

**TECHNICAL ADVISORY GROUP ON
MACHINE READABLE TRAVEL DOCUMENTS**

Fifteenth Meeting

(Montreal, 17 to 21 May 2004)

Agenda Item 3: Report of the New Technologies Working Group

IRIS PATENT ISSUES

(Presented by the New Technologies Working Group (NTWG))

1. INTRODUCTION

1.1 Iris biometric specifications are included in the Technical Report on biometric deployment as an optional feature along with fingerprints (also optional) and facial images (mandatory). There has always been concern within NTWG about the inclusion of Iris based technology in ICAO specifications while it is subject to concept patents held by Iridian Technologies.

1.2 To resolve this issue TAG/15 endorsed a proposal from NTWG to negotiate a royalty-free licence arrangement on behalf of ICAO for the use of the Iris recognition concept for the development of machine-readable technologies.

1.3 This negotiation was protracted but was completed at the end of December 2003. Copies of letters dated 22 October 2003 and 3 December 2003 detailing the offer are attached as appendices to this paper.

2. BACKGROUND

2.1 John Davies, leader of the United Kingdom Delegation, conducted the negotiations with Iridian on behalf of NTWG and ICAO. The ICAO secretariat gave assistance by detailing ICAO policy on standards involving patented technology and providing a review of the Iridian offer by ICAO staff attorneys.

2.2 The offer from Iridian Technologies has also been reviewed by the NTWG in February 2004, when it was considered sufficient to justify continued inclusion of Iris technology in ICAO specifications. The Group recognized that Iridian Technologies remains dominant in the market place. However, Iridian Technologies opens the opportunity for a supplier competition for travel document applications. There is an agreed procedure to resolve disputes arising from any terms proposed in an Iridian royalty-free licence. This was included at the recommendation of ICAO staff attorneys.

3. **ACTION REQUIRED BY THE TAG**

3.1 In light of the offer from Iridian Technologies, NTWG invites the TAG to endorse the continued inclusion of Iris biometric technology in specifications for MRTDs.

ATTACHMENT 1



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October 22, 2003

Mr. John Davies
Member, New Technologies Working Group
c/o UK Passport Service
Globe House
89 Eccleston Square
London, SW1V 1PN

**Re: Iridian Agreement to License Iris Recognition “Concept”
Patent for Machine Readable Travel Documents**

Dear John:

I am writing to inform you that Iridian Technologies, Inc. is prepared to commit to the International Civil Aviation Organization (ICAO) that it will license use of its iris recognition concept patent as described below. Specifically, Iridian agrees to enter into royalty-free licensing agreements subject to fair and reasonable terms and on a non-discriminatory basis, limited to the field of MRTDs, to make available our concept patent (US Patent 4,641,349), its international counterpart exemplified by EPO 0215818 entitled “Iris Recognition System”, and any continuations, reissues, continuations-in-part, divisionals, or like properties (the 349 patent family).

Since interest in opening Iridian’s concept patent extends only to the purpose of travel document application, Iridian management has been faced with addressing fully your request while simultaneously providing assurances to our shareholders that we are protecting other Iridian business interests including consideration of the value of our company which is engaged only in the development of iris technology. We now are confident that our mutual objectives can be achieved fully through appropriate field-limited license agreements. We assure you that any delay in satisfying your request is the result of our strong desire to find a mutually acceptable way to accommodate your request.

Iridian hereby agrees to grant licenses to the 349 patent family, for use in MRTDs consistent with ICAO standards and recommended practices and in accordance with ICAO patent policy. Licenses will be limited to the 349 patent family in this field and will not extend to any other use, to any other patent, or to any Iridian technology.

We are aware that the final adoption of an iris recognition specification will require significant work from your group. We are prepared to provide you, the TAG and Mary McMunn or anyone else at ICAO charged with this implementation, with technical assistance or other resources we may have. We also intend to continue to support

development of ANSI and ISO standards for iris image interchange, and to encourage the INCITS M1 and SC37 committees to solicit and consider technical input from other iris recognition vendors. In turn, we require assurance that the iris recognition specification will be submitted to ICAO as soon as practical, and that the NTWG or TAG confirm that we have resolved iris-related IP issues referenced in the most recent technical report of the TAG/MRTD.

