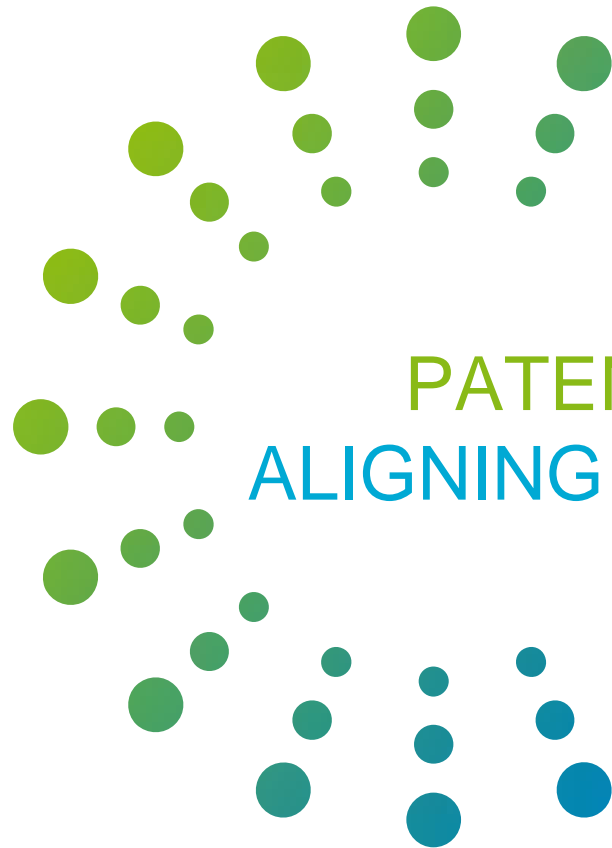


NORDIC IPR FORUM 2011



PATENT PORTFOLIO MANAGEMENT ALIGNING WITH BUSINESS STRATEGIES

JOHANNA LINDQVIST SKAGERSTEN
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:

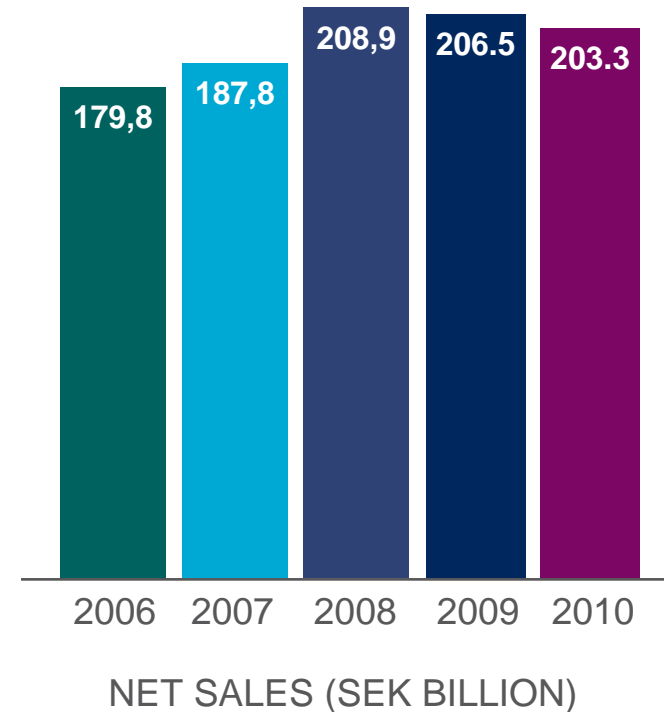
- › Sony Ericsson; phones, accessories, content and applications
- › ST-Ericsson; semiconductors and wireless platforms



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



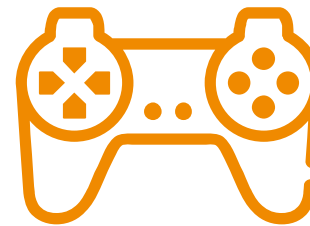
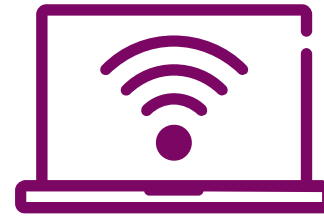
Early [automatic switch](#)



