

EXHIBIT 15

In The Matter Of:

***CERTAIN PORTABLE ELECTRONIC DEVICES, INCLUDING
WIRELESS COMMUNICATION DEVICES***

***DAVID J. TEECE, Ph.D. - Vol. 1
April 19, 2012***

***HIGHLY CONFIDENTIAL - ATTORNEYS' EYES
ONLY***

MERRILL CORPORATION

LegalLink, Inc.

179 Lincoln Street
Suite 401
Boston, MA 02110
Phone: 617.542.0039
Fax: 617.542.2119

HIGHLY CONFIDENTIAL - ATTORNEYS' EYES ONLY

DAVID J. TEECE, Ph.D. - 4/19/2012

Page 137	Page 139
<p>14:30:25 1 MR. BURLING: Q. And having seen today, 14:30:28 2 and apparently having had it shown to you before by 14:30:33 3 your staff, Exhibit 10, showing Samsung's position 14:30:38 4 of non-entitlement to injunctive relief taken 14:30:41 5 previously, that doesn't affect any of the opinions 14:30:46 6 that you are offering either in the ITC or the 14:30:49 7 Northern District of California; is that correct? 14:30:51 8 A. That is correct. 14:30:52 9 MR. BURLING: Okay. Let's take a tape 14:30:54 10 break. 14:30:54 11 I don't know -- can you do that in a 14:30:54 12 minute, or do we need to -- 14:30:54 13 Do you want to -- 14:30:59 14 MR. WALL: I want to take a break. We've 14:31:01 15 been going well over an hour now. So if we could 14:31:04 16 take a break, I think it's a good opportunity. 14:31:05 17 MR. BURLING: We can take a break. 14:31:07 18 MR. WALL: That's all I'm saying. I 14:31:07 19 didn't know if you wanted to keep going. 14:31:08 20 MR. BURLING: I'm not aware of any 14:31:09 21 one-hour rule, but I'm happy to take a break. 14:31:11 22 MR. WALL: Oh. 14:31:12 23 THE VIDEOGRAPHER: This is the end of 14:31:13 24 Volume 1 -- 14:31:13 25 MR. WALL: That's how I usually do it.</p>	<p>14:39:15 1 as I see them. 14:39:18 2 MR. BURLING: Q. Were you involved in any 14:39:23 3 way in the prior litigation between Samsung and 14:39:28 4 Ericsson -- 14:39:29 5 A. No. 14:39:30 6 Q. -- with respect to declared-essential 14:39:35 7 royalty rates? 14:39:36 8 A. I don't think so. I don't recall being 14:39:38 9 involved. 14:39:43 10 Q. Did you -- did you follow that case at the 14:39:46 11 time of the litigation for any reason? 14:39:48 12 A. No. 14:39:52 13 Q. Were any of your colleagues involved in 14:39:55 14 that case? 14:39:56 15 A. Not to my knowledge. They could have 14:39:58 16 been. I just don't -- I just don't know. 14:40:05 17 Q. Okay. So look at Exhibit 1, please, and 14:41:42 18 I think it's page 27. A couple of pages earlier, 14:42:08 19 24. Do you have that in front of you? 14:42:15 20 A. Yes. 14:42:16 21 Q. And there you list -- this is a section 14:42:19 22 where you talk about a number of studies from which 14:42:30 23 as I understand it, you draw information points to 14:42:35 24 use as what I think you called this morning 14:42:38 25 benchmarks for developing a damages reasonable</p>
