

ITU Workshop on Standards and Intellectual Property Rights (IPR) Issues

The Role of Clear SSO Rules and Flexible IPR Policies in Fostering Innovation

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Fortune 500 Company



Celebrating more than 25 years of driving the evolution of wireless communications

Making wireless more personal, affordable and accessible to people everywhere



World's largest fabless semiconductor company, #1 in wireless



Member of the S&P 100 & 500 Indexes

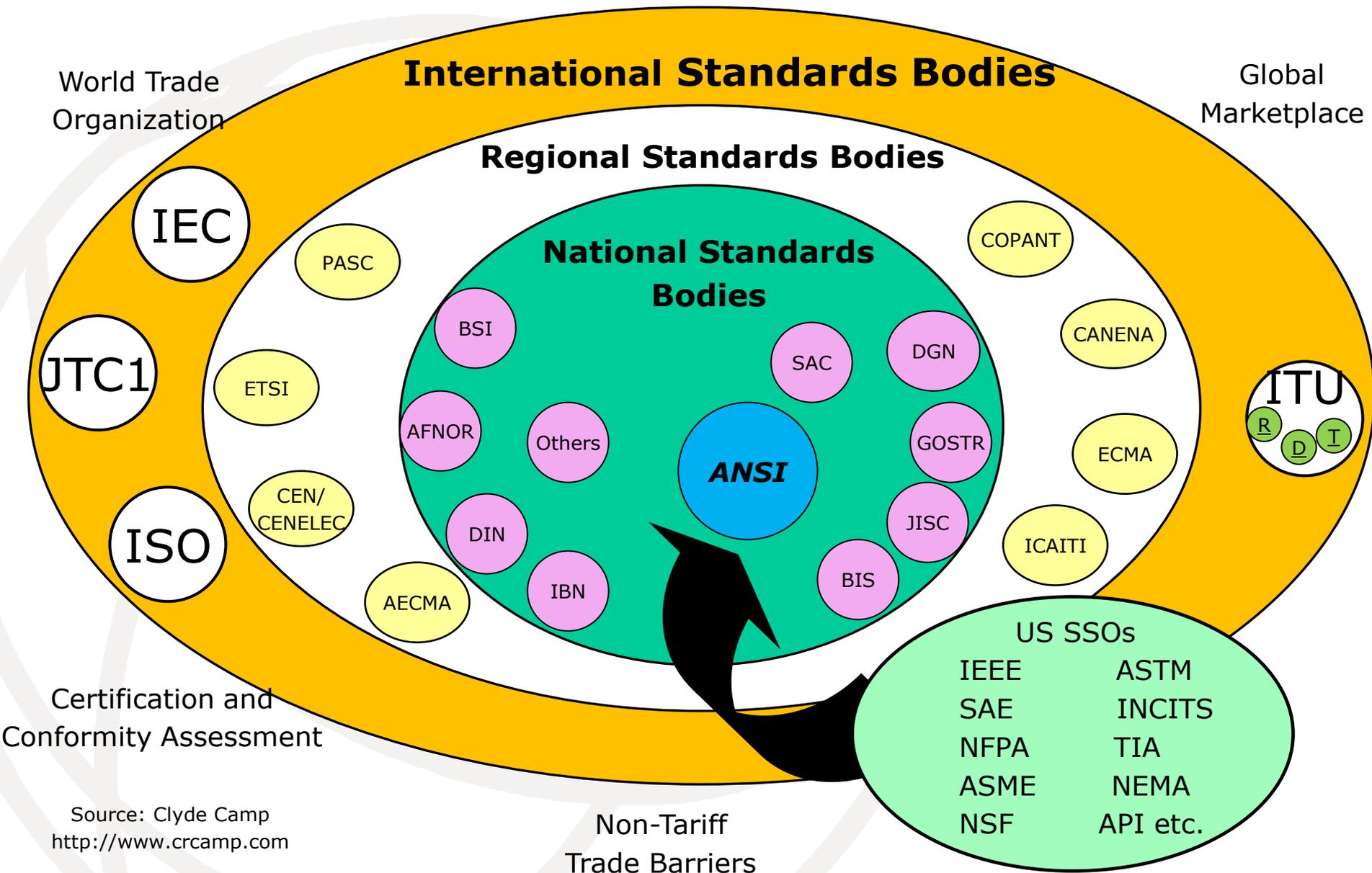


Institutional Investor

2011 All-America Executive Team Award Winner



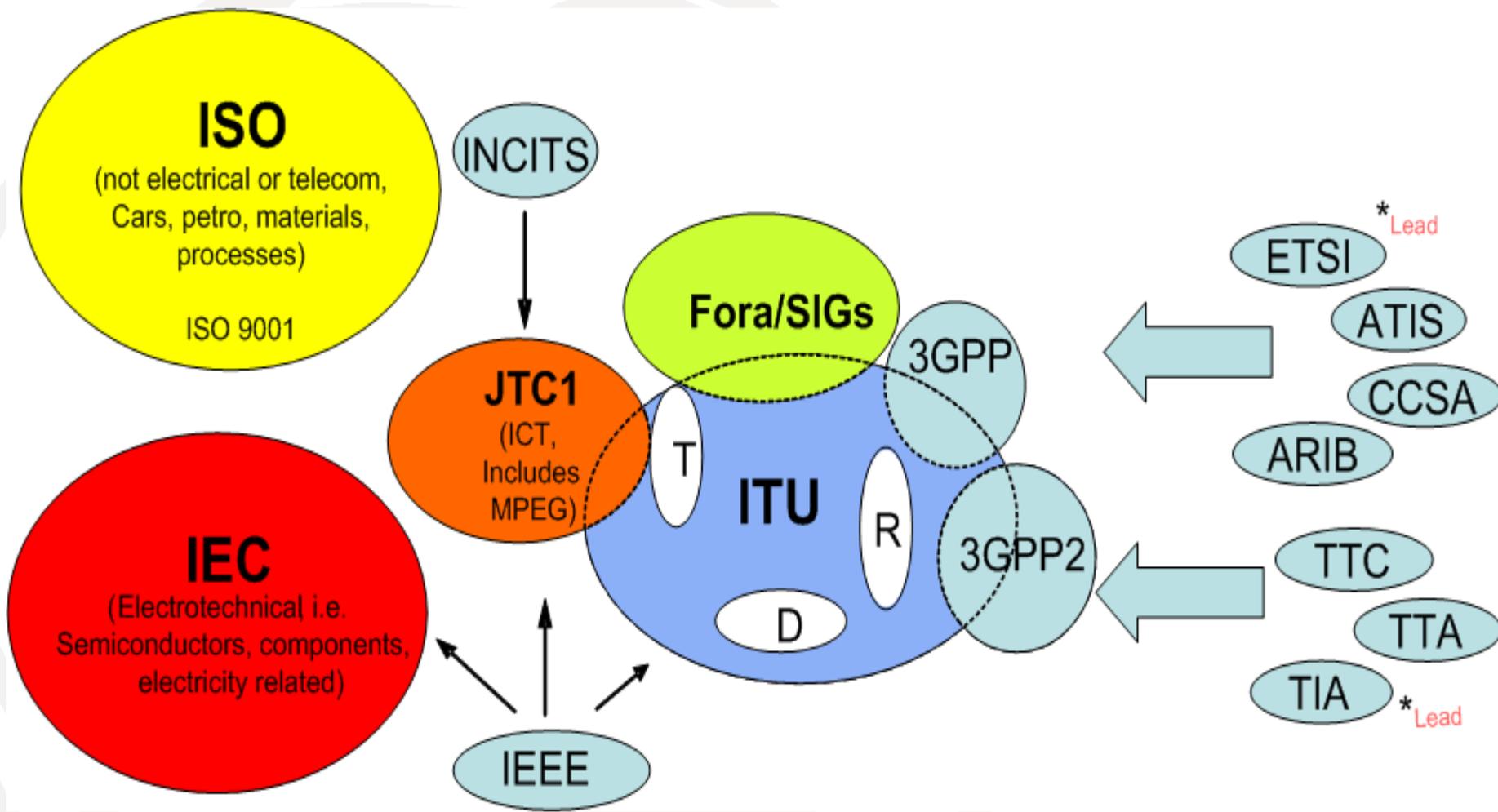
Global Standards Ecosystem



Source: Clyde Camp
<http://www.crcamp.com>

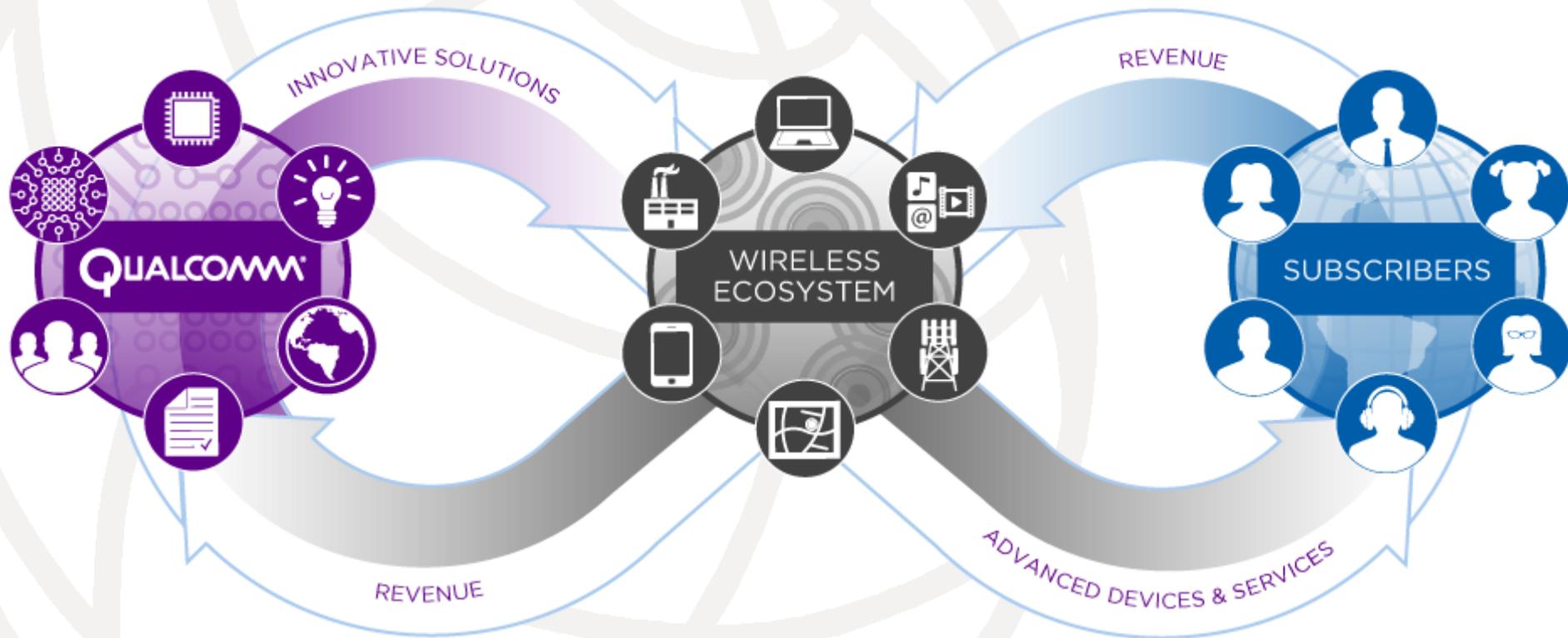
New Delhi, India, 19-20 Dec. 2011

International Standards Landscape



Qualcomm's Unique Business Model

- A TECHNOLOGY ENABLER FOR THE ENTIRE MOBILE VALUE CHAIN



India: *Fisher Friend*, Bringing Help Information to Rural Fishermen



PUBLIC SAFETY

Partner

Execute

Innovate



**MSSRF, Tata Teleservices,
Astute Systems Technology**



**Brew[®] application, 3G
mobile phones**



**Fishermen access local
market prices, weather
reports and emergency
information
in their local language**

India: *Connecting India to Disconnect Poverty*

ENTREPRENEURSHIP

Partner

Execute

Innovate



Project Concern
International, ZMQ
Software Systems,
Sonata Finance Pvt. Ltd.,
Planned Social Concern



