



Intellectual Property Policy FAQs

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*This document is intended as a general guide to issues addressed in the GS1 Intellectual Property Policy (IP Policy).
Nothing in this document is intended to amend or alter the terms and conditions of the IP Policy itself.*

1) Why are we being asked to sign the IP Policy?

As a condition of participation in GS1 GSMP Working Groups, all participating companies are required to sign our IP Policy. The IP Policy is intended to foster open communication among participants. It is also the intent of the IP Policy to seek to provide royalty-free licensing of Necessary Claims (which are claims in a patent or patent application that would be necessarily infringed by implementing the required elements of the Specification) of patents and patent applications owned by participants in the Working Group in regard to the specific specification developed by the Working Group. The objective of GS1 is to obtain commitments from participating companies that their Necessary Claims concerning the required elements of the Specification, which they have helped to develop, will be made available for use on a royalty-free basis to the greatest extent possible.

2) What is the benefit of having an IP Policy?

GS1 members who sign the IP Policy

- receive a royalty-free license to Necessary Claims that cover requirements of GS1 standards
- receive the benefits of the safe haven of the Intellectual Property Policy
- receive early access to the GS1 standards
- can participate in the standards development process (can shape and contribute to the development of the standards.)

In the absence of a defined commitment by the Participants to make Necessary Claims of intellectual property available on a royalty-free basis or under reasonable and non-discriminatory (RAND) license terms, it would not be possible for users of the Specification to have any degree of assurance they may use GS1 Specifications without possible difficulties in negotiating licenses from the Participants who formulated the Specifications.

While there may always be some degree of uncertainty as to whether there are any third parties from whom licenses may be required, GS1 has determined that obtaining a licensing commitment from the Participants who develop each Specification is a reasonable measure for providing some degree of assurance to users contemplating use of a Specification that at least the Participants have not improperly influenced the standards setting process by including requirements that would be encompassed by a patent owned by the Participant.

3) What is the specific value proposition in signing the GS1 IP Policy and participating in GS1 standards work?

There are four main value propositions in signing the GS1 IP Policy and participating in the standards setting process:

- 1- Early access to the standards as they are developed;
- 2- The ability to help shape and determine the standards;
- 3- A royalty-free license to Necessary Claims of participants covering the standards; and
- 4- A safe haven from suit from other companies involved in GS1.

4) Why are Participants in business groups required to sign the IP Policy?

Some types of business methods are eligible for patent protection in the U.S. and patents have been granted for such methods. The GS1 standards development process is driven in part by business process proposals made by prospective end users and others and some specifications being developed by GS1 may require functions or operations encompassed by a Necessary Claim in a so-called "business method" patent. Therefore, Participants in business-related standards development groups are required to sign the IP Policy to assure users of a Specification that Participants, who developed the Specification, have not improperly influenced the standards



development process by including requirements that would be encompassed by a Necessary Claim in a “business method” patent owned by the Participant.

5) What IP is subject to license under the IP Policy?

A license can be defined as "an authorization (by a licensor) to use the licensed material (by a licensee)."

The patent rights subject to license comprise present, pending or hereafter acquired patent claims that would be necessarily infringed by implementing the required features or functions of the subject Specification. The licensing obligation under the IP Policy is limited to “Necessary Claims” of patents. Hence, a claim is necessary only when it is not possible to avoid infringement in implementing a Specification because there is no noninfringing alternative available for complying with the Specification.

6) By signing the IP Policy am I giving away my company’s intellectual property?

No. The IP Policy only involves Necessary Claims covering a specific standard. The Necessary Claim is licensed royalty-free to other GS1 subscribers. If a Participant does not wish to provide a royalty-free license, the Participant is required to declare the IP that contains a Necessary Claim and specify any RAND licensing terms. Such IP declarations are then reviewed and analyzed. If there is a determination that a Participant’s IP contains a Necessary Claim for a Specification, it is then the Trustee’s decision whether to accept RAND licensing terms or request that the Working Group rework the relevant portions of the Specification to try to eliminate the required function or feature encompassed by the Necessary Claim.

