



Patent Licensing 101

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History of Patent Licensing Programs

- 100 Years of Patent Pooling History
 - Early Patent Pools about creating and controlling monopolies and they were upheld
 - As Antitrust laws developed courts began to strike down pools that violated Antitrust laws, focused on price fixing and foregoing alternative technologies
 - Courts then started evaluating how pools could be pro-competitive by licensing blocking patents

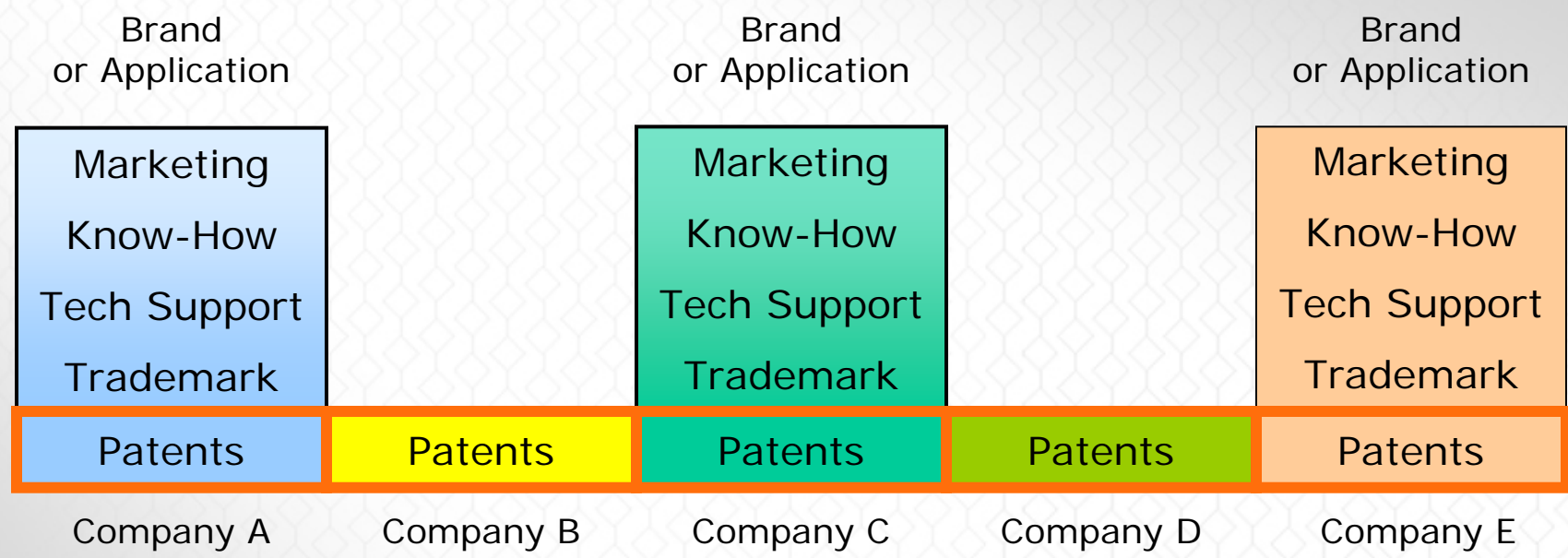


Patent Pool History (cont.)

- Focus remained on fixing prices
 - As long as pools did not fix prices, quantities or territories little else mattered
- 1995 USDOJ/FTC IP Guidelines
 - Create a system for comparing pro and anti competitive effects of Patent Pools
 - Laid the groundwork for modern Patent Pools beginning with MPEG LA's MPEG-2 Video and continuing with those that Via currently operates