<p>14:31:13 1 THE VIDEOGRAPHER: -- Videotape No. 2, in 14:31:14 2 the deposition of Dr. David Teece. We're going off 14:31:17 3 the record. The time is 2:31. 14:37:44 4 (Recess taken.) 14:37:58 5 THE VIDEOGRAPHER: We're back on the 14:37:59 6 record. This is the beginning of Volume 1, 14:38:01 7 Videotape No. 3, in the deposition of Dr. David 14:38:04 8 Teece. The time is 2:38. 14:38:10 9 MR. BURLING: Q. So, Professor Teece, am 14:38:13 10 I fair in assuming that if I showed you other 14:38:21 11 examples of where Samsung previously had taken the 14:38:25 12 position that "injunctive relief was not available 14:38:31 13 to FRAND declarants" to ETSI, that that would not 14:38:38 14 affect your opinions either? 14:38:40 15 MR. WALL: Objection; facts not in 14:38:42 16 evidence, lacks foundation. 14:38:45 17 THE WITNESS: Well, particularly in view 14:38:46 18 of the fact, as I said I think twice before, I mean, 14:38:50 19 ETSI's now looked at this issue and they've not come 14:38:53 20 to the view -- in fact, I think it was very 14:38:57 21 recently -- they've not come to the view that FRAND 14:39:00 22 waives injunctive relief. 14:39:03 23 The fact that Samsung may have taken a 14:39:05 24 different position at some point in time earlier 14:39:10 25 I don't find troubling. I've got to take the facts</p>	<p>14:42:43 1 royalty rate. Is that correct? 14:42:47 2 A. Yes. This is one part of the canvas, if 14:42:56 3 you will, that I review for purposes of determining 14:43:05 4 reasonable royalties. 14:43:08 5 Q. And this section starting on page 24 up to 14:43:20 6 page 33 is similar to a section that's in your ITC 14:43:33 7 report. Is that a fair statement? 14:43:37 8 A. Yes, there's some overlap. 14:43:46 9 Q. And so let's start first looking at one of 14:43:48 10 the information points, which is the Stasik report 14:44:04 11 that's shown on page 25, or at least a table from it 14:44:07 12 is shown. 14:44:08 13 A. That's correct. 14:44:09 14 Q. And this is a report -- 14:44:12 15 Let me just mark it for us. This is 14:44:14 16 Exhibit 11. 14:44:44 17 (Whereupon, Deposition Exhibit 11 was 14:44:44 18 marked for identification.) 14:44:44 19 MR. BURLING: Q. Is Exhibit 11 the Stasik 14:44:47 20 article from which the information shown on page 25 14:44:49 21 is drawn? 14:44:51 22 A. It is. 14:44:52 23 Q. And the table on page 116 of Exhibit 11 14:44:57 24 is, in fact, reproduced on page 25 of your report? 14:45:06 25 A. That's correct.</p>

