



Office of the IBM Director of Commercial Relations
International Business Machines Corporation

2000 Purchase Street, Purchase, NY 10577

October 22, 1991

M. Theodore Irmer
Director, CCITT
Union Internationale de Telecommunications
Place des Nations
CH-1211 Geneve 20
Switzerland

Subject: IBM Patents for Arithmetic Coding

Dear M. Irmer:

We understand that the efforts to adopt the recommendations of the Joint Photographic Experts Group (JPEG) and the Joint Bi-level Images Group (JBIG) are progressing, and we extend congratulations to all those involved in these efforts. In recognition of the importance to the information technology industry of this work, IBM is pleased to advise CCITT that licenses to use IBM's Arithmetic Coding patents in connection with standards requiring use of such coding, will be granted to requesting parties as of the date of this letter.

The rights granted will be nonexclusive, worldwide, paid-up and irrevocable licenses and immunities under enumerated IBM patents. The fees will be one-time payments of \$5,000 for rights under certain IBM patents we believe will be necessarily infringed by those complying with the JPEG, JBIG and equivalent specifications, recited in draft and adopted standards, and \$10,000 for rights under additional IBM patents we believe will be useful in the efficient implementation of those specifications. A royalty-bearing license on the normal reasonable and non-discriminatory terms and royalty rates then-offered by IBM, will be available to any party that does not wish to accept the one-time fee license offer.

A party that wishes to receive further information on these license options, or to request a license, should write to:

John W. Lowe
Program Manager, Commercial Relations
IBM Corporation
2000 Purchase Street
Purchase, New York 10577

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Any party receiving such a grant from IBM must agree to grant IBM an option to a nonexclusive, world-wide, paid-up and irrevocable license and immunity under that party's patents relating to the relevant specifications, on terms and payments no less favorable than those granted by IBM.

We look forward to adoption of the JPEG and JBIG work with due speed, and await requests from those interested in licenses under the offer extended herein.

Sincerely,



H. J. Hall

/kms

cc: Gary Fereno, CCITT
Jean Lapesqueur, CCITT
J. W. Lowe
C. F. Touchton