

# Hyundai to Pay \$1B to License TI DRAM Patents

---

*By Jeff Dorsch -- EDN, May 31, 1999*

Austin--Hyundai Electronics Industries Co. Ltd. of Seoul, South Korea, agreed to pay \$1 billion over a 10-year period to cross-license DRAM patents from Texas Instruments Inc., ending multinational litigation between the chipmakers.

The patent agreement closely follows a legal victory by the Dallas company over Hyundai. A U.S. District Court jury in Marshall, Texas, two months ago ruled that Hyundai had infringed on two TI patents and awarded \$25.2 million in damages to TI.

TI had lawsuits pending against Hyundai in the United States, Japan, the Netherlands, France, Germany and the United Kingdom, and Hyundai had filed countersuits in Texas and Delaware. All remaining litigation is settled by the licensing agreement.

TI and Hyundai had been negotiating a new licensing agreement since 1997, to replace an agreement that expired that year. When the talks failed to produce a new agreement, TI filed multiple suits in May 1998.

The new licensing agreement is retroactive to November 1997 and expires at the end of 2007. TI said last week it expects to accrue approximately \$86 million in catch-up royalties in the second quarter of 1999, including \$27 million to be recognized as revenues in the first quarter of 1999. This will add about 12 cents a share to TI's earnings in the second quarter.

The patents that Hyundai was ruled to have infringed are known as the "Head patents," after TI inventor Claude Head, and involve the intelligent transfer of work-in-process within an asynchronously automated semiconductor assembly line.

"The jury decision and the subsequent settlement are indicative of the strength of TI's portfolio of more than 6,000 patents," said Richard J. Agnich, senior vice president and general counsel of TI. "These patents have resulted from billions of dollars of R&D investments over many years. We'll license our technology, but we won't give it away."

TI stated, "This agreement comprehends the planned merger between Hyundai and LG Semicon Co. Ltd." Earlier this month, Hyundai agreed after protracted negotiations to acquire 59 percent of LG Semicon for \$2.1 billion.

TI this month had also filed a patent infringement suit against LG Semicon in the same federal court in Texas where it had prevailed against Hyundai in March. It accused the Korean chipmaker of infringing on five TI patents.

Since TI began aggressively asserting its patent rights some 15 years ago, it is estimated that the semiconductor manufacturer has collected a total of more than \$4 billion in royalty payments. The company rarely breaks out specific figures on its royalty revenues on a yearly or quarterly basis, but in a 10-K filing with the Securities and Exchange Commission in 1996, it reported royalty revenues in the fourth quarter of 1995 were \$108 million.

It later disclosed to the SEC that royalty revenues reached a record for the company in 1995, and those revenues fell by \$300 million in 1996, compared with 1995.

In 1996, however, TI reached 10-year licensing agreements with several Asian chipmakers, some of which it had sued to recover damages. The company signed agreements with Fujitsu Ltd., Oki Electric Industry Ltd., Matsushita Electric Industrial Co. Ltd. and Samsung Electronics Co. Ltd.