

DIRECTOR GENERAL

Sigrid de Vries

Brussels, 13 May 2025

Subject: Standard Essential Patents Licensing Regulation

Dear Minister,

On behalf of the European automobile manufacturers, I am writing to you to ask you to object to the European Commission's intention to withdraw the proposal for a Regulation on the licensing of standard essential patents (SEPs) that it put forward in April 2023.

This Regulation is crucial for ensuring that the European auto industry has access to patented technologies related to wireless communications standards such as 5G and Wifi that are an essential element of current and future connected and automated vehicles under fair and reasonable conditions.

The proposal was already endorsed by an overwhelming majority in the European Parliament in February 2024. The Polish Presidency of the Council of Ministers had planned a series of working party meetings on the subject. The Commission's assertion that no agreement would be possible in the foreseeable future is therefore unsubstantiated.

Consequently, we ask all EU institutions to continue and conclude the ongoing legislative process as soon as possible. Where necessary, the Commission's proposal can be amended and improved. However, it should neither be withdrawn nor replaced by a completely new proposal. The Regulation is critically important for European competitiveness and innovation. It should be adopted as a matter of urgency.

As you know, the proposed Regulation aims to establish a clearer and more efficient legal framework with increased transparency and alternative dispute settlement procedures that should put an end to the frequent litigation that has made the licensing environment in Europe so unpredictable and that has held back innovation in this area.

This will benefit the auto sector, which currently suffers from the fact that SEP holders refuse to provide licences to automotive suppliers. By offering licenses only to vehicle manufacturers, SEP holders try to extract higher royalty payments that far exceed the true value of their

invention. They threaten vehicle manufacturers who use their technologies with injunctions, forcing them to make excessive royalty payments to avoid time-consuming and costly litigation or production stoppages. Most of these SEP holders are non-European companies.

Without this Regulation, the EU risks falling behind other world regions such as China, which have already taken regulatory measures to address these issues, and leaving its auto industry, the largest private contributor to R&D investment in Europe, with a significant competitive disadvantage.

Kind regards,

Sigrid de Vries