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



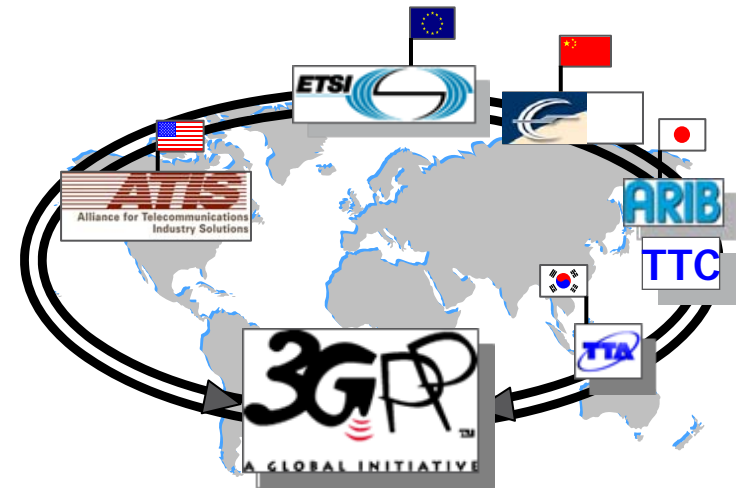
TELECOM REQUIRES OPEN STANDARDS

Communication is a basic human need

Telecommunication relies on interoperability

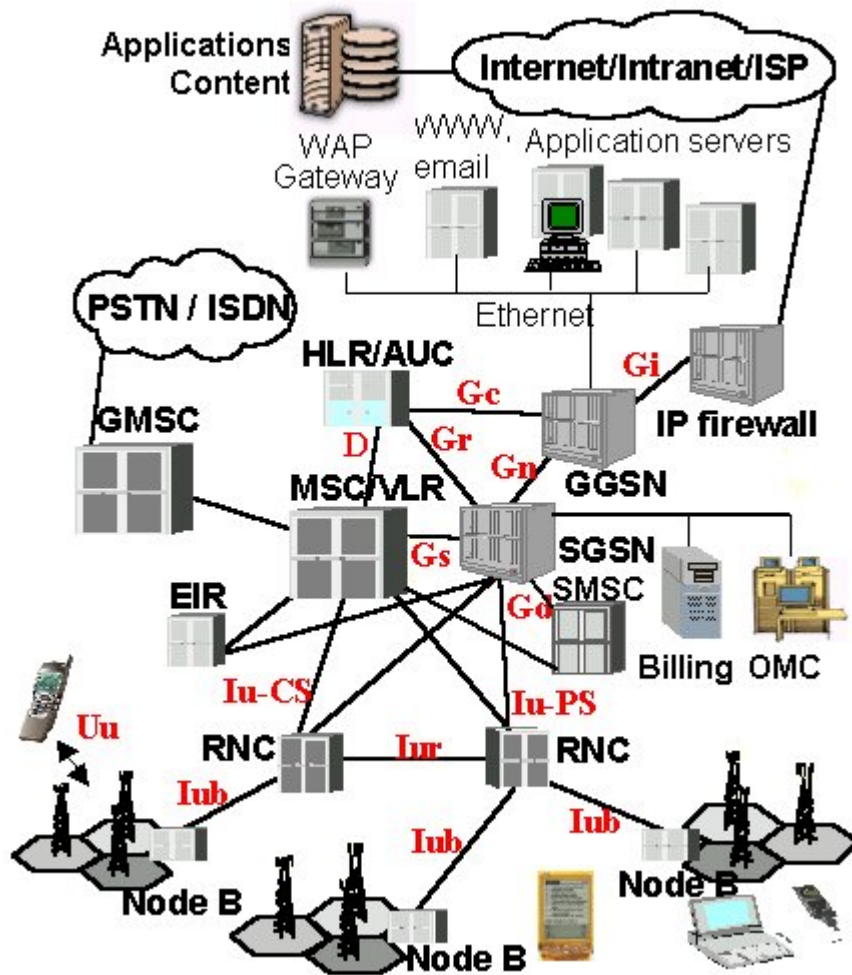
Interoperability relies on open standards

