

VVC ADVANCE SOFTWARE POLICY

August 10, 2021

INTRODUCTION: SOFTWARE POLICY STATEMENT SUMMARY

Access Advance will not seek royalties on, and covenants that the VVC Advance Licensors will not assert any of the Practiced Claims of their Licensed Patents on account of, VVC functionality implemented in software applications downloaded to certain consumer devices after first sale of the device, where and only for so long as the software application is restricted for use with content distributed through the application by the application or service provider, or content shared among users of the application, and there is no fee charged for use by the user of the application or services utilizing the application, subject to certain limitations (specifically, including Section III) and exceptions as set forth below (specifically, including Section V).

SECTION I: POLICY INTENT – DEVICES/SOFTWARE

An important Access Advance program goal is to encourage widespread adoption of VVC technology in consumer devices. That goal is best met when the VVC technology is implemented in specialized hardware circuitry so that it can execute most efficiently, ensuring the best user experience.

However, Access Advance recognizes that consumer devices have been and will continue to be sold without VVC implementations for a certain period of time while VVC software and hardware implementations are developed, tested, and incorporated in devices. During this period, software application and service providers must be able to ensure that VVC content they distribute through their applications, or VVC content shared among users of their applications, can be viewed on and shared using devices that do not contain VVC encoding or decoding functionality.

This Policy seeks to accomplish several important objectives, including:

- Allowing application and service providers to distribute certain VVC software applications restricted for use with content they distribute through their applications, or content shared among users of their applications, to certain types of *third-party branded devices* where no fee is charged for use by the user of the application or services utilizing the application, with assurances that Access Advance will not seek royalties for, and that the VVC Advance Licensors will not assert any of the Practiced Claims of their Licensed Patents on account of, the VVC encoding or decoding functionality implemented in such applications, in accordance with Sections III, IV, and V of this Policy;
- Allowing application and service providers to distribute such VVC software applications to certain types of *their own branded devices* that do not or will not have VVC capability for a certain period of time while VVC software and/or hardware implementations are developed, tested, and incorporated in such devices, where no fee is charged for use by the user of the application or services utilizing the application, again with assurances that Access Advance will not seek royalties for, and that the VVC Advance Licensors will not

assert any of the Practiced Claims of their Licensed Patents on account of, the VVC encoding or decoding functionality implemented in such applications, in accordance with Sections III, IV, and V of this Policy; and

- Encouraging the adoption of VVC by device manufacturers to enable VVC capability in hardware on their devices, thus providing consumers the best and most efficient video experience possible.

SECTION II: CURRENT PROGRAM REQUIREMENTS

Under the VVC Advance Patent Portfolio License (PPL), a royalty must be paid for VVC decoders and/or encoders¹ included in (i) *consumer devices*² and (ii) *software products*, as well as certain updates/upgrades to such software products (hereinafter “device royalty”). These software products may include, for example, browsers, media players/recorders, operating systems, and various software applications.

However, for all VVC decoders and encoders included in a consumer device at the time of first sale to the end user, *only one royalty* is due under the PPL.³ Therefore, any number of VVC software products may be included in a consumer device at first sale without incurring additional royalties, if the applicable device royalty has been (or will be) paid.

SECTION III: VVC SOFTWARE PRODUCTS FOR WHICH ACCESS ADVANCE WILL NOT SEEK ROYALTIES

Subject to the remainder of this Policy, Access Advance will not seek royalties on, and covenants that the VVC Advance Licensors will not assert any of the Practiced Claims of their Licensed Patents on account of, VVC Software distributed by application and service providers where and only for so long as the following criteria are met:

- (i) The VVC Software comprises or is included in a branded⁴ software application of the application or service provider, or its Affiliates, and
- (ii) The VVC Software constitutes application layer software, or software encoding or decoding libraries used by application layer software, where the VVC functionality of the VVC Software can be (a) fully executed on a general purpose CPU (*i.e.*, without using specialized VVC hardware support), or (b) primarily executed on a

¹ The device royalty is due even if the VVC functionality has been encrypted, disabled or otherwise rendered unusable, or requires or works in conjunction with additional hardware and/or software to enable or complete such functionality.

² As used in this Policy, a VVC decoder or encoder is considered “included in” a device at the time of first sale of such device if it is subsequently downloaded to the device automatically, upon prompt to the end user or otherwise by or on behalf of, or with the acknowledgement or cooperation of, the device manufacturer or supplier.

³ This does not apply to certain preloaded software for which payment is or may be due from the end user for use or continued use of such preloaded software.

