

Brussels, 9 October 2000

Commission approves a patent licensing programme to implement the DVD standard

The European Commission has approved an agreement whereby some of the companies that developed the DVD (Digital Versatile Disc) technology will pool their respective patents. The agreement will allow interested manufacturers to obtain a licence for all necessary DVD patents rapidly, leading to lower administration and transactions which ought to benefit also the consumer. The parties to the agreements are Hitachi Ltd, Matsushita Electric Industrial Co Ltd, Mitsubishi Electric Corp, Time Warner Inc and Toshiba Corp.

The agreement consists of a 'Patent Pool' for patents covering applications of DVD technology. A DVD is the same size as a compact disc, but with more than seven times its capacity. By using compression technology, a DVD disc can store video and audio signals, as well as computer data and software allowing a single DVD-Video disc to hold a two-hour feature film. Certain holders of essential patents¹ have agreed to license their patents through a single non-exclusive and non-discriminatory license programme to be administered by Toshiba Corporation of Tokyo, Japan.

The companies submitted the agreement to the Commission in May 1999. The investigation carried out by the Commission's competition services found that this patent pool would help promote technical and economic progress by allowing quick and efficient introduction of the DVD technology. It was also found that the agreement does not contain unnecessary or excessive restrictions on competition. Therefore, the Competition Directorate General considers that the pool has beneficial effects for the consumer. An administrative ("comfort") letter under Article 81(3) of the EC Treaty has cleared the programme.

The DVD technology was jointly developed by a consortium of ten companies, which also include Philips, Sony, Pioneer and Thomson. The first three have also pooled their patents, while Thomson has apparently decided to licence its patents alone.

Further details of the notification of the DVD Licensing Programme were published in the Official Journal of the European Communities on 27 August 1999 (OJ C 242, 27.8. 1999, p. 5).

¹

Hitachi, Ltd.- Matsushita Electric Industrial Co., Ltd. - Mitsubishi Electric Corporation
- Time Warner Inc. - Toshiba Corporation and Victor Company of Japan, Limited.