Standardization work is done in SSOs*

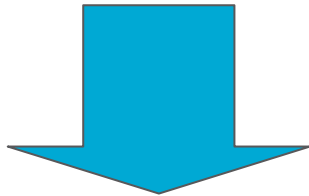


* Standard Setting Organizations (e.g. 3GPP = 3rd Generation Partnership Project)

EXAMPLE: WCDMA (3G) SYSTEM



Several different vendors may be involved



All interfaces must be standardized!

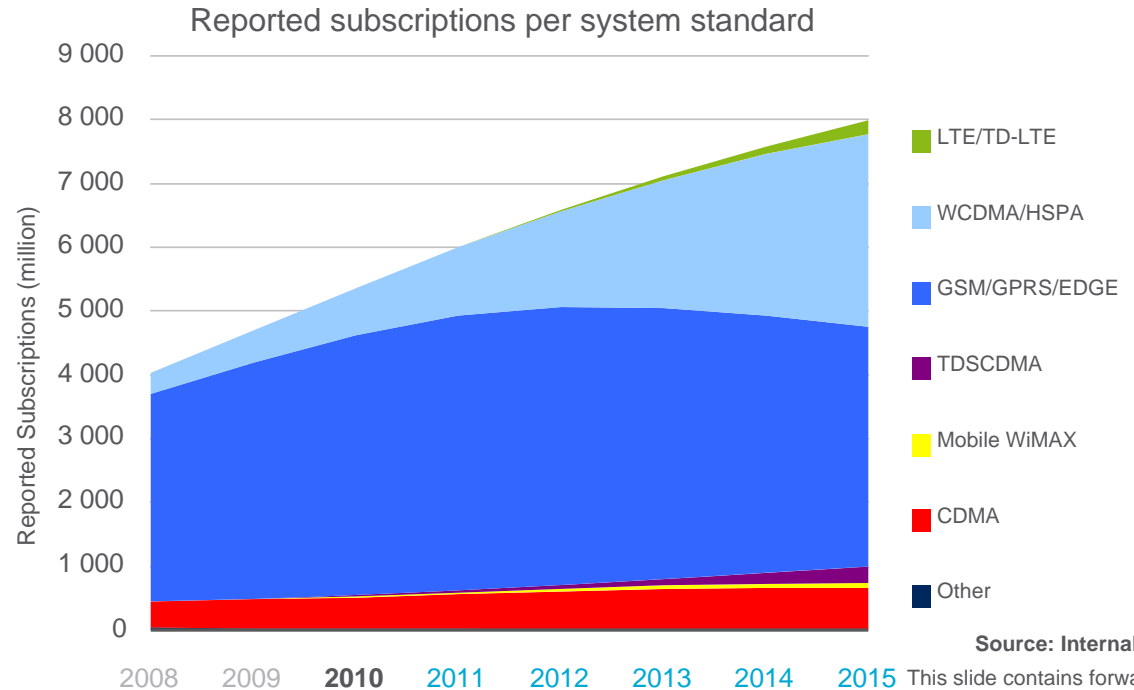
BENEFITS OF OPEN STANDARDS

- › 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

Excluding M2M connections



This slide contains forward looking statements



FRAND licensing is a mass market enabler

3GPP – A COLLABORATIVE PROCESS

Requirements agreed early

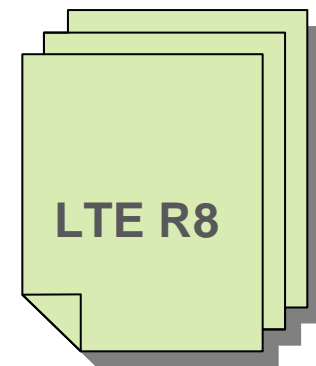
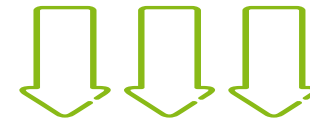
Concurrent research

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.