36 (Pages 137 to 140)

Merrill Corporation - Boston

617-542-0039

www.merrillcorp.com/law

HIGHLY CONFIDENTIAL - ATTORNEYS' EYES ONLY

DAVID J. TEECE, Ph.D. - 4/19/2012

Page 141	Page 143
<p>14:45:09 1 Q. Mr. Stasik is also a testifying expert for 14:45:17 2 Samsung in this litigation with Apple? 14:45:23 3 A. That's my understanding, yes. 14:45:26 4 Q. And this article lists what he says are 14:45:38 5 published handset royalty rates for LTE; right? 14:45:46 6 A. Correct. 14:45:48 7 Q. LTE is a different standard from UMTS? 14:45:54 8 A. Yes. 14:45:56 9 Q. It is a so-called fourth-generation 14:45:57 10 standard versus third generation, which is UMTS? 14:46:05 11 A. That is correct. 14:46:10 12 Q. And do you know whether any or all of the 14:46:15 13 patents declared essential to UMTS are also declared 14:46:22 14 essential to LTE? 14:46:25 15 MR. WALL: Objection to form. 14:46:32 16 THE WITNESS: Do I know whether any of 14:46:33 17 them are? 14:46:34 18 MR. BURLING: Q. Yes. 14:46:34 19 A. I believe that some of them are. I just 14:46:36 20 don't know which ones and how many. 14:46:41 21 Q. Do you know roughly what proportion? 14:46:58 22 A. As I sit here right now, I don't recall. 14:47:01 23 I think I've seen reference to it somewhere. 14:47:08 24 Q. So you don't know? 14:47:11 25 A. As I sit here right now, I don't recall.</p>	<p>14:49:06 1 A. That is correct. 14:49:10 2 Q. And do you understand that products 14:49:14 3 compliant -- handsets compliant with LTE or able to 14:49:19 4 function on LTE will, for the foreseeable future, 14:49:24 5 also be required to function on UMTS? 14:49:28 6 MR. WALL: Objection to form. 14:49:36 7 THE WITNESS: Are you talking about in the 14:49:38 8 United States or in every jurisdiction or where? 14:49:42 9 MR. BURLING: Q. I don't think it 14:49:42 10 matters. Let me make it expansive. I don't think 14:49:46 11 it matters. 14:49:47 12 A. Mm-hmm. I know there's an effort to 14:49:50 13 secure backward compatibility. I haven't studied 14:49:54 14 that in any detail. 14:49:55 15 Q. It's more than an effort. Isn't that the 14:49:57 16 plan, to have backward compatibility to UMTS? 14:50:01 17 A. I think so, yes. 14:50:02 18 Q. So that if you have a fourth-generation 14:50:05 19 LTE phone and you go to the next town, which may not 14:50:10 20 have access to an LTE tower but to a UMTS tower, 14:50:15 21 your phone will revert to UMTS and function on that 14:50:18 22 standard; right? 14:50:20 23 A. That's my understanding. 14:50:21 24 Q. Just as today UMTS phones are capable of 14:50:26 25 reverting back to PVDS or whatever it is; is that</p>
Page 142	Page 144
<p>14:47:19 1 Q. Do you know if the seven patents at issue 14:47:20 2 in the Northern District of California suit have 14:47:26 3 been declared essential to LTE? 14:47:32 4 A. I don't know for sure, but I don't believe 14:47:33 5 so, but I don't know for sure. 14:47:36 6 Q. Do you know whether any of the Samsung 14:47:42 7 portfolio of UMTS declared-essential patents has 14:47:46 8 been declared essential to LTE? 14:47:57 9 A. As I sit here right now, I don't know. 14:47:59 10 Q. Do you know whether the published handset 14:48:05 11 royalty rates for LTE listed on page 25 of your 14:48:11 12 Northern District of California report are in 14:48:17 13 addition to any royalty rates for UMTS or inclusive 14:48:22 14 of royalty rates for UMTS? 14:48:32 15 A. Let me see if I understand what you mean. 14:48:33 16 Are you asking me whether someone seeking a license 14:48:41 17 for LTE would get a credit if they got a contract 14:48:48 18 under a different standard? 14:48:51 19 Q. Fair question. Let me back up a second. 14:48:54 20 Do you understand LTE to be in some sense 14:48:56 21 a successor to UMTS? 14:48:58 22 A. Yes. 14:48:59 23 Q. A fourth-generation product hoped to 14:49:02 24 supersede and improve a third-generation standard 14:49:06 25 UMTS; right?</p>	<p>14:50:33 1 right? 14:50:34 2 A. I believe so. 14:50:34 3 Q. The prior standard. 14:50:36 4 So my question is: When you see these 14:50:38 5 rates from Mr. Stasik for LTE, do you know if those 14:50:45 6 are announced rates that include patents -- the 14:50:50 7 patent portfolios just for LTE or for LTE and UMTS 14:50:56 8 and prior generations? 14:51:21 9 A. It's not my understanding that infringed 14:51:26 10 products would pay both, but I'd have to go back and 14:51:30 11 check the -- the announced royalty rates. There may 14:51:38 12 be some specification with respect to that that's in 14:51:42 13 those disclosures. 14:51:44 14 Q. But you didn't know or you don't know at 14:51:48 15 the time you were using these LTE-announced rates as 14:51:52 16 a reference point whether those rates include both 14:51:56 17 LTE and UMTS and prior generations or not; is that 14:52:00 18 correct? 14:52:05 19 A. I don't know the details of that. 14:52:08 20 Q. You don't know one way or the other? 14:52:12 21 A. I would have to check further. I'm 14:52:17 22 implicitly assuming that you only pay once and that 14:52:21 23 there's not stacking across the standards, but I 14:52:24 24 have to check that. 14:52:26 25 Q. So you're assuming that for</p>

37 (Pages 141 to 144)