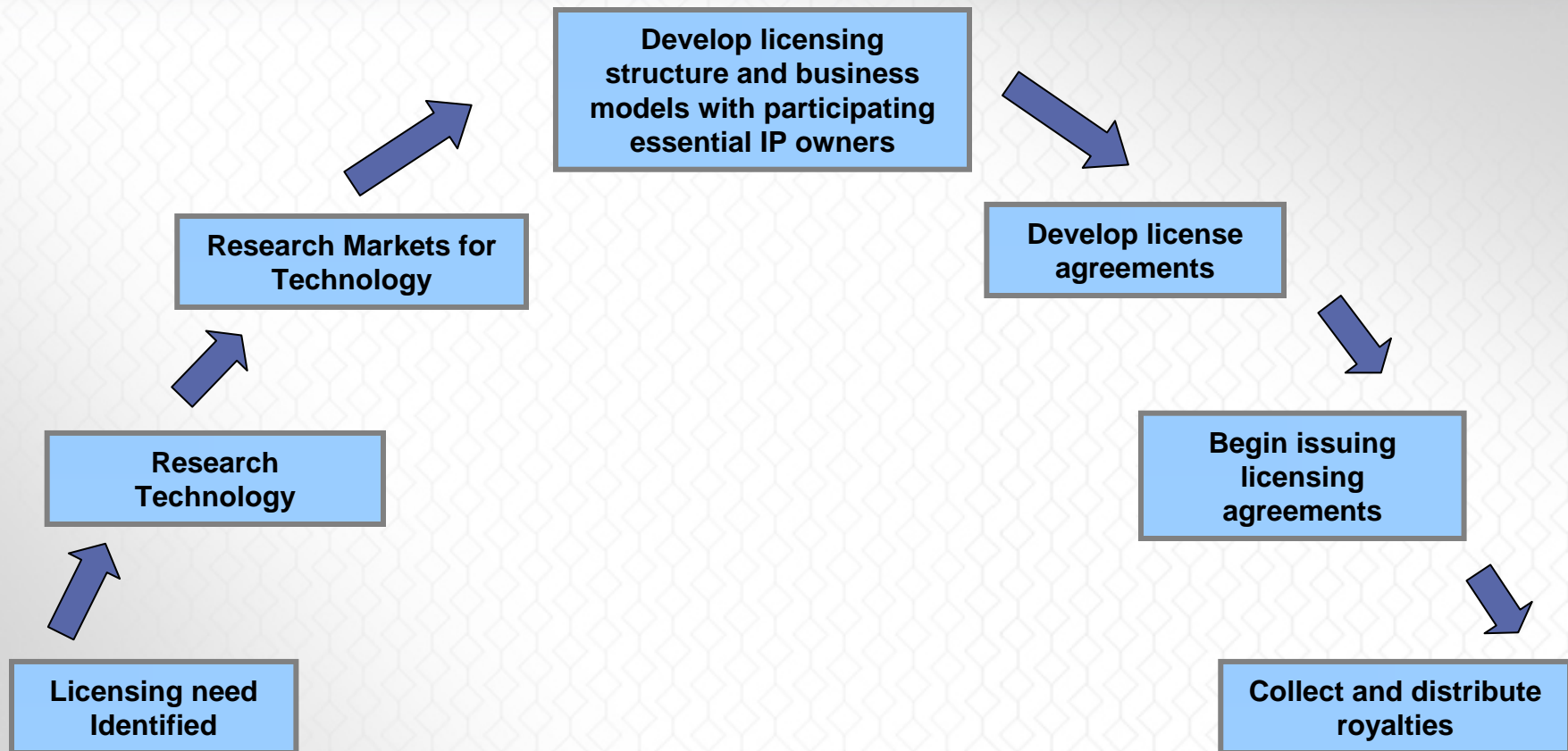
What is a Patent Licensing Pool?



- Patent license is foundation layer
- Multiple vertical solutions are enabled



Typical Pool Formation Process





What Circumstances are Best Served by Open Patent Licensing Programs?

- Licensing Publicly available Specifications/Standards
 - Easy access to specification, allows open program and compliance with antitrust rules
 - Intention is for many parties to implement standard
- When number of Licensors and Licensees is Large
 - Maximizes transaction cost savings
- Where Specification/Standard has long life
 - Programs take time and benefits are greater to Licensors and Licensees if license horizon is long also attractive to licensees as greater life means greater exposure if unlicensed



Advantages of Open Patent Licensing Program

- Provides cost effective licensing of essential IP
 - Lowers transaction costs for Licensees and Licensors
- Enables markets through independent IP access
 - Licensees don't have to deal with competitors and are assured that they and others will have access to essential IP
- More consistent application of IP licensing
 - Can approach all potential licensees and offer the same license to all
- License offered as an "all in" rate
 - Provides cost stability and reduces uncertainty about future IP costs as new licensors emerge. Also sets an market rate that provides stability overall.



AVC Markets

- AVC addresses many markets
 - Cell phones and other mobile devices
 - HD-DVD and Blu-ray DVD Players
 - IP Set Top Boxes
 - Computers and Internet Streaming
 - Video Conferencing
 - Personal Video Recorders
 - Cable and Satellite distribution
 - Pay Per View Events/Titles
 - Digital Download purchases and rentals
 - Cameras and Camcorders
 - Digital Cinema
- And combinations of the above..... So who should pay?



Highlights of Via's AVC License

- Device Fee
 - \$.25 per device, annual cap of \$2.5 Million per Enterprise, separate cap for enabling SW
- Replication Fee
 - Up to \$.025 per title sold
 - Flat \$.0025 per title rented
 - No caps, but fees only for titles provided on a title-by-title basis, no subscription fees, no broadcast fees
- Initial Signing Fee of \$15,000



Who is Via Licensing?

- A wholly owned subsidiary of Dolby Laboratories
- Develops and operates one-stop-shop patent licensing programs for the convenience of licensees and licensors
- Via Licensing focuses exclusively on “horizontal” patent-only licensing programs



Via Licensing's Pools

- Creates and administers open patent licensing programs for many types of specifications
- International Standards Organizations
 - ISO/IEC
 - MPEG 2 AAC, MPEG 4 Audio, MPEG 4 PT10 Video
 - IEEE
 - 802.11, 802.16
 - DVB
 - MHP, OCAP, GEM
 - ITU
 - H.264
- Industry Consortia
 - Digital Radio Mondiale, TVAnytime



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