ERICSSON TAKES ACTION FOR FAIR AND REASONABLE PATENT LICENSING

• Ericsson has filed a patent infringement action against Samsung after it refused to sign a license agreement on FRAND (Fair, Reasonable and Non-Discriminatory) terms, despite two years of negotiations.

• Ericsson believes it must take action to support a crucial system for technology sharing that has helped create today’s mass market communications industry.

Ericsson (NASDAQ:ERIC) has today filed a lawsuit in the United States against Samsung for infringing its patents, after nearly two years of negotiations failed to reach an agreement.

The dispute concerns both Ericsson’s patented technology that is essential to several telecommunications and networking standards used by Samsung’s products as well as other of Ericsson’s patented inventions that are frequently implemented in wireless and consumer electronics products. Ericsson has concluded that it has no option other than legal action after negotiations have not been successful since Samsung has refused to take a license on FRAND terms.

Ericsson helped to create the mobile telephone system by contributing hundreds of its inventions to the standard in exchange for a fair royalty. To date, Ericsson has signed more than 100 license agreements with all major players in the industry.

In 2011 alone, Ericsson spent SEK 32.6 b. (USD 5.0 b.) on research and development. This has resulted in hundreds of patented inventions that are essential to the standards that drive global communications, such as GSM, GPRS, EDGE, WCDMA, LTE and 802.11 as well as many other patented inventions that are widely implemented in most popular wireless and consumer electronics products. Ericsson holds one of the strongest patent portfolios in the industry with more than 30,000 patents worldwide.

Ericsson is committed to licensing its standard-essential patents on Fair, Reasonable and Non-Discriminatory (FRAND) terms for the benefit of the industry. It believes that FRAND licensing strikes the appropriate balance between incentivizing companies to contribute technology to open standards and maintaining the overall royalty rates at a reasonable level to allow new entrants access to the market.

*By the end of 2012 there will be approximately 6.6 billion mobile subscriptions in the world. The sharing of technology in the telecom industry is one of the main drivers behind this.
development. The telecom ecosystem builds on fair and reasonable terms that have created an attractive global mass market for mobility and broadband with Ericsson as a main contributor*, says Kasim Alfalahi, Chief Intellectual Property Officer at Ericsson.

The rapid growth of mobile devices and subscriptions is driven by strong R&D investments and sharing of technology by leading industry players such as Ericsson.

Other companies that wish to use technology invented by Ericsson need a license to do so. These license agreements have helped create today’s highly successful global communications industry by driving scale and creating low barriers of entry to new players.

The industry’s eco-system functions on mutual respect and shared commercial interests. Ericsson is fully committed to supporting this system and the basis of trust that underlies it.

Legal background

Despite nearly two years of negotiations involving the most senior management of both companies, Samsung refused to renew its license to Ericsson's industry leading portfolio of telecommunications patents on the same (“FRAND”) terms that its competitors have previously accepted.

Samsung previously licensed Ericsson’s patents in 2001 and renewed in 2007, but its license has now expired. Ericsson has extended an offer to Samsung to renew the license during negotiations that have lasted nearly two years. These negotiations have not been successful since Samsung has refused to take a license on FRAND terms.

“Ericsson has over 30,000 patents and more than 100 license agreements with all major players in the industry. Ericsson has tried long and hard to amicably come to an agreement with Samsung and to sign a license agreement on FRAND terms. We have turned to litigation as a last resort,” Mr Alfalahi said.

The complaint is filed in the District Court for the Eastern District of Texas, USA, which is the district where Ericsson’s US headquarters is located.

NOTES TO EDITORS

Photos of Kasim Alfalahi attached

Download high-resolution photos and broadcast-quality video at www.ericsson.com/press

Ericsson is the world’s leading provider of communications technology and services. We are enabling the Networked Society with efficient real-time solutions that allow us all to study, work and live our lives more freely, in sustainable societies around the world.
Our offering comprises services, software and infrastructure within Information and Communications Technology for telecom operators and other industries. Today more than 40 percent of the world’s mobile traffic goes through Ericsson networks and we support customers’ networks servicing more than 2.5 billion subscribers.

We operate in 180 countries and employ more than 100,000 people. Founded in 1876, Ericsson is headquartered in Stockholm, Sweden. In 2011 the company’s net sales were SEK 226.9 billion (USD 35.0 billion). Ericsson is listed on NASDAQ OMX, Stockholm and NASDAQ, New York stock exchanges.

www.ericsson.com
www.twitter.com/ericssonpress
www.facebook.com/ericsson
www.youtube.com/ericssonpress

FOR FURTHER INFORMATION, PLEASE CONTACT

Ericsson Corporate Public & Media Relations
Phone: +46 10 719 69 92
E-mail: media.relations@ericsson.com

Ericsson Investor Relations
Phone: +46 10 719 00 00
E-mail: investor.relations@ericsson.com