

**UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION**

COMMISSIONERS: **Deborah Platt Majoras, Chairman**
 Pamela Jones Harbour
 Jon Leibowitz
 William E. Kovacic
 J. Thomas Rosch

In the Matter of

**NEGOTIATED DATA SOLUTIONS LLC,
a limited liability company.**

Docket No. C-

DECISION AND ORDER

The Federal Trade Commission (“Commission”), having initiated an investigation of certain acts and practices of Negotiated Data Solutions LLC, hereafter referred to as “Respondent N-Data,” and Respondent N-Data having been furnished thereafter with a copy of a draft of Complaint that the Bureau of Competition proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge Respondent N-Data with violation of Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45; and

Respondent N-Data, its attorneys, and counsel for the Commission having thereafter executed an Agreement Containing Consent Order (“Consent Agreement”), containing an admission by Respondent N-Data of all the jurisdictional facts set forth in the aforesaid draft of Complaint, a statement that the signing of said Consent Agreement is for settlement purposes only and does not constitute an admission by Respondent N-Data that the law has been violated as alleged in such Complaint, or that the facts as alleged in such Complaint, other than jurisdictional facts, are true, and waivers and other provisions as required by the Commission’s Rules; and

The Commission, having thereafter considered the matter and having determined that it had reason to believe that Respondent N-Data has violated the said Act, and that a Complaint should issue stating its charges in that respect, and having accepted the executed Consent Agreement and placed such Consent Agreement on the public record for a period of thirty (30) days for the receipt and consideration of public comments, now in further conformity with the procedure described in Commission Rule 2.34, 16 C.F.R. § 2.34, the Commission hereby makes the following jurisdictional findings and issues the following Decision and Order (“Order”):

1. Respondent Negotiated Data Solutions LLC is a limited liability company organized, existing and doing business under and by virtue of the laws of the State of Illinois with its office and principal place of business located at 1550 N. Lake Shore Drive, No. 16C, Chicago, Illinois 60610.
2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of Respondent N-Data, and the proceeding is in the public interest.

ORDER

I.

IT IS ORDERED that, as used in this Order, the following definitions shall apply:

- A. “Respondent” means Negotiated Data Solutions LLC; its directors, officers, employees, agents, and representatives, when acting in such capacities; its successors and assigns; its joint ventures, subsidiaries, divisions, groups and affiliates controlled by Negotiated Data Solutions LLC and the respective directors, officers, employees, agents and representatives of each, when acting in such capacities; and their successors and assigns.
- B. “Commission” means the Federal Trade Commission.
- C. “1994 Letter” means the letter dated June 7, 1994, from Mark Grant, the Director of Intellectual Property for National Semiconductor Corp., to Geoffrey Thompson, Chair of IEEE’s 802.3 Working Group. (A copy of the 1994 Letter is attached to the Appendix C Patent License Agreement as Attachment A.)
- D. “Action” means any proceeding whether legal, equitable, or administrative, as well as any arbitration, mediation, or any other form of public or private dispute resolution in the United States or anywhere else in the world.
- E. “Appendix A Offer” means the form of offer attached as Appendix A to this Order, including the Appendix C Patent License Agreement, which shall be attached to, and made part of, the offer.
- F. “Appendix B Offer” means the form of offer attached as Appendix B to this Order, including the Appendix C Patent License Agreement, which shall be attached to, and made part of, the offer.
- G. “Appendix C Patent License Agreement” means the form of agreement attached as Appendix C to this Order.

- H. “Appendix D Letter” means the form of letter attached as Appendix D to this Order.
- I. “Filing” means any document filed in an Action, including, but not limited to, a complaint, an answer, or a pleading.
- J. “Held” and “Holding” mean, with respect to intellectual property:
1. to be the assignee of,
 2. to own, or
 3. to otherwise have sufficient control over such intellectual property so as to be able to license it to others.
- K. “Person” means any natural person, partnership, corporation, association, trust, joint venture, government, government agency, or other business or legal entity.
- L. “Relevant U.S. Patents” means:
1. U.S. Patent Nos. 5,617,418 ; 5,687,174; US RE39,405 E; and US RE39,116 E;
 2. all continuations, continuations-in part, divisionals, reissues, re-examinations of and extensions or additions to U.S. Patent Nos. 5,617,418; 5,687,174; US RE39,405 E; and US RE39,116 E;
 3. all current or future United States patents that share a common parent application with or that claim a priority from an application for U.S. Patent Nos. 5,617,418; 5,687,174; US RE39,405 E; and US RE39,116 E; and
 4. all current or future United States patents that share a common parent application with, or that claim a priority from, the following U.S. Patent Applications, Nos.: 971,018 (filed on November 2, 1992); 146,729 (filed on November 1, 1993); or 430,143 (filed on April 26, 1995).
- M. “Relevant Foreign Patents” means all current and future patents issued by a foreign government, including but not limited to certificates and registrations, that are equivalents or counterparts to any Relevant U.S. Patent or that claim priority from any application for a Relevant U.S. Patent; and all child applications of any of the aforesaid patents, including but not limited to continuations, continuations-in-part, divisionals, reissues and re-examinations thereof. The “Relevant Foreign Patents” include, but are not limited to:
1. Korean Patent No. 286791, Taiwanese Patent No. 098359, Japanese Patent No. 3705610; and

2. all patents arising from the following patent applications: European Patent Applications SN 93308568.0 (DE, FR, GB, IT, NL); Japanese Patent Applications SN H5-274147; Korean Patent Applications SN 22995/93; or Taiwanese Patent Applications SN 83104531.

