As a leading innovator in global telecommunications, Ericsson has a strong commitment to research and development (R&D) with substantial contributions to various standards and technology. It is Ericsson’s policy to protect and capitalize on its R&D investments by creating, securing, protecting and licensing a portfolio of patents in support of our overall business goals. As a result, Ericsson has one of the industry’s strongest intellectual property portfolios, which includes more than 37,000 granted patents worldwide. Our unrivalled patent portfolio covers 2G, 3G and 4G/LTE technologies, and we are a net receiver of licensing royalties having signed more than 100 patent-licensing agreements worldwide.

Patents help facilitate the voluntary sharing of knowledge and technology. In exchange for sharing and enabling the enhancement of technological development, patent owners are awarded a limited period of reserved rights to ensure adequate remuneration for what are often substantial investments of time and resources.

In contrast with some industries in which patents are primarily used to exclude other companies from a market, the telecommunications industry actively uses patents to develop the industry and keep the playing field level. Members of standardization bodies such as the European Telecommunications Standards Institute (ETSI) voluntarily commit to license any essential patents they hold on fair, reasonable and non-discriminatory – or FRAND – terms. In practice, FRAND means reasonable accumulated Intellectual Property Rights (IPR) costs where the essential patent owners are compensated proportionally in relation to their technology contribution to the standard.

According to ETSI, which established the GSM, UMTS, and LTE standards, an essential patent is: an IPR which has been included within a standard and where it would be impossible to implement the standard without making use of this IPR. The only way to avoid the violation of this IPR in respect of the implementation of the standard is therefore to request a license from the owner.

Although GSM, for example, is a standard to which only a few leading companies contributed technology, the FRAND commitment enables anyone who signs a licensing agreement for the standard essential patents to enter the market. The GSM standard continued to develop with such enhancements as WCDMA, HSPA, and LTE. These open standards have led to around 7.1 billion mobile subscriptions in 2014 in a global market which hosts multiple chipset vendors and more than 100 handset vendors.

In short, Ericsson is committed to open standards, where patents essential to the standard are made widely available at FRAND terms, and where compensation is provided to companies that have made substantial investments in the development of these standards.
Licensing royalties should take into consideration a number of factors, most importantly the size of the market, the relative patent strengths of the patent holders, and fair treatment of all licensees. Accordingly, we have a patent licensing program that offers licenses to all who wish to use essential patents invented by Ericsson.

NOTES TO EDITORS

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Ericsson is the driving force behind the Networked Society – a world leader in communications technology and services. Our long-term relationships with every major telecom operator in the world allow people, business and society to fulfil their potential and create a more sustainable future.

Our services, software and infrastructure – especially in mobility, broadband and the cloud – are enabling the telecom industry and other sectors to do better business, increase efficiency, improve the user experience and capture new opportunities.

With more than 115,000 professionals and customers in 180 countries, we combine global scale with technology and services leadership. We support networks that connect more than 2.5 billion subscribers. Forty percent of the world’s mobile traffic is carried over Ericsson networks. And our investments in research and development ensure that our solutions – and our customers – stay in front.

Founded in 1876, Ericsson has its headquarters in Stockholm, Sweden. Net sales in 2014 were SEK 228.0 billion (USD 33.1 billion). Ericsson is listed on NASDAQ OMX stock exchange in Stockholm and the NASDAQ in New York.

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