

CCITT SGXV

Document # 172

Working Party XV/1

Specialists Group of Coding for Visual Telephony

SOURCE: USA

TITLE: USA Intellectual Property

The purpose of this contribution is to address the intellectual property issue which was raised at the sixth meeting of the Specialists Group in Montreal (June 17-20, 1986). All those USA companies which were known to hold patents considered relevant to the Flexible Hardware Specification have been contacted and asked to answer the three questions outlined in the final report of the sixth meeting (Document #140R). Each of the three questions is addressed below.

Q1. Do any of your patents cover the Flexible Hardware Specification?

ANSWER:

- MCI, RCA, and Pictel stated they had no patents which are applicable.
- US Philips stated the issue should be referred to Philips International B.V.
- AT&T, CLI, and Motorola stated they have patents which may apply depending upon the final codec design.

Q2. If yes to question #1, will licenses be made available on a non-discriminatory basis?

Q3. If yes to question #2, what will be the precise terms of such license (royalty fees, initial payments, etc.)?

ANSWER:

- AT&T: See Attachment A
- CLI: "would entertain limited field of use licensing of the relevant aspects of our patents. The terms and conditions of these licenses will be determined once a specific implementation has been defined. CLI will strive to provide a flexible and nondiscriminatory solution so the proposed standard can be implemented."
- Motorola: "Terms for this would be commensurate with those that others are offering for comparable properties, that is, taking into account importance of the subject matter, number of patents, value of products using the invention, etc."

ATTACHMENT A

AT&T LICENSE POLICY

I am pleased to advise you that our policy towards licensing use of these patents would be as follows:

AT&T would, upon adoption of such standard by the CCITT, be willing to grant licenses on a non-discriminatory basis to any applicant, for equipment of a kind primarily useful in implementing the low speed (N x 384 Kbps, N=1) video codec in accordance with the initially adopted recommendation. However, in no event will any licenses granted pursuant to this commitment include licenses for any patent the uses of which are not essential to meeting the recommendation. A condition of the mentioned grant is that the applicant grant back to AT&T licenses of the scope which AT&T grants to the applicant.

The grant by AT&T in its broadest scope would be for licenses to make, have made, use, sell, lease and import any equipment of the mentioned kind under all U.S. and foreign patents which are owned or controlled or otherwise licensable by AT&T and its subsidiaries, and which are entitled to the benefit of a filing date (for their corresponding patent applications) no later than the date of adoption of the CCITT standard.

With regard to AT&T's royalty rates, the unilateral "all patents" rate would be (a) 3% of fair market value for video codec systems which perform all the functions necessary to implement the adopted standard at a transmission site, a receiving site or a relaying site, or (b) 5% of fair market value for items which are subunits of those systems in that they perform less than all of such functions. These initial rates would be subject to reduction if a low number of AT&T's patents apply. The reduction would be 20% or more if, for example, there is only one applicable AT&T patent. Moreover, if there is, at AT&T's option, a grant back of patent licenses to AT&T, these initial rates are also subject to reduction depending on AT&T's estimate of the grant back value. Such offsetting of values of the two grants may result in reducing the rate for AT&T's licenses down to or close to 0%.

Depending on the form of the final 384 Kb/s video codec recommendation, the following AT&T patents may apply:

PATENT NO.	INVENTOR(S)	SHORT TITLE
U. S. 3553361	F. W. Mounts	Conditional Replenishment
France 7015741		
Canada 881174		
Germany 2020906		
Japan 779903		
Sweden 363954		
Belgium 749720		
U. S. 3632865	B. Haskell	Predictive Video Encoding
Canada 892823	J. O. Limb	
Japan 745072		
U. S. 4281344	F. W. Mounts A. N. Netravali	Interframe, Orthogonal

NOTE: U. S. Patent 3632865 was not on the list of patents resulting from the March, 1986 search, but may relate to the video codec recommendation.