



**PHILIPS**

Veeza

Make licensing work  
for your business



## Unfair competition threatens the industry

- Companies that do not pay all royalties due, undercut the price charged by licensees to their customers
- Dishonest companies compete using royalty evasion schemes instead of competing on quality, manufacturing skills, and logistics excellence
- This creates unfair competition for honest licensees

## A new approach

### Make it easy to recognize products

- for customs
- for traders / importers
- for retailers

Participating in Veeza is simple

Circumventing Veeza is easy recognizable



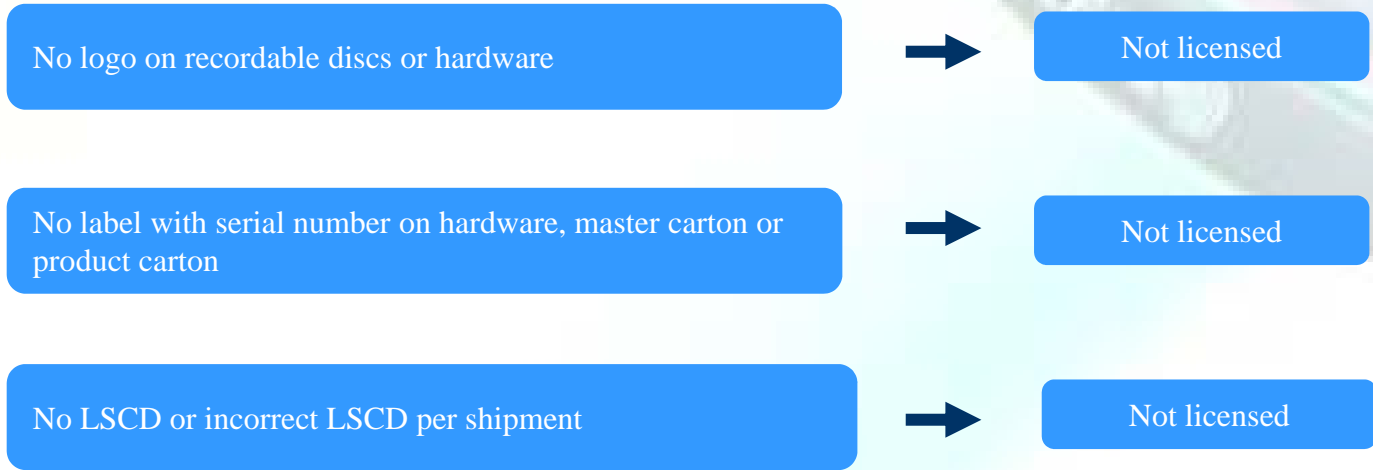
## Veeza is simple for manufacturers

- Put the registration **logo** on all discs/  
hardware and master/product cartons
- Place a serial number **label** on  
all master/product cartons
- Obtain an **LSCD** for every shipment
- LSCD requests are fully automated



# Veeza is simple when buying direct from a Registered Manufacturer

It is easy to identify that discs or hardware are licensed under Veeza!



## Veeza is difficult to circumvent

- Veeza is sophisticated
  - rights and obligations described in great detail
- Circumvention is immediately apparent
- Compliance is simple

## Veeza makes sense: reduced cost and improved margins

- Licensed goods improve the business climate - for both manufacturers and traders – with a positive result to:
  - Cost-effective production of quality products
  - Effective distribution



