

**BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

<b>In the Matter of</b>	)	
	)	
<b>Wireless E911 Location Accuracy Requirements</b>	)	<b>GN Docket No. 11-117</b>
	)	
	)	
<b>In the Matter of IP-Enabled Services E911 Requirements for IP-Enabled Service Providers</b>	)	<b>WC Docket No. 05-196</b>
	)	
	)	
<b>In the Matter of Facilitating the Deployment of Text-to-911 and Other NG911 Applications. Framework for Next Generation 911 Deployment</b>	)	<b>PS Docket No. 11-153</b>
	)	
	)	
<b>In the Matter of Framework for Next Generation 911 Deployment</b>	)	<b>PS Docket No. 10-255</b>
	)	

**REPLY COMMENTS OF TELECOMMUNICATION SYSTEMS, INC.**

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## SUMMARY

In its Petition and Comments in this proceeding TeleCommunication Systems, Inc. ("TCS") has brought to the Commission's attention the growing problem caused by patent infringement lawsuits, filed mostly by Patent Assertion Entities ("PAEs"), against E911 services providers alleging infringement based primarily on the fact that the defendants are in compliance with the Commission's 911 and E911 regulations. These lawsuits have become very burdensome, threaten the continued deployment of E911 and will have an even more serious impact on the deployment of NG911.

The comments of the parties actually providing 911 and E911 services make clear that the problem is real, serious and growing. PAEs are using the leverage created by services providers' need to comply with mandatory Commission regulations to extract settlements from 911 and E911 services providers who if they do not "pay up" face the choices of enduring costly litigation, the threat of an injunction or simply leaving the market. Further, as one commenter noted this Texas "two-step" caused by "tortured" patent claims has only begun and will get worse as the Commission moves to implement NG911.

In its Petition TCS seeks guidance, in the form of an interpretative order or opinion, statement of policy, or otherwise, regarding the relevance of elements of 28 U.S.C. § 1498 in the context of the Commission's regulations under 47 C.F.R. §§ 9.7 and 20.18. In the alternative, TCS requests that the Commission amend its rules to provide that owners or controllers of capabilities that can be used for 911 and E911 service must make those capabilities available on reasonable rates, terms, and conditions, not just to interconnected VoIP providers, but also to

CMRS providers and those 911 and E911 services providers providing them with the underlying capabilities.

With respect to 28 U.S.C. § 1498, TCS seeks guidance that: (a) based on 47 C.F.R. §§ 9.7 and 20.18 and Commission precedent, the provision of E911 and NG911 location-based services is in furtherance and fulfillment of a stated Government policy; (b) the Commission is now aware that its stated policy may require application of a patent if an E911 services provider is to comply with FCC regulations; and (c) E911 and NG911 location-based services are used with the authorization or consent of the Government. In a time of abundant patent litigation related to the E911 and NG911 services, such guidance would bring clarity to E911 and NG911 location-based service providers, companies that desire to enter the market, and courts charged with handling this litigation.

Finally, in adopting § 9.7 of its rules, the Commission asserted jurisdiction over the owners and controllers of 911 and E911 capabilities (including TCS) and required that they make those capabilities available to interconnected VoIP service providers on a FRAND basis. In its Petition, TCS is simply asking the Commission to expand this requirement to apply to 911 and E911 capabilities made available to CMRS providers and the 911 and E911 services providers such as TCS which provide them the underlying capabilities. This amendment would serve to discourage frivolous PAE lawsuits while at the same time being fair to legitimate patent owners who would still receive fair compensation. Moreover, it would not involve the Commission in making decisions regarding the validity of patents. No party has come forward with a strong argument as to why the Commission should not make this change to its rules.

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**REPLY COMMENTS OF TELECOMMUNICATION SYSTEMS, INC.**

TeleCommunication Systems, Inc. ("TCS") hereby submits the following Reply Comments in response to the Federal Communications Commission's ("FCC" or "Commission") Public Notice seeking comments in the above-referenced proceedings.<sup>1</sup> In its Comments filed March 25, 2013 ("Comments"), TCS discussed in greater detail its requests to the FCC in order to address the manner in which various parties might misconstrue its proposals. In this round,

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<sup>1</sup> Public Notice, *Public Safety and Homeland Security Bureau Seeks Comment on Petition for Declaratory Ruling and/or Rulemaking Filed by TeleCommunication Systems, Inc.*, DA 13-273, GN Docket 11-117 (rel. February 22, 2013) ("Public Notice").