- N. “Relevant Patents” means all Relevant U.S. Patents and all Relevant Foreign Patents.
- O. “Standard Setting Organization” means any group, organization, association, membership or stock corporation, government body, or other entity that, through voluntary participation of interested or affected parties, is engaged in the development, promulgation, promotion or monitoring of product or process standards for the electronics industry, or any segment thereof anywhere in the world.
- P. “Subsidiaries” means Persons controlled directly or indirectly through ownership interests of 50% or more. For example, if A owns 50% of B and if B owns 50% of C, then C is a Subsidiary of both A and B. The Subsidiaries of an entity would consist of all Persons for which the entity would be the Ultimate Parent Entity if the entity were not controlled by any other entity. For purposes of this definition only, the terms “Ultimate Parent Entity,” “controlled,” and “entity” have the same meaning they have under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, 15 U.S.C. § 18a, and the rules promulgated thereunder, 16 C.F.R. § 801 et seq.

II.

IT IS FURTHER ORDERED that, as to any intellectual property Held by Respondent, Respondent shall honor all promises or assurances made by Respondent, or by any other Person while Holding such intellectual property, where:

- A. such promises or assurances concern the terms on which such intellectual property would be offered if a proposed standard of a Standard Setting Organization were adopted, and
- B. such standard is subsequently adopted.

PROVIDED, HOWEVER, that for purposes of this Order only, Respondent’s compliance with Paragraphs III and IV of this Order shall be deemed compliance with the promises and assurances made in the 1994 Letter.

III.

IT IS FURTHER ORDERED that:

- A. Immediately upon the date this Order becomes final, Respondent shall cease and desist from any and all efforts, and shall not undertake any new efforts, by any means, directly or indirectly, in or affecting commerce as “commerce” is defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. § 44:
1. to initiate or continue any Action against any Person with respect to the enforcement of any of the Relevant Patents,
 2. to assert or enforce, or to threaten to enforce, against any Person, any of the Relevant Patents, or
 3. except as specified in this Paragraph III of the Order, to propose, offer, or agree to license any of the Relevant Patents to any Person.

PROVIDED, HOWEVER, that, if Respondent has offered to enter into an Appendix C Patent License Agreement with such Person, in accordance with Paragraph III.B. of this Order, then Respondent may:

- (i) initiate or continue any Action against such Person with respect to any of the Relevant Patents;
- (ii) assert or enforce, or threaten to enforce, any of the Relevant Patents against such Person; or
- (iii) propose, offer, or agree to license any of the Relevant Patents to such Person.

PROVIDED, HOWEVER, that Respondent may continue, for twenty (20) days after the date that Respondent signs the Agreement Containing Consent Order in this matter, any preexisting Action with respect to any of the Relevant Patents.

PROVIDED, FURTHER, HOWEVER, that nothing in this Order shall be construed to limit, expand, supersede, or in any way alter (i) the scope, effect, or meaning of the 1994 Letter, or (ii) any legal or equitable rights arising under the 1994 Letter.

PROVIDED, FURTHER, HOWEVER, that a Person’s acceptance of, or failure to accept, an Appendix A Offer shall not prejudice, and shall not be construed to limit, such Person’s legal or equitable rights, including but not limited to:

- (i) any right to dispute the validity, infringement, or enforceability of any of the Relevant Patents, and
 - (ii) any right to defend against a claim of infringement of the Relevant Patents on the grounds that the 1994 Letter gives such Person a right to a license to the Relevant Patents and that such license would protect such Person against such claim of infringement.
- B. An offer to a Person (the “Offeree”) will be in compliance with the first proviso to Paragraph III.A. of this Order only if:
- 1. Respondent delivers an Appendix A Offer:
 - a. to each counsel of record for the Offeree in any existing Action between the Offeree and Respondent, at the addresses for service of Filings on such counsel in such Action, or, if no such Action between the Offeree and Respondent exists, then:
 - b. if the Offeree is a natural person, to the primary business address of the Offeree, or, if the Offeree is not a natural person, then:
 - c. to one of the following:
 - (1) a patent counsel employed (in-house) by the Offeree, at the primary business address of such patent counsel,
 - (2) the general counsel of the Offeree, at the primary business address of such general counsel,
 - (3) the chief executive officer of the Offeree, at the primary business address of such chief executive officer,
 - (4) the chairman of the Offeree, at the primary business address of such chairman,
 - (5) the president of the Offeree, at the primary business address of the such president, or
 - (6) the highest-ranking manager of the Offeree, at the primary business address of such highest-ranking manager, or
 - (7) the registered agent for service of process of the Offeree in the state of the Offeree’s incorporation (or, if the Offeree is not a corporation, in the state of the Offeree’s primary place of business),

or if none of the Persons listed in this Paragraph III.B.1.c. exists, then:

- d. to the natural person with the largest ownership interest in the Offeree, at the primary business address of that natural person;
 2. Respondent moves, within twenty (20) days of making such Appendix A Offer, to make that Appendix A Offer a part of the record of any existing Action to which both Respondent and the Offeree are parties; and
 3. Respondent obtains and retains a receipt signed by the addressee(s), or by an agent or agents of the addressee(s), for delivery of the Appendix A Offer to the Offeree pursuant to Paragraph III.B.1. of this Order.
- C. If Respondent receives a written request to enter into an Appendix C Patent License Agreement from any Person who has not received an Appendix A Offer made in accordance with Paragraph III.B. of this Order, then Respondent shall, within sixty (60) days of receiving such request:
1. offer such Person, in accordance with Paragraph III.B. of this Order, an Appendix A Offer, and
 2. deliver, in accordance with III.B.3. of this Order, a copy of such Appendix A Offer to the natural person who requested the offer.
- D. For purposes of Paragraph III of the Order, an Appendix A Offer is effective only as to the Person to which it is made and as to the Subsidiaries of such Person. An Appendix A Offer made to a Subsidiary of a Person is not effective as to such Person nor as to any other parents of the Subsidiary. Nor is an Appendix A Offer effective as to predecessors of, and successors to, the Person to which the offer is made.

