

# Ericsson's patents and licensing: leading global innovation

Ericsson has a strong commitment to research and development (R&D) with substantial contributions to cutting-edge standards and technologies. 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 the industry's leading cellular patent portfolio, and a total of more than 54,000 granted patents worldwide. Our patent portfolio covers 2G, 3G and 4G/LTE technologies, and we are the main driver of industry standardization for 5G. We are both a licensee securing access to the technologies used in our network equipment and a licensor receiving royalties, having signed more than 100 patent licensing agreements worldwide.

## What is a standard essential patent?

**A standard essential patent is an Intellectual Property Right (IPR) which has been included within a standard and where it would be impossible to be compliant with the standard without making use of this IPR.**

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.

One of the most obvious criteria for a standard essential patent is that it must actually be granted. While patent applications are pending before the Patent Office, they have no legal standing as patents until and unless they are granted.

Members of ETSI (European Telecommunications Standards Institute) disclose patents and patent applications to the organization if they believe that those IPRs may become essential to the standard. ETSI does not, however, check those IPRs for essentiality or validity. Thus, these declarations do not in themselves indicate essential patent strength, only the possibility thereof.

Essentiality analysis, including assessing the value of a potentially essential patent is a time-consuming exercise that requires both detailed technical and legal knowledge.

### **FRAND and standards**

Unlike 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 a level playing field. Members of standards development organizations such as ETSI voluntarily commit to license standard essential patents they hold on fair, reasonable and non-discriminatory (FRAND) terms.

In practice, FRAND allows standard essential patent owners to be adequately compensated for their technology contribution to the standard, while providing access to this technology for others to continue innovating.

The FRAND commitment makes it possible for other companies that did not contribute to the creation of the standard to enter the market, while incentivizing those who did contribute to continue to do so.

### **Ericsson's commitment**

3GPP, a partnership of standards development organizations from around the world, have defined the 3G, 4G and now 5G standards. Since 1999, Ericsson has made approximately 55,000 contributions to 3GPP to develop 2G, 3G, 4G and 5G. That's thousands more than any other single company. These open standards led to about 7.9 billion mobile subscriptions in 2018, in a global market that hosts more than 100 handset vendors.

Ericsson is committed to open standards, where patents essential to the standard are made widely available on FRAND terms, and where compensation is provided to companies that have made substantial investments in the development of these standards.

Press backgrounder  
March 2020



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