(For explanation, see paragraph 3 above)

#### Section 3, chapeau, clause (ii)

11. We suggest revising clause (ii) by adding the words "that relates to a Contribution that" at the beginning of the clause. The revised text would read as follows:

"that relates to a Contribution that is actually submitted by such Participant to the group in the process of developing such Specification".

12. Without the added words, clause (ii) would appear to exclude from Contributions any material for which the intellectual property is not "submitted". The substantive material (the res) submitted by a Participant and adopted into the Specifications is, of course, different from the intellectual property that inheres in that res. It is the res (the written or electronic material) that will be submitted and adopted, not the intellectual property. In the context of copyrightable subject matter, for instance, copyright protection might not be registered until long after the substantive material to which it applies is submitted and adopted. Thus, there may not be an intellectual property instrument to submit or issued intellectual property rights to refer to at the time written material is submitted. It appears that the later acquisition of intellectual property protection on previously submitted material should not exclude the subject matter from being a "Contribution".

#### Section 3, clause (iii)

13. Some clarification may be warranted - the point is perhaps that when the Contribution is incorporated in the Specification, the Participant is deemed to have granted a license under any applicable intellectual property rights for the use of the Contribution.

#### Section 3 (a)

14. Section 3(a) provides that «The Participant must have formally joined the project team ...”, while the word “group” is generally used in the draft Policy. You may wish to check the text for consistency.

15. Paragraph (a) exempts Participants from obligation under Sections 3 and 4 whenever: 1) "the final output of a group's particular Specification development effort differs substantially from the expected output"; and 2) the Participant withdraws “promptly” from the group prior to final approval of the Specification. This would appear to excuse Participants from licensing obligations even if their Contributions were incorporated in a Specification. Was this intended?

#### Section 3(b)

16. We are concerned that this provision may be too restrictive, given the lack of clear definition of business methods and business processes. It seems that the provision would place a burden of proof on any user of the specifications to confirm that they are not infringing any patent claims or copyright that does not relate to business methods. In any event, the effect of this provision appears to be rather that licenses under intellectual property rights will be deemed not to have been granted to the extent that the intellectual property rights cover material other than business methods, etc.

#### Section 3(c)

17. In the fourth line, after “submission of that”, it seems to us that "that Intellectual Property" should be deleted and substituted with the word "Contribution" (see our comments on Section 3(ii)).

18. It seems to us that the second sentence of Section 3(c), reading “Only Intellectual Property … will be deemed a Contribution” should be omitted. That sentence entails that a Participant making a contribution in breach of 3(d) would have no obligation under the Policy, even if the contribution has been incorporated in an approved Specification.

#### Section 3(e)

19. It seems to us that there should be a more specific definition of software code. This could arguably include a description of a particular algorithm, which may be partially written in source code. Is it intended to exclude this possibility?

#### Sections 3(f) and 3(g)

20. This provision makes the contributions of invited outside experts who are not Participants subject to the provisions of this policy. It seems to us that such non-participants should be bound by the Policy, except for the obligation under Section 3(a) to join a group. This would entail that, after the words “shall be treated as a Contribution under this” in the fifth line, the rest of Section 3(f) be deleted and substituted with the following text:

“under this Policy, and such contributing non-participant shall be treated as a Participant under this Policy, except for the requirement in Section 3(a) that the Contribution come from a Participant that has formally joined a group”.

Such non-participants should, like Participants, required to sign an undertaking acknowledging that they have received a copy of the Policy and agree to be bound by its terms.

Section 4(b)

21. This paragraph contemplates that Providers will negotiate license agreements with third parties and lists four examples of terms that such agreements "may" include but need not include. It is unclear why such terms are proposed as possible license terms, particularly number (2) which permits "revocation of the license should a suit for patent infringement be brought against the licensee against the licensor". This clause is not limited to suits pertaining to the licensed subject matter but perhaps should be so a relationship between the suit and the licensed subject matter to more clearly avoid antitrust or unfair competition contentions.

22. The prohibition on sublicensing may also be problematic in that it is presumably intended for the specifications to be used quite widely, and this could bring with it an assumption of an implied sub-license for the third party to use the specifications in good faith in dealing with other parties.

23. We would suggest ending paragraph (b) at the word "Contribution" in the seventh line and deleting the rest of the paragraph.

Sections 4(e) and 6(a)

24. Paragraph 4(e) disclaims any warranties by Participants in respect of their contributions; paragraph 6(a) requires Participants to disclose to UN/CEFACT potential infringement, by a Specification, of intellectual property owned by the entity they represent, but leaves the UN exposed in case Participants fail to disclose.

25. First we consider that a disclaimer similar to that in paragraph 4(e) should be extended to the UN in respect of the Specifications. Second, Participants should be required to warrant their right to grant the necessary licenses in all or any necessary jurisdictions or territories, to confirm that they are aware of no third party IP rights that would restrain the intended use of their contribution, and to indemnify, hold harmless and defend at their own expense the UN against claims of infringement of third-party intellectual property rights arising from their contribution.

Sections 6(a), 6(b) and 7

26. Sections 6(a) and 6(b) refer to "Participants that are not part of a particular group", and Section 7 refers to a "Participant, which has not already formally joined a particular group". These references are not consistent with the definition of "Participant", in Section 2(f), as an entity "that has formally joined a UN/CEFACT Permanent or Ad-hoc group under the group's membership rules".

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