PROVIDED, HOWEVER, that an Appendix A Offer made to a Person is effective as to Subsidiaries of such Person only for such time as they continue to be Subsidiaries. If and when they cease to be Subsidiaries of such Person, then Appendix A Offers made to such Person are no longer effective against such former Subsidiaries.

IV.

IT IS FURTHER ORDERED that:

- A. If and when Respondent enters into an Action with any Person with respect to any of the Relevant Patents, then:

1. if Respondent has not previously made an Appendix A Offer to such Person in accordance with Paragraph III of the Order, then Respondent shall, within ten (10) days of entering into such Action with such Person, make an Appendix A Offer to such Person in accordance with Paragraph III of the Order; or
2. if Respondent has previously made an Appendix A Offer to such Person in accordance with Paragraph III of the Order, then Respondent shall make an Appendix B Offer to such Person as follows:
 - a. at the time that Respondent makes its first Filing in such Action, Respondent shall enclose an Appendix B Offer with a copy of such first Filing, and deliver the offer and the filing to each counsel of record for such Person in such Action at the addresses for service of Filings on such counsel in such Action,
 - b. Respondent shall obtain and retain a receipt for each such delivery signed by each such counsel of record, or by each agent of each such counsel of record; and
 - c. at the time that Respondent makes such first Filing in such Action, Respondent shall move to make such Appendix B Offer a part of the record of such Action.

PROVIDED, HOWEVER, that Respondent shall not be required to comply with Paragraph IV.A. of this Order if:

- (i) Respondent previously delivered, in accordance with Paragraph III.B.1.a. of this Order, an Appendix A Offer to each of such Person's counsels of record in an Action then existing between Respondent and such Person; and such Appendix A Offer was made a part of the record of such previous Action following Respondent's compliance with Paragraph III.B.2. of this Order;
- (ii) Respondent previously made an Appendix B Offer to such Person in accordance with Paragraph IV.A.2. of this Order; and such Appendix B Offer was made a part of the record of such previous Action following Respondent's compliance with Paragraph IV.A.2.c. of this Order; or
- (iii) Respondent previously entered into an Appendix C Patent License Agreement with such Person.

PROVIDED, FURTHER, HOWEVER, that a Person's acceptance of, or failure to accept, an Appendix B Offer shall not prejudice, and shall not be construed to limit, such Person's legal or equitable rights, including but not limited to:

- (i) any right to dispute the validity, infringement, or enforceability of any of the Relevant Patents, and

- (ii) any right to defend against a claim of infringement of the Relevant Patents on the grounds that the 1994 Letter gives such Person a right to a license to the Relevant Patents and that such license would protect such Person against such claim of infringement.
- B. For purposes of Paragraph IV of the Order, an Appendix A Offer or an Appendix B Offer is effective only as to the Person to which it is made and as to the Subsidiaries of such Person. An Appendix A Offer or an Appendix B Offer made to a Subsidiary of a Person is not effective as to such Person nor as to any other parents of the Subsidiary. Nor is an Appendix A Offer or an Appendix B Offer effective as to predecessors of, and successors to, to the Person to which the offer is made.

PROVIDED, HOWEVER, that an Appendix A Offer or an Appendix B Offer made to a Person is effective as to Subsidiaries of such Person only for such time as they continue to be Subsidiaries. If and when they cease to be Subsidiaries of such Person, then Appendix A Offers and Appendix B Offers made to such Person are no longer effective against such former Subsidiaries.

V.

IT IS FURTHER ORDERED that:

- A. Within thirty (30) days after the date this Order becomes final, Respondent shall send by certified mail an executed copy of the Appendix D Letter, a copy of this Order, and a copy of the complaint in this matter (“Complaint”) to each of the following:
- 1. Secretary, IEEE-SA Standards Board, and PatCom Administrator
Institute of Electrical and Electronics Engineers
445 Hoes Lane
Piscataway, NJ 08855
 - 2. Steve M. Mills, Chair, IEEE-SA Standards Board
IEEE Standards Association
445 Hoes Lane
Piscataway, NJ 08855
 - 3. Bob Grow, Chair, IEEE 802.3 Working Group
IEEE 802.3 Working Group
Institute of Electrical and Electronics Engineers
445 Hoes Lane
Piscataway, NJ 08855

- B. Within ninety (90) days after the date this Order becomes final, Respondent shall distribute copies of the Complaint and Order in this matter to all Persons with which Respondent has previously communicated with respect to any of the Relevant Patents or the licensing thereof.
- C. Within thirty (30) days after the date this Order becomes final, Respondent shall distribute copies of this Order and the Complaint to every officer, director, employee or agent of Respondent.
- D. For a period of five (5) years after the date this Order becomes final, Respondent shall furnish a copy of this Order and the Complaint to each new officer, director, employee or agent of Respondent. Such copies shall be furnished within thirty (30) days after each such Person assumes his or her position as officer, director, employee, or agent.
- E. In any Action to which Respondent is a party and in which infringement of any of the Relevant Patents is alleged, Respondent shall:
 - 1. attach copies of this Order and the Complaint to the first Filing Respondent makes after this Order becomes final, and
 - 2. deliver a copy of that Filing (with the attached copies of this Order and the Complaint) to all parties to the Action and to any judge, arbitrator, or other official presiding over such Action.

VI.

