



WINDS FROM JAPAN

The Licensing Executives Society Japan

Discussions on Patent Pools from “Mobile Computing (including IP Issues of Smart phone)” at LES Asia Pacific Regional Conference

By Tetsuyuki Watanabe*



On September 3 and 4, LES Asia Pacific Regional Conference was held in Tokyo and I participated in the Plenary Session 1 titled "Mobile Computing (including IP Issues of Smart phone)" with Mr. Jeong-Joong Kim of LG Innotek Co., Ltd. in Korea and Ms. Tatiana Moore of Microsoft Corporation in the US.

This article focuses on a patent pool, which is one of key points of my presentation. I added some background history and issues relevant to the patent pool in this article.

In my presentation, I referred to a difference between consumer electronics industries and mobile phone industries with regard to the patent pool.

In digital network products, it is necessary to use multiple standard technologies. When discussions were held in 1993 to create a standard for MPEG2 video codec technologies, participants made a proposal to create a patent pool for MPEG2 standard.

The concept of the patent pool was proposed to allow manufacturers a comfort zone and enjoy patent rights on a level playing field to avoid a necessity of obtaining individual licenses from numerous patent holders, which leads to high cumulative royalties together with extensive efforts in negotiating separately with each patent holder.

Based on this proposal, IP Working Group was established and discussions were held. As a result of the discussions, a company called MPEG LA acting as a licensing agent for the patent pool was established in 1996. MPEG LA started its licensing activities in 1997 after receiving a Business Review Letter from the US Department of Justice.

Since then, many patent pools have been established, which include commonly used standards such as codecs, standards for packaging media and standards for TV. Consumer electronics products such as BD/DVD, PC, TV, DSC, and video cameras cannot be produced without using such standard technologies.

While discussions for many patent pools have been made by companies in the field of consumer electronics, some entities outside the consumer electronics field have participated in some of the patent pools. Their licensing policies are different from those of companies in consumer electronics industries, and many discussions were held before such patent pools could be established. Further, carriers have been participating in patent pools that were recently established to cooperate on standards to be used for mobile phones, and they have their own licensing policies, which are also different from those of companies in electronics industries.

Following chart is a representative list of patent pools as of August this year.

	Standard	Products	License Agent	Main Licensors
Video Codec	MPEG2	DVD/BD, Game, TV, PC	MPEG LA	Panasonic, Philips, Sony, Mitsubishi, GE, Samsung, Thomson, Total 27
	MPEG-4 Visual	DVD/BD, Video Camera, DSC PC, Mobile Phone	MPEG LA	Panasonic, Philips, Sony, NTT, GE, MS, Samsung, LGE Total 28
	MPEG-4 AVC/H.264	DVD/BD, Video Camera, DSC PC, Mobile Phone	MPEG LA	Panasonic, Philips, Sony, Toshiba, Apple, MS, Samsung, LGE Total 29
	VC-1	BD, PC, Mobile Phone	MPEG LA	Panasonic, Philips, Sony, MS Total 18
Audio Codec	AAC	Audio Player, Mobile Phone, PC	Via Licensing	Panasonic, Philips, Sony, Dolby, FHG, NTT, NEC Total 13
Package Media	DVD	DVD	Toshiba (TDLS)	Panasonic, Toshiba, Hitachi, Mitsubishi, Sharp, WB, JVC, Samsung
	Blu-ray Disc™	Blu-ray	One-Blue	Panasonic, Philips, Sony, Hitachi, Samsung, HP Total 15
Mobile	W-CDMA	Mobile Phone	Sipro	Panasonic, NTT, FT, KPN Total 11
TV	DVB-T	TV, STB	S.I.SV.EL.	Panasonic, Philips, Sony, FT, KPN
	ATSC	TV, STB	MPEG LA	Panasonic, Philips, Zenith, LGE Total 8
	ARIB (Japan)	TV, Mobile Phone, STB	Uldage	Panasonic, NHK, Sony, Toshiba, Thomson, FT Total 14
	CATV (Japan)	STB	Uldage	Same as above

As can be seen from the chart, there is only one patent pool that exclusively covers the standard for the mobile area and numbers of licensors are small. Further, the establishment of such pools was delayed mainly by the presence of differences in licensing policies among companies in consumer electronics industries and companies in communications industries, especially in the US and Europe.

While there have been some obstacles to creating patent pools among various industries, it is true that the patent pools have contributed to the development of digital network industries and the patent pool is a special characteristic of licensing policy of digital network industry as a so-called “open licensing policy.”

