



Program Overview

*ACCESS*AdvanceSM LLC
July 2021

NOTICE: THE STRUCTURE OF THE VVC ADVANCE LICENSING PROGRAM, INCLUDING THE TERMS ACCESS ADVANCE LLC IS CURRENTLY AUTHORIZED TO OFFER IN THE VVC ADVANCE PATENT PORTFOLIO LICENSE AGREEMENT, ARE SUBJECT TO REVIEW AND CHANGE UNTIL A LICENSE IS EXECUTED. ACCORDINGLY, THE CURRENT STATEMENTS ON THIS SITE AND THE TERMS IN THE EXEMPLAR DOCUMENTS AVAILABLE FOR DOWNLOAD SHOULD NOT BE RELIED UPON AS A GUARANTEE OF FUTURE TERMS OR CONDITIONS OF THE VVC ADVANCE LICENSING PROGRAM OR THE TYPES OF ENTITIES TO WHOM ACCESS ADVANCE LLC OFFERS A LICENSE AND/OR REQUIRES TO BE LICENSED. THE ONLY WAY TO GUARANTEE CURRENTLY-STATED TERMS FOR YOUR COMPANY IS TO EXECUTE A LICENSE DURING THE PERIOD IN WHICH SUCH TERMS ARE AVAILABLE.

Who is Access Advance?

Access Advance LLC

Access Advance LLC (“Advance”) (formerly, HEVC Advance LLC) is an independent licensing administrator company formed to lead the development, administration, and management of patent pools for licensing essential patents of the most important standards-based video codec technologies. Advance provides a transparent and efficient licensing mechanism for both patent owners and patent implementers.

Advance currently offers licenses to its HEVC Advance Patent Pool, which contains patents essential to HEVC/H.265, as well as its VVC Advance Patent Pool, which contains patents essential to VVC/H.266 and VSEI/H.274. The license terms and conditions are Fair, Reasonable, and Non-Discriminatory, providing rates that balance both Licensor and Licensee interests and complying with worldwide laws applicable to patent pools.

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VVC Advance Patent Pool: General Pool Terms

VVC Advance Patent Pool – General Pool Terms

TOPIC: What Versions of the VVC Standard are Included?

- Our VVC Program includes a license to Version 1 of ISO/IEC 23090-3 MPEG-I Part 3 and ITU-T Recommendation H.266, including Optional Features⁽¹⁾ (“VVC Standard”)
- The VVC Program also includes Version 1 of ISO/IEC 23002-7 MPEG-C Part 7 and ITU-T Recommendation H.274 (“VSEI Standard”)
- Other VVC profiles, extensions, and versions thereof, and new standards separated therefrom (e.g., SEI messaging), as are adopted by the applicable standards setting organizations, may be added in the future upon written notice of Access Advance

⁽¹⁾ Access Advance licenses “Essential Patents on Optional Features” which means any patent claim covering a feature described in the VVC Standard that is not required to be implemented in a VVC Product, but which, if the feature is implemented, must be implemented within the scope of the VVC Standard and which implementation would necessarily or unavoidably infringe such patent claim.

VVC Advance Patent Pool – General Pool Terms

Topic: What Do We License – Devices and Software

We license VVC Decoders and VVC Encoders (i) in Consumer VVC Products or (ii) made available for use through Cloud Based Services:

- Royalty rates are based on four device categories:
 - Mobile Devices (e.g., Mobile Phones, Tablets, Laptop PCs)
 - Connected Home and Other Devices (e.g., Set-Top Boxes, Game Consoles, Blu-ray Players, Desktop PCs, non-4K UHD+ TVs, Software, Surveillance Cameras, Conferencing Products, Medical Imaging Products, Digital Signage)
 - 4K UHD+ Television/Displays (e.g., UHD-Capable Televisions, Projectors, VR/AR Headsets)
 - VVC Content on Digital Media Storage
 - Commercial VVC Content stored on physical digital media (e.g., Blu-ray discs, external hard drives)
 - Boxed sets and bundled VVC Content owe a separate royalty for each optical disc
 - For other digital media (e.g., video pack) that contains multiple Titles, a royalty is due for each Title

VVC Advance Patent Pool – General Pool Terms

TOPIC: What Do We NOT License?