IT IS FURTHER ORDERED that Respondent shall not sell, assign, grant exclusive licenses to, or otherwise transfer any of the Relevant Patents to any other Person prior to the termination of this Order.

PROVIDED, HOWEVER, that Respondent may sell, assign, grant exclusive licenses to, or otherwise transfer all of the Relevant Patents to a single Person if:

- (i) in an executed agreement providing for such sale, assignment, exclusive license, or other transfer of the Relevant Patents, such Person acknowledges it is, and agrees to be, a successor bound by all the terms of this Order and by all terms and conditions of all Appendix C Patent License Agreements formed pursuant to this Order; and
- (ii) Respondent files such agreement with the Commission at least thirty (30) days prior to such sale, assignment, exclusive license, or other transfer.

VII.

IT IS FURTHER ORDERED that:

- A. Sixty (60) days after the date this Order becomes final, Respondent shall submit to the Commission a verified written report setting forth in detail the manner and form in which it intends to comply, is complying, and has complied with the terms of this Order.
- B. Beginning twelve (12) months after the date this Order becomes final, and annually thereafter on the anniversary of the date this Order becomes final, for the next 5 years, Respondent shall submit to the Commission verified written reports setting forth in detail the manner and form in which it is complying and has complied with this Order.

VIII.

IT IS FURTHER ORDERED that Respondent shall notify the Commission at least thirty (30) days prior to:

- A. any proposed dissolution of Respondent;
- B. any proposed acquisition, merger or consolidation of Respondent; or
- C. any other change in Respondent, including, but not limited to, assignment and the creation or dissolution of subsidiaries, if such change might affect compliance obligations arising out of the Order.

IX.

IT IS FURTHER ORDERED that, for the purpose of determining or securing compliance with this Order, and subject to any legally recognized privilege, and upon written request with reasonable notice to Respondent, Respondent shall permit any duly authorized representative of the Commission:

- A. Access, during office hours of Respondent and in the presence of counsel, to all facilities and access to inspect and copy all books, ledgers, accounts, correspondence, memoranda, and all other records and documents in the possession or under the control of Respondent related to compliance with this Order; and

- B. Upon thirty (30) days' notice to Respondent and without restraint or interference from Respondent, to interview officers, directors, or employees of Respondent, who may have counsel present, regarding such matters.

X.

IT IS FURTHER ORDERED that this Order shall terminate twenty (20) years after the date that this order becomes final.

By the Commission.

Donald S. Clark
Secretary

SEAL
ISSUED:

APPENDIX A
OFFER

APPENDIX A
PATENT LICENSE OFFER

1. This Patent License Offer (“Offer”) is made by Negotiated Data Solutions LLC (“N-Data”), an Illinois limited liability company having a mailing address of 1550 N. Lake Shore Drive, Suite 16C, Chicago, Illinois 60610. This Offer provides an opportunity for you to obtain a license for certain patents assigned to, or owned or controlled by, N-Data.
2. The terms and conditions under which N-Data is licensing patents pursuant to this Offer are set forth in the agreement that is attached hereto (“Patent License Agreement”).
3. This Offer will remain available and open for 120 calendar days after receipt. If, prior to the expiration of those 120 days, you file a declaratory judgment action in court against N-Data disputing the validity, infringement, or enforceability of any of the Relevant Patents (as that term is defined in the attached Patent License Agreement), the time for your acceptance of this Offer will be extended until 60 days after the conclusion of any appeal, or expiration of time to appeal, from entry of final judgment in, or dismissal of, such declaratory judgment action.
4. You may accept this Offer only by sending to N-Data at 1550 N. Lake Shore Drive, Suite 16C, Chicago, Illinois 60610:
 - a. your name, address, and telephone number,
 - b. one thousand dollars (\$1,000) in the form of either a cashier’s check payable to N-Data or a wire transfer to N-Data, and
 - c. a copy of the Patent License Agreement executed by you.
5. Immediately upon N-Data’s receipt of such acceptance, your Patent License Agreement with N-Data will become effective (“Effective Date”).
6. Within ten (10) days after the Effective Date of the Patent License Agreement, N-Data will mail to you a copy of the Patent License Agreement executed by an officer of N-Data.
7. Your acceptance of, or your failure to accept, this Offer shall not prejudice, and shall not be construed to limit, any of your legal or equitable rights, including but not limited to:
 - a. any right to dispute the validity, infringement, or enforceability of any of the Relevant Patents, and

- b. any right to defend against a claim of infringement of the Relevant Patents on the grounds that the letter dated June 7, 1994, from Mark Grant to Geoffrey Thompson (a copy of which is Attachment A to the Patent License Agreement) gives you a right to a license to the Relevant Patents and that such license would protect you against such claim of infringement.
8. This Offer is made in accordance with a Decision and Order issued by the Federal Trade Commission, a United States Government agency, and the text of this Offer and of the Patent License Agreement is a part thereof. A copy of that Decision and Order, as well as a copy of the related Complaint of the Federal Trade Commission, can be found at [Web links].¹

¹ The final sentence of Paragraph 8 should be inserted only in Appendix A Offers delivered after the Complaint and the Decision and Order are public, i.e. after the Commission has accepted for public comment the Consent Agreement Containing Consent Order in this matter.