# **Veeza – at a glance**

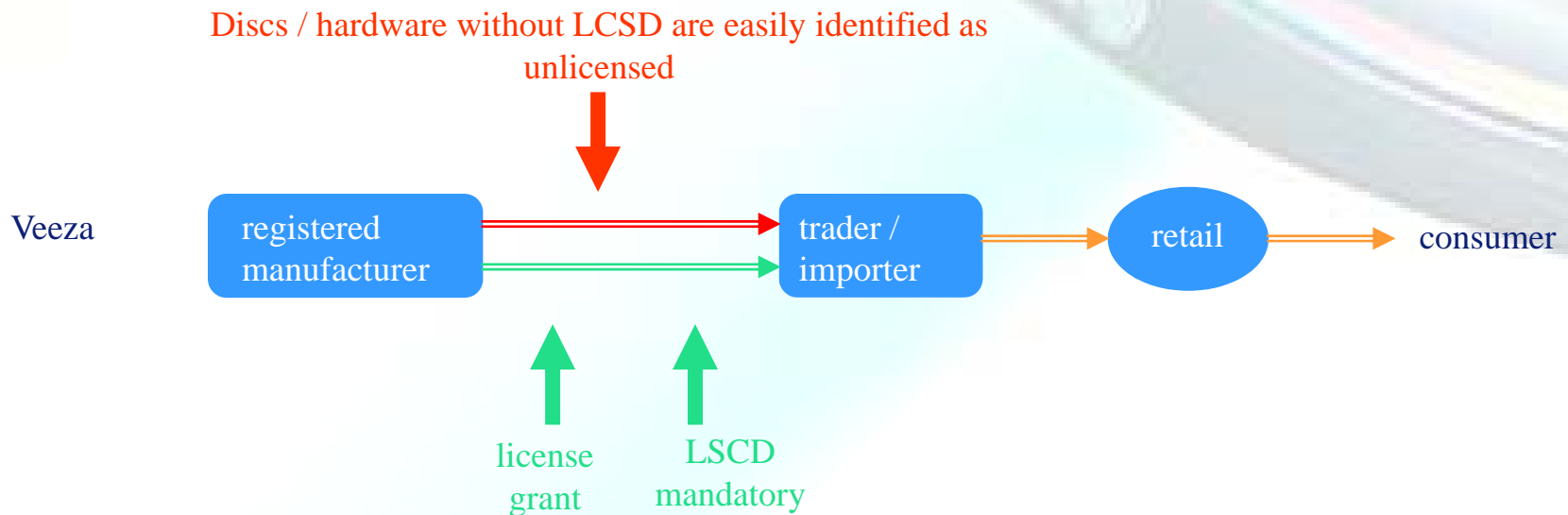
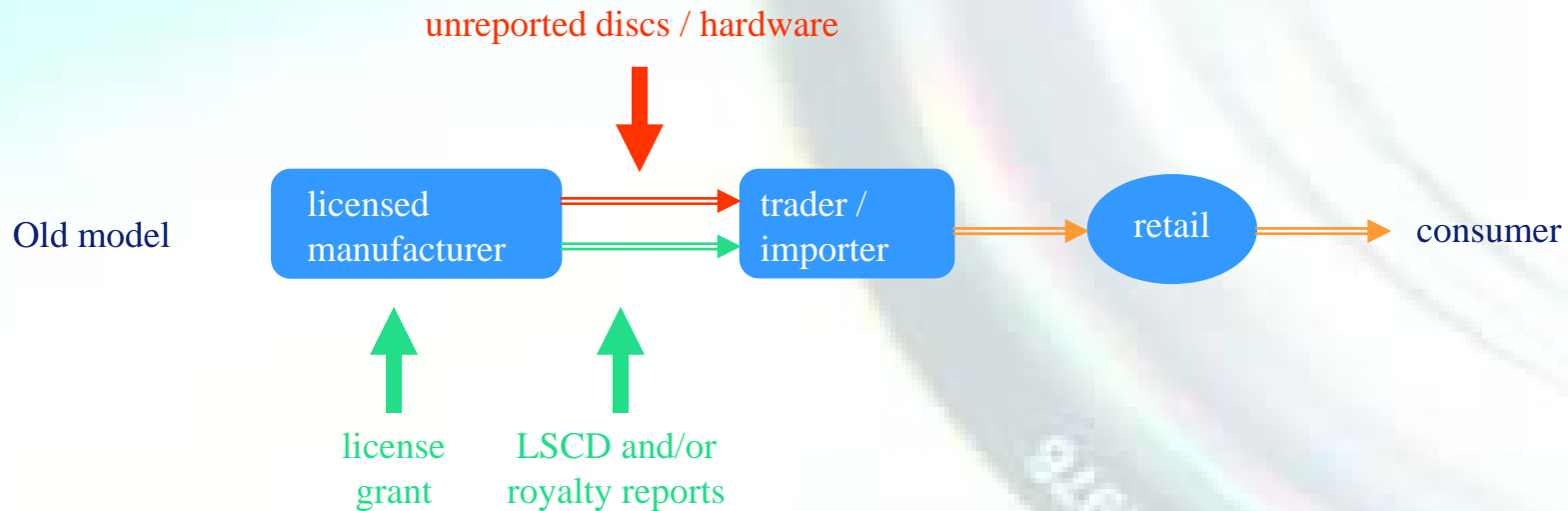
## Topics

- (1) Licensed shipments instead of companies
- (2) A mandatory logo for discs and hardware
- (3) Recognizing products that were imported with an LSCD
- (4) Proving the licensed status throughout the supply chain
- (5) High-volume traders can become 'Registered Traders'
- (6) Territories
- (7) Working with Associated Companies
- (8) Obtaining LSCDs

