



EUHA

Analyst and investor meeting  
October 14, 2015



# AGENDA

1. GN's perspective on the current patent cases
2. Q&A on other relevant topics

# INTRODUCTION

- Patent cases are here to stay
- The high level of publicity on the current patent cases is, however, unusual
- GN ReSound wishes to reiterate a number of important facts and clarify its perspectives on the patent cases
- GN ReSound's firm view continues to be that it has a strong legal position and that it is unlikely that the financial impact of the patent cases will be material for GN ReSound
- Today's discussion is around the receiver-in-ear (RIE) patent cases
- Other cases between WDH and GN ReSound are:
  - The in-the-ear (ITE) case, in many ways materially equivalent to the RIE cases
  - The Danish utility model, preliminary injunction claim of Sep. 2015 by Oticon relating to ReSound LiNX<sup>2</sup> / Beltone Legend RIE form factors. The case involves sales in Denmark only
  - The two patent claims filed in Sep. 2015 by GN ReSound against Oticon in Denmark and Germany

# INTRODUCTION (CONT'D)

- Overview of the technical part of the patent cases:
  - The core of the current patent cases is Oticon's claim that some of GN ReSound's antenna designs infringe certain of Oticon's "dual use" patents
    - The patents in question relate to a specific design of wires used for both:
      - a) Receiver purposes, i.e., to transfer sound to the speaker in the hearing aid; *and*
      - b) Antenna purposes, i.e., to radiate a signal
  - Antenna designs, like other parts of a hearing aid, are continuously optimized and amended as part of normal R&D activities
  - An antenna is an important part of a hearing aid. But a specific antenna design is not critical as there are many ways of making antennas

# OVERVIEW OF RIE PATENT CASES

Denmark /  
EU

## Preliminary injunction (Verso/LiNX RIE form factors)

- Filed in April 2014. Involves sales in Denmark only, and only ReSound Verso and LiNX and equivalent Beltone products
- GN ReSound filed invalidity case at the European Patent Office (EPO) in April 2014
- The first instance court ruled in favor of GN ReSound in Jan. 2015, while the second instance court ruled in favor of Oticon in Aug. 2015
- The Danish courts have not fully tested the validity of the patent since that test is to be performed by the EPO

## Permanent injunction and damages lawsuit (RIE form factors)

- Filed in Feb. 2015. Involves sales in Denmark only of ReSound Verso, LiNX and LiNX<sup>2</sup> and equivalent Beltone products
- The court is expected to stay the case until the EPO rules on validity of the patent, expected in Feb. 2016
- The court's judgment (first instance) is expected in H2 2017 earliest

