

The following document will help companies understand and evaluate the changes being proposed to the XII IPR Policy. We welcome your feedback on the policy and suggestion for additions or clarifications to this document. Please address your inquiries to either Hugh Wallis hughwallis@xbrl.org or Tony Fragnito tonyf@xbrl.org.

XBRL REVISED IPR POLICY FAQ

Q: Why is XBRL revising its IPR policy at this time?

A: XBRL's original policy was drafted many years ago. Since then, IPR policy "best practices" have changed considerably, and the world has changed as well. There have been a number of disputes in other organizations where vagueness in terms made enforcement difficult. In addition, certain bad practices have arisen for which traditional policies proved to be less than adequate to the task. As a result, the expectations of participants in standards bodies have become more demanding. They want a state of the art policy that gives adequate protection, to ensure certainty of result. The XBRL Board feels that it is important for the organization to have the type of policy that ensures that the good work of its members will be rewarded with certainty of results, and that potential members will be willing to lend their support as well.

Q: What has changed in the new policy?

A: The new policy, with very few exceptions (noted below) simply tries to do the same job as the old policy, only better.

Q: How does the new policy do that?

A: The first thing you may notice is that the new policy uses a variety of carefully defined terms. These definitions make the rest of the policy more concise, and should make members feel more comfortable that the commitments that they are making when they are involved in XBRL activities are the same as the commitments that they make when they send representatives to other leading standards organizations. The same approach continues throughout the policy on a section by section basis.

Q: What are my obligations under the policy if I offer something for inclusion in a Recommendation?

A: If you submit material, XBRL of course needs to know that anyone, anywhere in the world, can still implement the resulting Recommendation if we decide to take you up on your offer. As a result, the policy requires you to commit to make any of your "Necessary Claims" under patents (i.e., patent claims that an implementer

couldn't help infringing) available to implementers for free, and on terms that are otherwise reasonable and non-discriminatory (a/k/a "RAND terms"). What that means is basically that you won't give a better deal to one implementer over another, and that you won't ask for anything unreasonable in return. It also means that XBRL Recommendations can be widely implemented.

Q: What if I'm just part of the Working Group that is developing the Recommendation?

A: Our concern there is a little different. You may have heard of "submarine patents" being asserted against standards. What that means is that someone either has a patent, and doesn't speak up, or files a patent application, based on what it knows about a standard as it is being developed. Only after the standard is approved and widely implemented does the owner of the submarine patent "surface," at which point it charges above-market royalties from implementers, who have no choice but to pay up, because the market has now become "locked in."

To avoid that happening in XBRL, as in other standards organizations, we require Working Group participants to make commitments regarding their patents as well, since they can influence the final text of a Recommendation, and also have access to information that could permit them to file, or amend, patent applications. So while the policy allows anyone to "kick the tires" of a new Working Group to see if it is interested in helping out, after 60 days the same requirements will apply as apply to a submitter: to the extent that you, or your employer, owns a Necessary Claim under the final Recommendation, you or it must provide a free license on RAND terms.

Q: You said that some things were new. What were you referring to?

A: Under the old policy, someone could "opt out" of their licensing obligations up until a later point in the adoption process. For the reasons given above, we are tightening that part up, to lessen the risk of submarine patents.

The only other significant change is more of a clarification than a new obligation. One of the things that is concerning the standards community today is the situation where a patent owner makes a commitment, and then sells or assigns the patent in question to someone else, who then claims that they are not bound by the original commitment. The Federal Trade Commission in the United States, for example, recently entered into a consent decree with a patent assignee in just such a situation. The assignee agreed to honor the original promise, but it took government intervention to reach that result. As a result, we've added a new section that requires those bound by the policy not to transfer any Necessary Claims unless the assignee agrees to live by the assignor's promises. That seems only fair to us.

Q: So far you've talked only about patents. What about other forms of intellectual property?

A: No changes there. As before, Working Group participants continue to own the copyright in their original contributions, while XBRL owns the copyright in the final Recommendation. Members continue to own their trademarks, and XBRL continues to own its trademarks.

Q: Anything else we should know?

A: In order to put the new policy into effect, we'll be making a few changes regarding how you sign up for participation in a Working Group and how your employer will confirm its agreement with the policy. We'll also be making minor revisions to the existing process documents in order to make sure that they are in harmony with the new IPR policy.

Q: When does the new IPR policy take effect?

A: The Board will put the policy out for comment, and will consider whether any changes are warranted, based on any feedback received from XBRL members. The final draft will then be announced to the members, and will take effect 60 days after that announcement.