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Recent News in Intellectual Property

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Nortel Patents Sold to Consortium for \$4.5B

The Wall Street Journal reported that the Ontario Superior Court of Justice and the U.S. Bankruptcy Court for the District of Delaware conducted a joint hearing and approved a \$4.5 billion purchase of some 6,000 patents and patent applications of Nortel Networks Corp. to a consortium that includes Apple Inc. Canada-based telecommunications company Nortel reportedly filed for bankruptcy protection in January 2009 and put the patent portfolio up for auction in late 2010 to pay off creditors. Nortel's patent portfolio reportedly includes mobile technologies used in phones and tablet computers, wireless 4G, data networking, optics, voice processing, semiconductors, among other areas. The patents, including ones relating to emerging 4G standards such as long-term evolution (LTE), are said to be among the most valuable assets of bankrupt Nortel. The auction reportedly started with a bid of \$900 million by Google Inc. in April. After a three-day auction with 19 rounds of bidding last month, Rockstar Bidco LP, a consortium of six mobile powerhouses - Apple Inc., EMC Corp., LM Ericsson AB, Microsoft Corp., Research in Motion (RIM) Ltd., and Sony Corp. - placed the winning \$4.5 billion bid, five times more than Google's initial bid. Apple reportedly initially bid on its own, but joined Rockstar after round five. Of the \$ 4.5 billion, Apple reportedly contributed \$2.6 billion, more than half the cost of the Nortel Patents, while RIM reportedly contributed \$770 million and Ericsson reportedly contributed \$340 million. Although approved by the bankruptcy courts, the deal still needs to be examined by the U.S. Department of Justice for possible anti-trust and monopoly issues.

ITC Investigates Freescale's Complaint Regarding TV Chips

According to a report by BizJournals, the U.S. International Trade Commission (ITC) announced that it will start an investigation of a complaint filed by Freescale Semiconductor Inc. in June, 2011. The respondents are Taiwan's MediaTek, Inc., California-based Zoran, Corp., and Funai Electric Co. Ltd. of Japan and its U.S. subsidiary Funai Corporation, Inc. based in New Jersey. Freescale reportedly alleges that MediaTek and Zoran are illegally using its patented technology to manufacture certain integrated circuits (ICs) and TV chips and supply them to audiovisual equipment maker Funai. Freescale also reportedly alleges that Funai's TV products bearing brand names such as Philips and Sylvania contain the allegedly violating chips. Freescale reportedly requested the Commission to issue a permanent exclusion order and permanent cease and desist orders against the allegedly infringing ICs, chipsets, and TVs containing them. The asserted patent is U.S. Patent No. 5,467,455, entitled "Data Processing System and Method for Performing Dynamic Bus Termination," relating to reducing unwanted signals between ICs. This is not the first time Freescale asserted the '455 patent; according to the complaint, Freescale listed 7 other related litigations, including one lawsuit Freescale filed in March 2010 against Funai and other major players in the industry and also a lawsuit Freescale filed against Zoran and MediaTek in the U.S. District Court for Western District of Texas on the same day the recent ITC complaint was filed. It is reported that MediaTek is the largest cell phone chip maker in the world, with its TV chips accounting for about 10-15 percent of the company's total revenue.

Apple v. Samsung Legal Battle Escalates with More Complaint

Reuters reported that Apple Inc. has brought yet another legal action against Samsung Electronics Co. of South Korea. This time, a complaint was filed before the U.S. International Trade Commission (ITC), asking the Federal trade agency to issue a limited exclusion order and a permanent cease and desist order to ban the importation of six smartphones and two tablet computers manufactured by Samsung. Apple reportedly asserts that the Galaxy S line of mobile phones has been designed to look and operate like the iPhone, and infringes on multiple Apple utility and design patents. The asserted patents are U.S. Patent Nos. 7,479,949; RE 41,922; 7,863,533; 7,789,697; 7,912,501; D558,757; and D618,678. Samsung's two U.S. subsidiaries are also named in the complaint. Apple and Samsung reportedly began their legal dispute in April 2011, when Apple accused Samsung of "slavishly" copying Apple's popular devices by infringing seven patents and three design patents of Apple. Samsung in late April reportedly countersued Apple in California. However, Samsung reportedly withdrew the case and filed a complaint with the ITC, alleging that Apple violates Samsung patents relating to wireless communication standards and mobile device user interface and requested the ITC to block imports of Apple's iPod Touch, iPhone and iPad manufactured in China. Within a week, Apple filed a lawsuit in the U.S. District Court for the Northern District of California, asking the Court to issue a preliminary injunction against Samsung products that allegedly infringe one utility patent and three design patents of Apple. Apple's latest ITC complaint followed. Samsung also reportedly has a pending lawsuit against Apple at the U.S. District Court of Delaware; however, this suit would be delayed if the ITC agrees to investigate Samsung's complaint. Despite all the legal battles, the two technology giants have had a close business relationship; Samsung was reportedly Apple's second largest supplier of key components such as flash memory and semiconductors.

ITC's Preliminary Ruling Finds HTC Infringes 2 Apple Patents

The U.S. International Trade Commission (ITC) issued a preliminary ruling that HTC Corp. violates two patents owned by Apple Inc., according to a report by the Washington Post. Apple filed a complaint against HTC before the ITC and a complaint with the U.S. District Court of Delaware in March 2010, reportedly accusing HTC of violating 20 iPhone-related patents between the two complaints. The Taiwanese handset maker uses Google's Android operating system for its smartphones. Among the 10 patents originally asserted in the ITC complaint, six patents were dropped from the complaint, and the ITC decided that HTC infringes two of the remaining four patents. The patents found infringed are U.S. Patent Nos. 5,946,647 entitled "System and Method Causes a Computer to Detect and Perform Actions on Structures Identified in Computer Data" and 6,343,263 entitled "Data Transmission System Having a Real-Time Data Engine for Processing Isochronous Streams of Data Includes an Interface Device that Provides a Physical and Logical Connection of a Computer to Any One or More of a Variety of Different Types of Data Networks." Apple is also asserting the same patents against Motorola and Nokia in separate litigations. A final ruling by the full commission is due in early December. HTC has reportedly said it will appeal the decision.

Google, eBay Sued for Online Payment Technology

Law360 reported that Google Inc., eBay, and eBay-owned PayPal have been sued for infringing a patent relating to online payments and receipts. Texas-based Purple Leaf LLC reportedly filed two separate complaints with the U.S. District Court for the Eastern District of Texas, both asserting U.S. Patent No. 7,603,311 entitled "Process and Device for Conducting Electronic Transactions." Purple Leaf reportedly cited Google's "Google Checkout" payment system and PayPal's website, but it could include other products/services. Purple Leaf is reportedly involved in patent lawsuits

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asserting the '311 patent against other financial firms, including CitiGroup, Inc., JPMorgan Chase & Co., and American Express.

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