While patent pools contribute to the development of markets in digital network products, new issues have arisen as a result of the establishment of patent pools.

1. In view of the current severe competition in the worldwide digital network market, many Japanese

consumer electronics companies have shown huge deficits in recent financial quarterly reports, and it has become necessary to review whether it is appropriate to continue an “open licensing policy” to survive in the market.

2. While the patent pools have set cheap royalties and contributed to avoid increases in accumulated royalties, a sharp price illusion of products overcomes an advantage of merits of the pool license. Further, since it is expected that many important patents included in patent pools that started in the mid and late 1990s will expire within 5 years, it is necessary to discuss a new licensing scheme.

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 Intellectual Property Center  
 Panasonic Corporation  
 Vice President of LES Japan

# Report of the LES Asia Pacific Regional Conference 2012 in Tokyo

## *-Maximizing the Value of Licensing Intellectual Properties in Pan Asia September 3-4, 2012 in Tokyo, Japan*

By Junko Sugimura\*



The LES Asia Pacific Regional Conference was held on the 3<sup>rd</sup> and 4<sup>th</sup> of September, 2012 at the Hotel Okura in Tokyo. The Conference was probably the largest regional conference in Asia Pacific region, attracted more than 270 attendees including members of the LES societies in the Asia Pacific region, members from outside the region such as US, Brazil, Russia, EU and prospective members, and turned out to be a very successful conference.



(Photo 1) Wa-daiko performance by the students, Opening ceremony

The conference was supported by WIPO (Geneva, Switzerland), Japan Patent Office, Japan Intellectual Property Association (IP Association of Japanese Companies), Japan Patent Attorneys Association.

The opening ceremony started with a traditional group of drummers "wa-daiko" performance by the students from Tokyo University of Science, and was followed by a keynote speech from James Malackowski, the President of LESI presenting recent trends in the licensing business. Chief Judge Imura of the Japanese IP High Court, Mr. Yoshiyuki Iwai, the Commissioner of the JPO and Teresa Rea, Deputy Director of the USPTO also made their keynote speeches during the Conference. (Photo 1)



(Photo 2) Work Shop1 & 2

Variety of topics was excitedly discussed in the sessions and workshops. (Photo 2)

There were two Plenary Sessions held during this Conference. One of the Plenary Sessions was about the "Smart phone wars" and speakers from LG, Microsoft and Panasonic from Korea, the United States, and Japan exchanged their views (Photo 3). The other Plenary Session was about the "Newhorizon of licensing business" in which Mr. Hatoyama of Sanrio made a very colourful presentation of how "Hello Kitty" became a big business in the US and in Europe.

Also five attractive workshops were held during the conference.

Workshop 1 and 2 "Local laws and regulations in BRICS and Asian countries for technology licensing agreements" Speakers from Brazil, Russia, India, China, Philippines, Singapore, Thailand and Japan

Workshop 3 "IP Issues in the context of cloud computing" Speakers from the United States, Germany, and Japan

Workshop 4 "Rules for America Invents Act (AIA)" Speakers from the United States

Workshop 5 "What venue to use in dispute resolution" Speakers from China-Hong Kong, the United States, and Japan

At the end of the first day, a reception was held to welcome the attendees. Guests from other associations (Photo 4) made their speeches and a gift to celebrate the 40<sup>th</sup> anniversary of LES Japan was presented to Mr. Harashima, the president of LES Japan from Mr. Paik Saber of the AIPLA. The attendees of course enjoyed their Sushi and Sake at the reception. In the reception, there was Japanese traditional Kagami-wari performance by the Presidents of LES Asia Pacific Societies, and LESI Board members (Photo 5), then enjoyed networking with the attendees from all over the world.



(Photo 3) Plenary session1  
Smart phone wars



(Photo 4) LESJ president Mr.Harashima,  
Chair of Organising Committee Ms.Sugimura,  
& APAA President Mr.Yoshida

At the end of the second day, representatives from LES Brazil and LES Russia both made presentations for their coming annual conferences in 2013 and 2014 respectively. Finally, Ms. Sugimura, the Chair of the organizing committee closed the conference by celebrating the success of this regional conference. We have heard many positive feedbacks from JPO, Courts and attendees about this conference. We believe that this conference has significantly increased LES's presence in Japan, and activated many of the society members in Japan.

Further, to celebrate 40<sup>th</sup> anniversary of the foundation of LES Japan, the Asia Student Business Competition was held on the afternoon on September 3<sup>rd</sup>, 2012.

The organizing committee worked enthusiastically and diligently to make this event successful and a memorable experience.

