

Ericsson intellectual property: leading global innovation

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 49,000 granted patents worldwide. Our unrivalled patent portfolio covers 2G, 3G and 4G/LTE technologies, and we are the main driver of industry standardization for 5G. 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 led to around 7.9 billion mobile subscriptions in 2018, 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 enables communications service providers to capture the full value of connectivity. The company's portfolio spans Networks, Digital Services, Managed Services, and Emerging Business and is designed to help our customers go digital, increase efficiency and find new revenue streams. Ericsson's investments in innovation have delivered the benefits of telephony and mobile broadband to billions of people around the world. The Ericsson stock is listed on Nasdaq Stockholm and on Nasdaq New York.
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