

RFID Consortium Names Patent-Pool Administrator

Via Licensing Corp. will operate the UHF RFID licensing program; the consortium now needs to appoint a consultant to review patent submissions.

By Mary Catherine O'Connor

Sept. 7, 2006—The RFID Consortium, a group formed last summer to address the intellectual property (IP) licensing needs of RFID technology vendors, says it has hired Via Licensing Corp., a company specializing in administering licensing programs on behalf of third-party organizations. Via Licensing will administer the consortium's ultrahigh-frequency (UHF) RFID patent-licensing program, which the group is establishing to enable parties that believe they hold essential RFID patents to earn royalties on those patents (see RFID Vendors to Launch Patent Pool). Via Licensing has administered similar patent pools, and its staff has expertise in IP law, technology standardization, strategic business development and program administration.

The selection of Via Licensing as an administrator is an important first step in the process of getting the consortium up and running, says Kevin Ashton, a spokesperson for the RFID Consortium and vice president of marketing for RFID reader maker ThingMagic. As administrator, Via Licensing will manage the RFID licensing program, establish the RFID Consortium as a limited-liability corporation and assist patent holders in joining the patent pool. Tony McQuinn, director of licensing programs and business development for Via Licensing, will manage the program.

The group's next important step will be to contract an independent, third-party consultant and issue an open call for patent submissions for all parties believing they hold patents essential to the deployment of UHF RFID technology. The consultant will review each patent to determine whether it is essential to standards for UHF air-interface RFID protocols. Submitting parties can either be individuals or companies and do not have to be consortium members. Once these steps have been taken, the U.S. Department of Justice will review the patent pool and the RFID Consortium to ensure its arrangement does not threaten any antitrust laws. After these steps are complete, Via Licensing can then begin working with the patent holders and potential licensees to establish licensing arrangements.

"Patent pools are not a new idea," says Ashton. "They've been used again and again in different industries." He points to the DVD industry as an example of an effective patent pool and joint-licensing program. "The fact that you can buy a DVD player for \$29 at Wal-Mart today," he says, is a testament to the pool's impact. Patent pools encourage greater adoption of standards, he contends, which can lead to lower-cost goods. "Without such a joint license, the process of providing and obtaining necessary licenses would be more cumbersome and expensive for all parties. That \$29 price includes royalties being paid by the patent pool to all the appropriate patent holders," says Ashton.

"By administering the licensing of intellectual property," says Jason Johnson, director of licensing and business development for Via Licensing, his firm lowers the cost associated with IP, both for the patent owners and for the licensees. "And we would expect that, in most cases, lower costs for the manufacturer lead

to a lower cost of products." Via Licensing will earn a transaction fee for each royalty payment it collects on behalf of patent owners.

Major RFID technology vendors Intermec, Symbol and Alien Technology have all been involved in lawsuits over IP in recent years, though a number of those lawsuits have since been resolved (see Intermec, Symbol Resolve Outstanding IP Disputes. RFID World, a company that claims to own several RFID-related patents and is not a member of the RFID Consortium, is suing Wal-Mart and other retailers (see Patent Holder Sues Wal-Mart, Others). The company claims the retailers use an inventory-control system utilizing its RFID technology, and that such use infringes at least one of its patents.

Johnson says that within other technology industries with contentious IP landscapes, he knows of no instances of a patent holder suing an end user of a given technology rather than a manufacturer of a product using that technology. On the contrary, he says, other patent pools Via Licensing has administered—such as one for the use of Wi-Fi devices based on the IEEE's 802.11 standard—have led to a decrease of lawsuits generated by companies that believe they own patents essential to the technology.

Via Licensing is also administering a patent pool for the near-field communications (NFC) standard for close-range data sharing between high-frequency RFID tags and readers compliant with the ISO 21481 and ISO 18092 standards. Via Licensing is a wholly owned subsidiary of Dolby Laboratories.

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