7) If I know I have IP in a specific area, what benefit is it for me to join a group that will make me declare it?

There is no requirement to declare IP. A Participant must only declare its IP when its IP contains Necessary Claims and it does not want to license its Necessary Claims royalty-free. If a Participant has IP with a claim that reads on optional features or it consents to license its Necessary Claims royalty-free, there is no need or requirement to declare its IP.

8) Why is the Intellectual Property Policy limited to Necessary Claims?

GS1 encourages independent development of intellectual property based on GS1 Specifications. By limiting licensed patent rights under the IP Policy to only what is “necessary” to implement a Specification, we fully expect that parties will develop and benefit from exploiting proprietary implementations and improved systems and methods which enhances GS1 Specifications. We encourage the development and use of intellectual property which is built upon a common set of basic interoperable standards.

9) Is acceptance of the Intellectual Property Policy akin to a blanket license to a company’s patent portfolio?

No. There is no blanket royalty-free use or license requirement relative to a Participant’s entire patent portfolio. The IP Policy only applies to patents containing “Necessary Claims”, as defined in the IP Policy. Participants opt in to a specific Working Group and the license of Necessary Claims only applies to the required aspects of the standard developed by that specific Working Group.

10) What if my company does not wish to provide a royalty-free license to its Necessary Claims?

In the event that a Participant has patent rights with “Necessary Claims” that it does not want to make available on a royalty free basis, the Participant is required to file an IP Declaration stating that such patent rights will not be made available on a royalty-free basis but will be made available on RAND licensing terms. GS1 provides all Participants with an IP Declaration form. It is the intention of the Working Groups to avoid developing Specifications that require the use of features or functions encompassed by Necessary Claims of a patent that is not available on a royalty-free basis. However, GS1 is committed to developing robust specifications and will consider such RAND licensing exceptions.



11) How does my organization reserve intellectual property which is not available for license?

Participants not desiring to license Necessary Claims in patent rights on a royalty-free basis should (a) identify the patent document(s) and claim or claims which cover the subject matter required in a Specification, and (b) identify the portion(s) of a Specification which requires the use of the subject matter covered in the Necessary Claim. This information will enable a determination to be made as to whether the patent contains a Necessary Claim and, whether the Specification can be altered to avoid the requirement of the feature or function encompassed by the Necessary Claim, or whether a RAND licensing commitment is acceptable.

12) Who receives the license?

The license of Necessary Claims of patent rights extends to any GS1 member and to Participants who want to implement a Specification for the purpose of producing systems which are certified, or intended to be certified, as compliant with the Specification. Subject to the reciprocity provision discussed in Question 23 below, Participants are obligated to license to other GS1 members their patent rights with Necessary Claims to implement a Specification. There is no obligation to license patent rights for other purposes, such as for use in connection with systems, or components of such systems, which are not related to the overall purposes for which the Specification was developed. There is no obligation on the part of GS1 members to license their IP to non-GS1 members.

13) What if there is intellectual property which my organization is not willing to license?

The IP Policy is intended to encourage Working Group Participants to identify a Necessary Claim of their intellectual property which (a) covers a requirement to practice a Specification, and (b) will not be made available on a royalty-free basis. It is the intention of GS1 to avoid the requirement for use of features or functions required in a Specification, which are covered by a Necessary Claim and which a Participant, who owns the Necessary Claim, does not want to make available on a royalty free basis. Accordingly, while Participants may identify such intellectual property at any time, and we encourage identification of Necessary Claims as early as possible, and a “last call” procedure is included under which a Participant must identify non-royalty-free patent rights which contains Necessary Claims prior to adoption of a final Specification, and within 30 days of the publication of a Candidate Specification.

14) Is there an obligation to disclose or identify all intellectual property?

There is no general obligation for Participants to identify patent rights. If a Participant owns patent rights with Necessary Claims, as defined in the IP Policy, which the Participant is unwilling to make available on a royalty free basis, then the Participant must identify only such patent rights that contain Necessary Claims to a Specification and their relevance to the Specification. If no intellectual property is identified, then the Participant has agreed in effect that any patent rights with Necessary Claims are licensed on a royalty-free basis for the specific Specification developed by the Participant’s Working Group.