APPENDIX B
OFFER

APPENDIX B
PATENT LICENSE OFFER

1. This Patent License Offer (“Offer”) is made by Negotiated Data Solutions LLC (“N-Data”), an Illinois limited liability company having a mailing address of 1550 N. Lake Shore Drive, Suite 16C, Chicago, Illinois 60610. This Offer provides an opportunity for you to obtain a license for certain patents assigned to, or owned or controlled by, N-Data.
2. The terms and conditions under which N-Data is licensing patents pursuant to this Offer are set forth in the agreement that is attached hereto (“Patent License Agreement”).
3. *Expiration of Offer.* Enclosed with this Offer is either a complaint or some other legal document (“Complaint”) filed by N-Data in federal court litigation or in some other legal proceeding (“Litigation”). The Complaint names you as a party to the Litigation.
 - a. You may accept this Offer up until the time designated, under the rules of the Litigation, for your filing of an answer or other response to the Complaint; and, thereafter, this Offer is void.
 - b. If, under the rules of the Litigation, there is no time designated for your filing of an answer or other response to the Complaint, then you may accept this Offer up until 45 days after receiving it; and, thereafter, this Offer is void.
4. You may accept this Offer only by sending to N-Data at 1550 N. Lake Shore Drive, Suite 16C, Chicago, Illinois 60610:
 - a. your name, address, and telephone number,
 - b. thirty-five thousand dollars (\$35,000) in the form of either a cashier’s check payable to N-Data or a wire transfer to N-Data, and
 - c. a copy of the attached Patent License Agreement executed by you.
5. Immediately upon N-Data’s receipt of such acceptance, your Patent License Agreement with N-Data will become effective (“Effective Date”).
6. Within ten (10) days after the Effective Date of the Patent License Agreement, N-Data will mail to you a copy of the Patent License Agreement executed by an officer of N-Data.
7. Your acceptance of, or your failure to accept, this Offer shall not prejudice, and shall not be construed to limit, any of your legal or equitable rights, including but not limited to:

- a. any right to dispute the validity, infringement, or enforceability of any of the Relevant Patents, and
 - b. any right to defend against a claim of infringement of the Relevant Patents on the grounds that the letter dated June 7, 1994, from Mark Grant to Geoffrey Thompson (a copy of which is Attachment A to the Patent License Agreement) gives you a right to a license to the Relevant Patents and that such license would protect you against such claim of infringement.
8. This Offer is made in accordance with a Decision and Order issued by the Federal Trade Commission, a United States Government agency, and the text of this Offer and of the Patent License Agreement is a part thereof. A copy of that Decision and Order, as well as a copy of the related Complaint of the Federal Trade Commission, can be found at [Web links].¹

¹ The final sentence of Paragraph 8 should be inserted only in Appendix B Offers delivered after the Complaint and the Decision and Order are public, i.e. after the Commission has accepted for public comment the Consent Agreement Containing Consent Order in this matter.

APPENDIX C
PATENT LICENSE
AGREEMENT

Patent License Agreement

This PATENT LICENSE AGREEMENT between Negotiated Data Solutions LLC (the “Licensor”), an Illinois limited liability company having a place of business at 1550 N. Lake Shore Drive, No. 16C, Chicago, Illinois 60610, and _____ (the “Licensee”) having principal offices at _____, is effective as of _____ (“the Effective Date”).

WHEREAS, the Federal Trade Commission (“Commission”) having initiated an investigation of the Licensor and having thereafter considered the matter and, having determined that it had reason to believe that Licensor had violated the Federal Trade Commission Act, issued a Complaint stating its charges in the matter of *Negotiated Data Solutions LLC*, Docket No. C-#####.¹

WHEREAS, the Licensor disputed said charges, but agreed to settle the charges in order to avoid the expense of litigation.²

¹ Until the Decision and Order has become final, the following paragraph should be substituted for this paragraph:

WHEREAS, the Federal Trade Commission (“Commission”) has initiated an investigation of the Licensor in the matter of *Negotiated Data Solutions LLC*, Matter No. 051 0094.

² Until the Decision and Order has become final, the following paragraph should be substituted for this paragraph:

WHEREAS, the Licensor believes that it has not engaged in any unlawful conduct, but agreed to settle this matter in order to avoid the expense of litigation.

WHEREAS, in order to settle said charges, Licensor entered to an Agreement Containing Consent Order pursuant to which the Commission has issued a Decision and Order in the matter of *Negotiated Data Solutions LLC*, Docket No. C-#####, requiring, in part, that, under certain circumstances, Licensor enter into this Patent License Agreement.³

WHEREAS, Licensee wishes to obtain a license to practice the Licensed Patents within the Licensed Field of Use.

Now, therefore, the parties agree as follows:

1. *Definitions.*

1.1. *1994 Letter.* “1994 Letter” means the letter dated June 7, 1994, from Mark Grant, the Director of Intellectual Property for National Semiconductor Corp., to Geoffrey Thompson, Chair of IEEE’s 802.3 Working Group. (A copy of the 1994 Letter is attached to this Patent License Agreement as Attachment A.)

1.2. “Held” means, with respect to intellectual property:

1.2.1. to be the assignee of,

1.2.2. to own, or

1.2.3. to otherwise have sufficient control over such intellectual property so as to be able to license it to others.

1.3. *IEEE.* “IEEE” means the Institute of Electrical and Electronics Engineers, Inc. and the Institute of Electrical and Electronics Engineers Standards Association; and their committees and subcommittees.

1.4. *IEEE Standards.* “IEEE Standards” means:

³ Until the Decision and Order has become final, the following paragraph should be substituted for this paragraph:

WHEREAS, the Licensor entered to an Agreement Containing Consent Order in the matter of *Negotiated Data Solutions LLC*, Matter No. 051 0094, requiring, in part, that, under certain circumstances, Licensor enter into this Patent License Agreement.