We do NOT license/seek royalties for:

- “Commercial Products” primarily intended or marketed to encode or transmit Commercial VVC Content or provide a Cloud Based Service, but excluding any VVC Product installed on a device through which video or images are first recorded or captured (e.g., cameras and camcorders)
- Non-physical VVC Content Distribution (e.g., internet streaming, cable, over-the-air broadcast, and satellite)

VVC Advance Patent Pool – General Pool Terms

TOPIC: How Are Patents Evaluated?

- Access Advance has retained the law firms of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. and Wolf, Greenfield and Sacks, P.C. as independent Patent Evaluators to provide global patent essentiality determinations
- These independent Patent Evaluators have engaged multiple patent law firms around the world to draw upon their country-specific expertise as needed

VVC Advance Patent Pool – General Pool Terms

TOPIC: What Patent Rights are Licensed?

- Advance grants licenses to Licensees only for Licensors' practiced essential claims that they have the right to license
- The VVC Advance Patent List identifies Licensor patents that include one or more claims found to be essential to the VVC or VSEI Standards by our independent Patent Evaluators
- The VVC Advance Patent List identifies the relevant section(s) of the VVC and VSEI Standards to which the essential patent claims map
- All essential claims are included in the license grant – even those essential claims in a Licensor's patents that have not yet been evaluated by our independent Patent Evaluators

VVC Advance Patent Pool – General Pool Terms

TOPIC: Whom Do We License?

Parties that Sell Consumer VVC Products⁽²⁾:

- Parties that Sell substantially completed devices or software (i.e., ready for Sale to an End User), which incorporate one or more VVC decoders and/or VVC encoders
- Parties that (a) provide End Users with access to VVC decoders and/or VVC encoders through the internet or another public or private network, or (b) process content at the End User's request using VVC decoders and/or VVC encoders where the output is returned to the End User (i.e., Cloud Based Services)
- Parties that Sell (e.g., commercially distribute) VVC Content on Digital Media Storage (Blu-ray discs, external hard drives, etc.) to End Users

⁽²⁾ Access Advance reserves the right to seek licenses from any party infringing VVC Standard essential patents of our Licensors for all their infringing products. Our primary focus, however, is to license (1) parties selling Branded products to End Users directly or through a Chain of Distribution, and (2) OEM's and other parties that customarily handle licensing obligations in certain market segments.

VVC Advance Patent Pool: Royalty Rates and Structure

VVC Advance Patent Pool – Royalty Rates & Structure

TOPIC: Where and When is a Royalty Due?

- A royalty is due upon the Sale of a Consumer VVC Product or VVC Content on Digital Media Storage for which a VVC Standard essential patent (listed on the VVC Advance Patent List) is in force in either the country/territory of manufacture or the country/territory of Sale
- If there are no patents in force in both the country/territory of manufacture and the country/territory of Sale, then no royalties are due for Consumer VVC Products or VVC Content on Digital Media Storage Sold in that country/territory
- Royalties due under the VVC Advance PPL for Sales of VVC Products prior to 1/1/2022 will be waived

VVC Advance Patent Pool – Royalty Rates & Structure

TOPIC: Royalty Rate Structure

- Three sets of royalty rates apply:
 - The best rate is for Licensees In-Compliance⁽³⁾ that display the VVC Advance Trademark Logo
 - The next best rate (10% higher than the most preferential rate) is for Licensees that are In-Compliance but that *do not* display the VVC Advance Trademark Logo
 - Standard rates (25% higher than the best rate) apply for Licensees not In-Compliance (irrespective of whether they display the VVC Advance Trademark Logo) and all past sales
- Main 10 and Advanced Profiles + Optional Features (e.g., VSEI messages) are included in a single per-device royalty
- Royalty Rate Term Increase Cap: Royalty rates and caps may not be increased by more than 20% for any Renewal Term

⁽³⁾In-Compliance means Licensees are complying with the terms and conditions of the applicable agreements.

VVC Advance Patent Pool – Royalty Rates & Structure

TOPIC: Royalty Rate Structure (cont.)

