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Standard-Essential Patents

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A major policy issue in standard setting is that patents that are ex-ante not that important may, by being included into the standard, become standard-essential patents (SEPs). In an attempt to curb the monopoly power that they create, most standard-setting organizations require the owners of patents covered by the standard to make a loose commitment to grant licenses on reasonable terms. Such commitments unsurprisingly are conducive to intense litigation activity. This paper builds a framework for the analysis of SEPs, identifies several types of inefficiencies attached to the lack of price commitment, shows how structured price commitments restore competition, and analyzes whether price commitments are likely to emerge in the marketplace.



This paper is available as [PDF \(387 K\)](#) or [via email](#).

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