PATENT PORTFOLIO MANAGEMENT
ALIGNING WITH BUSINESS STRATEGIES

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PATENT PORTFOLIO MANAGER
ERICSSON AB
THIS IS ERICSSON

We provide:
› Communication networks
› Services to network operators
› Enablers to multimedia service providers

Our joint ventures provide:
› Sony Ericsson; phones, accessories, content and applications
› ST-Ericsson; semiconductors and wireless platforms

THE PRIME DRIVER IN AN ALL-COMMUNICATING WORLD
SHORT FACTS

› Founded: 1876 in Stockholm, Sweden
› President and CEO: Hans Vestberg
› Headquarters: Stockholm, Sweden
› Employees: 90,261*
› Net Sales: SEK 203.3 billion

* year end 2010

134 YEARS OF INNOVATION
HISTORY OF INNOVATIONS
– 134 years

› 1878  Telegraph to telephone
› 1923  Manual switching to automatic switching
› 1968  Electro mechanics to computer control
› 1981  Fixed communications to mobile communication
› 1991  Analog (1G) to digital (2G) mobile technology
› 1998  Integration of voice and data in mobile networks
› 2001  Launch of WCDMA/3G networks in Western Europe
› 2006  Launch of HSPA mobile broadband globally
› 2009  First commercial LTE network launched

Early automatic switch

Multi-standard radio base station RBS 6000
LEADING PATENT PORTFOLIO

› Ericsson holds the world’s strongest portfolio of essential patents for telecommunications

› 27,000 granted patents worldwide

› More than 90 revenue-generating patent license agreements
GENERATING VALUE FROM A PATENT PORTFOLIO – THREE MAIN STRATEGIES

› **Defending** against patent attacks from other companies
  - Protection / “freedom of action” for own products

› **Excluding** competitors from introducing products in the marketplace
  - Competitive advantage for own products
  - Proprietary products (e.g. pharmaceutical industry)

› **Licensing** the patents for revenue and / or cross-licensing purposes
  - Licensing revenue / protection for own products
  - Non-core technology
  - Open standards products (e.g. telecom industry)
THE USE OF PATENTS

› A patent gives the right to exclude others

› In telecom, patents are licensed
TELECOM REQUIRES OPEN STANDARDS

- Communication is a basic human need
- Telecommunication relies on interoperability
- Interoperability relies on open standards
- Standardization work is done in SSOs*

* Standard Setting Organizations (e.g. 3GPP = 3rd Generation Partnership Project)
EXAMPLE: WCDMA (3G) SYSTEM

Several different vendors may be involved

All interfaces must be standardized!
BENEFITS OF OPEN STANDARDS

› Economy of scale
  – Larger overall market and lower prices

› Multi-vendor interoperability
  – Ensures user satisfaction
  – Increases competition

› Lower barriers of entry
  – Choice between investing in own R&D and licensing from others
  – Solutions meeting industry requirements from start

› Cutting-edge technology
  – Open development process ensures best innovation
  – Focused effort ensures well engineered specifications
  – Strong competitive element in standards setting!
OPEN STANDARDS – THRIVING MARKET

FRAND licensing is a mass market enabler
3GPP – A COLLABORATIVE PROCESS

Requirements agreed early
Concurrent research
Technology sharing
Consensus selection

Joint technology ownership
~ 50 companies claim rights

Need for Fair, Reasonable & Non-discriminatory licensing
FRAND LICENSING

› FRAND commitment means there are no blocking patents
  - Essential patents licensed
  - Fair return on R&D investments

› Market accessible to new entrants
  - Technology transfer possible through reasonable cumulative royalty

› FRAND
  - Gives incentive for further innovation
  - Makes it possible for new companies to enter the market
  - Has a proven track record of global market success

Fair compensation ⇔ Waiving monopoly
FRAND – BALANCE OF INTERESTS

“FRAND is intended to maintain the delicate balance between the interest of the intellectual property holder and the needs of the broader set of companies that need access to the essential intellectual property.

- “The essentials of intellectual property”, Signals Research group, 2010"
WHAT IS AN ESSENTIAL PATENT?

A patent which is necessarily infringed when implementing the standard.

Consequently, anyone making a product implementing the standard needs to take a license to the essential patents.
MANAGEMENT OR MINING?

› Portfolio Mining through high volumes is cumbersome

› Portfolio Management is pro-active
HIGH VOLUME PORTFOLIO MANAGEMENT

- Licensing Opportunity Projects
  - LOP: A
  - LOP: C
- Licensing Programs
  - Lic Pgm: A
  - Lic Pgm: C
- Portfolio A
  - Portfolio B
  - Focus Portfolio C
- Focus Portfolios
  - Licensing Program Manager
  - Project Manager
  - Portfolio Manager
  - Case Manager

- Scope of Technology
  - R&D projects
  - Standardization
  - Scrub sessions
  - Spontaneous IvDs
  - Acquisitions
  - Technology of Patent Unit X
  - Technology of Patent Unit Y
  - Technology of Patent Unit Z
  - Technology of Patent Unit ...
  - ...
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REFINING THE PORTFOLIO

Adequate patents filed

Focused prosecution on certain Patents

Identify licensing projects

Match claims to standards or competitors products

Start licensing program

Improve claims to better match
SELECTIVE PATENT FILING

› Define “Key Areas” for Filing

› Define possible number of IDs
  – R&D investment(s)
  – Number of people working in the area
  – How innovative is the area
  – Do not forget your “strategy”
    → Where is the company heading

› Define number of filings
  – How big is the existing patent portfolio
  – How innovative is the area
  – Wanted position vs. competitors
  – Patents needed for having licensing packages and have freedom to act

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TARGETED PROSECUTION

› Define Portfolios
  – Technical scope
  – Market and market trends

› Identify licensing opportunities
  – Share of the market addressable for licensing
  – Product categories

› Control prosecution
  – Tailor claims
  – Mapping on products or standards
  – Use means to prosecute cases in time
    › PACE, filing divisionals, etc.

› Country distribution
  – Current and future market, place of production and sales, etc.
COST SAVING PRUNING

› Re-evaluate patents on a regular basis
  - Market developments
  - Legal developments
  - IPR Strategy

› Abandon low value cases
PATENT VALUE

› Claims covering technology that many will want to use
› 1 to 1 mapping of patent claim to potential infringer
› Infringement easy to show

› Open standards enables market growth
› Large market => many manufacturers of the technology
› Patents essential to commercially successful standards have great value
PORTFOLIO VALUE

› Broad geographical coverage
  – Cover many countries

› Broad coverage of the market
  – Cover many product segments

› Broad coverage of the technology
  – Cover many of the technical features
BENEFITS OF A STRONG PATENT PORTFOLIO

› Freedom of action

› Customer freedom of action

› Champion FRAND, setting precedence

› Generate licensing revenue
RESEARCH, PATENT, STANDARDISATION

**Research**
First to inventions

**Patent**
Protect our inventions

**Standardisation**
Define efficient solutions for vendors and operators

Continuously building technology leadership
FROM R&D TO REVENUE

Research & Development
- New technology
- Improvements of existing solutions
- Driving Open Standards

Filing and Prosecution
- Key Areas of technology
- Quality in drafting and prosecution
- Broad geographical coverage

Licensing revenue
- From licensed shared technology
- License negotiations
- Financing new investments

Granted patents
- Tailored claims
- Map to standards or products
- Determine addressable market
Thank You!