TCS further supports its initial comments and seeks to address the opposing comments filed with respect to: (a) TCS' request for guidance on 28 U.S.C. § 1498, and (b) TCS' proposal that the Commission expand the scope of its rules by amending § 9.7 and § 20.18 to provide that owners or controllers of capabilities that can be used for 911 and E911 service must make those capabilities available on reasonable rates, terms, and conditions, not just to interconnected VoIP providers, but also to CMRS providers and those 911 and E911 services providers providing them with the underlying capabilities.

### **INTRODUCTION**

It is clear from the comments of the parties that actually provide 911 and E911 services that TCS has identified a problem which "has been plaguing the industry for years,"<sup>2</sup> and which must be addressed by the FCC.<sup>3</sup> The commenting parties that are actually on the "firing line" of providing 911 and E911 services also made clear that the remedies sought by TCS are appropriate.

As Sprint Nextel noted in support of TCS' Petition, the recurring infringement lawsuits of which TCS complains "have the potential to cause disruption, delay, or the inability to deliver services, all as a result of compliance with government-mandated regulations."<sup>4</sup> Patent Assertion Entities ("PAEs") use the leverage created by the mandatory nature of the FCC regulations "to file suit and then to extract settlements from E911 vendors, service providers and carriers, who settle to avoid the untenable outcome that a court may issue an injunction and thereby inhibit activities necessary to provide E911 service."<sup>5</sup> According to MetroPCS, in many cases the

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<sup>2</sup> Comments of MetroPCS Communications, Inc. at 3 ("MetroPCS Comments").

<sup>3</sup> Comments of SAP in Response to TCS' Petition for Declaratory Ruling and/or Rulemaking at 9 ("SAP Comments").

<sup>4</sup> Comments of Sprint Nextel Corporation at 2-3 ("Sprint Nextel Comments").

<sup>5</sup> *Id.* at 3.

patents are "tortured" into actions targeting Commission mandated services.<sup>6</sup> So constructed, these lawsuits create significant road blocks, and even though they may lack merit, they "have the very real detrimental impact of diverting valuable resources—time, management attention, capital and money—from other important endeavors" most importantly the ultimate goal of providing reliable and accurate E911 service.<sup>7</sup> Similarly, this E911 patent "two-step" is just beginning, given the looming NG911 mandates.<sup>8</sup>

The comments also made clear that not just CMRS carriers are at risk. Sprint Nextel recognized that 911 solutions vendors such as TCS are critical to the future of NG911 deployment, and that they have been particularly affected by these lawsuits, and further that their ability to develop and deploy E911 and NG911 technologies has been seriously impaired.<sup>9</sup> The Texas 9-1-1 Entities indicated that the patent lawsuits also represented a growing concern for public entities such as themselves "related to provisioning 9-1-1 location and emergency services."<sup>10</sup>

With regard to TCS' proposed remedies, CTIA stated that if the Commission wishes to ensure a vibrant wireless ecosystem that continues to foster public safety initiatives, then it must grant TCS' request and clarify that 9-1-1 location services are in furtherance and fulfillment of a stated government policy and confirm that it is aware that this policy may require the application of a patent to comply with 9-1-1 regulation.<sup>11</sup> The Texas 9-1-1 Entities urged the Commission to consider TCS's FRAND proposal.<sup>12</sup> SAP submits that imposing a FRAND commitment on

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<sup>6</sup> See MetroPCS Comments at 8.

<sup>7</sup> *Id.* at 1-4.

<sup>8</sup> *Id.*

<sup>9</sup> *Id.* at 4.

<sup>10</sup> Comments of the Texas 9-1-1 Entities at 2 ("Texas 9-1-1 Entities Comments").

<sup>11</sup> Comments of CTIA—The Wireless Association at 8 ("CTIA Comments").

<sup>12</sup> Texas 9-1-1 Entities Comments at 4.