15) Is there an obligation to search for, or identify, third-party intellectual property?

Participants are encouraged not to submit required subject matter for inclusion in a Specification which they know has been appropriated from a third party. While there is no obligation to search or identify patents owned by others, GS1 encourages bringing known third party patent claims to the attention of GS1, so that such claims can be evaluated for necessity and avoided, if appropriate.

16) Have larger companies, with many affiliates, been able to sign the IP Policy?

GS1 and EPCglobal have had many large corporations as Participants in Working Groups that have extensive patent portfolios and have signed the IP Policy. Such corporations have accepted the IP Policy and worked with their attorneys in determining their patent licensing desires relative to any Necessary Claims involved. During participation in a Working Group, Participants are free to work with their attorneys to determine the relevance of their patent rights to a Specification being developed.



17) What if I have valuable intellectual property which my organization would not be willing to make available on a royalty-free basis, but we would be willing to make available on the basis of a royalty?

GS1 would prefer that organizations owning patent rights with Necessary Claims make such patent rights available on a royalty-free basis. However, under the IP Policy, if a Participant in a Working Group is with an organization that wishes to obtain a royalty for use of a Necessary Claim or Claims in their patent rights, the Participant must identify the patent rights with the Necessary Claim and the reasons why the Necessary Claim is considered necessary to the requirements of the proposed Specification, as well as to designate the reasonable and non-discriminatory licensing terms. Of course, the Working Groups are encouraged to avoid formulating a Specification that requires subject matter covered by a Necessary Claim of a Participant, but GS1 will consider approval of a Specification with subject matter covered by known royalty-based patent rights.

18) How does my organization reserve intellectual property which is not available for license?

Participants not desiring to license Necessary Claims in patent rights on a royalty-free basis should (a) identify the patent document(s) and claim or claims which cover the subject matter which is considered “necessary” to a Specification, and (b) identify the portion(s) of a Specification which require the subject matter covered by the designated Necessary Claims. This information will enable a determination to be made as to whether the patent rights contain a Necessary Claim and whether the Specification can be altered to avoid the requirement covered by the Necessary Claim, or whether a reasonable and non-discriminatory licensing commitment is acceptable.

19) Can a Company withdraw from Participating in a Working Group?

A Participant may withdraw from participation in a Working Group by giving written notice to GS1 that it wishes to opt out of a Group. To avoid the possibility of Participants making contributions to a Specification and then attempting to withdraw the licensing commitment under the GS1 IP Policy continues for Necessary Claims which cover subject matter embodied in the requirements of a draft Specification more than 60 days prior to withdrawal from the Working Group and for any contribution to the Specification prior to the termination date for the withdrawal. This time window is intended to provide a further encouragement to Participants to identify their nonroyalty- free Necessary Claims during the early stages of Specification development.

20) What aspects of the GS1 process are covered by the IP Policy?

The IP Policy covers the development of standards. Therefore, all Working Groups which work to produce standards must work under the IP Policy. In addition, Participants involved in the preparation of a Specification must also agree to participate in the IP review of a continuation of the Working Group to enhance the Specification.

21) How does my participation in the GS1 Standards Development Process relate to this IP Policy?

Companies “opt-in” to specific Working Groups under the GS1 Global Standards Development Process (GSMP). Each Working Group publishes a charter that is approved by the appropriate Governance Committee and call for participation. In order for a company to send its representatives to join a Working Group, that company must specifically opt into that Working Group. This allows GS1 to know which companies are working on what Specification and, hence, whose intellectual property might become relevant in the development of that particular Specification. All Companies having a representative participating in a Working Group must sign the GS1 IP Policy.

22) What is the procedure for making an IP Declaration when a previously ratified Specification is modified and placed under a subsequent IP review?

