

Source: PicTel Corp.

Title: Patent application on adaptive filtering

In a letter of October 1986 we stated that the Flexible Hardware Specification did not contain any elements that are covered by any existing patents or patent applications assigned to PicTel Corporation.

In the Flexible Hardware Specification of November 1986, however, there is an element that might be covered by a recent patent application. The technique of sending side information to control the filtering of the motion compensated image would be covered by our application given that a patent is granted according to our claims by the U.S. Patent Office.

Since the patent application was filed after the Nuremberg meeting, it is pertinent to outline the chronology.

The technique covered by our application was developed in April 1985, and implemented in prototype in October 1985. The prototype was first shown to customers in February 1986. In June 1986, we decided to seek patent rights, and on January 7, 1987 the patent application was submitted to the U.S. Patent Office.

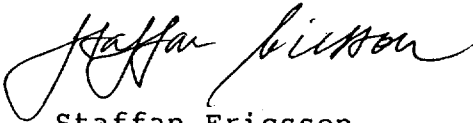
For obtaining a U.S. patent, it is necessary to be the first inventor and to file a patent application within twelve months from public disclosure of the invention. Public disclosure can either be done by presenting the invention at a conference or by showing a product that employs the invention to people outside the company. In our case the public disclosure was made by showing the prototype to customers in February 1986. Hence, it was necessary to file the patent application before February 1987.

The disclosure of a technique at the Nuremberg meeting that might be covered by our claims does not constitute an interference for a U.S. patent; the patent rights are given to the first inventor. To the best of our knowledge we are the first inventors of the techniques covered by our application. Therefore, we have filed the patent application in order to be recognized as such.

We would also like to state our general licensing policy. If essential elements of the CCITT 384 kbit/s video codec

recommendation would be covered by PicTel patent rights, we are willing to grant licenses on fair and reasonable terms and on a non-discriminatory basis to any applicant for implementing the CCITT recommendation.

A condition for granting a license is that the applicant is prepared to grant licenses to PicTel in the same area as PicTel grants to the applicant.

A handwritten signature in cursive script, appearing to read "Staffan Ericsson".

Staffan Ericsson
Director of Research