



IEEE-SA & Via Licensing Collaboration

Fostering Joint Licensing Programs

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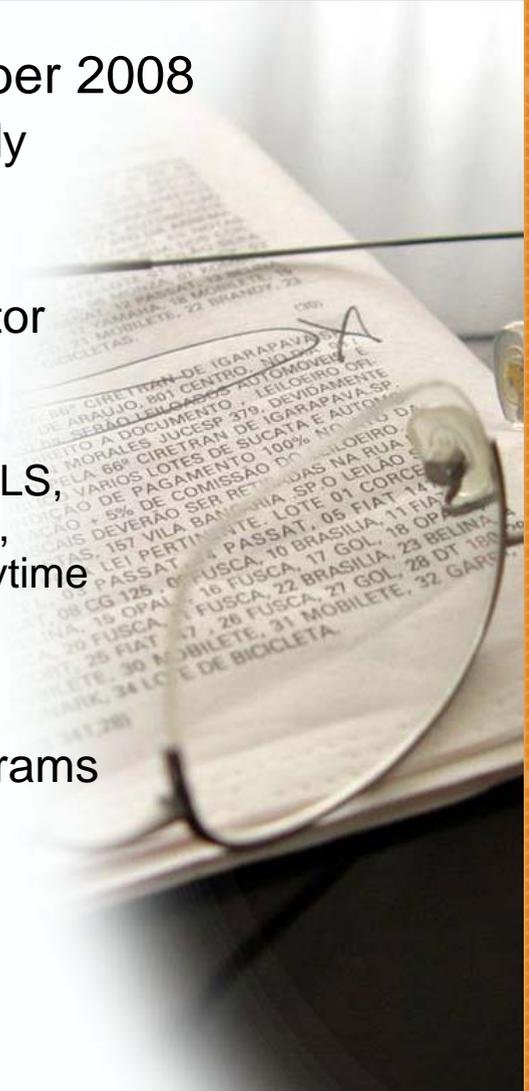
Director, Business Development





The News

- ◆ Collaboration agreement announced December 2008
 - IEEE-SA: Leading independent standards body
 - Over 900 published standards
 - Over 500 standards projects in development
 - Via Licensing: Leading patent pool administrator
 - Wholly owned subsidiary of Dolby Laboratories
 - More than 40 years of IP licensing experience
 - MPEG 2/4 Advanced Audio Coding, MPEG-4 SLS, MPEG Surround, MHP, 802.11, tru2way/OCAP, Digital Radio Mondial, NFC, UHF RFID, TV-Anytime
- ◆ Patent pool fostering and development
 - Early identification of candidate standards
 - Assist IP holders to create pool licensing programs





Why is this significant?

- ◆ Ground-breaking relationship
 - First of its kind collaboration
 - Coordinated efforts accelerate time-to-license
 - Promotes fast adoption of the standard

