



ethernet alliance

Ethernet Alliance

Antitrust Policy

Version 1.2

April 14, 2008



Document Revision History

Version	Date Approved by Board of Directors	History
Version 1.2	April 14, 2008	Updated Corporate address; Reformatted to include Document Revision History and Table of Contents
Version 1.0	May 16, 2006	Initial Draft



Table of Contents

1	Introduction.....	1
2	Antitrust Policy	1
3	The Antitrust Laws	2
4	Specific Organizational Activities.....	3
4.1	Membership.	3
4.2	Meeting Discussions.....	3
4.3	Meeting Procedures.....	4
4.4	Sensitive Topics.	5
4.5	Standards.	5
4.6	Availability of Information.....	5
4.7	Copy of Guidelines.....	5
5	Conclusion.....	6

Ethernet Alliance Antitrust Compliance Policy and Guidelines

1 Introduction

Through the adoption and issuance of the Ethernet Alliance Antitrust Compliance Policy and Guidelines (the “Guidelines”), the Ethernet Alliance affirms its commitment to abide by the spirit and the letter of all antitrust laws. All members of the Ethernet Alliance and their representatives must follow the policy and guidelines contained herein as part of their ongoing obligations to the Ethernet Alliance. These Guidelines apply both to activities within the Ethernet Alliance and to any joint activities between the Ethernet Alliance and any other entity, association, or other third party.

2 Antitrust Policy

It is the policy of the Ethernet Alliance to comply strictly with all laws that apply to the conduct of its activities, including all antitrust laws. It is the responsibility of each Ethernet Alliance member and its representatives, as well as each Ethernet Alliance officer and every other person participating in Ethernet Alliance-sponsored or Ethernet Alliance-related activities, to become familiar with the Guidelines, to conduct all Ethernet Alliance-sponsored meetings and activities in strict accordance with the Guidelines, and to comply with antitrust laws. The consequences of violating the antitrust laws can be serious to the Ethernet Alliance, its members, and individuals representing the member companies. Violations of the federal antitrust laws may be felonies, which can subject an individual to substantial monetary fines and to imprisonment for as long as ten years, and can subject the Ethernet Alliance or member companies to monetary fines, civil liability for treble damages, and to injunctions that could impair a company’s ability to compete effectively. In addition, the Ethernet Alliance may be held liable for member activities at Ethernet Alliance-sponsored functions or even elsewhere. Actions by an Ethernet Alliance member or officer that an outsider could reasonably assume were authorized by the Ethernet Alliance may be interpreted by the courts to be an act of the Ethernet Alliance, for which the Ethernet Alliance could bear legal responsibility.

As the following discussion sets forth in greater detail, activities of the Ethernet Alliance will not include any actions that violate the law. The Ethernet Alliance, in the course of its activities, shall not agree with, participate in, or give consideration to any activity, plan, understanding, agreement, or other arrangement that constitutes a violation of any federal or state antitrust laws, including but not limited to actions that would (a) raise or stabilize prices or fees, (b) boycott or refuse to do business with any third parties (other than through the Ethernet Alliance’s bona fide business contractual arrangements), (c) restrict or interfere with the exercise of free and independent judgment by the members in the management or operation of their respective businesses, or (d) obstruct or interfere with commerce or free and lawful competition.

The Guidelines are necessarily general and cannot purport to anticipate every legal issue or fact pattern that may emerge. It is very important, therefore, that the members and staff of the Ethernet Alliance consult appropriate counsel whenever questions arise as to the specific application of these Guidelines and the antitrust laws in general. In addition, any person with knowledge of an actual or suspected violation of these Guidelines should immediately consult with appropriate counsel.

3 The Antitrust Laws

The most important antitrust law applicable to the Ethernet Alliance is Section 1 of the federal Sherman Act, which declares illegal “[e]very contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade among the several States, or with foreign nations...” The focus of this law is to prohibit joint activity or an agreement between businesses that unreasonably restrains trade. The “contract, combination, ... or conspiracy” in question need not be written or formal, but may include informal, unwritten, and even unspoken agreements or understandings. In addition, illegal agreements can be established by circumstantial evidence, such as a pattern of conduct or potentially mere presence at a meeting at which illegal agreements were made.

Section 5 of the Federal Trade Commission Act prohibits “unfair methods of competition in or affecting commerce and unfair or deceptive acts or practices in or affecting commerce.” The provisions of the Federal Trade Commission Act can be applied to a company acting alone (unlike Section 1 of the Sherman Act) and are written more broadly than the provisions of the Sherman Act. It is also important to recognize that other jurisdictions may have antitrust laws that are applicable to the activities of the Ethernet Alliance, including the laws of the individual states, the European Union, and the laws of the individual countries in which the Ethernet Alliance members are located or do business. These laws generally parallel the provisions of U.S. federal antitrust law but may sometimes regard activities that would be legal under U.S. federal laws as illegal anticompetitive acts. Because these Guidelines cannot catalog each state and foreign law that might be applicable to the Ethernet Alliance, appropriate counsel should be consulted if any questions arise as to the propriety of actions conducted in a particular local jurisdiction.

The promotion and development of standards can advance competition and economic efficiency by disseminating product information and by eliminating unnecessary and confusing variations in products. As a result, joint standards development activity is normally subject to treatment under the antitrust laws that focuses on whether or not the activity is reasonably necessary to achieve legitimate pro-competitive ends, and, if so, whether the benefits of the standard outweigh the costs. The benefits of standard setting and the corresponding promotion of that standard are considerable, and the vast majority of standard development activities, when conducted properly, have little

antitrust risk. Antitrust problems can arise, however, in both the development of a standard as well as the enforcement of that standard.

