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November 21, 2012

**VIA ELECTRONIC MAIL**

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554

Re: Notice of Ex Parte Communication: Petition of TeleCommunication Systems Inc. for Declaratory Ruling and/or Rulemaking, GN Docket No. 11-117, WC Docket No. 05-196, PS Docket No. 11-153, PS Docket No. 10-255

Dear Ms. Dortch:

This is notify you pursuant to Section 1.1206 of the Commission's Rules that on November 19, 2012 Kim Robert Scovill of TeleCommunication Systems Inc. ("TCS"), Stephanie D. Scruggs of Murphy & King and the undersigned met with the following FCC personnel to discuss the above-referenced TCS Petition for Declaratory Ruling and/or Rulemaking ("TCS Petition"): David Turetsky, David Furth, Patrick Donovan, Aaron Garcia, David Siehl, Dana Zelman, Joel Kaufman, Elizabeth Lyle, David Senzel, Eric Wright, and Henning Schulzrinne.

TCS' representatives explained that the Commission's adoption of 911 and E9-1-1 standards has led to the unintended consequence of spurring a number of lawsuits by Patent Assertion Entities ("PAEs") alleging that the use by wireless carriers and others of broader based business methods to comply with the FCC's mandates represents a *per se* violation of PAE patents. In order to address this problem TCS has urged the Commission to institute a formal rulemaking proceeding to provide guidance as to the applicability of 28 U.S.C. § 1498 in those circumstances where a wireless carrier or E9-1-1 services provider, in the course of complying with 47 C.F.R. § § 9.5 and 20.18 in the offering of E9-1-1 services, is alleged to have infringed upon a patent and the allegation involves a claim that the infringement is based on compliance with an FCC Order, standard, or regulation regarding said E9-1-1 services. More specifically, TCS has requested that the Commission hold that in all circumstances such compliance is in furtherance and fulfillment of a paramount Government policy and is therefore equivalent to an action that is "by or for" the government and with the Government's permission consistent with the language of 28 U.S.C. §1498. In the alternative, TCS has requested that the Commission refine and expand its current rules and provide for

licensing of patents covering all 9-1-1, E9-1-1 and Next Generation 9-1-1 ("NG9-1-1") services and capabilities pursuant to reasonable and non-discriminatory ("RAND") terms consistent with previous decisions by the Commission.

TCS' representatives further explained that Commission action is required because these lawsuits and the lack of a consistent Commission policy has become a significant hindrance to the provision of E9-1-1—a roadblock that will only increase as NG9-1-1 services are implemented and widely deployed. In a typical PAE lawsuit, a variety of entities are named as defendants including E9-1-1 services providers such as TCS, wireless carriers and handset manufacturers. As a consequence, companies have begun to delay the roll-out of innovative new E9-1-1 and NG9-1-1 products on account of a concern to avoid these frivolous but very costly lawsuits.

TCS' representatives pointed out that 28 U.S.C. §1498 applies in this instance because the FCC has prescribed by regulation the E9-1-1 standards upon which the infringement claims are based and has required that wireless carriers and E9-1-1 service providers implement them. Furthermore, the implementation of the FCC standards by the wireless carriers and E9-1-1 service providers is in furtherance of an important government function—providing E9-1-1 emergency services "for the purpose of promoting safety of life and property through the use of wire and radio communication." The Government's actions in enacting and enforcing the 9-1-1 and E9-1-1 rules constitute "authorization and consent."

Accordingly, the plain language of § 1498 unambiguously applies to the Commission's E9-1-1 and future NG9-1-1 regulations. It has recently been held that "for the government" means that the use must take place in furtherance of government policy with some benefit accruing to the government. Such is clearly the case here, given that E9-1-1 regulations are in furtherance of the federal government's 9-1-1 public safety policies, and the ultimate benefit is shared among Federal and state public safety officials and the public they serve. Neither the government nor the wireless carriers and E9-1-1 service providers want the performance of E9-1-1 (and future NG9-1-1) services to be subject to disruption by lawsuits against the providers, particularly where such suits could seek—and obtain—injunctive relief halting further use of patented processes needed to perform the services.

In response to a question, the parties then discussed the possible federal budgetary effect of the proposed action should the government invoke § 1498. TCS noted that PAE actions are by definition based on the most aggressive and inclusive interpretation of the patent claims so as to include the most number of defendants (to increase the revenue from settlements consistent with the PAE litigation model). With a defendant that is less likely to settle unnecessarily (*i.e.*, the federal government), it is logical to assume that the number of lawsuits will decrease dramatically. Should a lawsuit proceed and the government license the subject technology or method, research concludes that payment of claims or judgments by the U.S. Court of Federal Claims are

exempt from the Statutory Pay-As-You-Go Act of 2010 (Public Law 111-139) (PAYGO).