PAEs would curtail their ability to engage in predatory patent infringement lawsuits, without harming the legitimate patent rights of innovative operating companies.<sup>13</sup>

MetroPCS proposes another remedy which is worthy of consideration. It recommends that the Commission find that "because E911 services are provided by wireless carriers to the public without charge, wireless carriers obtain no monetary benefit from the use of the patent for the provision of E911 services."<sup>14</sup> Such a finding, which is consistent with the facts, would eliminate PAEs' arguments regarding damages and discourage lawsuits based primarily on claims that compliance with FCC 911 and E911 mandates amounts to patent infringement.<sup>15</sup>

#### **I. TCS Requests Guidance as to the Relevance of 28 U.S.C. § 1498 to Patent Infringement Claims Involving 911 Services**

First and foremost, TCS seeks guidance, in the form of an interpretative order or opinion, statement of policy, or otherwise, regarding the relevance of elements of 28 U.S.C. § 1498 in the context of the Commission's regulations under 47 C.F.R. §§ 9.7 and 20.18. Specifically, TCS seeks guidance that: (a) based on 47 C.F.R. § 9.7 and § 20.18 and Commission precedent, the provision of E911 and NG911 location-based services is in furtherance and fulfillment of a stated Government policy; (b) the Commission is now aware that its stated policy may require application of a patent if an E911 services provider is to comply with FCC regulations; and (c) E911 and NG911 location-based services are used with the authorization or consent of the Government. TCS does not seek anything more. In other words, TCS does not, as characterized by one commenter, seek a ruling asking "the Commission to interpret . . . 28 U.S.C. § 1498, to *require* patent infringement actions between private companies involving wireless location

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<sup>13</sup> SAP Comments at 2.

<sup>14</sup> MetroPCS Comments at 3.

<sup>15</sup> *Id.* at 10.

technologies used to comply with the FCC's current E911 regulations and future NG911 regulations to be litigated in the Court of Federal Claims."<sup>16</sup>

Given the complexity of the issue, TCS has captioned its Petition alternatively under § 1.2 and/or § 1.401 of the Commission's rules. Section 1.2 provides that on motion the Commission may issue a declaratory ruling removing uncertainty—clearly there is uncertainty here that needs to be removed. Section 1.401 provides that a person may petition for amendment of a rule or regulation—which TCS has done.

Regardless of the stylistic captioning of TCS' Petition, the substance of TCS' request for guidance is clear and appropriate and that, not the caption, is what is at issue. Furthermore, contrary to the assertions of Qualcomm, TCS' request for guidance does not violate the Administrative Procedure Act ("APA").<sup>17</sup> It is well established under the APA that administrative agencies may issue guidance through policy statements, interpretative opinions, and by various other means.<sup>18</sup> The actual form in which the Commission should give the guidance is one left to agency discretion. For example, TCS' Petition leaves the Commission with the flexibility to issue the requested guidance in the form of an interpretative order or opinion, a statement of policy, or otherwise. Finally, while not mandatory, the better practice is for an agency to seek notice and comment before issuing guidance on significant issues as the Commission has done in this instance.<sup>19</sup>

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<sup>16</sup> See Opposition of Qualcomm Incorporated to TeleCommunication Systems Inc. Petition for Declaratory Ruling and/or Rulemaking at 7 (emphasis added) ("Qualcomm Comments").

<sup>17</sup> *Id.* at 10-11.

<sup>18</sup> See e.g. *Pacific Gas and Electric Co. v. Federal Power Commission*, 506 F.2d 33 (D.C. Cir. 1974) (An agency may issue guidance through a Statement of General Policy in the form of an Order). ("*PGE*").

<sup>19</sup> According to the Administrative Conference of the United States, "[b]efore an agency issues, amends, or repeals an interpretive rule of general applicability or a statement of general policy which is likely to have substantial impact on the public, the agency normally should utilize the procedures set forth in Administrative Procedure Act subsections 553(b) and (c), by publishing the proposed interpretive rule or policy statement in the Federal Register, with a concise statement of its basis and purpose and an invitation to interested persons to submit written comments, with or without opportunity for oral presentation." Administrative Conference of the United States,

The FCC has provided guidance in the past and has authority to do so now.<sup>20</sup> In fact, the Office of Management and Budget ("OMB") has recognized that such agency guidance can be of tremendous value.<sup>21</sup> Agency guidance documents, also known as "policy statements" under § 553 (a) of the APA<sup>22</sup> "come with a variety of labels and include guidance, guidelines, manuals, staff instructions, opinion letters, press releases or other informal captions."<sup>23</sup> According to the Administrative Conference of the United States ("ACUS"):

Policy statements that inform agency staff and the public regarding agency policy are beneficial to both. While they do not have the force of law (as do legislative rules) and therefore can be challenged within the agency, they nonetheless are important tools for guiding administration and enforcement of agency statutes and for advising the public of agency policy.<sup>24</sup>

Contrary to the assertions implicit in Qualcomm's arguments,<sup>25</sup> the type of guidance sought by TCS does not fall within the category of a binding regulatory action under § 553 of the APA. Instead, as noted by OMB, such guidance reflects "an agency statement of general applicability and future effect, other than a regulatory action (as defined in Executive Order 12866, as further amended), that sets forth a policy on a statutory, regulatory, or technical issue or an interpretation of a statutory or regulatory issue."<sup>26</sup> It "is not finally determinative of the issues or rights to which it is addressed"<sup>27</sup> and would not represent a FCC determination as to the

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Recommendation 1976-5, *Interpretative Rules of General Applicability and Statements of General Policy*, at 1-2 (Adopted December 9-10, 1976) ("ACUS").