# OVERVIEW OF RIE PATENT CASES (CONT'D)

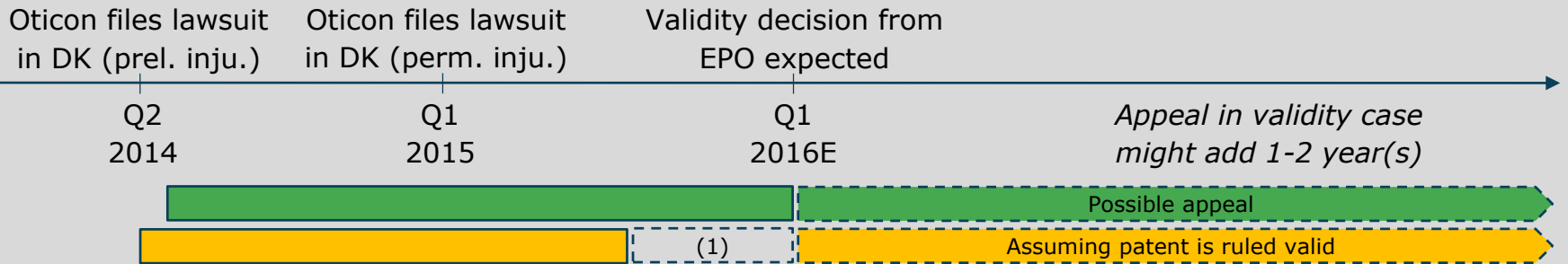
US

## Permanent injunction and damages lawsuit (RIE form factors)

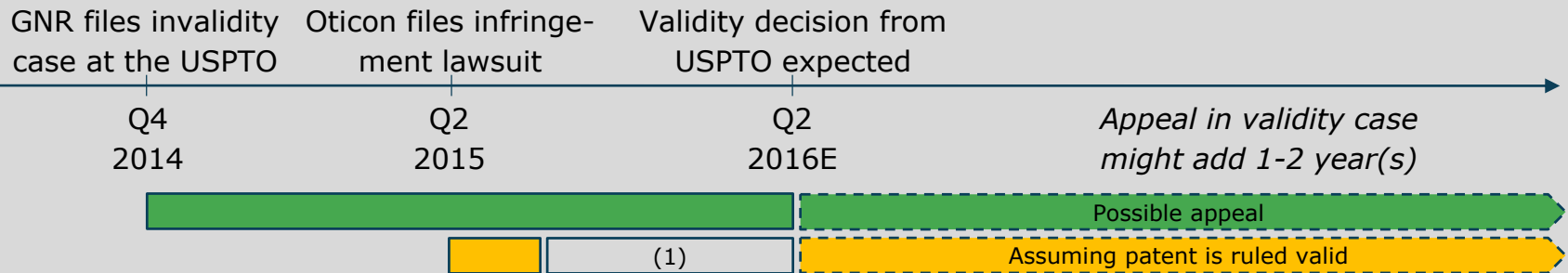
- Filed in April 2015. Involves ReSound "Verso RIE, LiNX RIE and similar products", likely with Oticon seeking to include ReSound LiNX<sup>2</sup>
- The US Patent and Trademark Office (USPTO) has initiated an invalidation process of Oticon's US patent and by doing so it has indicated that it views the patent as invalid. +75% of all patents are annulled as a result of this process
- Case is stayed by the court until the USPTO rules on the validity of the patent. USPTO's decision is expected in April 2016
- The court's judgment (first instance) is expected in H2 2017 earliest