Merrill Corporation - Boston

617-542-0039

www.merrillcorp.com/law

HIGHLY CONFIDENTIAL - ATTORNEYS' EYES ONLY

DAVID J. TEECE, Ph.D. - 4/19/2012

Page 145	Page 147
<p>14:52:27 1 Alcatel-Lucent, just to be specific, that for a 14:52:30 2 2 percent royalty, you get Alcatel-Lucent's 14:52:34 3 portfolio of declared-essential patents for UMTS and 14:52:37 4 for LTE to the extent that differs? 14:52:40 5 MR. WALL: Objection to form; lacks 14:52:42 6 foundation, misconstrues testimony. 14:52:44 7 THE WITNESS: I mean, there may be some 14:52:47 8 ambiguity in this, but I think that certainly in a 14:52:58 9 cross-license arrangement, it's likely that you 14:53:02 10 could get coverage from -- you could get a contract 14:53:09 11 that would include them both. 14:53:11 12 MR. BURLING: Q. Well, this isn't a 14:53:12 13 cross-license, is it? This is a published handset 14:53:15 14 royalty rate for a one-way license from each of 14:53:17 15 these companies to their portfolios. Isn't that 14:53:21 16 what you understand the report to be? 14:53:24 17 A. Correct. This is an offer. But as I said 14:53:27 18 before, in this industry, almost nobody just takes a 14:53:29 19 one-way license; there's a cross-license. So 14:53:31 20 negotiations will almost inevitably end up with 14:53:37 21 end-to-end discussions about existing contracts and 14:53:40 22 the kinds of issues you're raising right now. 14:53:43 23 Q. Negotiations would result in lower rates 14:53:46 24 than those specified on page 25? 14:53:50 25 MR. WALL: Objection to form.</p>	<p>14:55:07 1 MR. WALL: Hold on. 14:55:07 2 Objection to form; vague. 14:55:13 3 THE WITNESS: I understand this to be the 14:55:13 4 announced royalty rates which would be in the form 14:55:19 5 of offer rates. But I'm just making clear that the 14:55:23 6 industry practice is one where almost nobody ever 14:55:27 7 pays these rates because -- 14:55:28 8 MR. BURLING: Q. Okay. 14:55:30 9 A. -- they engage in cross-licensing 14:55:32 10 arrangements of one kind or another. 14:55:35 11 Q. All right. And because opening offers 14:55:37 12 often go down; correct? 14:55:38 13 A. Well -- 14:55:39 14 MR. WALL: Objection. 14:55:39 15 Hold on. 14:55:40 16 Objection to form. 14:55:47 17 THE WITNESS: My testimony this morning is 14:55:48 18 maybe in the early stages of an industry, but once 14:55:50 19 there is some experience amongst the parties, they 14:55:54 20 typically don't go down. 14:55:56 21 What happens is they'll go down in terms 14:56:03 22 of the price, is that something will be traded off; 14:56:05 23 namely, you take back some intellectual property or 14:56:08 24 some intellectual property rights of one kind or 14:56:12 25 another.</p>
Page 146	Page 148
<p>14:53:53 1 THE WITNESS: As I've said before, in 14:53:57 2 cross-licensing, you know, typically one does come 14:54:02 3 down from this rate. 14:54:04 4 MR. BURLING: Q. I want -- every time 14:54:05 5 I ask about licensing, you go to cross-licensing. I 14:54:07 6 want -- I want you -- I want not to ask about 14:54:10 7 cross-licensing now. Okay? 14:54:11 8 I want not to ask about that because you 14:54:14 9 understand on page 25, these royalty rates are the 14:54:19 10 opening positions, as you understand it, for a 14:54:22 11 one-way license of the portfolio of that company for 14:54:26 12 its declared-essential patents to any and all 14:54:29 13 comers. Isn't that what you understand it to be? 14:54:32 14 A. Well, if I understand your statement or 14:54:34 15 question correctly, then you want to be talking 14:54:36 16 about a different industry? 14:54:39 17 Q. No. I want to be talking about the 14:54:41 18 meaning of your chart on page 25. 14:54:44 19 Don't you understand that to be -- taken 14:54:47 20 from Mr. Stasik's report, to be the royalty rates 14:54:53 21 for one-way license -- they maybe negotiate it out 14:54:56 22 later; there may be a cross-license. But that's the 14:54:59 23 opening offer to license my declared-essential 14:55:01 24 patent portfolio, with "my" being each of the 14:55:05 25 companies specified. You understand that; right?</p>	<p>14:56:15 1 MR. BURLING: Q. All right. Let's try to 14:56:17 2 focus, though. I just -- I want to focus on one 14:56:19 3 aspect of this, which is as following: 14:56:21 4 If these published handset royalty rates 14:56:23 5 are for both LTE and UMTS, then doesn't it stand to 14:56:30 6 reason that if someone wanted to license only UMTS 14:56:37 7 and not any different patents for LTE, the royalty 14:56:41 8 rate should be less? 14:56:42 9 MR. WALL: Objection to form; assumes 14:56:43 10 facts not in evidence. 14:56:52 11 THE WITNESS: You know, when -- you have 14:56:53 12 to remember that if you're thinking about value 14:57:01 13 obtained, don't get hung up on the rate. There's 14:57:04 14 also the question of base. So you have to look at 14:57:06 15 rate and base together. 14:57:08 16 So, you know, all your questions are sort 14:57:10 17 of focused on: If it's a lower rate, it means it's 14:57:14 18 cheaper; and -- or if there's a higher rate, it 14:57:17 19 means it's more expensive. 14:57:19 20 I'm trying to say two things, and I'll 14:57:21 21 probably repeat this many times. 14:57:23 22 One is (a) it's a cross-licensing context; 14:57:26 23 and (b), the rate doesn't have particular meaning 14:57:29 24 absent also tying it to a particular base. 14:57:37 25 MR. BURLING: Q. Well, there's no issue</p>

