



Office of the IBM Director of Commercial Relations

2000 Purchase Street, Purchase, NY 10577

May 27, 1993

Dr. Istvan Sebestyen
Rapporteur ITU-TSS SG8 Q.18
Siemens, PN ST A 15
HofmannstraBe 51
D-8000 Munchen 70
GERMANY

Mr. Horst Hampel
Convener ISO/IEC JTC1 SC29 WG9
Alcatel SEL, ZFZ/TD
LorenzstraBe 10
D-7000 Stuttgart 40
GERMANY

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We suggest that the statement accompanying each copy of the program material be amended to read:

" This JBIG software may be copied and used for demonstration and evaluation only. Any marketing and/or commercial use of this software may require patent licenses from more than one party. See the JBIG standard (CCITT T.821/ISO/IEC 11544)."

As to your suggestion with respect to a "patent utilization pool," IBM does not wish to set up or participate in such a pool. We have filed our statement with the ISO ITTF and the CCITT Secretariat, and offered to grant rights to requesting parties, for a one-time fee of \$5,000, under IBM arithmetic coding patents that are necessarily infringed in implementing JPEG, JBIG, ABIC and any other standard adopted by a formal standards organization; and, for a one-time fee of \$15,000, under such patents and additional IBM arithmetic coding patents that may be useful in implementing said standards.

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We do not, as a practice, disclose license terms and conditions to parties other than those that have requested a license (or their agents), so I will not send you a copy of our license agreement for this grant. However, we will be pleased to provide a draft of such agreement should your company wish to acquire such a license.

We are pleased to have granted this permission and considered your patent utilization pool proposal.

Sincerely,



John W. Lowe
Program Manager
Commercial Relations

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