

## NEWS RELEASE

### For Immediate Release

#### CONTACT:

Lawrence Horn

MPEG LA®

301.986.6660

301.986.8575 Fax

[lhorn@mpegla.com](mailto:lhorn@mpegla.com)

### Statement Concerning MPEG-4 Visual Patent Portfolio License

(Denver, Colorado, US – 28 March 2002) – MPEG LA, LLC today issued the following statement regarding the status of the MPEG-4 Visual Patent Portfolio License:

On January 31, 2002, MPEG LA announced that it will offer fair, reasonable, nondiscriminatory access to patents (owned by 18 companies) that are essential to the MPEG-4 Visual (Simple and Core) digital compression standard under a single license to be known as the MPEG-4 Visual Patent Portfolio License and provided an initial overview of the proposed license terms. The actual license agreement is still in development, however, and all terms are subject to change.

MPEG LA is pleased by the intense interest in MPEG-4 Visual technology demonstrated by the market in response to the January 31 announcement. We have heard from and responded to many people, and want to thank all of them for taking the time to share their views with us. MPEG LA, the MPEG-4 Visual essential patent owners and prospective MPEG-4 Visual users have been the beneficiaries of a healthy dialogue. This first step in the process has provided a unique opportunity for the marketplace to familiarize itself with the proposed terms and provide feedback and for MPEG LA to clarify the proposed terms and assure their compatibility across various business models. Since details of the license agreement are still in the process of being worked out, these views are important and will be taken into consideration. There are many different views to be considered, however, and ultimately the marketplace will decide the success of the licensing program.

It is intended that reasonable royalties will be spread among industry participants on a nondiscriminatory basis across the entire product chain consistent with the expected flow of MPEG-4 video transactions, so that those who can pay will and those who can't pay aren't expected to. For example, the royalties proposed for the use of MPEG-4 video data streaming and downloads to be paid by service providers are tied to remuneration and payable only when service providers or content providers are paid for offering or providing MPEG-4 video. And the application of this principle to various business models continues to be studied.

MPEG LA facilitates the adoption of new technologies (e.g., MPEG-4 Video) in the marketplace by making the essential intellectual property rights owned by many patent owners available on fair, reasonable, nondiscriminatory terms under a single license. MPEG LA's business relies on the broad acceptance of the license across all market sectors. Therefore, MPEG LA is sensitive to the need to structure a reasonable license consistent with marketplace conditions. To that end, MPEG LA continues to work with the patent owners to assure that the license is responsive to reasonable concerns. MPEG LA will meet with the patent holders again in late April, and will provide further guidance to the marketplace as soon as possible following that meeting. Everyone is working with all speed, but because of the challenge posed by the effort to produce a joint licensing program requiring a consensus among at least 18 different patent owners and the yet undetermined future implementations and applications of the emerging MPEG-4 Visual technology, it will take additional time to complete this process.

Meanwhile, in its continuing effort to include as much essential MPEG-4 Visual (Simple and Core) intellectual property as possible in a one-stop license for the convenience of the marketplace, MPEG LA reiterates that any party that believes it has essential patents (Sections 9, 9.1 and 9.2 and Tables 9-1 and 9-2 of ISO/IEC 14496-2 Information Technology - Coding of Audio-Visual Objects - Part 2: Visual) and wishes to join upon successful evaluation, is invited to submit such patents to the independent Patent Evaluator together with a statement confirming its agreement with the

objectives and intention to abide by terms and procedures governing the patent submission process, which may be obtained from Lawrence A. Horn, Vice President, Licensing and Business Development, MPEG LA, LLC ([lhorn@mpegla.com](mailto:lhorn@mpegla.com)), phone 1-301-986-6660, fax 1-301-986-8575.