## (1) Licensed shipments instead of companies

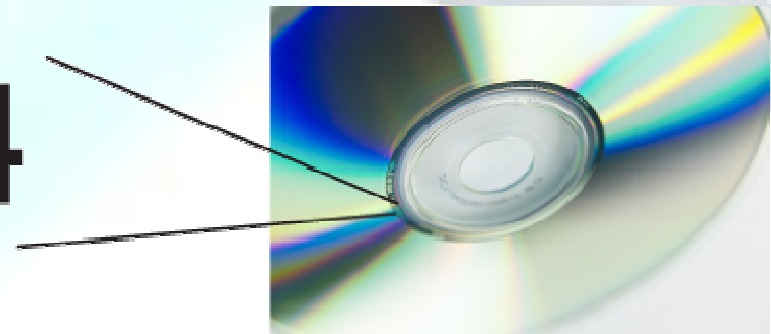
- Old model:
  - Difficult for traders and retailers to determine whether:
    - products are reported;
    - royalties on discs or hardware are paid,
    - and therefore whether products are licensed
- With Veeza:
  - Veeza-registered Manufacturers must obtain a separate license for each shipment
  - the ‘Licensed Status Confirmation Document’ (LSCD) becomes the proof that a shipment from a Registered Manufacturer is licensed
  - Registered Manufacturers and (Web) Registered Traders will be listed on the Philips website

# Comparison between old and new model

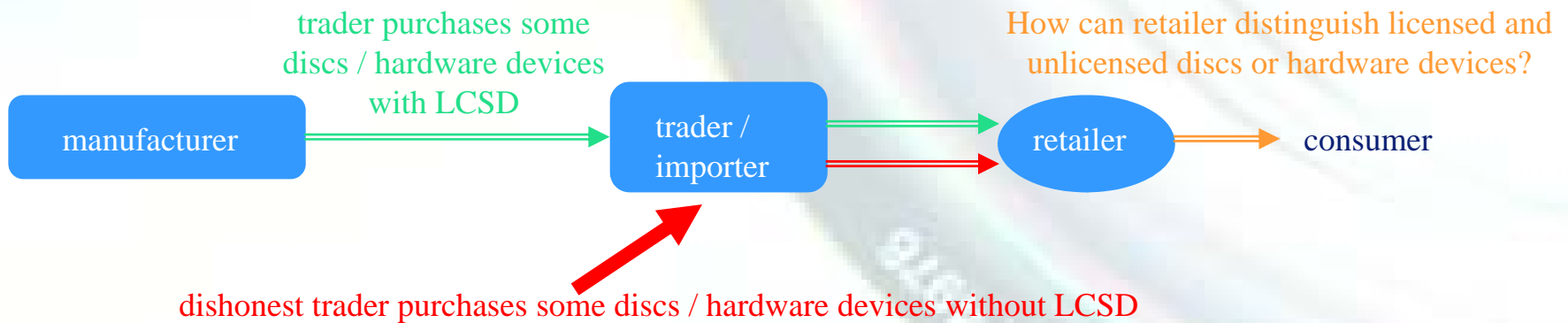


## (2) A mandatory logo for licensed discs/ hardware

- Registered Manufacturers must put a small logo on each disc and hardware device (the Registration Logo)
  - recorded in the stamper (no cost);
  - combined with registration number of the manufacturing plant;



## (3) Recognizing discs / hardware devices that were imported with an LSCD



The discs or hardware devices have a mark that identifies products imported with an LSCD: the Registration Logo