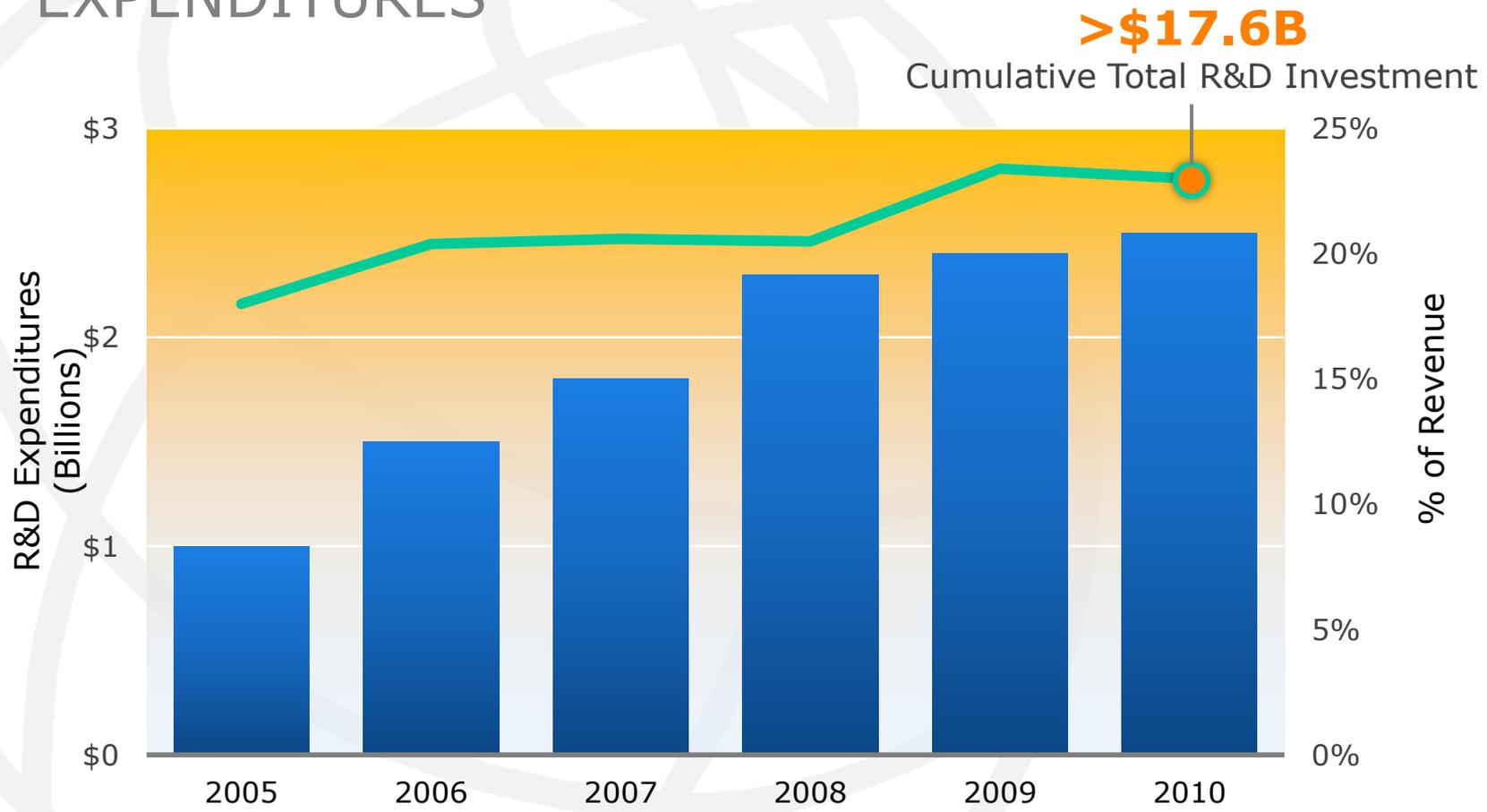
Brew®-based software
on CDMA cell phones



Provides women with
microfinance loans,
the ability to improve credit,
increase income and
access to information and
services

