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MPEG LA Announces Plan for Joint VC-9 Patent License

Call for Essential Patents is First Step

(Denver, Colorado, USA, 26 March 2004) MPEG LA, LLC today announced a plan for providing fair, reasonable, nondiscriminatory worldwide access to patents that are essential to “Proposed Standard VC-9 Submitted to SMPTE Technology Committee C24” (2004-03-19), a/k/a “Proposed SMPTE Standard for Television: VC-9 Compressed Video Bitstream Format and Decoding Process,” as it may be amended (“VC-9 Specification”). A summary of the MPEG LA plan is attached. The first step calls for those with patents that they believe are essential to the VC-9 Specification to submit them for an evaluation of essentiality by independent patent experts. An initial group of patent holders whose patents are determined to be essential will be convened within 30-45 days to begin considering terms of a joint license, but the process will remain open and submissions will continue to be welcome.

“This is affirmation of the service that MPEG LA provides,” said MPEG LA Chief Executive Officer Baryn S. Futa. “Our business is to facilitate and offer non-exclusive independently administered licensing alternatives to those that exist in the current market for a variety of technologies that users may

choose based on their own unique needs. Wherever a joint licensing alternative would be of convenience to users, MPEG LA is pleased to play its part in bringing together the essential patent holders in order to facilitate its creation.”

"MPEG LA's call for essential patents is an important step toward offering a joint patent license on fair, reasonable, nondiscriminatory terms for the convenience of the marketplace," said Amir Majidimehr, Corporate Vice-President of the Windows Digital Media Division at Microsoft Corp. "We recognize MPEG LA's important role as independent facilitator and will continue to support their process."

Any party that believes it has a patent that is essential for the VC-9 Specification and would like to join a patent portfolio license upon successful evaluation is invited to submit such patent for an evaluation of essentiality by MPEG LA's patent experts. Initial submissions are requested as soon as possible. Those who are interested may request a copy of the terms and procedures governing patent submissions by going to www.mpegla.com, "Licenses in Development," then "VC-9."

MPEG LA, LLC

MPEG LA successfully pioneered one-stop technology platform licensing with a portfolio of essential patents for the international digital video compression standard known as MPEG-2. One-stop technology platform 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 worldwide access to essential patents from multiple patent holders in a single transaction as a non-exclusive alternative to entering into separate license agreements with individual patent holders. MPEG LA is not related to any standards agency and is not an affiliate of any patent holder. In addition to MPEG-2, MPEG LA licenses portfolios of essential patents for the IEEE 1394 Standard, the DVB-T Standard, the MPEG-4 Visual Standard and the MPEG-4 Systems Standard. MPEG LA also is facilitating a license for the AVC/H.264 Standard and for DRM Reference Model v 1.0. For more information, please refer to <http://www.mpegla.com>, <http://www.1394la.com> and <http://www.dvbla.com>.

VC-9

VC-9 refers to a proposed standard for television to The Society of Motion Picture and Television Engineers (SMPTE). The VC-9 Specification was prepared for the primary purpose of documenting the bitstream format and decoding process used in the VC-9 video codec. It defines the bitstream syntax, semantics and constraints for compressed video bitstreams and describes the complete process required to decode them.

ATTACHMENT

Following is a summary of the MPEG LA plan for licensing of essential VC-9 Patents:

1. Objective

To establish a portfolio of essential worldwide patents that are necessary for implementation of “Proposed Standard VC-9 Submitted to SMPTE Technology Committee C24” (2004-03-19), a/k/a “Proposed SMPTE Standard for Television: VC-9 Compressed Video Bitstream Format and Decoding Process,” as it may be amended (“VC-9 Specification”) in order to provide VC-9 users with fair, reasonable, nondiscriminatory access to as much of the essential intellectual property as possible under one license.

2. Licensed patents

Essential patents will consist of issued or otherwise enforceable patent rights that are necessary for the VC-9 Specification (as referenced above). Members of SMPTE already have access to this document. For parties that are not members of SMPTE, the document may be obtained by going to www.mpegla.com, “Licenses in Development,” then “VC-9” and signing and completing the form which may be downloaded there. To be essential, a patent must be found to have one or more claims that are infringed by use or implementation of the VC-9 Specification.

3. Organization

The patent portfolio may require at least the following functions:

First, as Evaluation Facilitator, MPEG LA has made 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. MPEG LA also will facilitate the evaluation process, convene the initial group of essential patent holders and facilitate their deliberations to consider terms of a joint license as described below.

Second, an Evaluator (identified below) who is an independent patent expert will evaluate patents for essentiality with respect to the VC-9 Specification. 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 (see below). For each patent submitted, an evaluation fee of US \$8,500.00 will be paid to MPEG LA, LLC to cover the cost 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 within 30-45 days to begin considering joint license terms. Patent evaluations will continue and patent submissions may continue to be made for later inclusion and participation by

patent owners. After joint license terms are decided, evaluations will continue throughout the course of the license in order to include as much essential intellectual property as possible.

Fourth, a licensing administrator will be chosen by the initial group of patent holders. The licensing administrator will be granted non-exclusive sublicensing rights from the essential patent owners under licensed patents in order to sublicense those patents to VC-9 users and will actively promote the licensing program and distribute collected royalties to the patent owners.

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 essential patent owners.

5. Schedule (Initial Plan)

Initial patent submissions will be accepted immediately. An initial meeting of essential patent owners will be held within 30-45 days. Owners of patents determined to be essential prior to that date will be invited to attend, but patent evaluations will continue and patent submissions may continue to be made for later inclusion and participation by patent owners.

Accordingly, MPEG LA hereby announces that any party that believes it has patents that are essential with respect to the VC-9 Specification and wishes to join the patent portfolio upon successful evaluation, is invited to submit such patents for evaluation, together with a statement confirming its agreement with the objectives and intention to abide by terms and procedures (including participation fees to be paid by submitting parties who are determined to have essential patents) governing the patent submission process, which may be obtained by going to www.mpegla.com, "Licenses in Development," then "VC-9." Patent evaluations will be conducted by Dr. Kenneth Rubenstein and his worldwide 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).