

# IPR & LICENSING AT ERICSSON



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# ERICSSON AT A GLANCE



## NETWORKS

Create one network for a million different needs

## IT

Transform IT to accelerate business agility

## MEDIA

Delight the TV consumer every day

## INDUSTRIES

Connect industries to accelerate performance

42,000

Patents

24,100

R&D Employees

31,6 B. SEK

In R&D

1 BILLION

Subscribers managed by us

2.5 BILLION

Subscribers supported by us

62,400

Services professionals

222,6 B. SEK

Net Sales

180

Countries with customers

111,000

Employees

Full year 2016 figures

# WHAT ARE CELLULAR STANDARDS?



The foundation of mobile telephony

Mobile telephony for everyone

The foundation of mobile broadband

The evolution of mobile broadband

Non-limiting access; anywhere, anytime, anyone, anything

1G

2G

3G

4G

5G

**Cellular standards**  
AMPS, TACS, NMT, Hicap, Mobitex...

**Cellular standards**  
GSM, GPRS, EDGE, TDMA, D-AMPS, CDMAONE, PDC, PHS...

**Cellular standards**  
WCDMA/HSPA, CDMA2000, RTT DO Advanced...

**Cellular standards**  
LTE Advanced adopted worldwide after competing with WiMAX...

**Cellular standards**  
Under development

~1980

~1990

~2000

~2010

~2020

Competition between different technologies during the standard development process

# ESSENTIAL PATENTS



› A patent which is **necessarily infringed** when **implementing** a standard



› Consequently, **anyone** making a product implementing a standard needs to take **a license** to patents essential to such standard



# PATENTS AND STANDARDIZATION



- › Patent: A territorial right **to prevent others from commercially exploiting an invention**, granted to an inventor or his successor in rights, in exchange for the public disclosure of the invention
- › So how does this work in an environment of standardization – i.e. the idea is to have products interoperable with one another?
  - **FRAND** COMMITMENT

# FRAND EXPLAINED



**FRAND has a proven track record of global market success. It provides an incentive for further innovation, and makes it possible for new companies to enter the market.**

A FRAND commitment means:

- › Standard essential patents are made accessible on fair, reasonable and non-discriminatory terms
- › The telecoms standard is not blocked, therefore vendors can invest in infrastructure and device businesses
- › Technology sharing is possible through reasonable cumulative royalty

FAIR  
COMPENSATION



NO  
MONOPOLY



**A standard essential patent refers to an invention that is necessary in order to comply with a technical standard**

# HOW LICENSING WORKS



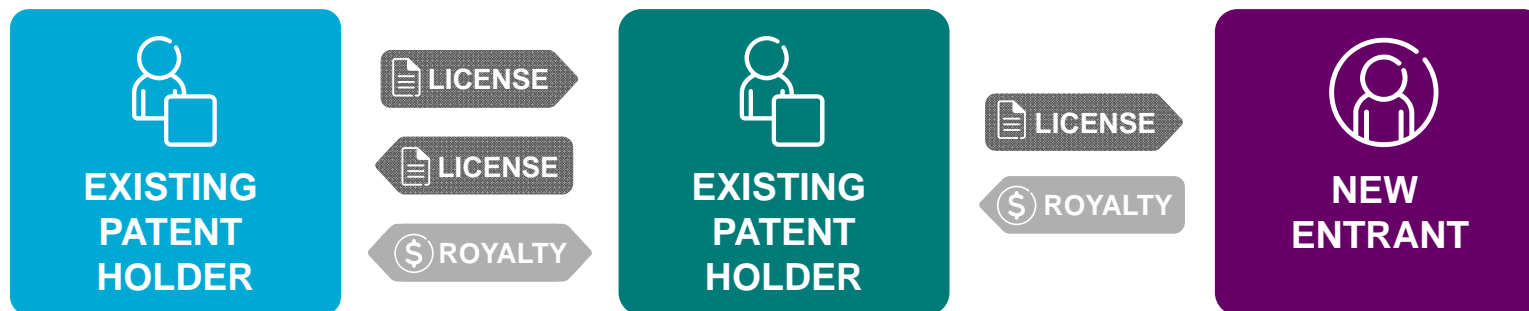
Licensing agreements usually come about as a result of bilateral business negotiations.

## Established vendors:

- › When cross-licensing is required between two essential patent holders, each receives a license from the other and obtains a royalty as compensation
- › The strength and level of exposure to the patent portfolio determines how much compensation each will receive

## New entrants:

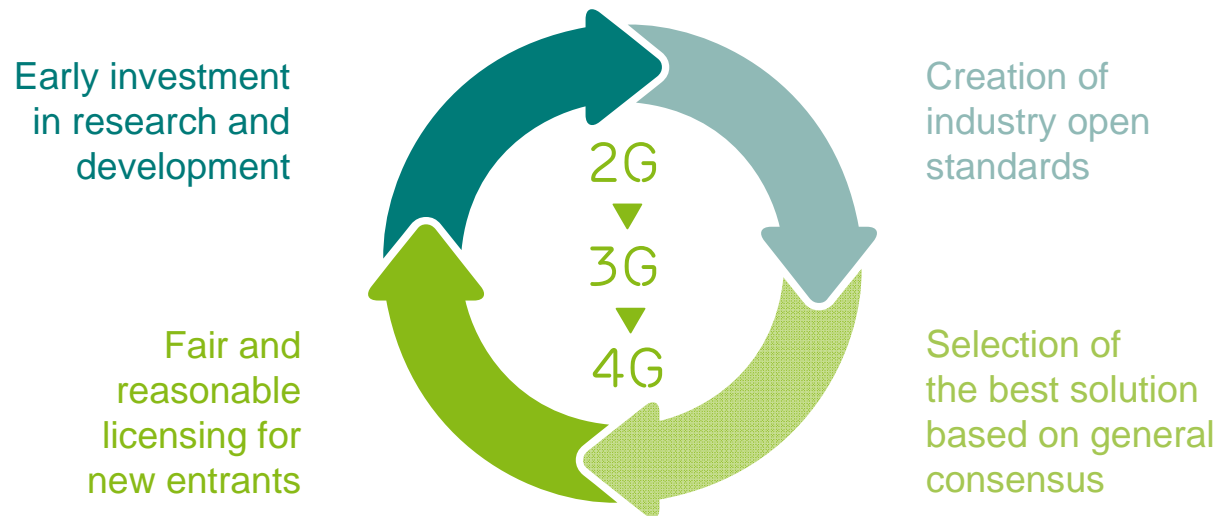
- › When a new entrant requires a license from existing essential patent holders, the new entrant signs the license and the patent holders receive compensation in relation to the strength and level of exposure to the patent portfolio



# DRIVING THE WIRELESS ECOSYSTEM



Ericsson is creating an environment in which 2G, 3G and 4G wireless technologies can thrive. We're doing this in the following ways:



**Ericsson holds the number one patent portfolio for wireless technologies**

**We own the largest number of essential patents in wireless 2G, 3G and 4G combined**



# PAVING THE WAY FOR A BROADER CONTRIBUTION



INNOVATION

PATENTS &  
LICENSING

OPEN  
STANDARDS

ECO-SYSTEM

42,000

granted patents comprising  
of one of the industry's  
largest portfolios

100+

patent portfolio license  
agreements, each building  
on a large share of our  
patents

10

billion SEK in IPR  
licensing revenue 2015,  
reinvested in our R&D