



Wi-Fi Joint Licensing Program

Introduction

Wi-Fi is a Wireless Local Area Network (WLAN) technology that provides short-range wireless high-speed data connections between mobile data devices (such as laptops or phones) and nearby Wi-Fi access points (special hardware connected to a wired network). As of today, Wi-Fi is much faster than any data technologies operating through the cellular network like GPRS, EDGE and even UMTS. Wi-Fi is defined by the 802.11 standards for wireless local area networks (WLAN) that are developed by the Institute of Electrical and Electronics Engineers (IEEE). With the growing end-user demand for constant and faster connectivity, the Wi-Fi technology is nowadays a fundamental requirement for users of consumer electronic products. Moreover, each year new devices (e.g. TV's, Set-Top-Boxes, cameras, speakers) with Wi-Fi capabilities emerge allowing the customers to benefit from fast exchange of data. As the result, the market values the technology very highly and is willing to pay a corresponding price for it.

Using the Wi-Fi technology means profiting from years of investments, work and efforts of pioneering engineers and scientists, who deserve to be fairly compensated for the vast technological progress in the wireless data connectivity sector they achieved. And this is also true for the owners of patents essential to the 802.11 standards. At the same time, we believe that this attractive technology should be available to implementers on fair, reasonable and non-discriminatory terms ("FRAND") to promote a wider dissemination of the 802.11 standards for the benefit of consumers and society at large. It all comes down to the need to achieve a fair balance between the interests of innovators and implementers and exactly this is what we are aiming at with our present offer.

Sisvel acts as administrator for a joint patent licensing program that offers manufacturers and implementers of Wi-Fi devices licenses under patents essential to the 802.11 standards¹. The joint licensing program represents patents held by Aegis 11 S.A. (patents previously held by LG Electronics, Inc.), Enact IP S.A. (patents previously held by Samsung Electronics Co. Ltd.), Fraunhofer Institute for Integrated Circuits, Hera Wireless S. A. (patents previously held by Sanyo Electric Co., Ltd.), Orange S. A., Royal KPN N.V., Mitsubishi Electric Corporation and Koninklijke Philips N.V..

These owners of Wi-Fi Patents have decided to offer this collective license for the convenience of any third-party using Wi-Fi technology in its products. Under the Wi-Fi Joint Licensing Program license agreement, your company's products would be licensed for all, present and future, Wi-Fi essential patents filed in the name of the participating patent owners for the use of Wi-Fi, with the ease of a single agreement under fair, reasonable and non-discriminatory terms ("FRAND").

The royalty rates of the Wi-Fi Joint Licensing Program are offered on a non-discriminatory basis to anyone who wants to benefit from integrating the patented Wi-Fi technology in their products, thus contributing to fair competition in the market. Our rates have been determined with a view to be considered a fair and reasonable compensation for the use of the patented technologies in the fields of use that are represented by the Wi-Fi SEPs and defined by the Wi-Fi Joint Licensing Program Agreement. As a matter of course, the same rates are offered to anyone we approach for concluding a Wi-Fi Joint Licensing Program Agreement for the specified field of use.

¹ As defined in IEEE Std 802.11-2007, IEEE Std 802.11n-2009, IEEE Std 802.11-2012 and IEEE Std 802.11ac



Moreover, we recognize that pooling patents should contribute to substantially reducing the transactional costs of licensing and we are happy to forward this positive effect also to the implementers. So, when determining the royalty rate for the Wi-Fi Joint Licensing Program, in fact, the patent owners eventually agreed to discount their individual requirements which, considering amongst other things the saving of transaction costs, led to the rates as offered for the Wi-Fi Joint Licensing Program.

Our rates have been determined taking many factors in consideration. The royalty rate was determined based on customary and appropriate practices in the market and other comparable offerings for similar patent portfolios. Factors include, but are not limited to, the value that the patents contribute to the Wi-Fi technology, the strength of the patents, enforcement actions to be taken in an effort to support a level playing field, the value attributed by consumers to the addition of the patented technology and - as a confirmation - a comparison with other licensing programs in similar technology areas.

The license is offered under the following royalty rate structure:

| Standard rate | Compliant rate |
|---------------|----------------|
| EUR 0.30 | EUR 0.25 |

The Wi-Fi Joint Licensing Program supports royalty rate determinations that capture the value of the technologies at stake and allow for an easy adoption of the license, including a straightforward calculation of the overall royalty due by each implementer thanks to its per unit royalty rate scheme. To validate the FRAND offer, you may want to compare the rates of the Wi-Fi Joint Licensing Program with those of other licensing programs in a similar technology space.

When looking at those other programs you can conclude that the royalty rate offered under the Wi-Fi Joint Licensing Program happens to be very reasonable compared to the rates due under those other licensing programs. In the field of Wi-Fi, there are different actors actively offering licenses to their Wi-Fi essential patents and have publicly announced their respective royalty rates.

| Company | Patent owners | Licensing Terms |
|---|--|--|
| AT&T 802.11n and ac Patent Licensing Program | <ul style="list-style-type: none"> AT&T | Consumer Electronics: USD 0.12 per unit Commercial Networking: USD 0.27 per unit |
| Philips TV & STB program (incl. Wi-Fi -n) | <ul style="list-style-type: none"> Koninklijke Philips N.V. | EU: EUR 0.13 per unit US: USD 0.05 per unit |
| Via Licensing 802.11 (a-j) | <ul style="list-style-type: none"> Electronics and Telecommunications Research Institute (ETRI) LG Electronics, Inc. Nippon Telegraph and Telephone Corporation | 1 to 500,000: USD 0.55 per unit 500,001 to 1,000,000: USD 0.50 per unit 1,000,001 to 5,000,000: USD 0.45 per unit 5,000,001 to 10,000,000: USD 0.30 per unit 10,000,001 to 20,000,000: USD 0.20 per unit 20,000,001 to 40,000,000: USD 0.10 per unit 40,000,001 or more: USD 0.05 per unit |
| Vectis Wi-Fi Licensing Program | <ul style="list-style-type: none"> Wi-Fi One, LLC (filed by Telefonaktiebolaget LM Ericsson and Panasonic Corporation) | For all essential patents: USD 0.17 per unit |



| Company | Patent owners | Licensing Terms |
|--|---|---|
| Sisvel 802.11 Wi-Fi Joint Licensing Program | <ul style="list-style-type: none">• Aegis 11 S.A.• Enact IP S.A.• Fraunhofer IIS• Hera Wireless S.A.,• Orange S. A.• Koninklijke KPN N.V.• Mitsubishi Electric Corporation• Koninklijke Philips N.V. | Standard Rate: EUR 0.30 per unit Compliant Rate: EUR 0.25 per unit |

In a further effort to increase the transparency of its offer, Sisvel not only has been benchmarking the royalties determined per above, with other comparable license offers, but also with court adjudicated royalties.