

Duplicate Royalty Implementation Process

HEVC Advance and its Licensors have issued the Duplicate Royalty Policy to address and resolve the issue of duplicate royalties that may arise with certain HEVC Advance Licensees due to multiple program licenses, such as exists with HEVC Advance and MPEG LA's HEVC licensing programs. The HEVC Advance process to implement this Duplicate Royalty Policy is as follows:

Implementation Steps

Step 1: The Licensee makes a written request for reimbursement of duplicate royalties to the applicable Licensor(s) and/or HEVC Advance (in which case HEVC Advance will forward the request to the applicable Licensor(s)), or the Licensor makes a written request to the Licensing Administrator for reimbursement of duplicate royalties to designated Licensees. HEVC Advance will only act on a request by a Licensor to provide reimbursement to a Licensee providing the Licensee has agreed.

Step 2: Each applicable Licensor will then confirm that a duplicate royalty situation exists. The Licensor will then decide the basis upon which a reimbursement will be made. That is, each Licensor will decide whether to return (a) the duplicate amount (net distribution) received by the Licensor from HEVC Advance, (b) the duplicate amount (net distribution) received by the Licensor from another patent pool or joint licensing program, or (c) some other amount as the Licensor and Licensee may agree.

Step 3: The Licensor will then decide whether to provide the duplicate royalty reimbursement to the Licensee either (a) directly, (b) through another patent pool or joint licensing program, or (c) through HEVC Advance, and advise the Licensee and HEVC Advance of said decision.

Step 4: If the Licensor decides to provide the reimbursement through HEVC Advance, then the Licensor will advise HEVC Advance of its Step 2 decision. HEVC Advance will thereupon advise the Licensee and take such reasonable and necessary steps to determine the applicable amount to be reimbursed pursuant to the Licensor's decision. This would include, as required, contacting the Licensor and/or Licensee and obtaining such information necessary to determine the amount of reimbursement.

Step 5: HEVC Advance will thereupon make any necessary invoice adjustments and issue such adjusted invoice to the Licensee.

Additional Information

Note 1: No deductions unless authorized: Licensees may not take any deduction to invoices unless specifically authorized by HEVC Advance (in which case the deduction will be reflected in the invoice provided by HEVC Advance). Any instruction relating to duplicate royalty payments that involve the HEVC Advance program must be made by the Licensor to HEVC Advance which will then advise the Licensee and make appropriate invoice adjustments.

Note 2: Royalties for on-going sales: Reimbursement of duplicate royalties for on-going sales will normally be made via a credit to royalties due in the current sales/reporting period providing Licensing Administrator has received all necessary information on a timely basis prior to scheduled invoice issuance. Otherwise, reimbursement will be made via a credit to royalties due in the subsequent sales/reporting period. For instance, if a Licensee makes a written request for reimbursement of duplicate royalties in the first quarter of 2020, and Licensor authorizes the return of duplicate royalty payments to such Licensee by HEVC Advance but all necessary information is not available on a timely basis, then for the Licensee's first quarter royalty report HEVC Advance will determine the duplicate royalty amount (per the Licensor's instructions) for the first quarter and provide a credit on the invoice for Licensee's subsequent second quarter royalty report.

Note 3: Royalties for past sales (prior to PPL effectivity): Reimbursement of duplicate royalties in relation to a Licensee's past sales will be handled on a case-by-case basis, normally with a deduction in the initial invoice covering the past sales period and not as a credit against future invoices as described in Note 2 above.

Note 4: Requests must be made in advance: HEVC Advance will not act on requests for reimbursement by a Licensee after invoice issuance by HEVC Advance for any applicable sales/reporting period, unless otherwise agreed to by HEVC Advance in its sole discretion.

Note 5: Limitation on reimbursement amount: The maximum amount of royalties that HEVC Advance will deduct or credit for any Licensee on any invoice covering any sales/reporting period is the applicable Licensor's portion of actual net royalty collections the Licensor would receive from Licensee's royalty payments to HEVC Advance for such sales/reporting period.

Note 6: Right to modify/terminate: The provisions of the Duplicate Royalty Policy shall also apply as applicable to this Duplicate Royalty Implementation Process, including the right to modify and/or terminate the Duplicate Royalty Policy and this Implementation Process, in whole or in part, at any time and for any period without prior notice at the sole discretion of HEVC Advance.