- Geographic Rate Differentials: Stated rates apply to the country/territory in which the Consumer VVC Product and VVC Content on Digital Media Storage is first Sold
- Royalty reduction (50% discount) if the Sale to the End User is in a country/territory in Region 2 (an emerging market), except for Connected Home and Other Devices Sold below \$80 (discount varies).
- Region Definitions
 - Region 1 = U.S., EU, UK, Japan, S. Korea, Australia, New Zealand, etc. (see Slide 24)
 - Region 2 = All countries/territories outside of Region 1
- Initial Term discount of 10% for Licensees that become licensed within a reasonable period after their first Sale of a product with VVC functionality (not available for Licensees that sign the Multi-Codec Bridging Agreement (“MCBA”))

VVC Advance Patent Pool – Royalty Rates & Structure

TOPIC: Annual In-Compliance Royalty Caps

- Multiple Product Category Caps (i.e., Mobile Devices, Connected Home and Other Devices, 4K UHD+ Television/Displays, and VVC Content on Digital Media Storage)
- Single Enterprise Cap for aggregate of all Product Categories
- Affiliates included under a Licensee's PPL receive the benefits of the caps
- Caps apply only during those quarterly reporting and payment periods in which a Licensee and its Affiliates are In-Compliance
- All caps reset annually on January 1 of each year
- Standard Rates are not capped (i.e., royalties owed at Standard Rates do not accrue against any caps)
- VVC Software is excluded from caps with limited exceptions

VVC Advance Patent Pool – Royalty Rates & Structure

TOPIC: Annual Enterprise Credit

- Annual Enterprise Credit of \$25,000 applies to all Enterprises that owe royalties and are In-Compliance
- The credit is provided in four equal quarterly installments of \$6,250 each
- Unused credit amounts do not carry over to future quarters

VVC Advance Patent Pool – Royalty Rates & Structure

TOPIC: Term of License

- Licenses are offered in five (5) year non-terminable increments ending December 31, 2025, and every five years thereafter, until all Licensors' essential patents have expired
- For each license, the initial 5-year non-terminable term is automatically renewed for an additional non-terminable 5-year term, unless terminated by a Licensee in the event there is a change to the license which has a material adverse impact on Licensee (other than a permitted rate increase)
- For example, Licensees that executed the license after Dec. 31, 2020, would be automatically renewed on Dec. 31, 2025, through Dec. 31, 2030, unless terminated as noted above

VVC Advance Patent Pool – Royalty Rates & Structure

TOPIC: Patent Marking

- Patent marking is required for Consumer VVC Products and VVC Content on Digital Media Storage. A reference to the public patent list published on our website is allowed (in accordance with applicable legal requirements).

VVC Advance Patent Pool – Royalty Rates & Structure

TOPIC: VVC Advance Logo

- Option available to include the VVC Advance Logo on all Licensed Products or their physical packaging in return for a 10% discount that is included in the published device royalty rates for “In-Compliance with Trademark”. Logo usage guidelines can be found in the Resources section of the main VVC Advance page on our website.



VVC Advance: Royalty Rate Structure for Licensees In-Compliance w/Trademark Discount, Effective January 1, 2022

| Device Category and Examples | Selling Price | Per-Device Royalty ⁽¹⁾ All Profiles | Annual In-Compliance Device Category Caps ⁽²⁾ | Annual In-Compliance Enterprise Credit and Cap ⁽²⁾ |
|--|---|---|--|---|
| Mobile Devices: Mobile Phone, Tablet, Laptop | All price ranges | \$0.50/\$0.25 | \$45MM \$30MM (If entity does not sell phones) | <u>Annual Enterprise Cap</u> \$60 million <u>Annual Enterprise Credit</u> \$25,000 |
| Connected Home & Other Devices: <u>Consumer Products:</u> Set-Top Box, Game Console, Blu-ray Player, Desktop PC, non-4k UHD+ TV, HEVC Software, Surveillance Cameras, Conferencing Products, Medical Imaging, Digital Signage | Devices ≤\$80.00 ⁽²⁾ | | \$30MM | |
| | \$20 or less | \$0.25/\$0.25 | | |
| | \$20.01-\$30.00 | \$0.3125/\$0.3125 | | |
| | \$30.01-\$40.00 | \$0.4375/\$0.4375 | | |
| | \$40.01-\$50.00 | \$0.5625/\$0.50 | | |
| | \$50.01-\$60.00 | \$0.6875/\$0.50 | | |
| | \$60.01-\$70.00 | \$0.8125/\$0.50 | | |
| | \$70.01-\$80.00 | \$0.9375/\$0.50 | | |
| | Devices >\$80.00 and All VVC Software | \$1.00/\$0.50 | | |
| 4K UHD+ Television/Display | All price ranges | \$1.50/\$0.75 | \$30MM | |
| Digital Media Storage Blu-ray Discs, Other Storage Devices | All price ranges | <u>Per Disc/Title</u> \$.028/\$.014 | \$3.75MM | |

