



The 1% royalty rate would be replaced by a 0.05% royalty rate on net sales, presumably on base stations or a significant component of base stations. This is based on net sales when annual sales using the IP exceeds \$20MM with a royalty cap of \$5MM.

Option A2

A milestone payment of \$1MM would be due on first commercial sale and there would be no royalty payments.

As you evaluate these two options, it would be valuable to understand what Huawei's sponsored research interests are beyond this specific project. If Huawei and the University are able to reach agreement on this project, does Huawei have plans for a longer term engagement with the University?

Thank you.

Best,

Eric

On Wed, May 18, 2016 at 8:01 PM, Fanbingyan <[fanbingyan@](mailto:fanbingyan@)> wrote:

Dear Mr. Eric Olson and Ms. Foss:

Thanks for spending time to discuss the IP issue with us yesterday.

On the meeting last night (Shang Hai), we gave our requirement statement. Here I list them again

1. IPR owned by Hua Wei we know it may be difficult, but still seeking solutions.
2. Jointly ownership depend on who has taken effort on the results, maybe use Option B
3. remove 1% royalties fee on net sales in OPTION A two change can be taken, percentage change or onetime fee, both depending on the IP usage and impact

**Comments:** the invention arising from the research project (2 or 3 inventions maybe) is the tip of iceberg in the future product, and it's only used in the base station of the communication system. The income of the product is due to thousands developer's effort including both intelligent and physical work, so too much assignment fee is inappropriate.

But university can still evaluate and give us a price, if need more specification about the IP usage and impact, we could discuss more deeply.

4. Royalty free license to use the background IPR separately consideration (not certain)

**Comments:** We use the background IPR incorporate in the deliverables, solely for the purpose of carrying out the development work or using the deliverables.

Other questions In Option A, the term "sponsor is free to sublicense / cross license", Does this mean Huawei can license other company?

Since we did not get the letter we asked for about the alternative in detail, could you please write for us?

If some of the comments were wrong, Mr. Eric Olson and Ms. Foss please correct me, thanks!

Best regards,

Fan Bingyan

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Fan Bingyan



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