<sup>20</sup> See e.g. *In the Matter of Industry Guidance On the Commission's Case Law Interpreting 18 U.S.C. § 1464 and Enforcement Policies Regarding Broadcast Indecency*, FCC 01-90, File No. EB-00-IH-0089 (rel. April 6, 2001).

<sup>21</sup> "As the scope and complexity of regulatory programs have grown, agencies increasingly have relied on guidance documents to inform the public... Well-designed guidance documents serve many important or even critical functions in regulatory programs." *Final Bulletin for Agency Good Guidance Practices*, Office of Management and Budget, Executive Office of the President 72 Fed. Reg. 3482 (January 25, 2007) ("OMB GGP Bulletin").

<sup>22</sup> 5 U.S.C. § 553 (a).

<sup>23</sup> ACUS Recommendation 1992-2, *Agency Policy Statements*, at 1 (Adopted June 18, 1992).

<sup>24</sup> *Id.* at 1.

<sup>25</sup> See e.g. Qualcomm Comments at 7.

<sup>26</sup> OMB GGP Bulletin at 3434.

<sup>27</sup> *PGE*, *supra*, at 38.

ultimate applicability of § 1498 or the validity of a patent. Those decisions would be left to the courts.

However, the FCC would be expressing its views regarding the applicability and interpretation of critical policies and regulations adopted by it. As discussed below, in this context, FCC guidance would be helpful not only to the courts, but also to the markets, because "the publication of a general statement of policy facilitates long range planning within the regulated industry and promotes uniformity in areas of national concern."<sup>28</sup> Moreover, given the importance of the regulations at issue, FCC action is both necessary and appropriate in this instance because "although guidance may not be legally binding, there are situations in which it may reasonably be anticipated that a guidance document could lead parties to alter their conduct in a manner that would have... an economically significant impact."<sup>29</sup> Such is the case here.

**A. FCC Guidance Is a Necessary Roadmap for E911 and Future NG911 Regulations**

As addressed in its Petition, initial Comments, and in this filing, action by the FCC is necessary to remove uncertainty for current 911 service providers and provide a roadmap for companies operating in the 911 and E911 space, and for companies desiring entry into the market. The unreasonable patent licensing actions taken by some location-based technology patent holders have and continue to threaten the ongoing development of the E911 and NG911 industry. Indeed, contrary to several commenters' assertions, Commission action would clearly be in the public interest. Failing to at least consider the implications of inaction on 911 and E911 services providers who must comply with the FCC's regulations and then are accused of patent infringement based on their compliance does not promote business. It blindly protects the

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<sup>28</sup> *Id.*

<sup>29</sup> OMB GGP Bulletin at 3435.

abusive tactics of certain patent holders while forcing service providers to choose between complying with a government mandate (and thereby incurring enormous expenses in defending against patent infringement litigation or unreasonable licensing demands) and neglecting to comply with a federal mandate (and risking the associated consequences, *e.g.*, fines and possibly going out of business).

Several commenters criticize TCS for proposing a solution based on § 1498 that purportedly lacks sufficient certainty to resolve the problem. TCS respectfully disagrees. The problem addressed in the Petition with respect to the relationship of § 1498 and the Commission's 911 and E911 and future NG911 regulations is relatively narrow, but, if addressed by the FCC, will remove uncertainty for companies currently operating in the 911 and E911 space and those seeking to enter the existing and new NG911 markets.<sup>30</sup>

For example, when a defendant asserts the § 1498 defense in answer to a patent infringement allegation, courts generally start the analysis by considering: (1) the patented technology, and (2) the government's involvement with that technology.<sup>31</sup> For a defendant that is a private, non-governmental entity, courts next analyze whether use of the technology was "for the Government" and "with the authorization or consent of the Government."<sup>32</sup> If a court finds that use of patented technology was for the Government and with the Government's authorization or consent, the court will conclude that if the patent holder has any cause of action, it will be against the government in the Court of Federal Claims. It is this second component of the