Next, TCS' representatives discussed the fact that, in their view, the Commission has the necessary ancillary authority under Title I to refine and expand its current rules and require that all current E9-1-1 and future NG9-1-1 patents be licensed subject to RAND terms and conditions. TCS' representatives referenced similar past scenarios where the Commission has required such pricing when necessary to promote important Commission goals as set forth in the TCS Petition.

Since the lawsuits in question are largely based on the notion that by simply complying with the FCC's E9-1-1 mandates a defendant has violated the PAEs' intellectual property rights, there is no question as to the Commission's jurisdiction because it has broad authority with regard to the provision of E9-1-1 services. Further, the agency may take the steps necessary to ensure that 9-1-1 service continues to be available throughout the country and that E9-1-1 service utilizing the most modern and state-of-the-art telecommunications capabilities possible should be available to all citizens in all regions of the Nation. The Commission may exercise its ancillary jurisdiction in situations such as this, where (1) its general jurisdictional grant under Title I covers the subject of the regulations (*i.e.* duty to promote safety of life and property, and to facilitate prompt and reliable infrastructure deployment, as well as the fact that the subject matter involves telecommunications and telecommunications services) and (2) the regulations are reasonably ancillary to the Commission's effective performance of its statutorily mandated responsibilities (*i.e.* the provision of safe and reliable 9-1-1 and E9-1-1 services).

The capabilities in question (including systems and methodologies) are part and parcel of the network elements, features, and processes necessary for compliance with Commission E9-1-1 standards and are used by wireless carriers and interconnected VoIP providers in similar fashions. § 9.7 of the Commission's Rules provides that any owner or controller of a capability that can be used for 9-1-1 or E9-1-1 service must make that capability available to a requesting interconnected VoIP provider on rates, terms and conditions that are reasonable. The scope of the FCC's jurisdiction is broad and covers entities not normally regulated by the Commission.

To the extent that the capabilities are or could be used for both wireless and VoIP, the Commission has already required—at least with regard to interconnected VoIP providers—that they be made available by the owners at reasonable rates, terms and conditions. Therefore, although a capability used by an interconnected VoIP provider must be made available to it by the owner on RAND terms and conditions, the same capability—used by a wireless carrier for the same purpose and obtained from the same owner—is not subject to any such restriction. This creates the odd situation where a wireless carrier may be forced to pay far more than an interconnected VoIP provider for the same Commission mandated capabilities (if it could even obtain access) simply

because of a quirk in the FCC's rules while at the same time the Commission has prohibited the reverse from occurring.

Both the Commission and the courts have acknowledged that the agency does have broad authority to adopt regulations necessary to ensure the availability of advanced and reliable E9-1-1 service throughout the country. In order to ensure this, it is necessary for the Commission to extend the existing RAND licensing requirement to cover all 9-1-1 and E9-1-1 capabilities regardless of whether used by an interconnected VoIP provider or other entity.

In response to a question relating to the perceived conflict between a patent owner's rights to exclude others from making, using, and/or selling the claimed invention and the Commission's requested role in requiring licensing of a patent on RAND terms, TCS' representatives discussed the similarities between the compulsory licensing intention and consequence of § 1498 and the consequence of rules requiring RAND licensing for E9-1-1 and NG9-1-1 patents. By way of example, TCS' representatives referenced the Federal Circuit's explanation that, in order to further the original purpose of § 1498, *i.e.*, to stimulate contractors to furnish what was needed for the War, without fear of becoming liable themselves for infringements to inventors or the owners or assignees of patents (*Richmond Screw Anchor Co. v. United States*, 275 U.S. 331 (1928)), "[t]he coverage of § 1498 should be broad so as not to limit the Government's freedom in procurement by considerations of private patent infringement." *TVI Energy Corp. v. Blane*, 806 F.2d 1057, 1060 (Fed. Cir.1986) (noting that Congress' intent was "to allow the Government to procure whatever it wished regardless of possible patent infringement."). In other words, 28 U.S.C. § 1498 allows the U.S. to use an invention covered by a U.S. patent without a license and the patent owner's sole remedy is an action against the U.S. for recovery of reasonable compensation.

Similarly, should the Commission ultimately refine and expand its current rules and require that patent owners' license their patents for E9-1-1 and NG9-1-1 on RAND terms and conditions, the patent owners would not be deprived of reasonable compensation for their respective patent rights. In this vein, TCS' representatives provided the Federal Circuit's view of the "rights" of a patent owner, *i.e.*, "[t]he patentee takes his patent from the United States subject to the government's eminent domain rights to obtain what it needs from manufacturers and to use the same." *W.L. Gore & Associates v. Garlock, Inc.*, 842 F.2d 1275, 1283 (Fed. Cir. 1988).

In conclusion TCS' representatives indicated that action was appropriate in this case in order to assure the unobstructed and reliable provision of all E9-1-1 services. TCS encouraged the Commission to place its Petition on public notice as soon as practicable.

Marlene H. Dortch  
November 20, 2012  
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Sincerely,

**STINSON MORRISON HECKER LLP**



H. Russell Frisby, Jr

HF:SMH

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