

# THE HIDDEN COSTS OF SEP ABUSE

## PROTECTING INNOVATION AND FAIR COMPETITION

**Many industries rely on collaboratively developed technical standards for interoperability.**

These standards can facilitate competition, innovation and the adoption of new technologies. But for all the benefits of such standards, the system is vulnerable to abuse.

### Investment

The government and private sector have invested trillions of dollars into innovative industries that use standards. Standard-essential patent (SEP) abuse puts these investments at risk.

### Final Product

When owners of SEPs engage in abusive and anti-competitive practices by threatening injunctions, hard-working American innovators are forced to choose — do they pay exorbitant royalty rates or pull their products off the shelves? Either way, American consumers lose through increased prices and fewer product options.



### Development

When abusive SEP holders demand excessive, non-FRAND royalties or refuse to license, small and medium businesses are hurt the most. Businesses must limit product offerings, adopt inferior technologies, or spend significant time and money developing workarounds.