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<sup>30</sup> As TCS requested in its Petition and reaffirmed in its Comments, TCS is "seeking guidance as to the applicability of the elements of 28 U.S.C. § 1498 in certain situations where it is alleged by the patent holder that compliance with mandatory FCC 911 and E911 regulations amounts to an infringement upon intellectual property rights." TCS Comments at 2. TCS is not asking the Commission to cast a wide net over all location-based services such that services providers are automatically immune from infringement allegations. Indeed, TCS is **not**, as one commenter incorrectly asserted, seeking a "declaratory ruling that patent disputes between private disputes involving technology used to meet E911 and NG911 public safety regulations must be brought in the Court of Federal Claims." Qualcomm Comments at 19.

<sup>31</sup> *Advanced Software Design Corp. v. Fed. Reserve Bank of St. Louis*, 583 F.3d 1371, 1373 (Fed. Cir. 2009).

<sup>32</sup> *Id.* at 1375-1376.

analysis that provides a meaningful benefit to the market. In other words, guidance from the Commission on the relationship between § 1498 and 47 C.F.R. §§ 9.7 and 20.18 would help to remove existing uncertainty for current services providers and those seeking to enter the market as to whether § 1498 is a plausible defense to consider in response to a patent infringement claim. Indeed, while the proposed guidance may not be legally binding, current services providers and those seeking to enter the market (either as an operator or a patent licensor) may alter their conduct in response to the guidance in a manner that would have an impact on the market. In addition, the guidance would provide a court with more than just the parties' application of the facts to established § 1498 case law—the court would also be able to consider the Commission's characterization of the relationship between § 1498 and 47 C.F.R. §§ 9.7 and 20.18 as an expert agency as a part of the overall analysis.

In sum, this is not, as characterized by one commenter, a faster and legally-clever fix to prevent all location-based patent infringement suits between private companies and shift the liability to the government. In fact, the guidance requested by TCS will not and was never intended to put an end to all patent litigation in the location-based technologies arena or, even more particularly, in the location-based technologies used for 911 space. Rather, TCS is requesting guidance to remove existing uncertainty surrounding the relationship between § 1498 and compliance with 47 C.F.R. §§ 9.7 and 20.18 (and future NG-911 regulations) in litigation between private parties.

**B. E911 and NG911 Location-Based Services Are "For the Government" According to § 1498**

As stated in TCS' Petition, the E911 and NG911 location-based services "not only further the FCC's 'long-standing public safety and homeland security goals,' but are critical because they

are designed to 'minimize potentially life-threatening delays that may ensue when first responders cannot be confident that they are receiving accurate location information.'"<sup>33</sup>

Indeed, the federal government benefits directly from the provision of E911 location-based services. For example the federal government operates PSAPs that directly receive E911 calls. Further, governmental entities such as the Federal Emergency Management Agency (FEMA) and the Department of Homeland Security (DHS) rely on wireless 911 services during national emergencies and disasters. Federal employees, such as those working for the Federal Bureau of Investigations and Secret Service, rely on their wireless devices to perform their emergency relief and law enforcement duties.

Just as courts consistently find that benefits to national security and a well-functioning military and/or Treasury are "for the Government,"<sup>34</sup> E911 and NG911 location-based services are "for the Government" within the meaning of § 1498.

### **C. § 1498 Does Not Apply Only to Federal Contractors Operating Under a Contract**

Courts have made clear that a contract is not necessary for a technology use to be "for the government." For example, the District Court of Delaware recently summarized the current state of the law on this question by finding that:

- "[t]he Court does not read *Sevenson* to impose a requirement under § 1498 that all accused activity must be subject to an existing contract";<sup>35</sup>

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<sup>33</sup> Petition at 4-5.

<sup>34</sup> For example, a satellite communication system was considered to benefit United States military defense and security, and, thus, was found to be "for the Government" within the meaning of § 1498. *Hughes Aircraft Co. v. United States*, 534 F.2d 889, 899 (Ct. Cl. 1976). Similarly, making, selling, offering to sell, using, and/or importing a ballistic shield to governmental and public entities was "for the Government" within the meaning of § 1498. *Defenshield Inc. v. First Choice Armor & Equip, Inc.*, No. 5:10-CV-1140, 2012 WL 1069088, at \*6 (N.D.N.Y. Mar. 29, 2012).