Continuing Strategic R&D Investments

■ QUALCOMM GAAP FISCAL YEAR R&D EXPENDITURES



Standards Dynamics: Balance All Businesses

Innovator / Tech Leader

- Develops or Acquires IP
- **Risk – Huge R&D Costs**

Implementer

- Implements Stds. in Product, Service
- **Risk - costs**

MARKET PLACE

Customer

- Product Choice
- **Risk - Sales Price**

Industry Driven Standards Organization

- Organize Stakeholders
- Foster adoption by consensus
- Balance all interests
- FRAND Expectations

SSOs with a FRAND-based Framework

- QUALCOMM participates and contributes its technology in Standards Setting Organizations (SSOs) that balance all business' and have inclusive policies/procedure models and interests of its participants
- Many of these SSOs have guidelines for dealing with the intersection of patents and standards that encourage the patent holder:
 - to disclose its potentially essential IP to the implementation of the standard, and
 - to agree to enter into negotiations to offer a license for essential IP on (Fair), Reasonable and Non Discriminatory (FRAND/RAND) terms and conditions.
- FRAND is left for the parties to determine in arms length bi-lateral negotiations. In the rare cases where there is disagreement, courts have been asked to decide litigation

ISO/IEC/ITU/ETSI IPR Policies

- Recognizes need to include patented technology
- Provides for IPR databases
- Balances the interests of innovators and implementers
- Promotes dissemination of innovative technologies
- Does not favor one business model
- Addresses software and copyrights in standards

Misconceptions about Open Standards

- Concept of “Open Standards” is not the same concept as “Open Source”
- Open Standards does not necessarily mean “Royalty Free” (without payment) or “Free to use freely” (without payment and without any restrictions)

Recognized Attributes of Open Standards

- **GSC Characteristics of Open Standards:**
 - “the standard is developed and/or approved, and maintained by a collaborative consensus-based process;
 - such process is transparent;
 - materially affected and interested parties are not excluded from such process;
 - the standard is subject to RAND/FRAND Intellectual Property Right (IPR) policies which do not mandate, but may permit, at the option of the IPR holder, licensing essential intellectual property without compensation; and
 - the standard is published and made available to the general public under reasonable terms (including for reasonable fee or for free).”

Source: GSC#15 Recommendation <http://www.itu.int/ITU-T/ipr/>

SUMMARY

Understanding Implications of SSO IPR Policy is Critical

- Company as a whole, as well as individual participants must not only be familiar with the policy but also understand their obligations before participating
- Understand expectations and requirements for Disclosure / Patent search / Licensing commitment
- Understand the policy with regard to your company's business objectives and how it aligns with your business strategy
- Understand the IPR policy and other key documents such as bylaws, membership agreement and implications on your company's IPR portfolio

FRAND is an Effective Tool

- FRAND is a set of principles
- FRAND is a voluntary commitment to offer licenses on those terms
- Bilateral negotiation is key
- Patent pooling should be voluntary
- Little evidence of FRAND abuse
- FRAND regime allows for successful development of innovative technologies
- FRAND is the basis for the IPR framework in the current EU standardization reform

Benefits to the Standards Ecosystem

- **Balanced SSO IPR policies:**
 - Allow all stakeholders to participate
 - Do not favor one business model (business model neutrality)
 - Provide flexibility based on FRAND principle and allow parties to negotiate based on own individual needs
 - Encourage the diffusion of innovation throughout the industry and promote return on investment to innovators
- **Concept of “Open Source” should not be confused with “Open Standards”**

APPENDIX

Resources

❖ GSCs Resolution on IPRs and Open Standards

<http://www.itu.int/en/ITU-T/gsc/15/Pages/gsc15-resolutions.aspx>

❖ SSO IPR Policies and Guidelines

-ETSI

<http://www.etsi.org/WebSite/AboutETSI/IPRsInETSI/IPRsinETSI.aspx>

-ITU/ISO/IEC

<http://www.itu.int/ITU-T/ipr/>

❖ QUALCOMM Incorporated

- Qualcomm official website

<http://www.qualcomm.com/>

-Qualcomm Technology Licensing (QTL_

<http://www.qualcomm.com/qtl>

Thank You.

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