(1) Royalties shown are Region 1/Region 2 Countries/Territories. Rates include all Profiles.

(2) Excludes VVC Software.

This chart is a high-level summary for information purposes only. The terms of the Patent License Agreement control.

VVC Advance: Royalty Rate Structure for Licensees In-Compliance without Trademark Discount, Effective January 1, 2022

| Device Category and Examples | Selling Price | Per-Device Royalty ⁽¹⁾ All Profiles | Annual In-Compliance Device Category Caps ⁽²⁾ | Annual In-Compliance Enterprise Credit and Cap ⁽²⁾ |
|--|---------------------------------|---|--|---|
| Mobile Devices: Mobile Phone, Tablet, Laptop | All price ranges | \$0.555/\$0.277 | \$45MM \$30MM (If entity does not sell phones) | <u>Annual Enterprise Cap</u> \$60 million <u>Annual Enterprise Credit</u> \$25,000 |
| Connected Home & Other Devices: <u>Consumer Products:</u> Set-Top Box, Game Console, Blu-ray Player, Desktop PC, non-4k UHD+ TV, HEVC Software, Surveillance Cameras, Conferencing Products, Medical Imaging, Digital Signage | Devices ≤\$80.00 ⁽²⁾ | \$0.277/\$0.277 | \$30MM | |
| | \$20 or less | \$0.347/\$0.347 | | |
| | \$20.01-\$30.00 | \$0.486/\$0.486 | | |
| \$30.01-\$40.00 | \$0.625/\$0.555 | | | |
| \$40.01-\$50.00 | \$0.764/\$0.555 | | | |
| \$50.01-\$60.00 | \$0.903/\$0.555 | | | |
| \$60.01-\$70.00 | \$1.042/\$0.555 | | | |
| \$70.01-\$80.00 | | | | |
| Devices >\$80.00 and All VVC Software | \$1.111/\$0.555 | | | |
| 4K UHD+ Television/Display | All price ranges | \$1.667/\$0.833 | \$30MM | |
| Digital Media Storage Blu-ray Discs, Other Storage Devices | All price ranges | <u>Per Disc/Title</u> \$.031/\$.0155 | \$3.75MM | |

(1) Royalties shown are Region 1/Region 2 Countries/Territories. Rates include all Profiles.

(2) Excludes VVC Software.

This chart is a high-level summary for information purposes only. The terms of the Patent License Agreement control.



VVC Advance: Standard Royalty Rate Structure for Licensees, Effective January 1, 2022

| Device Category and Examples | Selling Price | Per-Device Royalty ⁽¹⁾ All Profiles | Annual In-Compliance Device Category Caps ⁽²⁾ | Annual In-Compliance Enterprise Credit and Cap ⁽²⁾ | |
|--|---|--|---|--|----------------|
| Mobile Devices: Mobile Phone, Tablet, Laptop | All price ranges | \$0.667/\$0.333 | No Cap Applies | No Cap applies No Annual Enterprise Credit | |
| Connected Home & Other Devices: <u>Consumer Products:</u> Set-Top Box, Game Console, Blu-ray Player, Desktop PC, non-4k UHD+ TV, HEVC Software, Surveillance Cameras, Conferencing Products, Medical Imaging, Digital Signage | Devices ≤\$80.00 ⁽²⁾ | \$20 or less \$20.01-\$30.00 \$30.01-\$40.00 \$40.01-\$50.00 \$50.01-\$60.00 \$60.01-\$70.00 \$70.01-\$80.00 | \$0.333/\$0.333 \$0.4167/\$0.4167 \$0.580/\$0.580 \$0.750/\$0.667 \$0.917/\$0.667 \$1.08/\$0.667 \$1.25/\$0.667 | | No Cap Applies |
| | Devices >\$80.00 and All VVC Software | \$1.333/\$0.667 | | | |
| | 4K UHD+ Television/Display | All price ranges | \$2.00/\$1.00 | | No Cap Applies |
| Digital Media Storage Blu-ray Discs, Other Storage Devices | All price ranges | <u>Per Disc/Title</u> \$0.037/\$0.0185 | No Cap Applies | | |