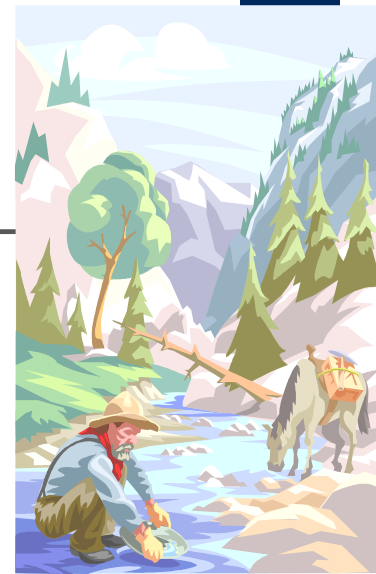
Consequently, anyone making a product implementing the standard needs to take a license to the essential patents.

MANAGEMENT OR MINING?

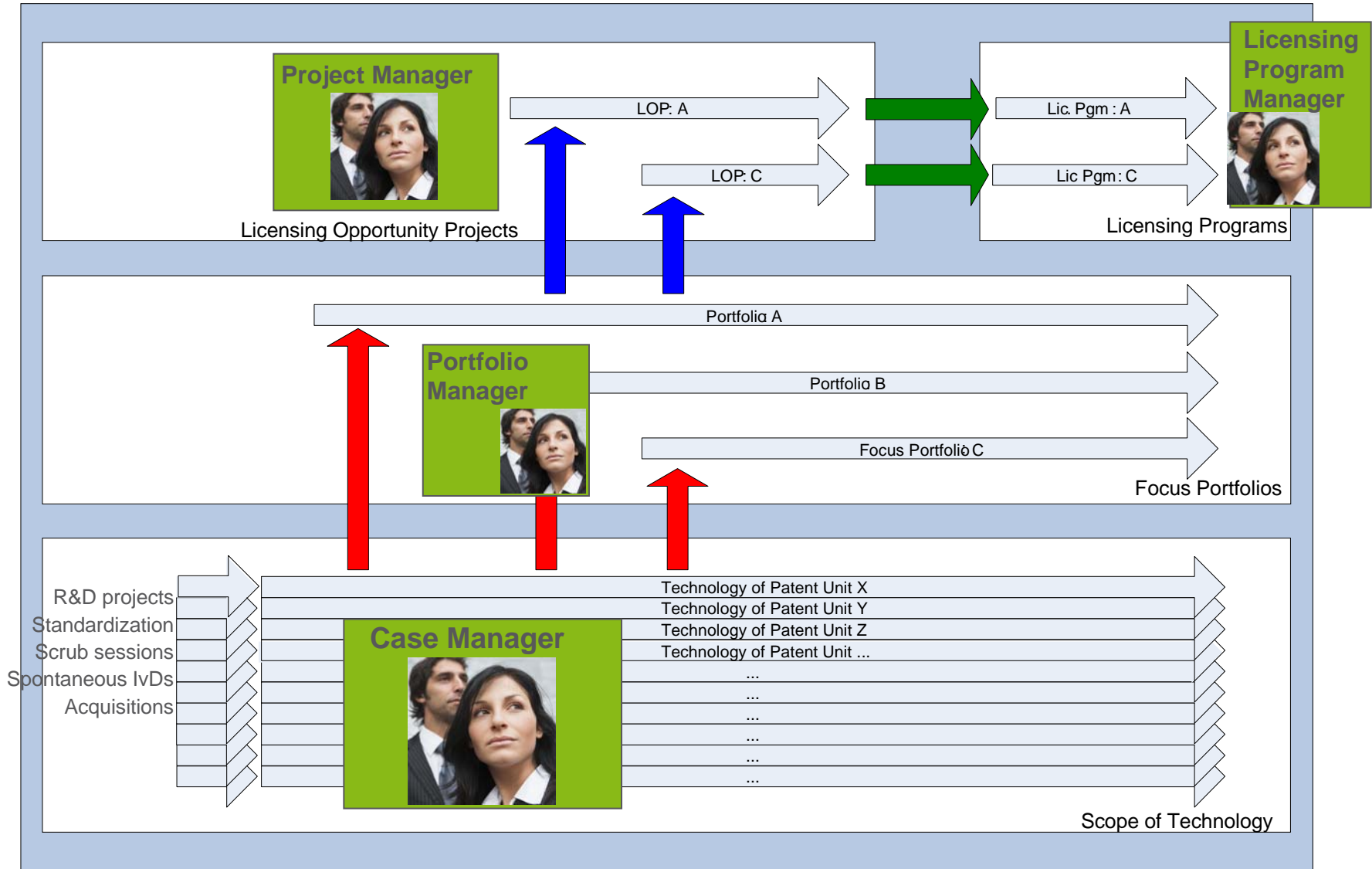
- › Portfolio Mining through high volumes is cumbersome