4 Specific Organizational Activities

In order to minimize the antitrust risks associated with standards-related activities, the following guidelines should be followed regarding the promotion, development, adoption, and promulgation of a standard:

4.1 Membership.

(a) The Ethernet Alliance membership should be available on reasonable terms to all companies meeting the Ethernet Alliance's membership requirements. No applicant for membership who meets the objective qualifications set forth in the Ethernet Alliance Membership Agreement and the rules promulgated thereunder should be rejected for any anticompetitive purpose or solely for the purpose of denying such applicant the benefits of membership.

(b) The Ethernet Alliance should endeavor to ensure that all potential competitors that may be affected by a proposed action be given the opportunity to participate in the process. This will include advertising the objectives and intended activities of the Ethernet Alliance to the public, providing timely and adequate notice to members of the initiation and development of any proposal, allowing for careful consideration of all views and objections and, where appropriate, multiple proposals, and maintaining careful records.

4.2 Meeting Discussions.

Discussions in all Ethernet Alliance-related meetings should relate solely to the legitimate purposes of the Ethernet Alliance. Care should be taken to avoid even the appearance of discussing competitively sensitive information, as such discussions may lead to the inference of an illegal agreement on prohibited topics. To this end, there should be no discussion, communication or other exchange between members of the Ethernet Alliance and/or their representatives regarding any of the following categories of information:

(a) Product prices or product pricing strategy. This requirement is to be interpreted broadly, to include, for example, current or projected prices; price changes or differentials; markups; discounts; allowances; terms and conditions of sale, including credit terms, warranty provisions, etc.; or other information that might comprise an element of a product's price, including profits, margins or cost;

- (b) Production levels, production capacity, or product inventories;
- (c) Current bids or potential bids for particular products, and procedures for responding to bid invitations;
- (d) Plans pertaining to the development, production, distribution, marketing, or introduction dates of particular products, including proposed marketing territories and potential customers;
- (e) Terms on which any Ethernet Alliance members will or will not deal with particular competitors, suppliers, distributors, or customers with respect to the manufacture, sale, or distribution of its products;
- (f) Matters relating to actual or potential individual suppliers or customers that might have the effect of influencing the business conduct of other companies toward such suppliers or customers;
- (g) Current or projected cost of procurement, development, or the manufacture of any product; and
- (h) Non-public information regarding any company's market share for any product or for all products.

4.3 Meeting Procedures.

Special care should be taken to ensure that all Ethernet Alliance meetings are not used as a means of violating the terms of these Guidelines. Accordingly, the following practices should be followed:

- (a) Agenda. All meetings should follow a written agenda.
- (b) Minutes. Minutes prepared promptly after the meeting should summarize all matters discussed and conclusions, if any, reached. Only minutes approved by the Board and/or counsel should be distributed (even in preliminary form) and only minutes as approved need be retained. The purpose of this is to avoid the preservation of misstatements, ambiguities, fragmentary reports and similar items which may, years later, create misperceptions of the meeting.
- (c) Consult Counsel. At appropriate meetings, counsel or staff should be requested to provide compliance reminders concerning these Guidelines and current antitrust developments.
- (d) No Informal Meetings. Informal meetings should not be held and informal discussions should comply with the standards of these Guidelines. Informal meetings

are of particular concern to law enforcement agencies, which may take the view that formal association activities merely provide a cover for improper agreements that were reached in a hotel room, restaurant or similar setting.

4.4 Sensitive Topics.

Members should not discuss or exchange information bearing on a refusal to deal with any third party, or enter into agreements refusing to purchase, sell to, or otherwise deal with competitors, customers or suppliers. For example, members shall not discuss the degree to which members will or will not do business with firms that do not participate in the Ethernet Alliance.

4.5 Standards.

Compliance with the specifications promoted by the Ethernet Alliance should be voluntary. Members should not discuss or exchange information that would tend to restrict any member or non-member from establishing or deploying a different specification, or enter into agreements that prohibit or restrict any member from establishing or deploying any other specifications. Members of the Ethernet Alliance should not be required to adopt any specification developed or endorsed by the Ethernet Alliance, though the Ethernet Alliance may require, as a condition of membership, that members satisfy the threshold membership criterion of public support for the IEEE 802 Ethernet standards, as specified in the Ethernet Alliance Membership Agreement. Nor should any efforts be undertaken that are intended to prevent the manufacture, sale, or supply of any products or services not conforming to the IEEE 802 Ethernet standards.

4.6 Availability of Information.

Any information, materials, or reports of the Ethernet Alliance available for the use of its members should be made available to non-members on reasonable terms when non-availability of those materials would impose a significant economic disadvantage or cost to nonmembers that would significantly limit their ability to compete against Ethernet Alliance members. If a specification is adopted, the specification and the Ethernet Alliance's related publications and services should be made available to members and non-members on payment of reasonable fees.

4.7 Copy of Guidelines.

These Guidelines are available on the Ethernet Alliance Website and are available in hard copy form upon request. Each member agrees to abide by them.



5 Conclusion

This policy statement is designed as a general statement of antitrust principles. Of course, no policy statement can anticipate each issue that will arise in the course of a trade association's activities; that is why the Ethernet Alliance must remain vigilant and continually conscious of antitrust concerns. When and if those concerns arise, prompt consultation with counsel is always appropriate.