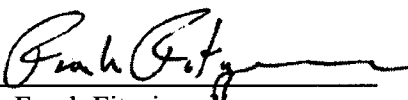
We understand that technical reports are updated periodically, and it is our expectation that the next version of your working technical report will affirm the acceptability of iris recognition technology without qualification (i.e. removal of the asterisk). Once we have received the assurances and confirmation described in the preceding paragraph and an updated technical report that no longer raises concern about the Iridian patent, Iridian commits to license the 349 patent family. Separately, as we have discussed, Iridian intends to publicize the on-going resolution of these issues as required to provide clarity in the marketplace.

Future growth of the iris recognition industry through enhanced competition and other means will be promoted further by a global understanding that ICAO has studied carefully and recognized iris technology as an important element of a country's overall travel document biometric program. It is important that there be clear understanding among ICAO member countries and in the industry that iris recognition technology is an acceptable ICAO-recommended technology, and that the NTWG has resolved its concerns over Iridian's 349 patent family.

Finally, on behalf of Iridian's Board of Directors, shareholders and management, we thank you and the NTWG for your attention and commitment of time in helping us to resolve this issue. We look forward to working with you and hope we can do our part to help expedite this important global security measure.

Sincerely,

IRIDIAN TECHNOLOGIES, INC.

By: 
Frank Fitzsimmons
President and CEO

cc: Ms. Mary K. McMunn
Chief, Facilitation Section, ICAO

ATTACHMENT 2



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December 3, 2003

Mr. John Davies
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London, SW1V 1PN

Re: Clarifications to Letter Dated October 22, 2003

Dear John:

I am writing pursuant to our conversation on December 2, 2003 to clarify certain of the points in our letter to you dated October 22, 2003 (the "Letter") as you have requested.

1. With regard to the definition of "RAND", we clarify that it is our intention to license the 349 patent family (as defined in the Letter) on the terms described in the Letter (and in this letter) to any party seeking such a license who enters into the contemplated license agreement.
2. With regard to the definition of "the field of MRTDs", we clarify that that term includes (a) enrolling the iris biometric of a person applying for an ICAO MRTD, (b) recording the iris biometric in storage media either in the ICAO MRTD or in an external ICAO MRTD database and (c) using the enrolled iris biometric to confirm the identity of a person who presents an ICAO MRTD to authorize granting of travel-related privileges.
3. As to your question whether a systems integrator will be permitted "to commission companies to develop iris-based products to meet the MRTD requirements specified by governments", we clarify that a systems integrator may do so provided that the third party iris developer enters into a license with Iridian as contemplated by the Letter. Furthermore, any such licensee that has entered into a license with Iridian will be free to distribute the technology that it develops pursuant to that license provided that it is otherwise acting in conformance with the license agreement.
4. As to dispute resolution, we clarify that the details of same will be as negotiated with each licensee and that Iridian is not opposed to arbitration. However, any arbitration or other dispute resolution mechanism agreed to with a licensee must take place in the United States in the New York City-New Jersey-Philadelphia area. Acceptable providers of dispute resolution services include the American Arbitration Association and the CPR Institute for Dispute Resolution.
5. As to the resolution of iris-related IP issues between Iridian and ICAO, this will confirm (a) that the asterisk and related statements conditioning acceptance of iris


on the resolution of IP issues will be promptly removed from the working draft of the standard and (b) that such version of the standard will be presented to the TAG for approval at its meeting in May 2004. This will further confirm that license agreements between Iridian and licensees will, as contemplated by the Letter, be conditional upon (a) and (b) above and on TAG approval of the contemplated standard in May 2004 and the continued effectiveness of the standard as contemplated herein.

We refer to all of the other terms of the Letter, which remain in full force and effect except as clarified above.

Thank you for your cooperation.

Sincerely,

IRIDIAN TECHNOLOGIES, INC.

By: 
Frank J. Fitzsimmons
CEO and President