



GS1 Intellectual Property Policy Made Simple

The Intention of the GS1 Intellectual Property Policy (IPP)

- The IPP seeks to set forth the licensing terms for a ratified standard or Specification.
- As a condition of participating in a Working Group that formulates the standards, Participants in the Working Group agree to conditions set out in the IPP.
- The intent of the IPP is to seek to provide royalty-free use of the standards by GS1 members.
- Because each Working Group has its own opt-in and charter, the IPP for a particular Working Group only applies to the Specification that the particular Working Group develops.
- The limited nature of the opt-in and charter for each Working Group prevents the IPP from applying to any other Working Group or other Specification.

Affect on a Company's Patent Portfolio

- The IPP is not a broad policy requiring disclosure of all intellectual property owned by a participant.
- Signing the IPP does not give a blanket license to a company's patent portfolio.
- The IPP only applies to Necessary Claims in patents that cover the specific requirements (required features or functions) in a Specification.
- A company signs the IPP and then opts in to a specific Working Groups.
- An Opt-In Agreement is signed each time a Participant joins a Work Group because each opt-in applies to only the work of a specific Working Group.
- There is now a blanket opt-in for a Participant to automatically be opted into all current and future GSMP Working Groups.
- Participant may choose whether to utilize the blanket opt-in or a specific opt-in for a particular Working Group.
- A company may opt out of a Working Group (but there may be continuing licensing obligations).

Only Necessary Claims of IP are covered by the IPP

- GS1's goal is to provide royalty-free licensing on required features or functions in a Specification.
- A patent claim is a Necessary Claim only when it is not possible to avoid infringement because there is no non-infringing alternative for implementing required feature or function of a Specification.
- IPP does provide a Participant with the ability to obtain RAND licensing for Necessary Claims in patent rights, rather than giving a royalty-free license under Necessary Claims in its patents.
- The IPP applies only to Necessary Claims in IP, that is, Necessary Claims that would prevent the required features or functions in a Specification from being freely practiced.
- By limiting the licensing of patent rights under the IPP to only what is required to implement a particular Specification, we fully expect that participants and others will develop proprietary improvements that enhance the features and functions, systems and methods covered in Specifications, thereby enhancing the implementation of the Specification.
- Patent claims covering optional features and improvements relative to a Specification are outside the purview of any license requirements or disclosures required under the IPP.

Royalty-free licensing

- GS1 seeks to develop standards that can be practiced on a royalty-free basis.
- Royalty-free standards keep costs lower for industry and encourage the adoption and implementation of those standards.
- If a company does not specifically submit an IP declaration relative to its Necessary Claims covering requirements in a Specification, any such Necessary Claims covering required features or functions in a standard are licensed royalty-free.



- Any patent claims that read on optional features or functions in a Specification are not covered by the licensing terms in the IPP.

Submitting an IP declaration

- If a company wishes to request RAND (“reasonable and non-discriminatory”) licensing terms, rather than granting royalty-free licensing relative to its Necessary Claims as defined in the IPP, it must submit an IP declaration.
- In the IP declaration, the Participant must designate the patent name, number, relevant portions of the Specification and a brief description of how the Necessary Claims are relevant to the Specification.
- The IP declaration is then submitted to GS1 for legal review and analysis.
- If the GS1 review process yields a finding that there are Necessary Claims, the Board has the option of accepting the RAND licensing terms or sending the Specification back to the Working Group for possible revision to eliminate the requirement for the feature or function covered by the Necessary Claim.

Reciprocal Licensing provided by the IPP

- IPP requires reciprocal licensing by those receiving a royalty free license under the IPP.
- Patent licenses granted by Participants will not be effective relative to any party that does not make a patent license grant in their Necessary Claims available on equivalent terms as the license given by the Participant under the IPP.
- If a Participant does not grant a royalty-free license to its Necessary Claims, then that Participant will not receive a royalty-free license from other Participants owning Necessary Claims.

Withdrawing from a Work Group

- A Participant may withdraw from a Work Group at any time by giving written notice .
- There may be continuing licensing obligations following withdrawal from a Working Group.
- Licenses granted by other Participants to the withdrawing Participant remain in effect for a Specification that has been approved and ratified before the Participant withdrew from the Working Group.
- Licensing obligations continue for subject matter included in a draft specification more than sixty (60) days before the withdrawal date (when there is no IP declaration), even if the specification is approved after withdrawal date.
- Licensing obligations continue for contributions by a withdrawing Participant before the date of withdrawal.
- There is no royalty-free licensing for a Participant’s contribution that is not incorporated into a specification or was the subject of an IP declaration by the withdrawing Participant.

Transfer of IP to Third Parties

- Participants cannot transfer IP with Necessary Claims to a third party to circumvent the responsibilities under the IPP.
- If a Participant does transfer its IP with Necessary Claims to a third party, the transfer must incorporate Participant’s existing obligations under the IPP.

Protection for the Community

- The provisions of the IPP are for the protection of the GS1 community, which should ease any concerns a company may have in signing the IPP.
- The IPP was developed to assure the GS1 community that those participating in the Working Group developing the standards were not participating with a hidden agenda in formulating the requirements of the Specification.