- 1.4.1. any and all standards of the IEEE, including past, current, and future standards, and including all supplemental or letter standards of the IEEE; and
 - 1.4.2. any and all standards of the American National Standards Institute (ANSI) or the International Standards Organization (ISO), that incorporate or replicate any standard specified in Paragraph 1.4.1. of this Patent License Agreement.
- 1.5. *Importing*. “Importing” means to import into the United States.
- 1.6. *Licensed Entities*. “Licensed Entities” means the Licensee and all Subsidiaries of the Licensee, including, but not limited to:
- 1.6.1. Subsidiaries subsequently acquired by the Licensee, and
 - 1.6.2. Subsidiaries of the Licensee that have previously failed to accept, or have rejected, the Licensor’s offer, pursuant to the Decision and Order of the Federal Trade Commission in the matter of *Negotiated Data Solutions LLC*, Docket No. C-#####,⁴ of a license to the Licensed Patents.
- Provided, however*, that Subsidiaries of the Licensee that become Licensed Entities pursuant to the terms of this Patent License Agreement shall lose their status as Licensed Entities if and when they cease to be Subsidiaries of the Licensee.
- 1.7. *Licensed Field of Use*. “Licensed Field of Use” means the use of NWay Technology in Products to implement an IEEE Standard. In addition, “Licensed Field of Use” includes optimization or enhancement features that are consistent with the use of NWay Technology to implement the IEEE Standard.
- 1.8. *Licensed Foreign Patents*. “Licensed Foreign Patents” means all current and future patents issued by a foreign government, including but not limited to certificates and registrations, that are equivalents or counterparts to any Licensed U.S. Patent or that claim priority from any application for a Licensed U.S. Patent; and all child applications of any of the aforesaid patents, including but not limited to continuations, continuations-in-part, divisionals, reissues and re-examinations thereof. The “Licensed Foreign Patents” include, but are not limited to:

⁴ Until the Decision and Order has become final, and a docket number has been assigned to this matter, the words “Matter No. 051 0094” should be substituted for the words “Docket No. C-#####.”

- 1.8.1. Korean Patent No. 286791, Taiwanese Patent No. 098359, Japanese Patent No. 3705610;
 - 1.8.2. all patents arising from the following patent applications: European Patent Applications SN 93308568.0 (DE, FR, GB, IT, NL); Japanese Patent Applications SN H5-274147; Korean Patent Applications SN 22995/93; or Taiwanese Patent Applications SN 83104531; and
 - 1.8.3. any other current or future patent that was issued by a foreign government, that:
 - 1.8.3.1. is Held by Respondent now or in the future,
 - 1.8.3.2. was previously Held (or shares a common parent application with, or claims a priority from, a patent previously Held) by National Semiconductor Corporation, and
 - 1.8.3.3. has a claim that Respondent, at any time, asserts is infringed by the use of NWay Technology.
- 1.9. *Licensed Patents.* “Licensed Patents” shall mean all Licensed U.S. Patents and all Licensed Foreign Patents.
- 1.10. *Licensed U.S. Patents.* “Licensed U.S. Patents” means:
- 1.10.1. U.S. Patent Nos. 5,617,418 ; 5,687,174; US RE39,405 E; and US RE39,116 E;
 - 1.10.2. all continuations, continuations-in part, divisionals, reissues, re-examinations of and extensions or additions to U.S. Patent Nos. 5,617,418; 5,687,174; US RE39,405 E; and US RE39,116 E;
 - 1.10.3. all current or future United States patents that share a common parent application with or that claim a priority from an application for U.S. Patent Nos. 5,617,418; 5,687,174; US RE39,405 E; and US RE39,116 E;
 - 1.10.4. all current or future United States patents that share a common parent application with, or that claim a priority from, the following U.S. Patent Applications, Nos.: 971,018 (filed on November 2, 1992); 146,729 (filed on November 1, 1993); or 430,143 (filed on April 26, 1995); and
 - 1.10.5. any other current or future United States patent that
 - 1.10.5.1. is Held by Respondent now or in the future,

- 1.10.5.2. was previously Held (or shares a common parent application with, or claims a priority from, a patent previously Held) by National Semiconductor Corporation, and
 - 1.10.5.3. has a claim that Respondent, at any time, asserts is infringed by the use of NWay Technology.
- 1.11. *NWay Technology*. “NWay Technology” is defined by reference to the 1994 Letter and shall have the same meaning that the term “NWay technology” has in that letter.
- 1.11.1. In determining the meaning of the term “NWay Technology,” the following documents, *inter alia*, can be consulted:
 - 1.11.1.1. “IEEE Link Task Force Autodetect; Specification for NWay Autodetect,” Version 1.0, Copyright National Semiconductor, 1994, having principal sponsors AMD, Ascom Timplex, AT&T – Bell Labs, David Systems Inc., Hitachi Cable, Luxcom, Microlinear, National Semiconductor, Olympic Technology Group, Seeq, SMC, variously dated April 10, 1994, April 15, 1994, April 18, 1994 and May 2, 1994 [Web link]; and
 - 1.11.1.2. Bill Bunch, “An Introduction to Auto-Negotiation,” (February 1995) [Web link].
 - 1.11.2. Some examples of the use of “NWay Technology,” within the meaning of this Patent License Agreement, are described in the various versions of Clause 28 (and Annexes thereto, such as Annexes 28A, 28B, 28C, and 28D) published in the following standards:
 - 1.11.2.1. IEEE Std 802.3an-2006 (Amendment to IEEE Std 802.3-2005), IEEE Standard for Information technology – Telecommunications and information exchange between systems – Local and metropolitan area networks – Specific requirements – Part 3: Carrier Sense Multiple Access with Collision Detection (CSMA/CD) Access Method and Physical Layer Specifications – Amendment 1: Physical Layer and Management Parameters for 10 Gb/s Operation, Type 10GBASE-T;
 - 1.11.2.2. IEEE Std 802.3-2005, IEEE Standard for Information technology – Telecommunications and information exchange between systems – Local and metropolitan area networks – Specific requirements–

