

NEWS RELEASE

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MPEG LA Announces Plan for Licensing of Essential H.264 JVT/MPEG-4 AVC Patents

Call for Submission of Patents for Evaluation by Independent Patent Experts is First Step

(Denver, Colorado, US - 11 September 2002) – MPEG LA, LLC makes the following worldwide announcement of a plan aimed at providing fair, reasonable, nondiscriminatory worldwide access under a single license to patents that are essential for implementing the digital video compression standard to be known as ITU-T H.264 and ISO/IEC 14496-10 (“Proposed JVT/AVC Standard”). The first step in the plan calls for those with patents that they believe are essential to the Proposed JVT/AVC Standard (as more specifically described below) to submit them for an evaluation of essentiality by independent patent experts.

Following is a summary of the plan:

1. Objective

To establish a portfolio of essential worldwide patents that are necessary for implementation of the Proposed JVT/AVC standard in order to provide all JVT/AVC users with fair, reasonable, nondiscriminatory access to this technology under one license.

2. Licensed patents

Essential patents will consist of those that are necessary for the Proposed JVT/AVC standard. Currently, the Proposed JVT/AVC standard is documented in the Joint Final Committee Draft (JFCD) ITU-T H.264 and the Final Committee Draft (FCD) ISO/IEC 14496-10 (MPEG-4 AVC) hereinafter "ITU-T FCD H.264" and "ISO/IEC FCD 14496-10". These documents are more formally known as: Joint Video Team (JVT) of ISO/IEC MPEG and ITU-T VCEG D157, "Joint Final Committee Draft (JFCD) of Joint Video Specification", Klagenfurt, July 2002, and ISO/IEC JTC 1/SC 29/WG 11 N4920 "Final Committee Draft for Advanced Video Coding (ISO/IEC 14496-10)", Klagenfurt, July 2002. To be essential, an issued patent must have one or more independent claims that are necessarily infringed by use or implementation of the Proposed JVT/AVC standard.

3. Organization

The patent portfolio may require at least the following functions:

First, as Evaluation Facilitator, MPEG LA will make a call described in this announcement for the submission of patents for an evaluation of their essentiality by independent patent experts and inclusion in a joint license if determined to be essential and facilitate the evaluation process and convene the initial group of essential patent holders as described below.

Second, an Evaluator (identified below) who is a third party patent expert will evaluate patents for essentiality to the Proposed JVT/AVC standard (ITU-T FCD H.264 and ISO/IEC FCD 14496-10). Any party that believes it has essential patents is invited to submit them for evaluation and inclusion in accordance with the standard terms and procedures governing submissions. For each patent submitted, an evaluation fee of US \$8,500.00 will be paid to MPEG LA, LLC, (as below) to cover costs of the patent expert's evaluation.

Third, an initial group of essential patent holders who have agreed to the terms governing the submission of patents and been found by the independent patent experts to have essential patents will be convened to prepare details of licensing terms. Evaluations will continue throughout the course of the License in order to include as much essential intellectual property as possible, but the initial group of essential patent holders/framers from among those who submit patents for evaluation by the initial deadline of October 11, 2002 will be determined and convened for the purpose of commencing the JVT Patent Portfolio License.

Fourth, the Licensing Administrator who is granted non-exclusive sublicensing rights from patent owners under licensed patents in order to sublicense those patents to JVT/AVC users, will actively promote the licensing program and distribute collected royalties to the patent owners. The Licensing Administrator will be chosen by the initial group of patent holders.

Fifth, an Administrative Committee consisting of representatives of the essential patent owners will monitor certain activities of a Licensing Administrator.

4. Licensing details

To be determined by the representatives of the essential patent owners.

5. Schedule (Initial Plan)

Initial patent submissions: by October 11, 2002 (although patent submissions may continue to be submitted after that date, owners of essential patents in the initial group of patents submitted by the October 11 date will form the initial group of Licensors that will select a Licensing Administrator and determine the terms of license).

Evaluation: At least one patent submitted by each submitting party will be evaluated for its essentiality by November 11, 2002.

MPEG LA will convene a meeting of the initial patent holder group shortly thereafter.

Accordingly, MPEG LA hereby announces that any party that believes it has patents that are essential to the Proposed JVT/AVC standard (ITU-T FCD H.264 and ISO/IEC FCD 14496-10) and wishes to join the patent portfolio upon successful evaluation, is invited to submit such patents to the Evaluator (identified below), together with a statement confirming its agreement with the objectives and intention to abide by terms and procedures governing the patent submission process (initial patents to form initial Licensor group to be submitted by October 11, 2002), which may be obtained from Jane Tannenbaum, Director, Contract Administration (jtannenbaum@mpegla.com) or Jill McLain, Contract Administrator, (jmclain@mpegla.com), MPEG LA, LLC.

Evaluator: Dr. Kenneth Rubenstein and his team of independent patent experts, PROSKAUER ROSE LLP, 1585 Broadway, New York, NY 10036-8299, Tel. 212-969-3000, Fax 212-969-2900, krubenstein@proskauer.com

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MPEG LA, LLC

MPEG LA successfully pioneered one-stop technology standards licensing with a portfolio of essential patents for the international digital video compression standard known as MPEG-2, which it began licensing in 1997. One-stop technology standards licensing enables widespread technological implementation, interoperability and use of fundamental broad-based technologies covered by many patents owned by many patent holders. MPEG LA provides users with fair, reasonable, nondiscriminatory access to these essential patents on a worldwide basis under a single license. In addition to MPEG-2, MPEG LA licenses portfolios of essential patents for the IEEE 1394 Standard and DVB-T Standard and soon will begin licensing the MPEG-4 Visual and Systems standards. For more information, please refer to <http://www.mpegla.com>, <http://www.1394la.com> and <http://www.dvb1a.com>. MPEG LA is based in Denver, Colorado, USA.