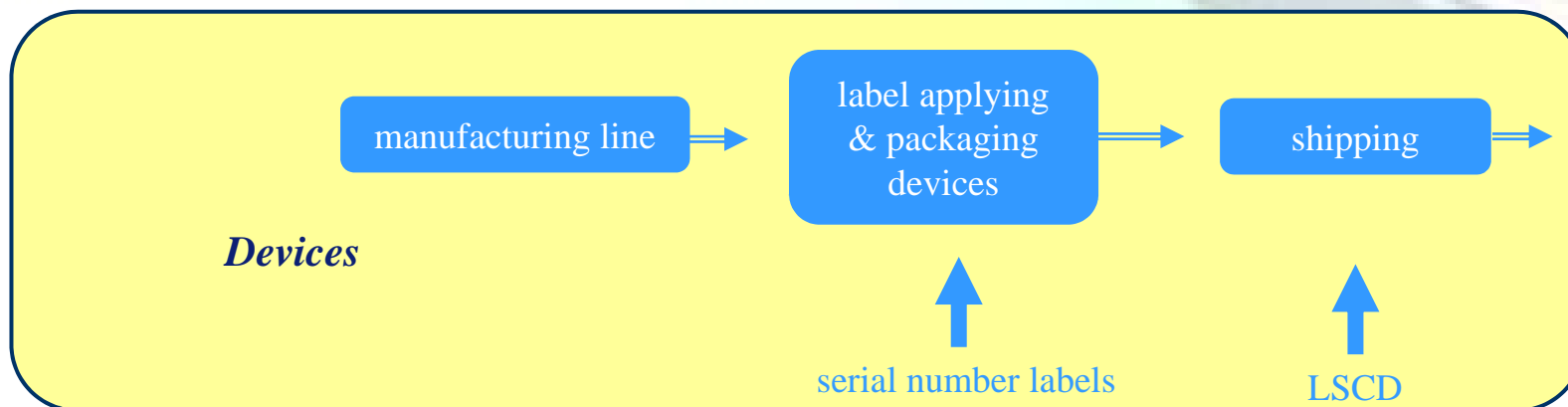
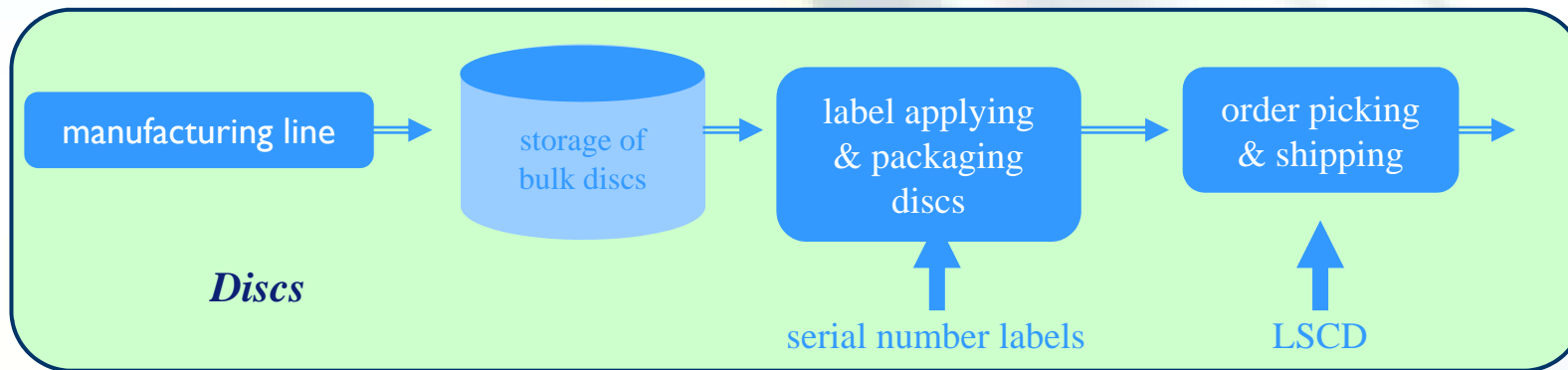
## Serial Number labels

- A label with a barcode
- Contains anti-counterfeiting marks, like a bank note
- Labels will be sold to registered manufacturers
  - approximately 0.10 USD per label suitable for one mastercarton with discs