Part 3: Carrier sense multiple access with collision detection (CSMA/CD) access method and physical layer specifications;

- 1.11.2.3. IEEE Std 802.3aj-2003 (Amendment to IEEE Std 802.3-2002), IEEE Standard for Information technology – Telecommunications and information exchange between systems – Local and metropolitan area networks – Specific requirements – Part 3: Carrier Sense Multiple Access with Collision Detection (CSMA/CD) Access Method and Physical Layer Specifications – Amendment: Maintenance 7;
- 1.11.2.4. IEEE Std 802.3-2002, IEEE Standard for Information technology – Telecommunications and information exchange between systems – Local and metropolitan area networks – Specific requirements – Part 3: Carrier sense multiple access with collision detection (CSMA/CD) access method and physical layer specifications;
- 1.11.2.5. IEEE Std 802.3, 2000 Edition, Information technology – Telecommunications and information exchange between systems – Local and metropolitan area networks – Specific requirements – Part 3: Carrier sense multiple access with collision detection (CSMA/CD) access method and physical layer specifications;
- 1.11.2.6. IEEE Std 802.3ab-1999 (Supplement to IEEE Std 802.3, 1998 Edition), Information technology – Telecommunications and information exchange between systems – Local and metropolitan area networks – Specific requirements – Supplement to Carrier Sense Multiple Access with Collision Detection (CSMA/CD) Access Method and Physical Layer Specifications – Physical Layer Parameters and Specifications for 1000 Mb/s Operation Over 4-Pair of Category 5 Balanced Copper Cabling, Type 1000BASE-T;
- 1.11.2.7. IEEE Std 802.3, 1998 Edition, Information technology – Telecommunications and information exchange between systems – Local and metropolitan area networks – Specific requirements – Part 3: Carrier sense multiple access with collision detection (CSMA/CD) access method and physical layer specifications;
- 1.11.2.8. IEEE Std 802.3x-1997 and IEEE Std 802.3y-1997 (Supplements to ISO/IEC 8802-3: 1996 [ANSI/IEEE Std 802.3, 1996 Edition]), IEEE Standards for Local and Metropolitan Area Networks: Supplements to Carrier Sense Multiple Access with Collision

Detection (CSMA/CD) Access Method and Physical Layer Specifications – Specification for 802.3 Full Duplex Operation and Physical Layer Specification for 100 Mb/s Operation on Two Pairs of Category 3 or Better Balanced Twisted Pair Cable (100BASE-T2); and

1.11.2.9. IEEE Std 802.3u-1995, (Supplement to ISO/IEC 8802-3: 1993 [ANSI/IEEE Std 802.3, 1993 Edition]), IEEE Standards for Local and Metropolitan Area Networks: Supplement to Carrier Sense Multiple Access with Collision Detection (CSMA/CD) Access Method and Physical Layer Specifications – Media Access Control (MAC) Parameters, Physical Layer, Medium Attachment Units, and Repeater for 100 Mb/s Operation, Type 100BASE-T (Clauses 21-30).

1.12. *Person*. “Person” means any natural person, partnership, corporation, association, trust, joint venture, government, government agency, or other business or legal entity.

1.13. *Product*. “Product” means any thing, tangible or intangible, including, but not limited to:

1.13.1. any apparatus, device, system, combination, design, process, or method, and

1.13.2. anything that can infringe, in any way, any claim of any Licensed Patent.

1.14. *Subsidiaries*. “Subsidiaries” means Persons controlled directly or indirectly through ownership interests of 50% or more. For example, if A owns 50% of B and if B owns 50% of C, then C is a Subsidiary of both A and B. The Subsidiaries of a Licensee would consist of all Persons for which the Licensee would be the Ultimate Parent Entity if the Licensee were not controlled by any entity. For purposes of this definition only, the terms “Ultimate Parent Entity,” “controlled,” and “entity” have the same meaning they have under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, 15 U.S.C. § 18a, and the rules promulgated thereunder, 16 C.F.R. § 801 et seq.

1.15. *Supply Chain Person*. “Supply Chain Person” means any Person in the Licensed Entities’ downstream chain of manufacture or distribution. The term “Supply Chain Person” includes, but is not limited to, any system integrators, resellers, purchasers and end users of the Licensed Entities’ Products.

2. *License Grant and Release*. Licensor hereby grants to each of the Licensed Entities, under any and all claims of the Licensed Patents, a license to NWay Technology, to make, use, sell, offer for sale, or import any Product, in the Licensed Field of Use. Such license is fully paid-up,

perpetual, irrevocable, worldwide, non-exclusive, non-transferable, and non-sublicensable. As to Licensed Patents that issued prior to the Effective Date, such license shall be given retroactive effect from the moment the Licensed Patents issued. Each of the Licensed Entities is hereby released from any and all claims of infringement – including but not limited to direct infringement, literal infringement, infringement under the doctrine of equivalents, inducement of infringement, and contributory infringement – of the Licensed Patents in the Licensed Field of Use – including claims that the Licensed Entities infringed any of the Licensed Patents in the Licensed Field of Use prior to the Effective Date, on the Effective Date, or after the Effective Date.