# OVERVIEW OF RIE PATENT CASES (CONT'D)

## Oticon's "RIE antenna patent" in Europe (EP 2 076 065); filed 2007, granted 2014



## Oticon's "RIE antenna patent" in the USA (No. 8,300,863); filed 2008, granted 2014



Validity case

Infringement case

(1) Infringement case awaiting validity case

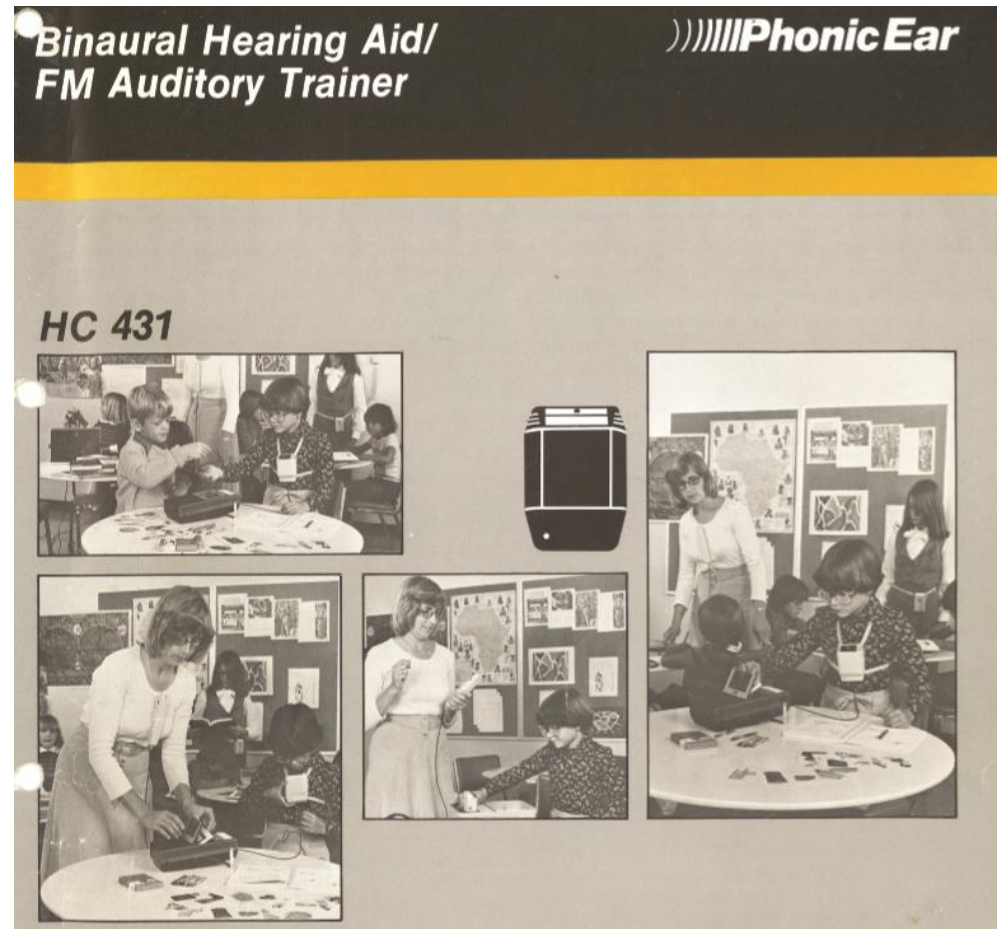
# OVERVIEW OF GN'S ASSESSMENT OF THE PATENT CASES

- 1 Invalid patents – in both EU and the USA
- 2 No infringement
- 3 Antenna designs are continuously optimized and amended
- 4 A specific antenna design is not a critical part of a hearing aid



# 1 INVALID PATENTS – IN BOTH EU AND THE USA

- Clear prior art exists
  - In the hearing aid industry, e.g., “PhonicEar” with dual use antenna design from 1977
  - And in other industries, e.g., mobile phones where headphone wires were used as FM antennas in the early 2000s

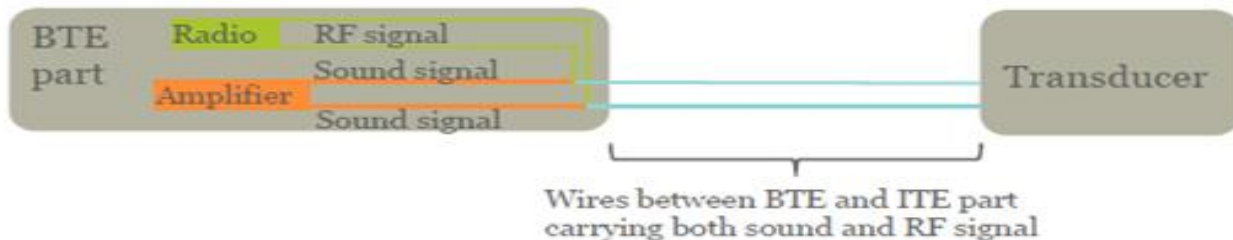


# 1 INVALID PATENTS – IN BOTH EU AND THE USA (CONT'D)

- Excerpts from the preliminary opinions:
  - The European Patent Office (EPO):
    - EPO's preliminary opinion of Aug. 13, 2015 supports GN's position: "...the OD [EPO] concurs with novelty objection raised by the OP [GN]" and "the OD is of the preliminary opinion that the inventive step objection [...] is convincing"
    - A hearing is scheduled for Feb. 2016 and a ruling is expected in Q1 2016 (appeal is possible)
  - The US Patent and Trademark Office (USPTO):
    - USPTO statements on April 29, 2015 support GN's position: "...we are persuaded that the information presented in the Petition establishes that there is a reasonable likelihood that Petitioner [GN] will prevail with respect to claims..."
    - A ruling is expected Q2 2016 (appeal is possible)

## 2 NO INFRINGEMENT

- No “dual use”
  - An antenna is designed to radiate. GN ReSound’s RIE wires are not designed to radiate. They are designed to transfer sound to the speaker and fit to the anatomy of the user’s ear. In ReSound Verso/LiNX/LiNX<sup>2</sup>, the printed circuit board (PCB) in the behind-the-ear (BTE) housing is designed to act as the antenna
- In ReSound LiNX<sup>2</sup>, it is even clearer that there is no infringement because of the three-pin wire solution, with the scope of the Oticon patent in question only relating to a two-pin wire solution
  - Solution described in Oticon’s patent:



- Solution in ReSound LiNX<sup>2</sup> and Beltone Legend:



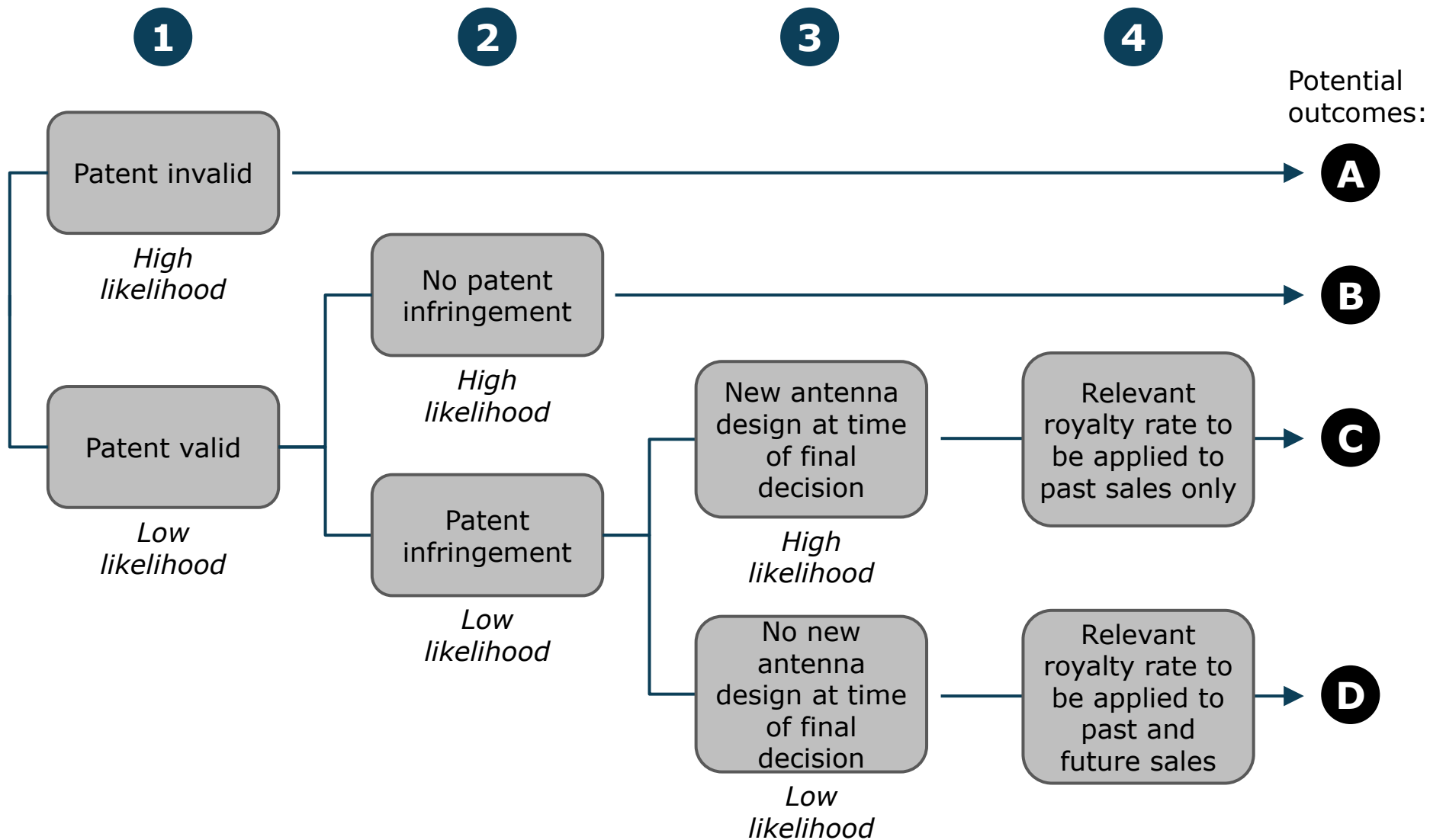
### 3 ANTENNA DESIGNS ARE CONTINUOUSLY OPTIMIZED AND AMENDED

- When developing new products, we always look at how we can make improvements
- With ReSound LiNX<sup>2</sup> we, among other things, optimized the antenna solution when our R&D department, as they continuously do, found better ways of doing things
- There are many ways of making antennas and a number of designs to choose from every time we design a new product

### 4 A SPECIFIC ANTENNA DESIGN IS NOT A CRITICAL PART OF A HEARING AID

- An antenna is important. But a *specific* antenna design is not critical

# OVERVIEW OF SCENARIOS



# SAFE HARBOR STATEMENT

The forward-looking statements in this presentation reflect the management's current expectations of certain future events and financial results. Statements regarding the future are, of course, subject to risks and uncertainties which may result in material deviations from the outlook set forth. Furthermore, some of these expectations are based on assumptions regarding future events which may prove incorrect.

Factors that may cause actual results to deviate materially from expectations include – but are not limited to – general economic developments and developments in the financial markets, technological developments, changes and amendments to legislation and regulations governing GN's markets, changes in the demand for GN's products, competition, fluctuations in sub-contractor supplies and developments in ongoing litigation (including but not limited to class action and patent infringement litigation in the United States).

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# Q&A