38 (Pages 145 to 148)

Merrill Corporation - Boston

617-542-0039

www.merrillcorp.com/law

HIGHLY CONFIDENTIAL - ATTORNEYS' EYES ONLY

DAVID J. TEECE, Ph.D. - 4/19/2012

Page 149	Page 151
<p>14:57:38 1 about what the base is for this chart for Mr. Stasik 14:57:41 2 that you incorporate in your report, is there? 14:57:48 3 A. You'd have to go back and look one at a 14:58:08 4 time, but it is, I believe, at the handset level. 14:58:11 5 Q. And whatever the base is for any one of 14:58:15 6 these, isn't it logical that a rate that applied to 14:58:23 7 both UMTS and LTE would be higher than a rate that 14:58:27 8 applied only to UMTS? 14:58:33 9 A. No, it is not necessarily. 14:58:34 10 Q. Assuming that the base always stayed the 14:58:36 11 same? 14:58:36 12 A. Well, okay. You slipped something in at 14:58:39 13 the end. 14:58:40 14 Q. I'm not slipping anything in, Professor 14:58:41 15 Teece. Apple/Lucent announces a rate, 2.2 percent. 14:58:46 16 Okay? They obviously have a base in mind. All 14:58:50 17 right? I don't know what it is, but they have one 14:58:52 18 in mind. That's fixed. 14:58:54 19 And my question is: If for 2 percent, 14:58:55 20 applied to whatever base they specify, you get both 14:59:00 21 LTE and UMTS, then by logic if you only want UMTS 14:59:04 22 and not LTE, you don't want those extra patents that 14:59:07 23 may be peculiar to LTE, the rate should be less. Do 14:59:11 24 you agree with that or not? 14:59:13 25 A. No, I don't necessarily agree with it.</p>	<p>15:00:24 1 THE WITNESS: I do know that there is some 15:00:28 2 use of the LTE standard. There are some sales of 15:00:31 3 LTE phones. I suspect -- but don't know for sure -- 15:00:37 4 that there's some licenses that are accruing. 15:00:41 5 I don't know whether they're being paid or not. 15:00:43 6 MR. BURLING: Q. Okay. So you don't know 15:00:45 7 if the rates specified in the third column have ever 15:00:48 8 been paid by anyone; correct? 15:00:50 9 MR. WALL: Objection to form. 15:00:53 10 THE WITNESS: I have not seen specific 15:00:55 11 evidence that confirms that people are paying. And 15:01:00 12 as I said before, I would expect that over time, 15:01:03 13 following the pattern of other standards, that there 15:01:08 14 will be payments made. 15:01:10 15 But the primary currency for payment in 15:01:13 16 this industry is cross-license. It's not money -- 15:01:16 17 it's not money. 15:01:17 18 MR. BURLING: Q. All right. And motions 15:01:22 19 to strike and all that, I reserve. But I just -- 15:01:25 20 I think when you net through all of that, your 15:01:27 21 answer is no, I have no evidence that anyone has 15:01:31 22 actually paid the rates specified in the third 15:01:34 23 column of the chart on page 25? 15:01:37 24 MR. WALL: Objection; form. 15:01:41 25 MR. BURLING: Q. If you have any</p>