# LSCD and Serial Number Label application

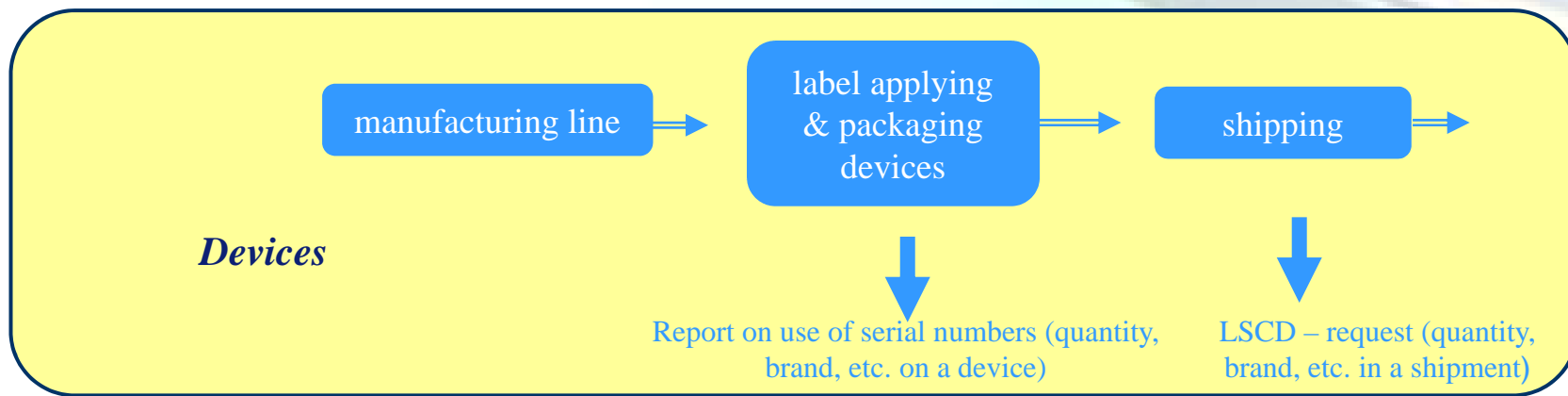
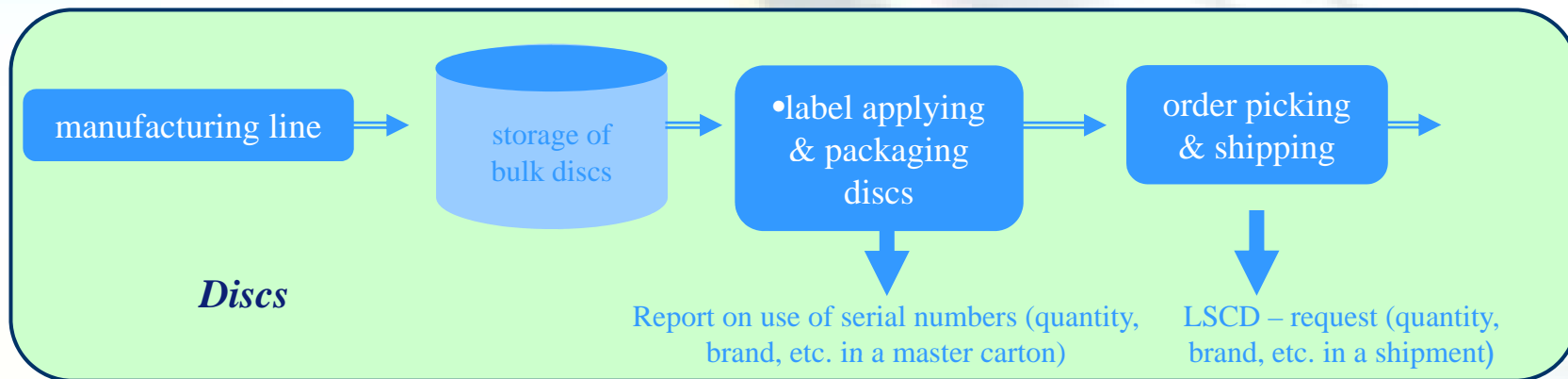
LSCD and Serial Number Labels are needed in different steps of the manufacturing operation



