

Regulations on the Handling of Intellectual Property Rights of the Flexible Factory Partner Alliance

Article 1 (Purpose)

The purpose of the Regulations is to set forth provisions on the fair handling of all patents and patent applications throughout the world that are technically essential and unavoidable in the implementation of the Specification. The regulations shall govern the handling of intellectual property rights of the Flexible Factory Partner Alliance (hereinafter referred to as “the Alliance”) and its Members.

Article 2 (Definition of Terms)

The terms used in the Regulations shall be defined as set forth below.

- (1) Specifications: Written specifications determined by the Alliance
- (2) Essential Patents: all patents and patent applications throughout the world that are technically essential and unavoidable in the implementation of Specification
- (3) Final Draft of Specification: The draft of Specification adopted by the General Assembly of the Alliance as a candidate of Specification and reviewed by the Promoter Members
- (4) Articles of Association: Articles of Association of the Flexible Factory Partner Alliance
- (5) Members: Parties who have completed the admission procedures and comply with the Articles of Association and the Regulations of the Alliance
- (6) Promoter Member: A Member class stipulated as Chapter 3 of the Articles of Association
- (7) Adopter Member: A Member class stipulated as Chapter 3 of the Articles of Association
- (8) Advisory Member: A Member class stipulated as Chapter 3 of the Articles of Association

Article 3 (Licensing of Members’ Essential Patents)

Members who own Essential Patents shall grant royalty-free and non-discriminatory terms to other Members who receive the licenses (hereinafter referred to as “Essential Patent Licensees”) for a non-exclusive, non-transferable, worldwide license with respect to the Essential Patents, for the sole purpose to make, have made, use, import, directly and indirectly sell and offer to sell, and otherwise distribute and dispose of compliant products, in compliance with the Specification.

Article 4 (Review of Final Draft of Specification by Promoter Members)

A 45-day review process of the Final Draft of Specification by Promoter Members shall be included in the process of formulating the Specification. A Promoter Member who is unable to license its Essential Patents to other Member set forth in Article 3 above shall submit a confirmation statement set forth in Article 6 below to the Alliance by the final day of the review. In case that such confirmation statement is submitted by the Promoter Member, the Board of Directors as stipulated in Chapter 6 of the Articles of Association shall decide whether to take action as set forth below.

- (a) To remove or change the portions of the Final Draft of Specification where Essential Patents are

identified in the confirmation statement are related to; or

- (b) To allow the Promoter Member to grant Essential Patent Licensees, on reasonable and non-discriminatory terms, a non-exclusive, non-transferable, worldwide license with respect to Essential Patents, for the sole purpose to make, have made, use, import, and directly and indirectly sell and offer to sell, and otherwise distribute and dispose of compliant products, in compliance with the Specification, nevertheless set forth in Article 3. The other Members may be released from the obligation set forth in Article 3, only to the Promoter Member who submits the confirmation statement reciprocally.

Article 5 (Review of the Specification by New Members)

A 60-day review process of the Specification is offered immediately to a party who becomes a Member (hereinafter referred to as “New Member”). The New Member who is unable to license its Essential Patents to other Member set forth in Articles 3 and 4 (b) above may withdraw from membership by submitting the confirmation statement set forth in Article 7 below to the Alliance during the abovementioned review period, with full reimbursement of membership fee.

Article 6 (Review of new Specifications by Adopter Members and Advisory Members)

A 60-day review process of a newly adopted Specification is offered to Adopter Members and Advisory Members. An Adopter Member or an Advisory Member unable to license its Essential Patents in compliance with the new Specifications to other Member set forth in Articles 3 and 4 (b), may withdraw or terminate its membership in the Alliance by submitting the confirmation statement set forth in Article 7 below.

Article 7 (Confirmation Statement)

The confirmation statement referred in Articles 4, 5 and 6 shall be submitted to the Secretariat and shall include the following information:

- (1) Date of submission
- (2) Name of the submitting person of the Member
- (3) Information related to the identification of (the Final Draft of) the Specification (e.g., name, number, etc.)
- (4) Name of applicant(s) of the Essential Patent(s)
- (5) Patent number, patent application number, or patent publication number of the Essential Patent(s)
- (6) Name of the Essential Patent(s)
- (7) Countries in which the application is made
- (8) Description of the Essential Patents which includes (the Final Draft of) the Specification
- (9) Terms of licensing (Non-exclusive licensing under reasonable and non-discriminatory terms, or other terms)

Article 8 (Dispute Resolution)

Dispute resolution shall be decided by the Members themselves and shall not be mediated by the Alliance, with respect to the items set forth below:

- (1) Dispute that originates from the decision on what are Essential Patents
- (2) Dispute that originates from the determination of concrete content of licensing terms and conditions of handling the licensing terms
- (3) Dispute regarding other intellectual property rights and knowledge

Article 9 (Survival of obligations)

- (a) The obligation of the Promoter Members with respect to Essential Patents in the Final Draft of Specification set forth in Articles 3 and 4 shall remain in force during the review process set forth in Article 4, even when the Promoter Members withdraw or terminate their membership during this period.
- (b) When a Member withdraw or terminate its membership in the Alliance, the obligation set forth in Articles 3 and 4 shall continue in full force and effect with respect to all Specifications adopted prior to the effective date of withdrawal or termination.
- (c) Nevertheless in the cases set forth in Article 9 (a) and (b), the obligation is exempted with respect to Specifications set forth below:
 - (1) All exiting Specifications for a New Member who withdraws from membership with confirmation statement as stipulated in Article 5.
 - (2) The new Specification for an Adopter Member or an Advisory Member who withdraws from membership with confirmation statement as stipulated in Article 6.
- (d) Members who withdraw from membership, shall destroy the Specifications.

Article 10 (Transfer or Acquisition of Essential Patents)

- (a) Even in the case that an Essential Patent or an exclusive license to an Essential Patent has been assigned or transferred by a Member who owns such Essential Patent to a third party, the obligation set forth in Articles 3 and 4 with respect to the existing Specification(s) at that time shall remain and the Member shall ensure that the third party bears the obligations set forth in these Regulations.
- (b) If a Member newly acquires an Essential Patent or is assigned an exclusive license to an Essential Patent from a third party, the same shall be licensed to other Members based on the condition in Articles 3 and 4.

Article 11 (Interpretation of Ambiguities)

Other matters not stipulated in these Regulations and any other ambiguities that may arise in relation to the enforcement of these Regulations shall be resolved by the Board of Directors meeting.

Article 12 (Effectuation)

These Regulations shall take effect on July 26th, 2017.

Article 13 (Revision and Repeal)

These Regulations shall be revised or repealed by a resolution of the General Assembly meeting.

Supplementary provision

The revised Regulations shall take effect on December 17th, 2019.

The revised Regulations shall take effect on April 28th, 2020.