Page 150	Page 152
<p>14:59:17 1 You'll note that one of the features of 14:59:19 2 cross-licensing is, you know, if you want to piece 14:59:25 3 part a portfolio, it doesn't necessarily give you a 14:59:27 4 discount. That's a well-recognized aspect of 14:59:31 5 industry practice. 14:59:34 6 Q. Have these rates ever shown up in any 14:59:36 7 licenses, to your knowledge? 14:59:41 8 MR. WALL: Objection to form. 14:59:42 9 MR. BURLING: Q. Any of these rates on -- 14:59:42 10 I'm sticking on page 25, the table there that you 14:59:46 11 reproduced. 14:59:47 12 A. I have -- 14:59:48 13 MR. WALL: Hold on. 14:59:49 14 Objection to form. 14:59:49 15 THE WITNESS: I haven't seen any licenses 14:59:53 16 with these rates. I wouldn't expect necessarily to 15:00:00 17 see them publicly for two reasons. One, it would be 15:00:03 18 highly confidential; and (b) there's likely to be a 15:00:07 19 cross-license back on the other side. 15:00:09 20 MR. BURLING: Q. So you don't have any 15:00:10 21 information to suggest that anyone has ever paid the 15:00:14 22 rates set out here in the third column of the chart 15:00:17 23 on page 25; is that correct? 15:00:20 24 MR. WALL: Objection to form; 15:00:20 25 mischaracterizes testimony, lacks foundation.</p>	<p>15:01:42 1 evidence, tell me what it is now. 15:01:45 2 A. The only evidence I can refer to is use of 15:01:48 3 the LTE standard. There is now use taking place, so 15:01:53 4 I would expect that some folks are paying. 15:02:01 5 Q. From the fact that people are licensing 15:02:02 6 LTE, you draw the conclusion that those people are 15:02:06 7 paying the rates set out in the third column of 15:02:09 8 Exhibit -- 15:02:11 9 A. No. 15:02:12 10 Q. -- of page 25? 15:02:13 11 A. To be clear, I told you I didn't 15:02:15 12 necessarily expect that with cross-licensing, that 15:02:18 13 anyone would actually pay these rates as such. They 15:02:21 14 would -- in normal dollars. They pay these rates 15:02:25 15 but in kind, through giving back a grant-back of 15:02:28 16 other intellectual property rights. 15:02:30 17 Q. Are these the equivalent of what you would 15:02:33 18 refer to as opening offers in the same meaning as 15:02:35 19 you use in your ITC report? 15:02:42 20 A. Yes and no. I mean, they're announced 15:02:45 21 rates; but, you know, let's look at Motorola, which 15:02:49 22 is in there, 2.25. This is Motorola's rate that 15:02:52 23 it's held on to in multiple contexts over multiple 15:02:57 24 standards. 15:02:58 25 And, you know, what is known is that</p>

