

# SAMSys Signs Up for Intermec IP License

The reader maker says being the first RFID technology vendor to license Intermec's RFID patents gives it a competitive advantage.

By Mark Roberti

June 2, 2005—[SAMSys Technologies](#), a Richmond Hill, Ont.-based maker of multifrequency, multiprotocol readers, has become the first provider of RFID technology to join [Intermec Technologies'](#) Rapid Start RFID intellectual property licensing program, which was unveiled last month (see [Announces Licensing Plan](#)).

Under the plan, SAMSys pays an undisclosed flat fee, plus a royalty of 2.5 to 7.5 percent, to license the Fixed RFID Reader and Fixed RFID Printer Portfolio, one of four portfolios of RFID patents owned by Intermec. The agreement allows SAMSys to manufacture products that use technologies for which Intermec holds the patents.

SAMSys CEO Cliff Horwitz says the deal reduces concerns SAMSys' value-added resellers (VARs) and customers have, and it positions the company in the marketplace. "We're under pressure from our customers and our VARs to give them comfort that they can buy product from us without worrying about intellectual property issues," he says. "This is the commercial reality. We have to provide the indemnity [for our VARs and customers], so we have to know what we are indemnifying."

One concern SAMSys had about joining the licensing program was that it would change in the future and companies signing on later would pay less. Horwitz says its licensing agreement has provisions that protect SAMSys from being put at a competitive disadvantage because others are paying a lower royalty rate.

SAMSys is also cross-licensing some of its reader patents to Intermec, which means it will pay a lower royalty to Intermec than companies that don't cross-license their patents. Horwitz says SAMSys will not charge more for its readers because of the royalties. Instead, it will work with its contract manufacturers to try to reduce manufacturing costs to offset the royalty fees.

"The bottom line is we got a good deal, and we're not going to add royalties into the price," he says. "This puts us at a competitive advantage because our customers and VARs won't have to pay more for our hardware, and this arrangement with Intermec gives them peace of mind."

SAMSys is the first company to join Rapid Start program, and its participation gives credibility to Intermec's claims that its patents are necessary to build readers that perform up to the needs of end users. "This program will spur the adoption of RFID by clearly indicating to the end-user customer market which vendors and manufacturers are licensed to provide RFID products without concerns of IP infringement," says Mike Wills, Intermec's VP of global services and RFID technologies.

Companies can join Intermec's Rapid Start licensing program through Aug. 31, 2005. After that, says Intermec, it will only offer individual patents. Licenses for those patents will be offered on a reasonable and nondiscriminatory (RAND) basis—primarily as part of the ongoing ISO 18000-6C standards-setting

activities—but at less favorable rates and terms.

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