

NEWS – ECIPE PRESS RELEASE – NEW POLICY BRIEF

Reforming Standard Essential Patents: Trade, Specialisation, and International Jurisprudence

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Brussels, 18 April 2023 - The European Commission is considering a radical overhaul of the system governing Standard Essential Patents (SEPs). The leaked proposal suggests that **the Commission wants to take control over the registration of SEPs, regulate their essentiality, and intervene in negotiations over royalty rates** if parties do not come to an agreement. The Commission's underlying assumption is that implementing such a system will benefit SEP implementers and the European economy, while reducing the power of common SEP holders.

However, Fredrik Erixon and Oscar Guinea challenge this assumption in a new ECIPE paper. The EU is a R&D powerhouse for many of the technologies protected under SEPs and since most of the global production of the goods using these technologies is done outside Europe, **the EU is a net exporter of innovation and a receiver of revenues from the licensing of these technologies**.

Using data on trade, production, and R&D spending, this paper comes to a different conclusion: **the EU economy is likely to be a net loser if the balance between holders and implementers is changed**. The international context of SEPs must be considered in a full analysis of what should constitute Europe's economic interest as the EU mulls reforms of the SEP system.

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