



VVC Patent Portfolio License Briefing*



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

Objective

- **In response to market demand for an efficient VVC licensing solution, MPEG LA offers the one-stop convenience of licensing necessary patent rights for the VVC Standard from multiple patent holders in a single transaction as an alternative to negotiating separate licenses with individual patent owners**



Coverage - VVC Standard



- **VVC Standard shall mean the visual standard defined in Recommendation ITU-T H.266 Versatile Video Coding (08/2020), Recommendation ITU-T H.266 Versatile Video Coding (04/2022), and/or ISO/IEC 23090-3 Information technology – Coded representation of immersive media – Part 3: Versatile Video Coding; and Recommendation ITU-T H.274 Versatile supplemental enhancement information messages for coded video bitstreams (08/2020) and/or Recommendation ITU-T H.274 Versatile supplemental enhancement information messages for coded video bitstreams (05/2022) to the extent used with Recommendation ITU-T H.266 Versatile Video Coding (08/2020), Recommendation ITU-T H.266 Versatile Video Coding (04/2022), and/or ISO/IEC 23090-3 Information technology – Coded representation of immersive media – Part 3: Versatile Video Coding. VVC Standard shall not include Recommendation ITU-T H.273, Coding-independent code points for video signal type identification or ISO/IEC 23091-2, Coding-independent code points – Part 2: Video.**

Coverage



- **Patents are essential to the VVC Standard (slide 3)**
- **Patents are evaluated for their essentiality by independent patent experts**
- **Worldwide coverage (including essential counterparts)**
- **Licensors and their Affiliates include all essential patents**

Coverage



- Patent List (Attachment 1) to the License is updated regularly

<https://www.mpegla.com/programs/vvc/patent-list/>

- Coverage from first use by Licensee
- New Licensors and essential patents may be added at no additional royalty during the current term

Patent Owners



- See <https://www.mpegla.com/programs/vvc/licensors/>

License Grants and Royalties*



- **VVC Product (VVC codec in hardware or paid software)**
 - Includes a VVC Codec in software and/or hardware Sold for compensation or other consideration to an End User. Compensation or other consideration may include subscription fees, pay per view fees, service fees, and/or the addition (whether or not for compensation or other consideration) of a first VVC Product to a product for which there has been compensation or other consideration.
 - 0 – 100,000 units/year = royalties waived (available to one Legal Entity in an affiliated group)
 - \$0.20 per unit after first 100,000 units each year
 - Maximum annual royalty payable by an Enterprise (Legal Entity and Affiliates) is \$30M**
- **VVC Free Software (VVC codec in free software)**
 - Includes a VVC Codec consisting solely of software Sold for no compensation or other consideration to an End User. Where there are no fees to download, install and use a software app to create, edit or view VVC Content, compensation or other consideration does not include compensation received by the Licensee that (a) is indirectly or not directly paid by the End User, (b) is voluntary or (c) represents payments for the purchase of products or services advertised by the content provider through the software app even if the Licensee eventually receives a portion of such compensation
 - 0 – 1,000,000 units/year = royalties waived (available to one Legal Entity in an affiliated group)
 - \$0.05 per unit after first 1,000,000 units each year
 - Maximum annual royalty payable by an Enterprise (Legal Entity and Affiliates) is \$8M**
- **Includes right to make, use (including VVC content) and sell**
- **Royalties are payable for products from January 1, 2022 forward**
- **But see slide 8 for information on waiver and discount availability**

* The actual License agreement provides the only definitive and reliable statement of license terms

** Maximum annual royalty (cap) for both VVC Products and VVC Free Software is limited to \$30M.

Caps do not apply to Back Royalties unless License is signed within the later of six (6) months from the date the License is first offered to the market (January 27, 2022) or within six (6) months of the date the Licensee first offers the product for Sale.

Royalty Waiver and Discount* [®]

- **A waiver of royalties for standalone (not in or with hardware) VVC software products Sold (with or without compensation or consideration) to an End User is available to any VVC Licensee that commits to becoming a Licensor to MPEG LA's VVC License if they or their Affiliates presently or in the future have the right to license or sublicense VVC Essential Patents**
- **A VVC royalty discount is available to any VVC Licensee who enters into and is compliant with MPEG LA's AVC, HEVC and VVC Patent Portfolio Licenses**

* For more information, please contact Terms-Procedures@mpegla.com

Term



- **Current term through December 31, 2027**
- **Renewable for successive 5-year periods for the life of any Portfolio patent on reasonable terms and conditions**
- **Rate Protection on Renewal – royalties and maximum annual royalties payable by Licensees will not increase by more than 20% at each renewal**

Other Important Provisions



- **Most Favorable royalty rates clause**
- **Licensee data is protected as confidential**
- **Grant-back on essential patents similar in scope to license grants**



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