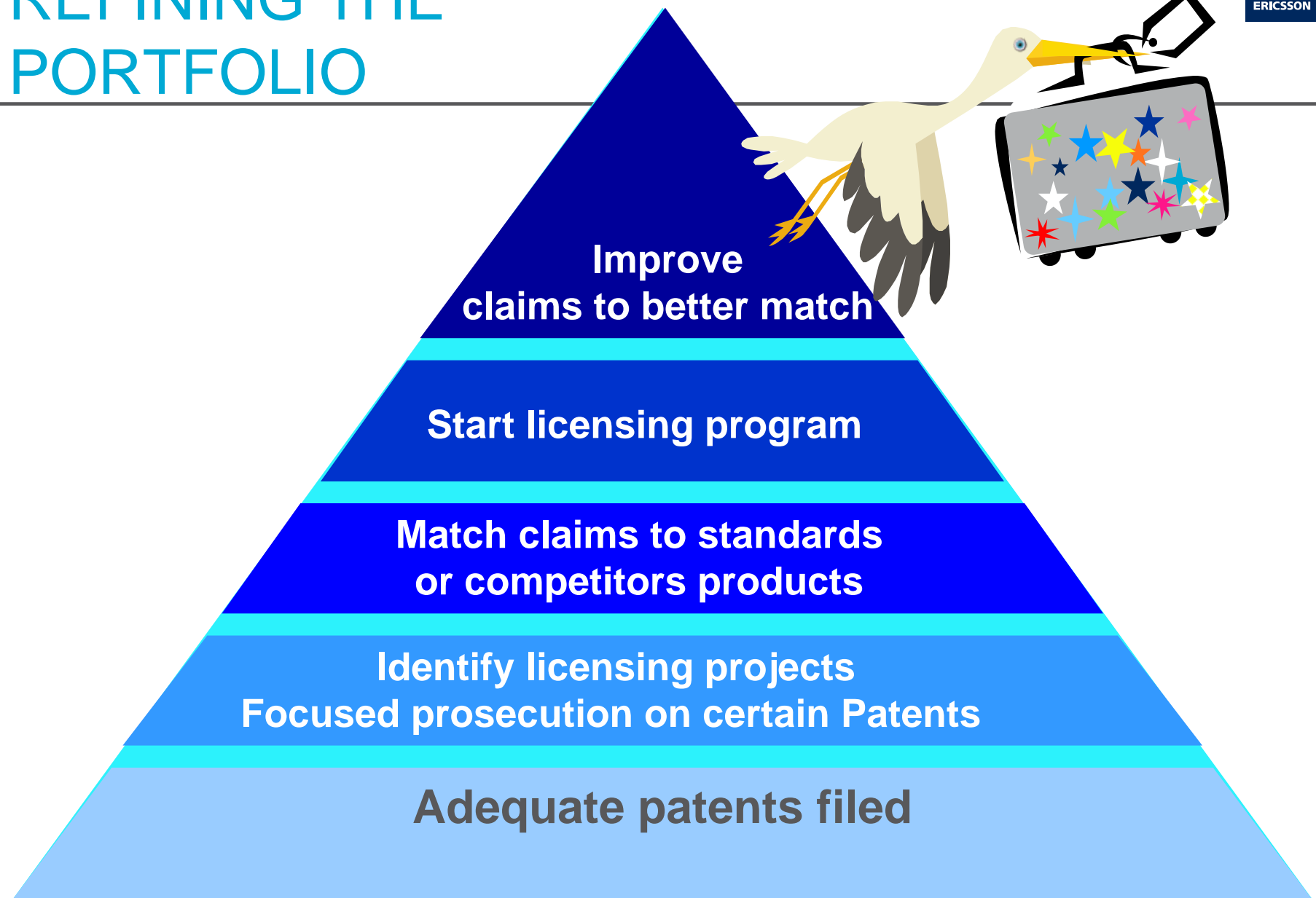
- › Portfolio Management is pro-active



HIGH VOLUME PORTFOLIO MANAGEMENT



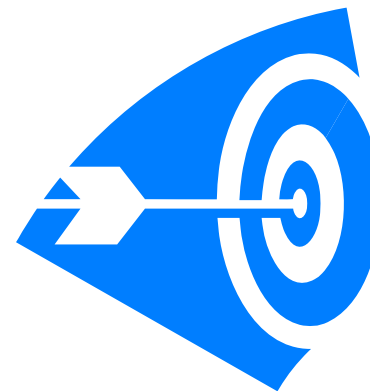
REFINING THE PORTFOLIO



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

	Area A	Area B	Area C	Area D
IDs	100	80	150	20
Filings	50 ± 10%	50 ± 5%	75 ± 10%	16 ± 5%