- "[t]he Federal Circuit's opinion in *Advanced Software* further makes it clear that no contract is required in order for an accused infringer's conduct to come within the scope of § 1498",<sup>36</sup> and
- "[t]he Federal Circuit expressly rejected the suggestion that a government contract was required, holding that, '[t]he district court correctly ruled that § 1498(a) does not require that the government be party to any contract, but may apply to activities by 'any person, firm, or corporation' for the benefit of the government.'"<sup>37</sup>

For instance, courts have consistently found that § 1498 applies even when competitors are in the bidding process. As the Federal Circuit explained, "[t]he significant point is that [the defendant] was *required* to demonstrate the allegedly infringing targets as part of the Government's bidding procedure."<sup>38</sup> In this aspect, the infringement occurred due to compliance with the government's bidding requirements and, thus, the Court held that "we can come to no other conclusion than [] this demonstration fell within the scope of § 1498 as being 'for the United States' and 'with its approval.'"<sup>39</sup>

Indeed, courts have held that § 1498 should be read broadly in the bidding context. For example, "the Federal Circuit has "reaffirmed the broad nature of § 1498 in the bidding context, and held that 'a patent owner may not use its patent to cut the government off from sources of supply, either at the bid stage or during performance of a government contract.'"<sup>40</sup> "Rather, "§ 1498 shield[s] the subcontractor from liability during the bidding process because '[r]equiring a

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<sup>35</sup> *BAE Sys. Info. and Elec. Sys. Integration Inc. v. Aeroflex Inc.*, No. 09–769–LPS, 2011 WL 3474344, at \*10 (D. Del. Aug. 2, 2011).

<sup>36</sup> *Id.* (citing *Advanced Software*, 583 F.3d at 1376).

<sup>37</sup> *Id.* (quoting *Advanced Software*, 583 F.3d at 1378).

<sup>38</sup> *TVI Energy Corp. v. Blane*, 806 F.2d 1057, 1060 (Fed. Cir. 1986).

<sup>39</sup> *Id.*

<sup>40</sup> *Hutchinson Indus. Inc. v. Accuride Corp.*, No. 09–1489, 2010 WL 1379720, at \*8 (D.N.J. Mar. 30, 2010) (quoting *Trojan, Inc. v. Shat–R–Shield, Inc.*, 885 F.2d 854, 856–57 (Fed. Cir. 1989)).

government contractor to receive a purchase order with the necessary authorization and consent clauses before even beginning the initial design and development work would impair the efficiency and quality of the current contracting system."<sup>41</sup>

Similarly, requiring private parties to comply with a government mandate without confirming such compliance is with authorization and consent would "impair the efficiency and quality" of the 911 and E911 service systems. TCS does not call for a change in the law. TCS merely asks the FCC to provide guidance to the market as to the relationship between § 1498 and the FCC's regulations.

**D. The Government Is Not Being Asked to Accept Liability for Commercial Applications of Location-Based Technology**

TCS recognizes that, if asserted in answer to a location-based technology or method patent infringement complaint, § 1498 may not be indiscriminately applied to all infringement allegations related to 911 and E911 because, in part, of the co-existing commercial and public safety aspects of the location-based technology or methods. Indeed, TCS' request should not be construed as an attempt to shift liability to the government for all uses of protected location-based technology or methods. However, in this same context, TCS notes that the FCC should, at a minimum, provide guidance as to whether the use of patented location-based technologies or methods in compliance with 47 C.F.R. §§ 9.7 and 20.18 for 911, E911, and/or NG911 are considered to be a use "by or for" the government with the "authorization or consent" of the government because a private company operating in the 911/E911 space should not be forced to

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<sup>41</sup> *Id.*

accept all liability if § 1498 applies just because it also offers a commercial solution using location-based technology or methods.<sup>42</sup>

One commenter notes that the same equipment and networks that are used to support E911 services and will be used to support NG911 services are also used for non-emergency purposes and, thus, segregating the two is virtually impossible. This is simply not true. Because location based 911 services pre-date many commercial location services, there are long established methods of segregating the 911 services from the commercial services for cost recovery, licensing, and for assessing potential damages in patent infringement cases.<sup>43</sup> The fact that such segregation by a district court may be necessary when considering the § 1498 defense in a dispositive motion does not support the notion that TCS' request for guidance as to § 1498 should be completely ignored. Thus, not only is segregation of the 911 and commercial services possible, courts are also accustomed to considering such segregation when evaluating the § 1498 defense.<sup>44</sup> It is also important to clarify that a finding by the court that § 1498 applies is a separate question from whether the government is ultimately liable for alleged infringement. For example, upon finding that § 1498 applied in one case, the Federal Circuit noted that it did "not find it necessary to answer here the question of whether [the patent holder] has a cause of action against the Government for patent infringement at this time. We simply conclude that, if [the

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<sup>42</sup> In fact, when faced with the argument that the government's authorization and consent exists only when a defendant's conduct has the sole purpose of complying with the government's request, at least one court has affirmatively rejected such a narrow reading of § 1498. *See, e.g., BAE*, WL 3474344, at \*16 n.11.