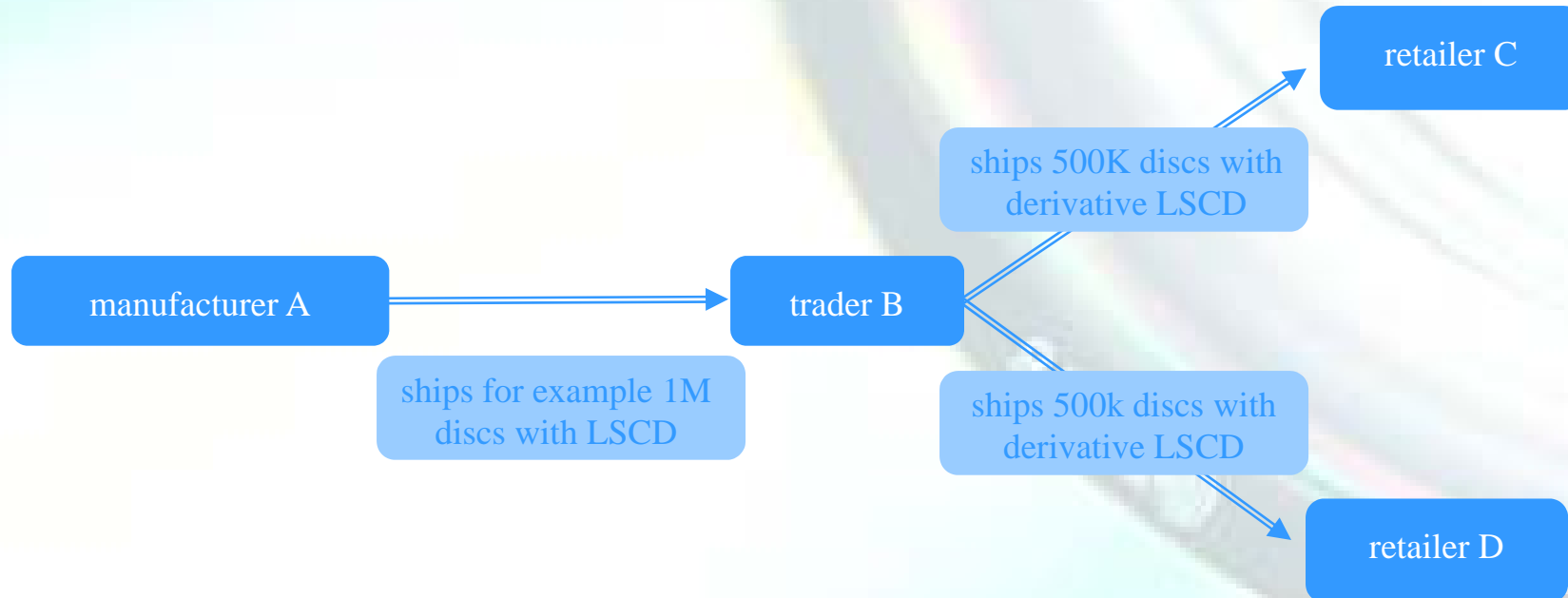


# Reporting Serial Numbers

- Serial Numbers are reported after packaging
- The Serial Number need not appear on the LSCD



## (4) Proving the licensed status throughout the supply chain: the derivative LSCD



Traders can prove to their customers that discs are licensed by obtaining a ‘derivative LSCD’ from Philips

## (5) High-volume traders can become ‘Registered Traders’

- High-volume traders can become Registered Traders
  - this allows them to pay royalties instead of the manufacturer
- Benefits
  - secure their business and logistics chain
    - avoid disruption when a supplier cannot obtain an LSCD
    - avoid disruption when a supplier’s registration agreement is terminated
  - can obtain derivative LSCDs
  - can obtain serial number labels for re-packaging into other master cartons

## Other traders can become ‘Web-Registered Traders’

- Register by filling in a web-form and clicking on the ‘I agree’ button
  - valid e-mail and business address required
- Can obtain a derivative LSCD, but only for discs or devices that were obtained with an LSCD that identifies this Web-Registered Trader as the recipient
- Cannot obtain serial number labels for re-packaging discs in new master cartons or extra serial number labels for devices

## (6) Territories

- The license granted with the LSCD is only for the country of manufacture and the country of destination of the shipment
- New LSCD can be obtained for import into additional countries
  - no additional royalty payments for such LSCDs

## Expiry of the last essential patent

- The Registration Agreement terminates when the last essential patent expires in the country of registration
- Philips will offer the Registration Agreement for Manufacturers in Non-Patent Countries

## Non-patent countries

- **Manufacturers in Non-Patent Countries:**
  - offered a ‘Registration Agreement for Manufacturers in Non-Patent Countries’
  - pay royalties for the percentage of total production that it is estimated by the parties will end up in patent countries
  - this percentage is agreed between the parties, and may be re-negotiated, on the basis of market data
  - must put the registration logo on all discs
  - must obtain an LSCD for all shipments

## (7) Working with Associated Companies

- Associated Companies are treated as independent entities
- Registered Manufacturer must obtain an LSCD when shipping discs to an Associated Company



## (8) Obtaining LSCDs

- The LSCD is obtained by filling in a form on the Philips website
- Reduction of input by:
  - Automatic population of input with preset
  - Optionally copies of the LSCD directly to your customer
  - Handling of the payment negotiation if the recipient can settle the license fee

## Data in the Application Form

- Product identification
- Quantity information
- Customer / recipient information
- Shipment information
- Security

A close-up, profile view of a man with dark hair, wearing a white dress shirt and a red tie. He is looking intently at a CD that he is holding with both hands. The CD is held in a way that its surface reflects light, creating a rainbow spectrum of colors. The background is a bright, out-of-focus window with a grid pattern.

**PHILIPS**

**Veeza**

Your passport to the  
market.



April 2009