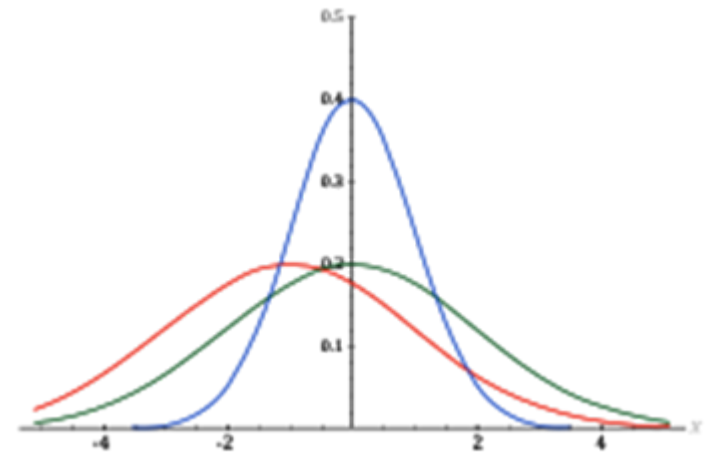
TARGETED PROSECUTION

- › 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

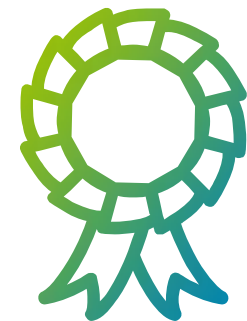
- › Abandon low value cases



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