(1) Royalties shown are Region 1/Region 2 Countries/Territories. Rates include all Profiles.

(2) Excludes VVC Software.

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Region 1* Country/Territory Listing

| Member States of the EU All current and future members. List effective as of 2/2015. | | Other European/Atlantic | North America | Middle East | Asia Pacific |
|--|-------------|----------------------------|------------------|----------------------|------------------|
| Austria | Italy | Andorra | Canada | Bahrain | American Samoa |
| Belgium | Latvia | Bermuda | United States | Israel | Australia |
| Bulgaria | Lithuania | Iceland | | Kuwait | Guam |
| Croatia | Luxembourg | Liechtenstein | | Qatar | Hong Kong |
| Cyprus | Malta | Monaco | | Saudi Arabia | Japan |
| Czech Republic | Netherlands | Norway | | United Arab Emirates | Malaysia |
| Denmark | Poland | Puerto Rico | | | New Zealand |
| Estonia | Portugal | San Marino | | | Northern Mariana |
| Finland | Romania | Switzerland | | | Islands |
| France | Slovakia | Turkey | | | Singapore |
| Germany | Slovenia | UK | | | South Korea |
| Greece | Spain | U.S. Virgin Islands | | | Taiwan |
| Hungary | Sweden | Vatican City | | | |
| Ireland | | | | | |

* Region 2 countries/territories are those not included in the list above

VVC Advance Patent Pool: Information for Licensors

VVC Advance Patent Pool – Information for Licensors

TOPIC: General Terms

- Licensors are members of the Administrative Committee (“AdCom”) and agree to participate in the business discussions and decisions of the VVC Advance Patent Pool
- Licensors that make and/or Sell VVC Products which fall within the terms of the VVC Advance PPL must be Licensees
- Initial Term for Licensors continues until the end of the First Renewal Term of the VVC Advance PPL (i.e., 12/31/2030 for new Licensors), to provide predictability for Licensees and Licensors
- Licensors have an obligation, upon request by an implementer, to offer bilateral licenses on reasonable terms agreeable to both the Licensor and implementer
- Licensors agree to maintain confidentiality of the business discussions of the VVC Advance Patent Pool
- New Licensors are added at the reasonable discretion of the Licensing Administrator

VVC Advance Patent Pool – Information for Licensors

TOPIC: License Scope and Grant

- The PPL grant is to infringed patent claims that are essential to Version 1 of the VVC Standard and/or VSEI Standard
 - **“VVC Standard”** – Version 1 of ISO/IEC 23090-3 MPEG-I Part 3 and ITU-T Recommendation H.266
 - **“VSEI Standard”** – Version 1 of ISO/IEC 23002-7 MPEG-C Part 7 and ITU-T Recommendation H.274
- Amendments (i.e., new Versions or Profiles) to the definition of the VVC Standard and the VSEI Standard, and therefore to the scope of the PPL license grant, are approved upon Licensing Administrator’s recommendation unless vetoed by the AdCom

VVC Advance Patent Pool – Information for Licensors

TOPIC: Patent Evaluations

- Licensors and potential Licensors must submit their VVC patents to our independent Patent Evaluators to determine whether they include at least one claim that is essential to the VVC Standard or the VSEI Standard
- When the Patent Evaluators determine a patent of a Licensor is a VVC Standard or VSEI Standard Essential Patent, it is added to the VVC Advance Patent List
- Points are assigned to VVC and VSEI Standard Essential Patents on the patent list; the assignment of Points is subject to limits on how many Points any patent family (with a common priority application) can accrue

 Thank You.

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