



MPEG LA's Patent Portfolio Licenses in Blu-ray Discs*

Allen Harkness

Director, Global Licensing

Media-Tech 2010

Frankfurt, Germany

20 May 2010

***This presentation is for information purposes only. Actual license agreements will provide the only definitive and reliable statement of license terms.**

Background

- **Blu-ray Disc specification prescribes the use of three video compression standards:**
 - **MPEG-2**
 - **AVC/H.264**
 - **VC-1**
- **MPEG LA offers the MPEG-2 License, AVC License and VC-1 License to replicators for the use of these Standards in connection with Blu-ray Disc production**



Background

- Normally, specific video compression format is chosen by the content owner (not the replicator or duplicator)
- Therefore, the replicator or duplicator generally needs coverage under all three Licenses in order to duplicate or replicate discs containing video encoded in each Standard

Coverage under the Licenses

- Each patent included in the respective Portfolio is essential to the Standard for which the License is offered
- Patent holders submitted patents for evaluation of their essentiality by independent patent experts
- Worldwide coverage (including essential counterparts)
- Licensors must include all essential patents

Additional Coverage

- **New Licensors and essential patents may be added at no additional royalty during the current term; coverage for entire term**
- **Attachment 1 patent list for each License is updated quarterly and can be found on our website: www.mpegla.com**

Worldwide Coverage

- **The MPEG-2 Patent Portfolio License currently includes more than 800 patents from 26 Licensors and provides coverage in 57 countries**
- **The AVC Patent Portfolio License currently includes more than 1,000 patents from 26 Licensors and provides coverage in 44 countries**
- **The VC-1 Patent Portfolio License currently includes more than 500 patents from 18 Licensors and provides coverage in 34 countries**



MPEG-2 License Terms Summary¹

- MPEG-2 Packaged Medium (e.g., DVD or BD video discs)
- Simplified option (available beginning September 1, 2005):
 - \$0.03 for each MPEG-2 video disc
 - Reduced to \$0.0176 from January 1, 2010 (or the execution date of the License, whichever is later)
 - Reduced to \$0.016 from January 1, 2011 (or the execution date of the License, whichever is later)
- \$0.01 for each disc with 12 minutes or less of video

¹This summary is for information purposes only. The MPEG-2 Patent Portfolio License provides the only definitive and reliable statement of license terms.



AVC License Terms Summary²

- **Title-by-Title AVC Video (e.g., BD video discs)**
- **No royalty for Titles of 12 minutes or less**
- **For Titles greater than 12 minutes, royalty is the lower of (a) 2% paid to the Licensee or (b) \$0.02 per Title**
- **Enterprise cap: \$3.5M/yr 2006-07, \$4.25M/yr 2008-09, \$5M/yr 2010**

²This summary is for information purposes only. The AVC Patent Portfolio License provides the only definitive and reliable statement of license terms.



VC-1 License Terms Summary³

- **Title-by-Title VC-1 Video (e.g., BD video discs)**
- **No royalty for Titles of 12 minutes or less**
- **For Titles greater than 12 minutes, royalty is the lower of (a) 2% paid to the Licensee or (b) \$0.02 per Title**
- **Enterprise cap: \$4.25 M/year 2006-08, \$5M/year 2009-2012**

³This summary is for information purposes only. The VC-1 Patent Portfolio License provides the only definitive and reliable statement of license terms.



Other Important Provisions

- **Most Favorable royalty rates clause**
- **Licensee royalty reports are protected as confidential**
- **For AVC and VC-1:**
 - **Renewable for successive 5-year periods for the life of any Portfolio patent**
 - **Rate Protection on Renewal**

Conclusion

- If you have any questions, please contact me at:
aharkness@mpegla.com
- You can also find more information on our website at:
<http://www.mpegla.com>