Pooling fulfills RAND obligations





Standards, Products, & Patent Thickets

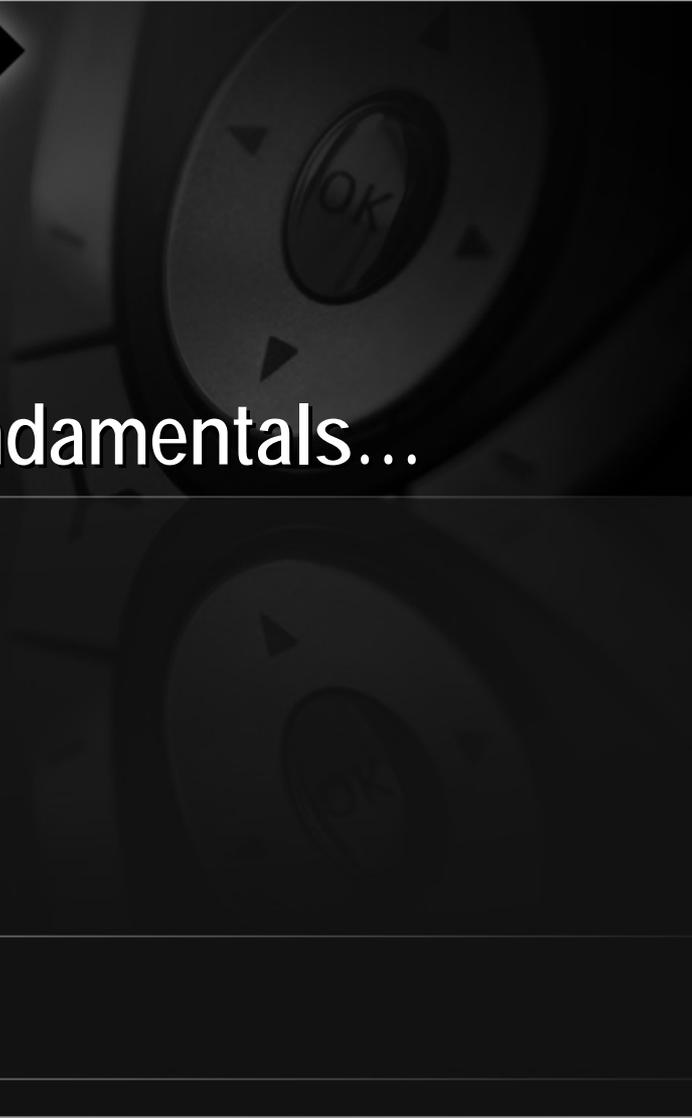
- ◆ Example: Telephone invented in 1876
 - Approximately 65 original essential handset patents
 - Modern devices could have more patent *categories*
 - Multiple bi-lateral agreements are not efficient



UMTS	CDMA	GSM	3G
RF Amplifier	RF Transceiver		
Firewire	USB	GPRS	
Bluetooth	802.16	802.11	
RFID	NFC	GPS	
Power Management			Battery
Displays	Antenna	Switches	
Gaming	O/S	Input Methods	
Audio Processing	Video Processing		
Image Processing	Data Storage		



Fundamentals...





Top 10 Common Myths

1. Patent pools are really trolls with better PR
2. I'll lose my defensive patent posture
3. Participation exposes me to higher litigation risk
4. Pool formation stifles innovation
5. Pooling devalues my IP
6. Pools are anti-competitive
7. Pools are only for large IP holders
8. All the "best" pools are already filled
9. Pool licensing relies on "Voodoo" IP practices
10. Nearly anyone can create and run a patent pool



What is a Patent Pool?

Granting of certain IP rights to an administrator by the owners of essential patents.

Open access to a collection of essential patents under RAND terms.





Patent Essentiality

- ◆ Necessarily and unavoidably infringed by the practice of the standard
 - A patent is *essential* when the device *necessarily, directly, literally*, infringes one independent claim of the patent.
 - Necessarily
 - The device must support the claimed functionality
 - Functionality need not be present in all modes of operation
 - Directly
 - All elements of the claim are required
 - No contributory infringement
 - Literally
 - The claim “reads on” a device without resorting to determining equivalents under the “Doctrine of Equivalents”
- ◆ Determined by independent, expert evaluator



Role of the Administrator...





