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New Research Compiles Public Data Regarding Patent Royalties on Smartphones

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The smartphone industry has seen a high volume of patent litigation over the past few years, which has highlighted the interplay among patent law, competition law and the marketplace itself. This has drawn the attention of not only courts and litigants, but also regulators, standard-setting organizations and academics. An important informational resource was lacking, however: a comprehensive study of patent royalties on smartphones.

A new working paper released today, "The Smartphone Royalty Stack: Surveying Royalty Demands for the Components within Modern Smartphones," attempts to fill that gap. The report, co-authored by WilmerHale intellectual property litigators Joe Mueller and Tim Syrett and Intel Vice President and Associate General Counsel Ann Armstrong, utilizes publicly available information to detail US patent royalty costs across smartphone components from wireless technologies to operating systems to user interfaces to outer-product design.

"Using entirely public resources, we've attempted to provide a detailed, holistic picture of the royalty landscape for smartphones," stated Mueller. "This data provides concrete evidence to inform discussions and analysis of the 'royalty stack' on such devices."

The paper canvasses royalties on both product-differentiating technologies and standardized functions. As for the latter, Armstrong observed that "in policy debates regarding the implications of commitments to license standard-essential patents on fair, reasonable and non-discriminatory terms (FRAND), some decision-makers have expressed a desire for more hard data as to the real-world royalties being sought and obtained." Armstrong emphasized that "within the constraint of using public information, we've done our best to provide that data, to facilitate legal and policy discussions regarding the appropriate legal and business principles for determining reasonable royalty rates."

Syrett noted, "We intend to submit this piece for publication in a journal, but want to make the data available now. This will allow for immediate review and use by others, and to the extent that we receive comments and suggestions, we will consider those and determine whether we can refine the data in the final version of the paper. Our overarching goal is to provide a credible and comprehensive informational resource."

Read the working paper. (Chinese translation also available.)

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