



# HEVC Patent Portfolio License Briefing\*

\*This presentation is for information purposes only. Actual license agreements provide the only definitive and reliable statement of license terms.

# Objective

- Offer an alternative license for the convenience of users enabling them to acquire patent rights necessary for the HEVC standard (see next slide) from multiple patent holders in a single transaction as an alternative to negotiating separate licenses

# Coverage

- **HEVC Standard as defined in ISO/IEC 23008-2:2013(E), ITU-T Recommendation H.265 (04/2013), Recommendation ITU-T H.265 v2 (10/2014), and/or Recommendation ITU-T H.265 v3 (4/2015)**

# Coverage

- Each patent is essential to the HEVC standard (see previous slide)
- Patent holders submitted patents for evaluation of their essentiality by independent patent experts
- Worldwide coverage (including essential counterparts)
- Licensors include all essential patents

# Coverage

- Attachment 1 to the License is updated regularly
  - See <http://www.mpegla.com/main/programs/HEVC/Pages/PatentList.aspx>
  - New Licensors and essential patents may be added at no additional royalty for present license coverage during the current term; coverage for entire term

# Current Patent Owners

## Essential Patent Holders currently include

- Alpha Digitech, Inc.
- Apple Inc.
- British Broadcasting Corporation
- Digital Insights Inc.
- Electronics and Telecommunications Research Institute (ETRI)
- Fujitsu Limited
- Funai Electric Co., Ltd.
- Hitachi Maxell, Ltd.
- HUMAX Co., Ltd.
- IBEX PT Holdings
- Industry – Academy Cooperation Foundation of Sejong University
- Infobridge Pte. Ltd.
- Intellectual Discovery Co., LTD.
- Intellectual Value, Inc.
- JVC KENWOOD Corporation
- Korea Advanced Institute of Science and Technology (KAIST)
- Korean Broadcasting System (KBS)
- KT Corp
- Kwangwoon University Industry – Academic Collaboration Foundation
- M&K Holdings Inc.
- NEC Corporation
- Nippon Hoso Kyokai (NHK)
- Nippon Telegraph and Telephone Corporation (NTT)
- NTT DOCOMO, INC.
- Orange SA
- Samsung Electronics Co., Ltd.
- Siemens Corp.
- SK Planet Co., Ltd.
- SK Telecom Co., Ltd.
- SungKyunKwan University Research & Business Foundation
- Tagivan II, LLC
- The Trustees of Columbia University in the City of New York
- University – Industry Cooperation Foundation of Korea Aerospace University
- University – Industry Cooperation Group of Kyung Hee University
- Vidy, Inc.

# HEVC License Terms

- **Decoder-Encoder Sublicenses**
  - HEVC Products Sold to End Users by a Licensee with (a) ownership/control of the brand name or (b) if the HEVC Product bears no brand name, with discretion over decision to Sell
    - 0 - 100,000 units/year = no royalty (available to one Legal Entity in an affiliated group)
    - US \$0.20 per unit after first 100,000 units each year
    - Maximum annual royalty payable by an Enterprise (Legal Entity and Affiliates) is \$25M for present coverage during the first License Term
  - Includes right to make, use and sell
  - Royalties are payable for HEVC Products from May 1, 2013 forward
- **Other**
  - Royalty paid for HEVC Product sublicense (referred to above) includes right to use encoders/decoders for HEVC content
  - Vendors of semiconductor chips or other products that contain an HEVC encoder and/or decoder may pay royalties on behalf of their customer who is a Licensee (and has responsibility for assuring payment) subject to that Licensee's annual cap

# Term

- **Current Term through December 31, 2020**
- **Renewable for successive 5-year periods for the life of any Portfolio patent on reasonable terms and conditions**
- **Rate Protection on Renewal – royalties for license grant or Royalty Cap will not increase by more than 20% at each renewal**



# Other Important Provisions

- **Most Favorable royalty rates clause**
- **Licensee data is protected as confidential**
- **Grant-back on essential patents similar in scope to license grants**