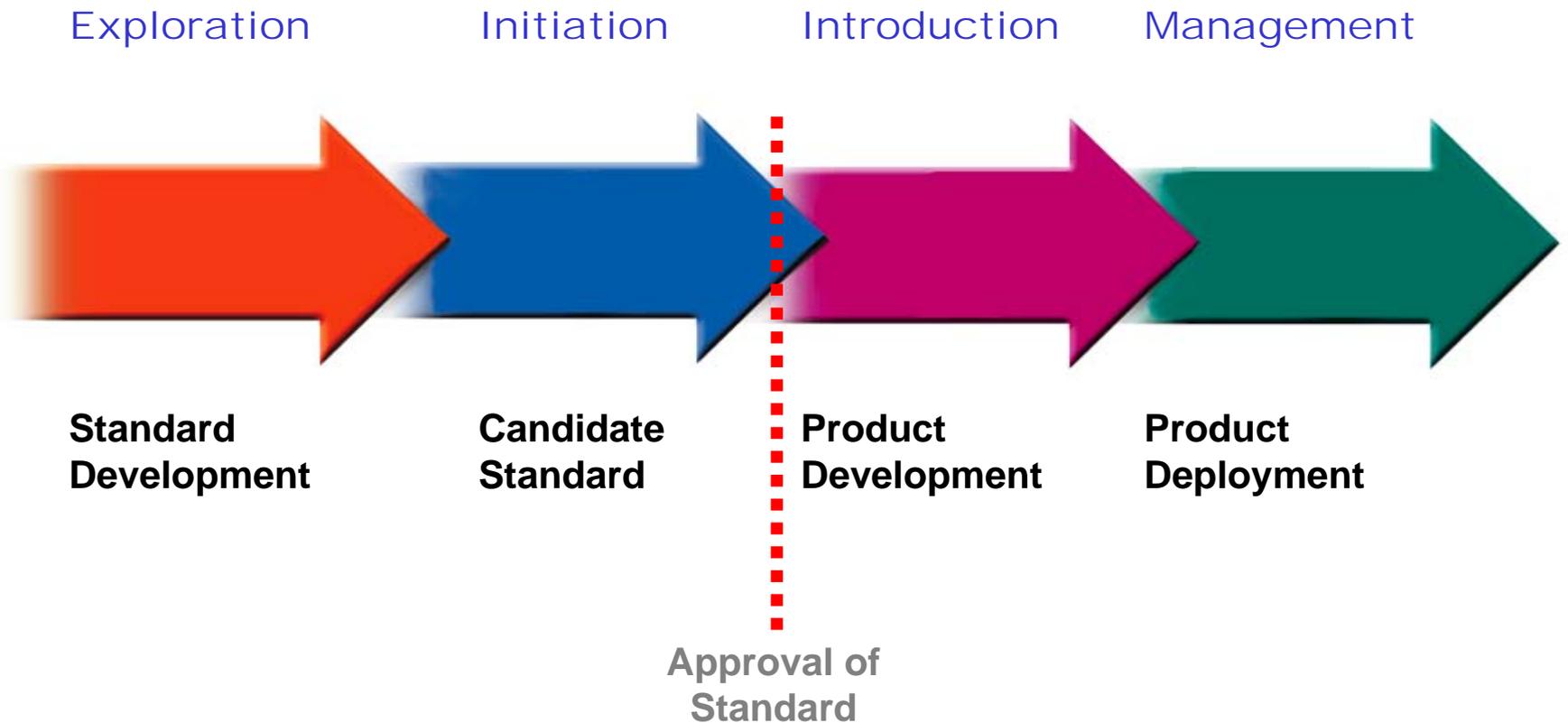
Meeting Strict DoJ and FTC Guidelines

Pro-competitive	Anti-competitive
Integrates complementary technologies	Market or customer allocation
Clears blocking positions	Fixes prices
Reduces transaction costs	Excludes competition
Avoids costly infringement litigation	Discourages R&D
Promotes technology adoption	Reduces innovation





Standards & Pool Development





Resultant Licensing Agreements

- ◆ Commercialization agreement
 - Between licensors and administrator
- ◆ Patent license agreement
 - Between administrator and licensees