39 (Pages 149 to 152)

Merrill Corporation - Boston

617-542-0039

www.merrillcorp.com/law

HIGHLY CONFIDENTIAL - ATTORNEYS' EYES ONLY

DAVID J. TEECE, Ph.D. - 4/19/2012

Page 153	Page 155
<p>15:03:02 1 Motorola -- what is known publicly is that Motorola 15:03:06 2 doesn't actually discount their rate. It -- it 15:03:14 3 looks for cross-licenses or access to other folks' 15:03:19 4 intellectual property as a way to get satisfaction. 15:03:22 5 Q. So haven't you explicitly said that for 15:03:26 6 Motorola, that 2.25 is their normal, what you 15:03:29 7 called, opening rate? 15:03:32 8 A. Yes. 15:03:32 9 Q. And haven't you explicitly said in your 15:03:35 10 reports that opening rates are just that and they 15:03:39 11 typically are negotiated down in the give-and-take 15:03:41 12 of subsequent negotiations? 15:03:45 13 A. Negotiated away from, rather than down. I 15:03:46 14 mean, those rates don't necessarily come down. What 15:03:49 15 you get is exchange of consideration in the form of 15:03:56 16 intellectual property. 15:08:21 17 Q. So is it your testimony, Professor Teece, 15:08:23 18 that the opening offers made by patent holders do 15:08:35 19 not move down in the course of subsequent 15:08:40 20 negotiations? 15:08:43 21 MR. WALL: Objection to form; lacks 15:08:45 22 foundation, vague. 15:08:48 23 THE WITNESS: If I could draw your 15:08:49 24 attention to Exhibit 4, paragraph 33, where I talk 15:08:55 25 about initial offers versus final terms, in</p>	<p>15:10:20 1 licensee [sic] ultimately expects to get"? 15:10:23 2 A. That's correct. 15:10:25 3 Q. And didn't you say in the same paragraph 15:10:27 4 that "An [sic] opening offer by a licensor -- even 15:10:31 5 one that is relatively high -- is no more 15:10:34 6 'unreasonable' than a low-ball counteroffer by the 15:10:37 7 prospective licensee"? 15:10:40 8 A. Yes, I did. 15:10:40 9 Q. And isn't it no more unreasonable because 15:10:47 10 the opening offer by the licensor will come down and 15:10:50 11 the, quote, low-ball offer by the licensee will come 15:10:54 12 up during the course of negotiation? 15:10:56 13 MR. WALL: Objection to form; vague, 15:10:58 14 incomplete hypothetical. 15:11:02 15 THE WITNESS: You know, your questions 15:11:04 16 come as if there's only a negotiation over price. 15:11:07 17 And what I'm trying to say, without much 15:11:10 18 success, trying to get across is that really the 15:11:13 19 negotiation is not about, you know, the royalty rate 15:11:18 20 per se. It's almost always around what is the 15:11:23 21 cross-consideration; and secondly, what is the base 15:11:29 22 associated with the royalty rate if one is, in fact, 15:11:34 23 specified. And that may lead to a balancing 15:11:37 24 payment; it may not. 15:11:38 25 MR. BURLING: Q. In your report on that</p>
Page 154	Page 156
<p>15:09:05 1 paragraph 33 I say: 15:09:12 2 "A prospective licensor 15:09:13 3 starts out with an initial offer 15:09:15 4 at the high end of what it 15:09:17 5 believes to be a plausible 15:09:19 6 bargaining range." 15:09:19 7 And then: 15:09:20 8 "The prospective licensee 15:09:21 9 responds with a counteroffer. 15:09:22 10 The parties engage in 15:09:24 11 back-and-forth negotiations 15:09:26 12 whereby the parties' offers move 15:09:28 13 closer together." 15:09:28 14 That does not imply, nor do I say that, 15:09:30 15 quote, the rate comes down as such. It's -- it's 15:09:36 16 more that the consideration coming back is 15:09:41 17 negotiated over and -- and maybe aspects of the 15:09:51 18 royalty base are also negotiated. 15:09:56 19 So it's much more complicated in the 15:09:58 20 context of a cross-license because, really, the 15:10:01 21 whole purpose is to not collect money damages, but 15:10:06 22 to get design freedom and operating freedom. 15:10:12 23 MR. BURLING: Q. Didn't you say in 15:10:13 24 paragraph 34, the following paragraph, "... the 15:10:16 25 opening offer is not the pecuniary consideration the</p>	<p>15:11:46 1 page 25 we were looking at, with the Stasik chart -- 15:11:50 2 A. Yeah. 15:11:51 3 Q. -- did you understand that third column to 15:11:55 4 be the announced rates for a one-way license or not? 15:12:00 5 A. Yes, I did. 15:12:01 6 Q. Okay. And you understood those were 15:12:09 7 subject to negotiation? 15:12:12 8 A. Yes, but not just negotiation around 15:12:14 9 rates. It's -- as I've said, you know, this is -- 15:12:17 10 that's just the starting point. There's -- the 15:12:20 11 competitive canvas here is we have players that are 15:12:24 12 not just holders of IP rights; they're also 15:12:29 13 participants in the industry. 15:12:30 14 So I'm trying to point out that they wear 15:12:34 15 multiple hats. It's a complex negotiation that 15:12:37 16 involves other consideration besides pure money 15:12:42 17 payments. And, you know, behind it all is an 15:12:47 18 effort, in the case of many parties, to get design 15:12:51 19 freedom and operating freedom. 15:12:53 20 Q. Are you -- is it your testimony, Professor 15:12:55 21 Teece, that in this industry, those opening royalty 15:13:00 22 rates such as announced by those companies in that 15:13:02 23 chart that you have taken from Mr. Stasik never are 15:13:06 24 negotiated down? 15:13:08 25 MR. WALL: Objection to form.</p>

40 (Pages 153 to 156)

Merrill Corporation - Boston

617-542-0039

www.merrillcorp.com/law