All Participants in a Working Group requesting RAND licensing for their Necessary Claims are required to submit an IP Declaration during the subsequent IP review period to obtain RAND licensing terms. Generally, GS1 will not consider an IP Declaration filed against a modified Specification, unless the Participant had previously filed an IP Declaration against the related original Specification during the prior appropriate review period. If the



Participant has a legitimate reason for not previously submitting an IP Declaration against the original Specification, GS1 will consider the submission. GS1 will determine whether or not the reason is legitimate on a case by case basis, taking into account factors such as:

- Whether the Working Group Participant was a member of the Working Group during the IP review of the original Specification,
- Whether the modified Specification is materially different from the previous version of the Specification,
- Whether the changes in the modified Specification would require a Participant to file an IP Declaration when it had not previously filed an IP Declaration against the original Specification, and
- Any other justification the Participant has for not previously filing an IP declaration relative to the original Specification.

23) What rights and obligations does the reciprocity clause provide for Participants and GS1 Members, as well as non-members of GS1?

The Reciprocity clause in the GS1 IP Policy states that the patent licenses (whether royalty free or RAND terms) granted by Participants under Sections 3.1 and 3.4 of the IP Policy will not be effective to any third party (particularly a GS1 Member) that does not make patent license grants of the type in Section 3.1 or 3.4 available under the GS1 Member's patent rights on substantially equivalent terms with respect to the same Specification, as that requiring a license from the Participant. The reciprocity clause limits a GS1 Member's rights without the Member executing the IP Policy, by requiring reciprocity of patent rights for the license granted by a signing Participant. The patent license grant under Section 3.1 or 3.4 of the GS1 IP Policy is not given to non-Members of GS1.

24) Does the IP Policy permit for defensive revocation as a RAND licensing term?

Under the IP Policy, it is understood that a Participant may submit an IP declaration on its Necessary Claims that are not wished to be licensed royalty-free to GS1 Members. In the IP declaration, a Participant must provide information regarding its Necessary Claims and applicability to the standard at issue. Additionally, the Participant may request RAND terms. A Participant may request monetary or non-monetary based licensing terms, and defensive revocation may be one of the RAND terms. It is then the decision of the Trustee whether or not to accept the requested RAND terms as reasonable and non-discriminatory.

25) Who signs the Intellectual Property Policy?

All companies and organizations in the GS1 community who wish to participate in the GS1 standard development process relative to a particular standard. The IP Policy sets forth the licensing terms regarding patent rights containing Necessary Claims for a function or feature required in a specification under development. A person who is authorized by his or her company to sign such a legal agreement signs the IP Policy on behalf of his/her company. The IP Policy applies to the company/organization including its affiliates.

26) Have larger companies, with many affiliates, been able to sign the IP Policy?

Yes. GS1 and EPCglobal have had many large corporations as Participants that have extensive patent portfolios and have signed the IP Policy. During participation in a Working Group, Participants are free to work with their attorneys to determine whether their patent rights include Necessary Claims relating to a Specification being developed.

27) After I sign the Intellectual Property Policy, why must my company sign a Working Group opt-in agreement to participate in a GSMP Group?

The opt-in agreement reconfirms the terms contained in the IP Policy, confirms a Participant's commitment to participate in the development of a particular standard, and confirms that the Participant is authorized to participate in the development of the standard. Like the IP Policy, companies and organizations must submit opt-in agreements to participate in a Working Group.

28) Will GS1 accept a translated version of the IP Policy or Opt-In Agreement? Can the Intellectual Property Policy or Opt-In Agreement that has been translated to another language be submitted and accepted?

No. GS1 only accepts the official agreement, the English version, as provided by the GS1 Global Office.



29) If my company signed the EPCglobal Intellectual Property Policy or the MobileCom Intellectual Property Policy, must they sign the GS1 Intellectual Property Policy to participate in the new GSMP Working Group?

A company which has signed the EPCglobal IP Policy or MobileCom IP Policy may sign the GS1 IP Policy. However, an Acknowledgement Form is available for companies to sign to acknowledge the transfer of administration of either the EPCglobal IP Policy or MobileCom IP Policy to GS1 IP Policy. The minor modifications between the EPCglobal, MobileCom and GS1 IP Policies are also available for comparison. A company must either sign the GS1 IP Policy or sign the Acknowledgement Form to continue its participation in the standards development process in a new Working Group.