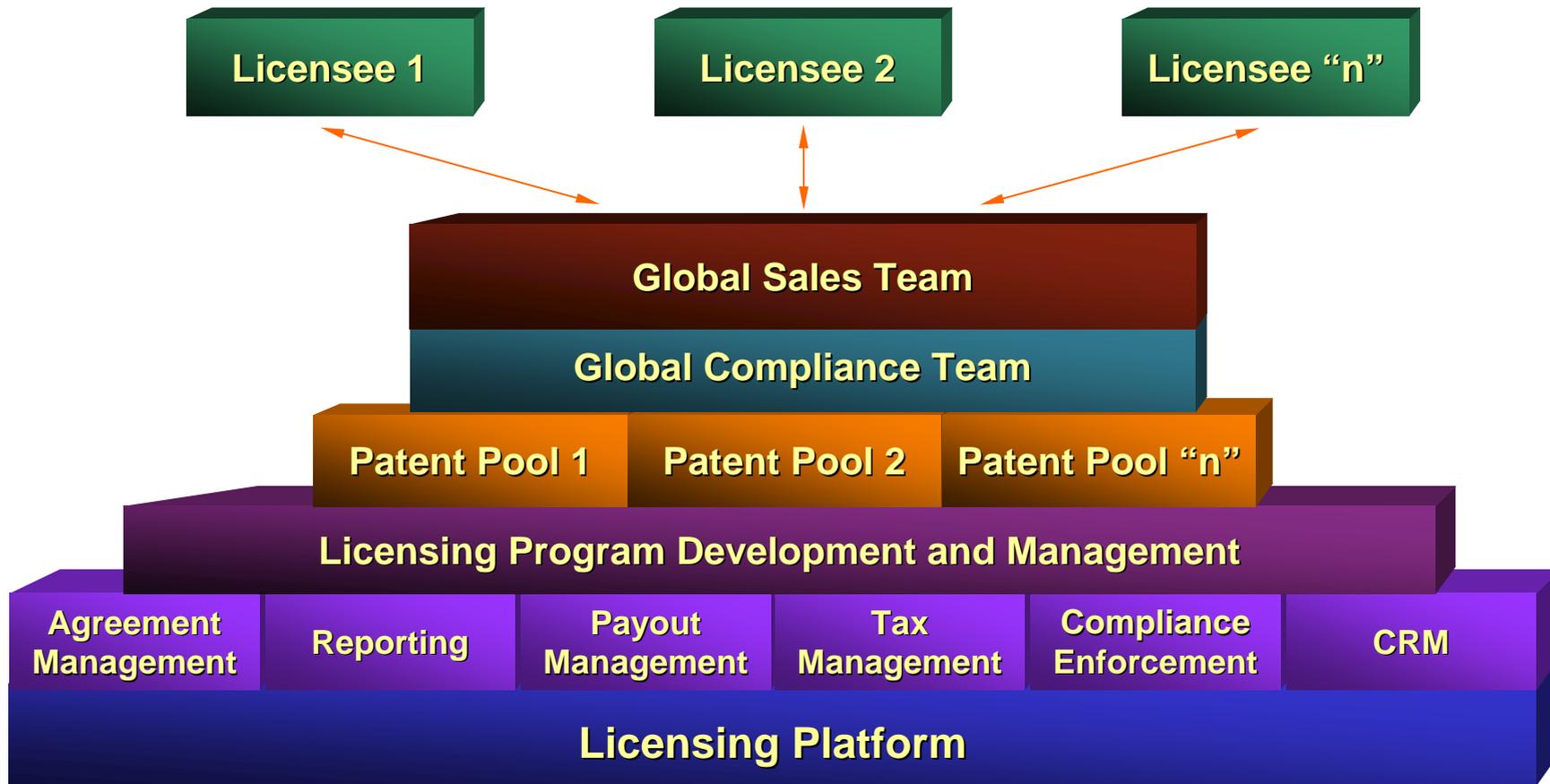
Licensing Phase

- ◆ Identify companies needing a license
 - Explain
 - Execute
 - Enforce
- ◆ Ensure a level playing field
 - Standard Patent License Agreement
 - Identical terms offered to all licensees
 - All licensees know they are getting the same deal as their competitors
- ◆ Enforce the terms of the license
 - Compliance
 - Payments