⁴ As used in this Policy, “branded” means bearing or Sold under a brand name that the application or service provider, or an Affiliate of the application or service provider, owns or otherwise has the right to use on or in connection with Sale of the software application, or the device on which the application is downloaded, as applicable.

general purpose CPU and partially executed on hardware not specifically designed for use with VVC content (*e.g.*, a generic codec functionality by a graphics accelerator); and

- (iii) The software application is downloaded to a consumer device after First Sale of such device, and is not included in the device at the time of First Sale; and
- (iv) The software application is for viewing, distributing, and/or sharing VVC content for personal use by the user of a device onto which the application is downloaded, and is not for use by such user to provide commercial services to or on behalf of others; and
- (v) The device to which the software application is downloaded (a) is a branded device of the application or service provider, or its Affiliates, which device is or was first Sold prior to July 1, 2022; or (b) is not a branded device of the application or service provider, or its Affiliates; and
- (vi) Use of the VVC functionality of the software application is restricted such that it can be used only to encode and/or decode content distributed through the application by the application or service provider, or its Affiliates, or content shared or to be shared only among users of the application within the application; and
- (vii) No fee is charged for use by the user of the software application, or services utilizing the application, which services involve viewing, distributing, or sharing VVC content, either by the application or service provider, or another person or entity; and
- (viii) The software application is not excluded from this Policy under Section IV below; and
- (ix) The software application is not offered by a legal entity to which this Policy does not apply under Section V below.

SECTION IV: VVC SOFTWARE PRODUCTS NOT SUBJECT TO THIS POLICY

This Policy does not apply to any of the following:

- A. VVC Software included as part of, or an extension to, an operating system, a browser, or a media player/recorder not limited for use with content distributed or shared through the software application.
- B. Drivers, libraries, firmware, or other software applications that enable hardware on a device, which hardware is designed, in whole or in part, to decode and/or encode VVC content, in whole or in part.
- C. VVC Software applications downloaded to any of the following: (1) TVs, (2) set top boxes, (3) other stand-alone devices used primarily to decode Commercial VVC Content, or

(4) other devices to which the distribution of the application might reasonably delay hardware implementation of VVC capability in such devices, as determined by Access Advance at its sole discretion.

- D. Software applications used to provide online gaming or other Cloud-Based Services for a fee or on a subscription basis.

SECTION V: ADDITIONAL POLICY CONDITIONS AND LIMITATIONS

This Policy will continue through the initial two five-year terms of the VVC Advance PPL ending on December 31, 2030. Access Advance presently intends to extend this Policy thereafter for as long as it is achieving the objective of driving adoption of VVC hardware in devices at first sale, as determined by Access Advance at its sole discretion. This Policy is subject to the following additional conditions and limitations:

- A. The description of current program requirements of the PPL is provided for informational purposes only. The actual terms of the PPL take precedence and capitalized terms not defined in this Policy shall have the meanings given to them in the PPL. A copy of the PPL may be requested at: www.accessadvance.com.
- B. Access Advance reserves the right to (1) modify this Policy at any time; (2) require a legal entity to execute a PPL to enjoy the benefits of this Policy, and (3) limit the application of this Policy to a legal entity solely to that period after execution of a PPL. Specifically, this Policy does NOT apply to (i) operating system, browser, and other major software providers, or (ii) commercial content distributors, unless an exception to this Policy is included as an addendum to a PPL executed by Advance and the individual legal entity.
- C. Access Advance has endeavored to clearly define the software applications subject to this Policy. However, in the event of a conflict or ambiguity, whether VVC Software is, or is not, subject to this Policy shall be decided at Access Advance's sole and reasonable discretion.
- D. If this Policy is exploited to circumvent its intent or is used to challenge the Access Advance VVC licensing program, then this Policy may be revised or terminated at Access Advance's sole discretion at any time, in whole or in part, or for one or more companies or product categories. Examples of such scenarios include:
- (i) Manufacturers not making VVC functionality available in their devices at First Sale, and/or avoiding paying royalties on sales of their devices that end users ultimately use with VVC content.
 - (ii) This Policy being used to challenge the licensing structure of the VVC Advance patent pool.

- (iii) A company asserting a VVC standard essential patent against a VVC Advance Licensor or relying on this Policy in a litigation against a VVC Advance Licensor or Access Advance.

ANY QUESTIONS CONCERNING THIS POLICY OR WHETHER IT COVERS YOUR SOFTWARE PRODUCT, PLEASE CONTACT LICENSING@ACCESSADVANCE.COM.