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* Chair of Organising Committee



(Photo 5) Kagamiwari-performance
President of AP Societies & LESI Board members

1st LES Asian Student Business Plan Competition Finals 2012

Hotel Okura, Tokyo, September 3, 2012

By Ichiro Nakatomi*



About Asian Competition 2012

LES Japan hosted 1st Asian Student Business Plan Competition at the Asia-Pacific Regional Conference held in Tokyo during September 3-4, 2012. This competition was held to mark the 40th Anniversary of LES Japan. It

was supported by the Ministry of Economy, Trade and Industry (METI), Japan External Trade Organization (JETRO), TX Entrepreneur Partners and Japan Venture Capital Association.

Five student teams competed in the final round of Asian Competition. The teams were selected from 4LES Societies from Hong Kong (selected one out of 5 teams registered internally), Japan (2/7 teams), Korea (1/1 team) and Singapore (1/2 teams). According to the rule of scoring standardized by LES Foundation,

5 judges were selected from 4 participating LES societies and one independent judge from LES Australia. Also a new rule was added that the judges cannot grade participants from own country. After the result of scoring by judges the announcement of winners were performed at dinner reception. The highest scoring winner was EyePia from Pohang University of Science and Technology (Korea) and second winner was Louis Eagle from the University of Tokyo (Japan). All other teams, Pongs Innocompany from Hong Kong Community College, popIn from the University of Tokyo and Avetics from National University of Singapore received LES Japan Award.

About Volunteers

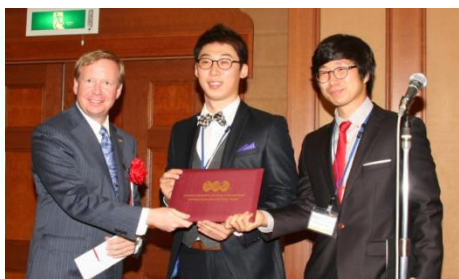
Each LES Society had suitable but inexperienced volunteers to do the search and selection of teams. LES

Korea had selected a winner of Korean IP Office's Competition 2011.

As a host LES Japan made special working group consisting of relatively young members who were divided into the groups of mainly settlement of rules/guideline, PR/student search, judges/scoring/prize and mentors. All volunteers participated for the first time and several meetings were held to confirm the action items necessary to move forward to the final round of competition in Tokyo. We are very proud to have hard working members such as Satoru Iino, Yuko Okimoto, Junko Kashiwa, Yasuyuki Kurose, Masato Kobayashi, Kaoru Suzuki, Tsuyoshi Dai, Toshinari Tsuruhara, Hiroshi Naito, Ichiro Nakatomi, Rika Honoki, Takafumi Yamamoto and Hisao Yamasaki. The Chair of WG was Ichiro Nakatomi and Vice Chairs were Toshinari Tsuruhara and Masato Kobayashi.

Photo Gallery

Winner of LESI Prize



Baekhee Lee and Jihyoung Lee
Pohang University of Science and Technology (Korea)

Second Winner of LESI Prize



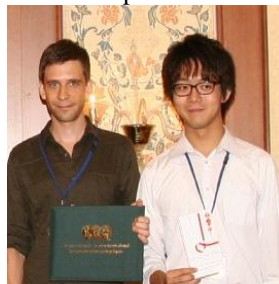
Kuniaki Iwanami and Ayumi Oshida
the University of Tokyo

LES Japan Award



Stephanie Pong & Cece Pong
Hong Kong Community College

LES Japan Award



Julian Namaro & Kunihiro Miyazaki
the University of Tokyo

LES Japan Award



Wei-Liang Zhang
National University of Singapore

Introduction of Finalists (order of presentation)

1. Baekhee Lee and Jihyoung Lee from EyePia at Pohang University of Science and Technology (POSTECH); EyePia developed a testing machine for glaucoma, having high clinical accuracy, public accessibility, usability and competitive price.
2. Julian Namaro and Kunihiro Miyazaki from popIn at the University of Tokyo; popIn provides commercially available search services for news media websites ("media sites") that are highly customizable for each media site and designed to keep the visitors engaged.
3. Kuniaki Iwanami and Ayumi Oshida from Louise Eagle at the University of Tokyo; Louise Eagle developed the original mental arithmetic method

known as "Ghost Mental Arithmetic Method", and has been publishing books related thereto in Japan.