<sup>43</sup> Many wireless carriers maintain separate 911 and commercial location-based equipment, software, processes, and staff. This can be traced back to when 911 services were first introduced and some carriers were able to obtain cost recovery from the government for providing 911 services. In addition, licensing may be based on capacity and/or volume. For example, a licensor may structure the license such that, for commercial purposes, the licensee cannot exceed a certain number of simultaneous sessions. However, these same restrictions do not apply if, for 911 purposes, the licensee exceeds the session restrictions.

<sup>44</sup> *See e.g., Advanced Software*, 583 F.3d at 1375, 1379 (affirming that § 1498 applied to counts involving Treasury checks despite Advanced Software's "concern about the time and expense of conducting duplicative trials in different forums [since] the district court retained jurisdiction of the counts of the complaint that relate to infringement by other banks and customers of Fiserv not involving Treasury checks").

patent holder] now has a cause of action, its remedy is against the Government in the Claims Court."<sup>45</sup>

**E. § 1498 Is Not Limited To Instances Where the Government Requires by Specification that a Supplier Infringe Another's Patent**

Several commenters attempted to argue that, since the FCC's E911 regulations are performance-based, there is no specific technology that must be employed.<sup>46</sup> However, setting aside the fact that, if available, the non-infringing alternatives may be less effective or efficient, more costly to employ, or infringe other patented technology, the broad method claims that have been granted over the years in this space are interpreted by at least some patent holders to read directly on the E911 regulations.<sup>47</sup>

Furthermore, the government does not need to require the infringement of a precise patent in order to grant its authorization and consent within the meaning of § 1498. Rather, as explained by the Federal Circuit, "[t]he mere fact that the Government specifications for the targets did not absolutely require [the defendant] to infringe [the patent holder's] patent ... does not extinguish the Government's consent."<sup>48</sup> In addition, the Federal Circuit has clarified that, "[t]o limit the scope of § 1498 only to instances where the Government requires by specification that a supplier infringe another's patent would defeat the Congressional intent" and "[t]he coverage of § 1498 should be broad so as not to limit the Government's freedom in procurement

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<sup>45</sup> *TVI Energy Corp.*, 806 F.2d at 1060-61; *see also Hutchinson Indus. Inc.*, 2010 WL 1379720, at \* 12 (explaining that "[t]he analysis under § 1498(a) for an alleged private infringer's immunity from suit in the district court is separate from the analysis of the Government's liability for use of an infringing patent.")

<sup>46</sup> If there are non-infringing alternatives, they may be less effective or efficient, more costly to employ, or infringe other patented technology. The patent holders should not be permitted to use the Government's mandate as an opportunity to hold hostage those service providers who aim to comply with the mandate, forcing them to either risk infringement in order to comply with the mandate, or relinquish their business.

<sup>47</sup> *See e.g.*, Petition at 3-4, n.12-13 (citing EMSAT Complaint at ¶¶ 16-18 and Tendler Complaint at ¶ 14).

<sup>48</sup> *Parker Beach Restoration, Inc. v. United States*, 58 Fed. Cl. 126 (Fed. Cl. 2003) (quoting *TVI Energy Corp.*, 806 F.2d at 1060)).

by considerations of private patent infringement."<sup>49,50</sup> Here, the FCC's regulations do not necessarily need to require the practice of a particular patent for § 1498 to be applicable.

#### **F. Legislative Efforts Do Not Address the Issues in the Petition**

Despite the fact that Congress is considering a bill to address the growing PAE problem, the SHIELD Act is limited to PAEs rather than the larger issue of compelled infringement.<sup>51</sup> While NENA is absolutely correct that The SHIELD Act represents an excellent starting point for the development of PAE legislation, the SHIELD Act and others like it do not address the issue raised in the Petition related to a regulation and the application of § 1498 to that regulation. In the current legislative environment, and given the need to push forward with the deployment of NG911, the FCC should not wait for Congressional legislation that, like *Godot* in Samuel Beckett's play, may never come.<sup>52</sup> Instead, as demonstrated by TCS, the Commission does have the authority to act and it should act now.<sup>53</sup>

In sum, the relief sought by TCS is neither too broad nor too narrow. It is just right for the problem at hand. It is manifestly unfair to place a regulated entity in the uncomfortable position of choosing between violating a technical rule or infringing a patent right. The Commission must remain cognizant of the intellectual property rights implications of its specific regulatory mandates.