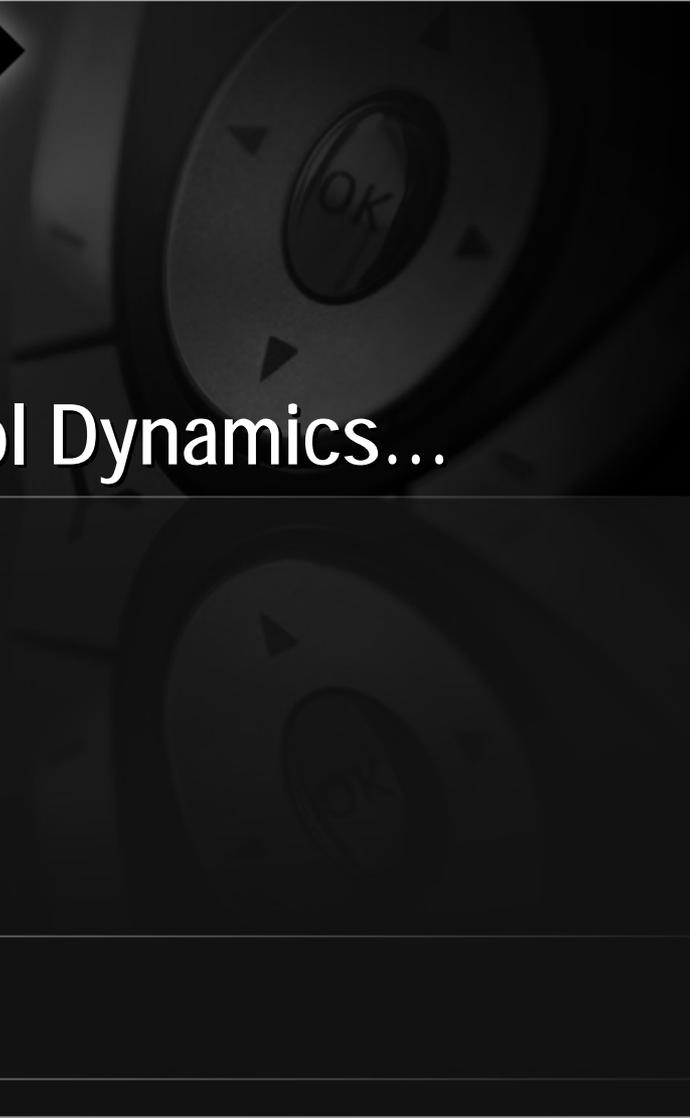


Licensing Services Infrastructure





Pool Dynamics...





IP Owners Chart the Course

- ◆ Via facilitates pool formation
 - Antitrust counsel guidance, meeting facilitation, etc.
- ◆ Commercial terms jointly set by IP owners
 - Administrative fees & matters
 - Revenue sharing
 - License scope
 - Audit rights
 - Reporting
 - Grantbacks

IEEE is not involved in setting business terms





Earmarks of a Winning Pool

- ◆ Includes “pure” licensors and licensor/licensees
- ◆ Everyone compromises
- ◆ Long-term focus
- ◆ Evolves over time to meet market changes
- ◆ Royalty rates are consistent
 - New members/patents do not increase royalties
 - New members obligated to contribute all essential patents



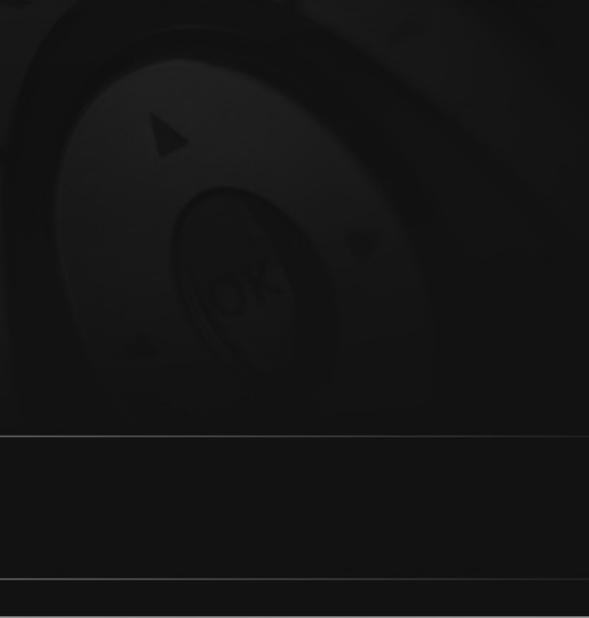


Cornerstones of a Licensing Program

- ◆ As much of a “one-stop-shop” as possible
- ◆ Sound antitrust advice
- ◆ Knowledgeable and independent patent evaluation
- ◆ Simple, clear, effective licensing terms
- ◆ Experienced licensing administrator



Value...





Patent Pools Serve the Market

- ◆ “All-inclusive” rates
 - Provides cost stability and reduces uncertainty for licensees
 - Lowers transaction costs for licensees and licensors
 - Simplifies reporting
- ◆ Helps to establish a fair market value
 - For patents outside the pool
- ◆ Levels the playing field
 - Consistent application of IP licensing
 - Reasonable and non-discriminatory (RAND in action)
- ◆ Enables markets through independent IP access
 - Licensees do not need to deal with competitors
- ◆ Helps avoid patent thickets



Thank you.

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