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Press Release 12 May 2020

Brussels, 12 May 2020 – Five associations of businesses representing 6.5 million European jobs and over EUR 175 billion yearly investment into R&D, highlight the significance of competition policy in preventing abuses of standard-essential patent (SEP) licensing.

In a joint letter to the European Commission Directorate-General for Competition, a group of associations whose members generate EUR 2.2 trillion in annual revenue, have called for the review of the *Guidelines on the applicability of Article 101 of the TFEU to horizontal co-operation agreements (Horizontal Guidelines)* to promote a healthy European innovation ecosystem by ensuring a balanced framework for the licensing of SEPs.

The *Horizontal Guidelines* are crucial in preserving fair, reasonable and non-discriminatory (FRAND) licensing of SEPs and preventing abuses related to SEP licensing, which dramatically undermine innovation across a variety of industries in the EU, ultimately harming European businesses and consumers, – ACT | The App Association, the European Automobile Manufacturers' Association (ACEA), the Computer & Communications Industry Association (CCIA), the European Smart Energy Solution Providers (ESMIG), and the Fair Standards Alliance (FSA) stressed in the joint letter. The letter follows a consultation period which started last year and ended 12 February 2020 for a review of the *Horizontal Guidelines*.

Mike Sax, Chairperson of ACT | The App Association, said:

“The need for rigorous and robust competition enforcement in the context of SEPs is critical for the future success of the European economy, especially as we work to make Europe fit for a digital age and transition to a green economy. As SMEs, which make up the backbone of the European economy, The App Association’s membership is at the forefront of innovation and rely on a business environment that is conducive to future growth – this starts with enforcement of FRAND commitments for standards.”

Robert Pocknell, Chairman of the Fair Standards Alliance, said:

“European competition policy plays a pivotal role in preventing SEP licensing abuses that endanger innovation in Europe. The review of the Horizontal Guidelines is an exceptional opportunity to reinforce safeguards underlying a fair and balanced SEP licensing system where all downstream innovators can obtain necessary licenses to build on standardised technology at fair and reasonable rates, without fear of discrimination.”

Willem Strabbing, Managing Director of ESMIG, said:

“The Horizontal Guidelines are key for modern businesses in preserving and reinforcing a fair and balanced system of SEP licencing. It is not only crucial that we increase legal certainty for our industry but that we ensure an economical, acceptable solution that does not jeopardise the business case for the introduction of smart meters that could be damaging to the digitalisation of the energy system and participation of consumers.”



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About the Organisations

ACEA, the European Automobile Manufacturers' Association, represents the 16 major Europe-based car, van, truck and bus manufacturers. ACEA members invest EUR 57.4 billion into R&D, which makes the automotive sector Europe's number one investor in innovation, responsible for 28% of total EU spending on R&D. ACEA's member companies directly employ approximately 1.3 million people in Europe.

ACT | The App Association is a not-for-profit trade association located in Brussels, Belgium, that represents more than 5,000 small and medium-sized application developers and connected device companies located across the EU and around the globe. The App Association is committed to European leadership in competition policy, as well as supporting a regulatory environment that promotes innovation and job growth. Today, the ecosystem the App Association is valued at approximately EUR 830 billion and is responsible for millions of jobs across EU member states. Alongside the world's rapid embrace of mobile technology, App Association members develop innovative hardware and software solutions that power the growth of the internet of things (IoT) across modalities and segments of the economy.

CCIA is a not-for-profit membership organization for a wide range of companies in the computer, internet, information technology, and telecommunications industries, represented by their senior executives. Created over four decades ago, CCIA promotes open markets, open systems, open networks, and full, fair, and open competition. CCIA serves as the eyes, ears, and voice of the world's leading providers of technology products and services in Washington and Brussels. CCIA members include computer and communications companies, equipment manufacturers, software developers, service providers, re-sellers, integrators, and financial service companies. Together they employ almost one million workers and generate more than USD 540 billion in annual revenue.

ESMIG is the voice of smart energy solution providers, representing 25 European companies ranging from SMEs to multinational companies. Our members provide products, information technology and services for multi-commodity metering and for the display and management of energy consumption and production at consumer premises, making energy cleaner, more affordable and more reliable. These products also provide crucial ingredients for smart energy services as they accurately measure, transfer and process energy related data while ensuring this data is relevant and safe. Directly employing 527,147 people, members reach all European countries with some individual members reaching more than 180 countries globally.

FSA is an alliance of 47 European and global companies, large and small, that advocates fairer licensing of standardised technology in the development and rollout of the IoT. FSA members significantly contribute to European innovation and the European economy. Annually, the aggregate turnover of FSA members is more than EUR 2 trillion, and in aggregate our members spend more than EUR 140 billion on R&D and innovation. Alliance members directly employ just over 2.5 million people within Europe alone, and have more than 500,000 patents, including SEPs, that are either granted or pending.