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<sup>49</sup> *TVI Energy Corp.*, 806 F.2d at 1060.

<sup>50</sup> Several commenters attempted to rely on *Carrier Corporation v. United States*, 534 F.2d 244 (Ct. Cl. 1976) for the general premise that a mandate must identify a certain patented technology to qualify for implied authorization and consent. However, in cases such as *TVI Energy Corporation*, the Federal Circuit construed § 1498 more broadly than the Court of Claims had done ten years prior in *Carrier Corporation*.

<sup>51</sup> Saving High-Tech Innovators from Eggregious Legal Disputes Act of 2013, H.R. 845, 113th Cong., 1st Sess. (2013). If enacted, the SHIELD Act would allow a party to recover the costs of suit and reasonable attorney's fees if that party prevails on a claim of invalidity or noninfringement against an entity that is not an inventor, exploiter, or university/technology transfer organization.

<sup>52</sup> NENA Comments at 4.

<sup>53</sup> See e.g. TCS Comments at 11-12.

## **II. The FCC Has Previously Imposed a FRAND Requirement on 911 and E911 Services**

In its Petition, TCS has asked in the alternative that the Commission expand the scope of its rules by amending § 9.7 and § 20.18 to provide that owners or controllers of capabilities that can be used for 911 and E911 service must make those capabilities available on reasonable rates, terms, and conditions not just to interconnected VoIP providers, but also to CMRS providers and those 911 and E911 services providers providing them with the underlying capabilities. Contrary to the assertions of Qualcomm<sup>54</sup> and NENA<sup>55</sup>, TCS is not asking the FCC to break new ground. Section 9.7 of the Commission's Rules requires that an owner or controller of a capability that can be used for 911 or E911 service must provide such a capability to an interconnected VoIP provider on reasonable rates, terms, and conditions.<sup>56</sup> Section 9.7 is already a FRAND requirement. For the reasons stated in both its Petition and Comments, TCS is simply asking the FCC to expand its current rules (which presently cover only interconnected VoIP service providers) to require that all E911 and NG911 capabilities, including intellectual property rights ("IPR") be provided to CMRS providers and their underlying E911 services providers on reasonable terms and conditions that are demonstrably free of any unfair discrimination ("FRAND") so long as the capabilities (including IPR) are used for the purpose of providing 911 or E911 services in accordance with the Commission's Rules. None of the parties opposing TCS' petition have addressed the issue of why the FCC should not expand its FRAND requirement given that both the 911 and E911 capabilities that are currently covered and the owners and controllers of those capabilities are the same. The only difference would be that the amended rules would now apply to 911 and E911 capabilities provided by those owners and controllers to

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<sup>54</sup> Qualcomm Comments at 11.

<sup>55</sup> Comments of the National Emergency Number Association at 9 ("In no case that NENA could locate, however, has the Commission ever itself imposed a compulsory licensing obligation on patentees...")

<sup>56</sup> 47 C.F.R. § 9.7.

CMRS providers and other service providers instead of simply to interconnected VoIP service providers. Given the importance of ensuring the reliable provision of 911 and E911 services, it makes no sense, and would probably be arbitrary, to distinguish between capabilities provided to interconnected VoIP service providers and those provided to CMRS providers.

Contrary to the arguments of Cassidian, the FRAND approach proposed by TCS would not result in significant costs or burdens on either the Commission or the market.<sup>57</sup> In fact, this approach will relieve the burdens currently facing 911 and E911 services providers while at the same time assuring patent owners of reasonable compensation. Further, this approach would not require the Commission to opine on the scope or validity of such patents—that would still be a decision made in other venues. The proposed expansion of the current rules to effect a FRAND approach would institute a minimally intrusive FRAND framework that would not burden either the FCC or the patent market.

### **CONCLUSION**

For the reasons stated herein, TCS hereby requests that the Commission grant its Petition for Declaratory Ruling and/or Rulemaking.

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<sup>57</sup> Cassidian Comments at 10.

Respectfully submitted,

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