METI JPO-RIETI International Symposium “Toward Solving Disputes over Standard Essential Patents (SEPs): Licensing 5G SEPs”

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SEPs & Calculating FRAND Royalties

BJ Watrous, Apple VP & Chief IP Counsel
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METI JPO RIETI International Symposium on SEPs
Apple | Investment in SEPs

- Apple is a willing licensee and willing licensor
- Has paid billions of US dollars for cellular SEP license rights
- Has direct license rights to over 45% of all 4G-declared SEPs
- Has agreements with licensors large and small
- Apple is an SSO contributor, standard implementer and component purchaser
  - Our engineers participate in over 90 SSOs and make technical contributions
- We are among the world’s largest customers of cellular components
- We own over 2,000 SEPs
SEPs | FRAND Licensing Valuation

- Injunctive Relief
- Royalty Stacking
- Proportionality
- Apportionment
SEPs | FRAND Licensing Valuation

Apple Non-Confidential
SEPs | FRAND Licensing Valuation

- Royalty Base
  - Smallest saleable patent practicing unit (baseband chip)
  - Apportioned & common across implementers
- Proportional Royalty
  - Pro rata ownership of declared cellular SEPs
- Merits Adjustment
  - Assessment of patent merits, contributions to standard, licensing & litigation history, over-declaration, *ex ante*, exhaustion, etc.