4. Wei-Liang ZHANG from Avetics at National University of Singapore; Avetics developed a prototype model, Falcon X 0.3., which consists of foam based plane with a camera unit and flight control board.
5. Stephanie Pong and Cece Pong from Pongs Innocompany Ltd. at Hong Kong Community College; The company's product is Venti, which is an "Umbrella-Dryer" and "RFID Umbrella Dryer System".

Awards

LESI President, James Malackowski, presented the LESI prize to winners, Baekhee Lee and Jihyoung Lee from Pohang University of Science and Technology (Korea), and also presented to the second winner, Kuniaki Iwanami and Ayumi Oshida from the University of Tokyo (Japan).

The first winner received US\$3,000 and recommendation to corporations, and second winner received US\$1,000.

LES Japan President, Katsumi Harashima, presented the LES Japan Award and ¥50,000 to the remaining teams, Stephanie Pong and Cece Pong from Pongs InnoCompany (Hong Kong Community College), Kunihiro Miyazaki and Julian Namaro from popIn (the University of Tokyo) and Wei-Liang Zhang from Avetics (National University of Singapore).

Additionally all finalist teams of reserved the right of one year membership of own LES society and recommendation to the LES Foundation's Annual Graduate Student Business Plan Competition 2013 (May in Seattle).

Student's Comments

1. EyePia LLC., Pohang University of Science and Technology (Korea)
Baekhee Lee said, *"I am so impressed with this committee and I feel very good to have this kind of competition for the future."*
Jihyoung Lee said, *"This is my first experience, and I am very impressed that all of presenters are so good."*
2. popIn, Inc., the University of Tokyo (Japan)
Kunihiro Miyazaki and Julian Namaro said, *"This was great and thank you for this opportunity."*
"Judges asked very interesting questions."
3. Louis Eagle, Inc., the University of Tokyo (Japan)
Kuniaki Iwanami said, *"I learned a lot from competitors, and I appreciate very kind advice from judges."*
4. Avetics, National University of Singapore (Singapore)
Wei-Liang Zhang said, *"It is great opportunity for me."* *"I hope we continue this relationship with you (presenters and supporters) and hope to see you in Singapore."*
5. Pongs Innocompany Ltd., Hong Kong Community College (Hong Kong)
Stephanie Pong and Cece Pong said, *"It's nice to meet with our competitors."* *"We never got IP but we worked very hard."*

Future subject

The method of team selection should be discussed in the near future. While most of LES societies employed a method by interviewing student teams and scoring as evaluation to select the final team, however not all LES societies used the same method.

Our working group is considering modifying slightly the standard rule regarding the method of team selection in order to make a fair effort on the interview and mentor activity among LES societies. We will propose it for the next coming competition in China 2013.

Summary and Acknowledgment

Based on the cooperation with main members related to Asia-Pacific Regional Conference, members from LES Japan's working group worked very hard to setup the final stage of competition in Tokyo.

Interestingly a major Japanese TV channel, Tokyo Broadcasting System (TBS) took a video report of one of finalist presentation (Mr. Kuniaki Iwanami). His study work related to his new mathematical method attracted attention and may be introduced in the near future around the world for educational purposes.

All presentations were well done and particularly two groups representing LES's from Korea did very well.

The excellent student presentations were possible through support and feedback from each LES society. Special thanks for their advice and support go to Art Rose, Yvonne Chua, Audrey Yap, Alice Ngan, Jordan Kim, Sze Tiam Lin, John Walker, Junko Sugimura and Patricia Bunye as well as all other supporters. Particularly Yvonne continuously supported me in a positive manner. I also appreciate the financial support by LES International President James Malackowski and a financial support by LES Japan, particularly President Katsumi Harashima, Junichi Yamasaki, Chikao Fukuda, Masau Takayanagi and Toshiaki Abe. My appreciation is continued for organization supporters by METI, JETRO, TX Partners and JVCA.

Lastly I send my appreciation to Cris Shaowei, Yibin Feng and Ningling Wang from LES China who tried to select a student team in China. I hope that LES China will continue the competition in order to motivate the occasion of next Asia-Pacific Regional Conference 2013.

Thanks everyone.

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\* Chair of Working Group



## Editors' Note

This issue includes an article relating to Discussions on Patent Pools from "Mobile Computing (including IP Issues of Smart phone)," which is prepared based on the presentation at LES Asia Pacific Regional Conference 2012 held on September 3 and 4, 2012 in Tokyo. Further include are reports on the conference and on the 1st LES Asian Student Business Plan Competition Finals 2012, which we trust will provide you with useful facts on activities of the LESJ. If you would like to refer to any back issues of our newsletters, you can access them via the following URL:

<http://www.lesj.org>

(KO)

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