

19 Firms Join Intermec Licensing Program

A number of major RFID vendors will license portfolios of IP, but several have declined to sign up.

By Mary Catherine O'Connor

Sept. 7, 2005—[Intermec Technologies](#) has released the names of all companies participating in its RFID Rapid Start Licensing Program, which the Everett, Wash., RFID hardware manufacturer deployed as a means of providing licensing access to Intermec's more than 145 RFID-related patents.

Nineteen RFID technology companies have joined the program. [Symbol Technologies](#), a Holtsville, N.Y., manufacturer of RFID tags and interrogators (readers), joined as part of its settlement with Intermec in a major legal battle over IP (see [Intermec, Symbol Reach Major Agreement](#)). Canadian RFID reader manufacturer [SAMSys](#) and label printer-encoder maker [Zebra Technologies](#) both announced their memberships this summer (see [SAMSys Signs Up for Intermec IP License](#) and [Zebra, Intermec Cross-Licensing IP](#)).

The 16 other enrollees are [Accu-Sort](#), [Applied Wireless Identifications Group \(AWID\)](#), [Avery Dennison](#), [Datamax](#), [EM Micro](#), [Feig Electronics](#), [Hand Held Products](#), [LXE](#), [Metrologic](#), [Paxar](#), [PSC](#), [Psion Teklogix](#), [SATO](#), [Texas Instruments](#), [ThingMagic](#) and [Toppan Printing](#).

"We're pleased with the outcome of the program," Intermec president Tom Miller told *RFID Journal*. "It was our objective from day one to have multiple suppliers of RFID technology licensed under Intermec. Customers want choices, and there are multiple suppliers. Gen 2 products are going to start coming to market, and customers would have started asking their suppliers if their products were licensed by Intermec, so we wanted to clear that up. It would not be fair for us to hold our technology captive."

Several other major RFID hardware vendors, however, have not joined the Rapid Start program, including [Alien Technology](#) and [Impinj](#).

"We didn't join the program because we don't think we use [Intermec] IP," says William Colleran, president and CEO of the Seattle-based Impinj. "And actually, we don't think many of the companies that joined the program use Intermec's IP, either. There are a handful of notable companies that haven't joined Rapid Start, and we're one of them. But we'll continue to evaluate if and when it makes sense to license technology from Intermec. Right now, we think our products have the best performance in the industry, and we don't use IP they've got."

Although Miller would not comment on companies that had not joined the program, he says nonparticipating companies that sell RFID products using Intermec's RFID IP will ultimately need to license those patents individually from Intermec on a reasonable and nondiscriminatory (RAND) basis.

By contrast, companies that have joined the Rapid Start Licensing Program have the right to use Intermec's portfolio of more than 145 Intermec RFID patents, in return for an initial fee for each of four groups of patents: RFID chips and dies, RFID tags and labels, fixed RFID readers and printers, and mobile or handheld

RFID readers and printers. Miller would not divulge this initial fee structure, but notes that each patent portfolio has its own fee. In addition, Rapid Start licensees pay royalties ranging from 2.5 to 7.5 percent of the finished product price, depending on the product category. The percentage of the royalty fee paid to Intermec varies with the complexity of the portfolio's technology, explains Miller.

"Another advantage of the Rapid Start program is that it also relieves companies of any past infringement of Intermec IP," Miller adds, "so members of the program don't have to worry about products they already have on the market."

According to Miller, Intermec hopes the Rapid Start program will help his firm move forward as companies continue to deploy products based on EPC technology and the Gen 2 standard. "It was important to get the questions about IP resolved," he says, "in terms of who is licensed and who is not, prior to Gen 2 implementations later this year. We want to focus on our own products and put less focus on IP, which has dominated much of the [news] over the past year."

So far, SAMSys, Symbol and Zebra have announced that, in addition to licensing Intermec IP, they are also licensing some of their patents to Intermec. Pursuant to the Rapid Start program, these and other companies that cross-license their IP with Intermec pay reduced royalties to use Intermec IP.

Companies were given from June 1 to Aug. 31 to join the Rapid Start program. Now that the 90-day window has closed, Intermec will not be accepting any new participants.

Earlier this month, a group of RFID vendors announced the formation of an RFID IP consortium (see [RFID Vendors to Launch Patent Pool](#)). Members of the group are pooling their RFID patents and offering licenses on the pooled patents on a RAND basis. A number of the companies that joined the Rapid Start program, including Avery Dennison, AWID, Symbol, ThingMagic and Zebra, also joined the IP consortium.

The difference between the Rapid Start program and the IP consortium is that while the former provides IP licenses from only one company (Intermec), the consortium provides vendors a license to use IP from a wide number of RFID vendors. This will drive down the cost and complexity of managing IP.

Kevin Ashton, VP of marketing for ThingMagic, an RFID technology company based in Cambridge, Mass., says the IP consortium will provide a "safety net to keep the RFID industry from imploding" under the strain of patent royalty payments and infringement litigation.

Ashton says ThingMagic joined the Rapid Start program because it believes it should take any steps possible to make it easier for end users to access and use the ThingMagic Mercury4 RFID interrogators. He would not say if ThingMagic believes its products use any of Intermec's IP. However, he says, the RFID market won't be able to handle more single-vendor licensing programs like Rapid Start, because it would make licensing IP too costly for many companies, especially small ones.

"Small companies are the real innovators in this market," Ashton states, "but if the burdens around IP become too heavy, and there are too many lawsuits, those companies will withdraw from the market."

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