



# SEP Licensing Abuse:

## A Growing Threat to the Streaming Economy



Streaming services rely on collaboratively developed industry standards to seamlessly deliver high-quality content across devices, networks and platforms. These technical standards — covering video and audio compression, decoding and transmission — enable global reach and interoperability across the streaming ecosystem. But recently, some standard-essential patent (SEP) owners have reneged on their voluntarily offered commitment to license their patents on fair, reasonable and nondiscriminatory (FRAND) terms, harming innovation and competition.

### SEP HOLD-UP IN MOTION



#### STANDARDS PARTICIPATION & INDUSTRY LOCK-IN

Many streaming-related SEPs address standardized core technologies. Streaming companies cannot design around these patents without becoming incompatible with the global ecosystem, making them uniquely vulnerable to hold-up and coercive licensing tactics.



#### BAD ACTORS RENEGE ON THEIR FRAND COMMITMENT

Abusive SEP holders falsely assert certain patents are not subject to their previously offered FRAND commitment or demand royalties based on the value of the entire streaming service or subscription, rather than the narrow technical contribution of a core function (e.g. decoding).



#### GLOBAL PRESSURE

By seeking injunctions, often in foreign courts, SEP holders can threaten to block access to key markets unless streaming companies agree to pay excessive, non-FRAND royalties.

### WHAT THIS MEANS FOR INNOVATION & CONSUMERS



Higher costs for consumers



Loss of competitiveness & technological innovation



Reduced investment in new streaming features



Fragmentation of global streaming markets