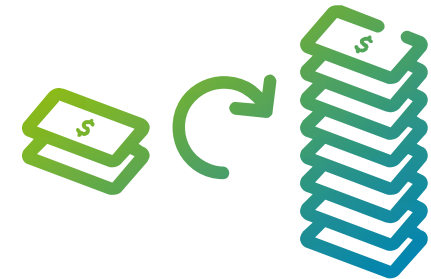
PORTFOLIO VALUE

- › 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

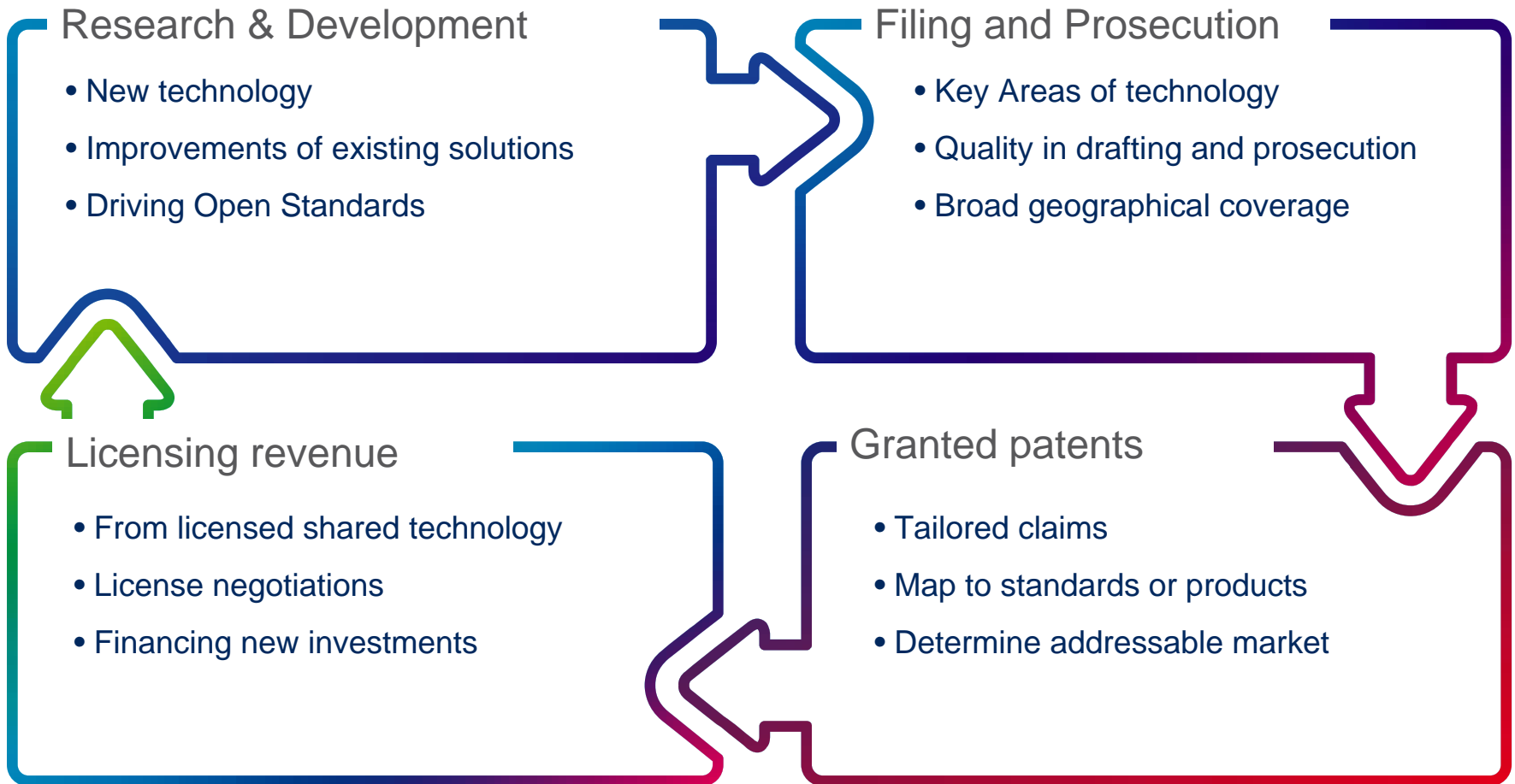


RESEARCH, PATENT, STANDARDISATION



Continuously building technology leadership

FROM R&D TO REVENUE



Q&A





Thank You!