30) If my company is only interested in participating in EPCglobal Working Groups, do I still need to sign the GS1 IPP (especially if I already signed the EPCglobal IP Policy)?

The EPCglobal standards development process is being integrated into GSMP standards development process. This means that GS1 will now be administering the IP Policy governing standards development. As stated above, companies which signed the EPCglobal IP Policy may either sign the Acknowledgment Form acknowledging that GS1 will now be administering the IP Policy, rather than EPCglobal, or companies may sign the GS1 IP Policy. Again, a company must either sign the GS1 IP Policy or sign the Acknowledgment Form to continue its participation in the standards development process – no matter what the Working Group.

31) Is electronic signature legally binding?

The eSignature capability GS1 provides for signing agreements is globally recognized as legally binding. You also have the option of printing and faxing the IP Policy agreement to GS1.

32) How do I access the GS1 Intellectual Property Policy and Opt-in agreements?

GS1 provides all agreements on its public website; www.gs1.org. GS1 Member organizations can assist their members with accessing the agreements.

33) How can a large company manage what groups their company has opted into?

In the subscriber-only section of the GS1 website, each company may view what Working Groups it has opted into. It is then incumbent on each company to keep track of the work under development in those specific Working Groups. A company's representative is free to work with its in-house counsel to keep them apprised of the standards under development and possible Necessary Claims covering functions or features mandated in the standards.

34) What is my company's obligation if a Automatic Opt-in is submitted?

An Automatic Opt-in serves to opt a company into all current and future GSMP Working Groups. By signing a Automatic Opt-in, a company is agreeing to participate in all current and future GSMP Working Groups as well as license its necessary IP royalty-free or under RAND terms to those Groups. A company may opt out of a Working Group and it may switch from a Automatic Opt-in to a specific opt-in for Working Groups going forward. If a company opts out of a Working Group once work in that Group has commenced, there may still be continuing licensing obligations. Please see question 19 which discusses withdrawing from a group.

35) What is the risk assessment for non-GS1 members and GS1 members who do not sign the Intellectual Property Policy versus GS1 members who sign the GS1 Intellectual Property Policy?

Non-GS1 members (not signatories to the Intellectual Property Policy)

- Do not receive a royalty-free license to necessary IP in the GS1 standards
- Do not receive the benefits of the safe haven of the Intellectual Property Policy
- Do not receive early access to the GS1 standards
- Cannot participate in the standards development process (cannot shape and contribute to the development of the standards, cannot submit business requirements, cannot submit comments)
- Can access ratified GS1 standards but may also be approached by GS1 members for royalties and other licensing terms under Necessary Claims of IP encompassed in those standards



GS1 members who do not sign the Intellectual Property Policy

- Do receive a royalty-free license to Necessary Claims covering subject matter in the GS1 standards by virtue of being a GS1 member
- Do receive the benefits of the safe haven under the Intellectual Property Policy by virtue of being a GS1 member
- Do not receive early access to the GS1 standards under development
- Cannot participate in the standards development process (cannot shape and contribute to the development of the standards)

GS1 members who do sign the Intellectual Property Policy

- Do receive a royalty-free license under Necessary Claims covering subject matter encompassed in the GS1 standards
- Do receive the benefits of the safe haven under the Intellectual Property Policy
- Do receive early access to the GS1 standards
- Can participate in the standards development process (can shape and contribute to the development of the standards, can submit business requirements, can submit comments)
- GS1's Intellectual Property Policy affords use of Standards without fear of suit for making an implementation that is covered by a Necessary Claim owned by a participant in the Working Group.

36) If I have more questions about the IP or Opt-in agreements, who should I contact?

GS1 members should contact their local Member Organisation for assistance.

Note: The GS1 IP Policy FAQs v.2 includes the addition of question 24 and minor verbage changes to question 34.