3. *Exhaustion and Release.* The license granted herein to the Licensed Entities shall cover, for Products of the Licensed Entities within the Licensed Field of Use, all Supply Chain Persons. Licensor declares and agrees that, as to any Supply Chain Person, all the Licensor's rights with respect to the Licensed Patents are hereby exhausted with respect to Products of the Licensed Entities in the Licensed Field of Use. Each such Supply Chain Person is hereby released from any and all claims of infringement of the Licensed Patents in the Licensed Field of Use, including claims that such Person infringed any of the Licensed Patents in the Licensed Field of Use prior to the Effective Date, on the Effective Date, or after the Effective Date. With respect to any portion of a Product of the Licensed Entities that would, absent the license provided in Section 2 of this Patent License Agreement, infringe any claim of any of the Licensed Patents, such portion will be treated under this Patent License Agreement, for the purposes of applying the "first sale doctrine" or principles of "patent exhaustion," as if it infringed all claims of all of the Licensed Patents. Therefore, as to any portion of a Product of the Licensed Entities that, absent the license as provided in Section 2 of this Patent License Agreement, would infringe one or more claims of the Licensed Patents, Licensor's patent rights for all claims of the Licensed Patents are completely exhausted.
4. *Consideration.* Licensee has provided good and sufficient consideration for the rights provided herein.
5. *No Warranty.* Nothing herein shall be construed as a warranty, admission or representation by Licensor or any of the Licensed Entities as to the validity, enforceability or scope of any Licensed Patent claim, or a warranty, admission or representation by Licensor that any manufacture, sale, offer for sale, use, importation into the United States or other disposition of any Product by any of the Licensed Entities or any third party will be free from infringement of patents other than the Licensed Patents.
6. *Licensee's Retention of Rights.* This agreement shall not prejudice, and shall not be construed to limit, any of the Licensee's legal or equitable rights, including but not limited to:
 - 6.1. the Licensee's right to dispute the validity, infringement, or enforceability of the Licensed Patents, and

- 6.2. the Licensee’s right to defend against a claim of infringement of the Licensed Patents on the grounds that the 1994 Letter gives the Licensee a right to a license to the Licensed Patents and that such license would protect the Licensee against such claim of infringement; and the Licensee’s right to argue that the meaning of “NWay Technology” in the 1994 Letter is broader than the definition of “NWay Technology” in Paragraph 1.11. of this Patent License Agreement. Nothing in this Patent License Agreement shall limit, supersede, or in any way alter the scope, effect, or meaning of the 1994 Letter.
7. *Governing Law.* This Agreement shall be construed and controlled by the laws of the State of Illinois.
8. *Public Identification as Licensee.* Licensee, Licensor, and each of the Licensed Entities may publicly disclose or announce that Licensee has entered into this Patent License Agreement with Licensor.

In witness whereof this Patent License Agreement is in effect.

LICENSOR:

LICENSEE:

Negotiated Data Solutions LLC

By: _____
(Signature)

By: _____
(Signature)

Name: _____
(Printed)

Name: _____
(Printed)

Title: _____
(Printed)

Title: _____
(Printed)

Date: _____

Date: _____

Attachment A



2900 Semiconductor Drive
P.O. Box 58090
Santa Clara, California 95052-80
(408) 721-5000

June 7, 1994

Mr. Geoffrey Thompson
Chair, 802.3 Working Group, IEEE
c/o SynOptics Communications, Inc.
4401 Great America Pkwy.
P.O. Box 58185
Santa Clara, CA 95052-8185

Dear Mr. Thompson:

National Semiconductor Corporation ("National") is pleased to be a contributing member of the IEEE 802.3 Working Group responsible for developing an autodetection standard based upon National's architecture informally known as "NWay". To further demonstrate its support for this effort, National would like to make clear its position with respect to prospective licensing of National's intellectual property rights in its NWay technology.

In the event that the IEEE adopts an autodetection standard based upon National's NWay technology, National will offer to license its NWay technology to any requesting party for the purpose of making and selling products which implement the IEEE standard. Such a license will be made available on a nondiscriminatory basis and will be paid-up and royalty-free after payment of a one-time fee of one thousand dollars (\$1,000.00).

With respect to the "NWay" mark, following adoption by the IEEE of an autodetection standard based upon National's NWay technology, National will offer to relinquish any claims it may have in such mark in favor of the IEEE.

Should there be any questions or concerns about any of the foregoing matters, please feel free to call Paul Ahrens to discuss them. He can be contacted at (408) 721-4251.

Best regards,

National Semiconductor Corp.

A handwritten signature in cursive script that reads 'Mark Grant'.

Mark Grant
Director of Intellectual Property

cc: Paul Ahrens

APPENDIX D

LETTER TO IEEE

[Return Address]

[Date]

[Name]

[Address]

Re: Patent Assurance; 802.3

To whom this may concern:

This is to notify you, pursuant to the enclosed Decision and Order (“Order”) issued by the Federal Trade Commission, that Negotiated Data Solutions LLC (“N-Data”) is offering to any requesting party a non-exclusive license to certain patents originally assigned to National Semiconductor Corporation. (A copy of the Order can also be found at [Web link].)

A copy of this offer is incorporated into the enclosed Order as Appendix A. As specified in the offer, N-Data will grant this license, which is paid-up and royalty-free, in exchange for a one-time fee of one thousand dollars (\$1,000.00).

A copy of the license agreement is incorporated into the enclosed Order as Appendix C. The license will cover, within the licensed field of use, the patents specified in Paragraphs 1.8. and 1.10. of the license agreement.

N-Data also notes that IEEE has included on its website a reference, made in connection with IEEE Standard 802.3, to the letter of March 27, 2002, from Scott Pickett, Chief Technical Officer and Executive Vice President of Vertical Networks, Inc., to the IEEE-SA Standards Board Patent Committee. The licensing terms and conditions described in that letter do not apply to NWay Technology. (As the current assignee of the patents identified in that letter, N-Data is now the successor in interest to Vertical Networks, Inc.)

Sincerely,

Alan Loudermilk
Manager and Member
Negotiated Data Solutions LLC

Enclosure