

Exhibit I



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OUR FILE NO. 349284-901707

Via Facsimile and U.S. Mail

Jerry Chen, Esq.
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Re: **Zoran Corporation, et al. v. MediaTek, et al.**
USDC Case Nos. C-04-02619 RMW (PVT) and C-04-04609

Dear Jerry:

This letter is in response to our conference call yesterday afternoon, and your follow-up letter sent earlier today. I write to clarify certain of the positions and agreements addressed in your letter.

1. Paragraph 4 of your letter concerns MediaTek's continuing failure to produce (or to even agree to produce) a privilege log identifying documents related to MediaTek's (publicized) efforts to design around the patents-in-suit.¹ As an initial matter, your statement that "there was an understanding between the parties that those documents did not need to be listed on the privilege log" is not well-taken. I understand that your position is based on an assumption on your part drawn from an agreement reached by the parties in the 506 ITC Investigation more than a year ago. In this regard, while MediaTek and Zoran agreed in the 506 Investigation to limit privilege log entries to documents created prior to the March 2004 filing date of the ITC complaint, that agreement never extended to this District Court lawsuit. Moreover, since the discovery at issue here relates to MediaTek's design around efforts, which obviously began after the March 2004 filing date, any assumption that the identification of allegedly privileged documents could be concealed was ill-advised.

In any event, Plaintiffs' made it abundantly clear nearly **eight months ago** that any documents relating to MediaTek's efforts to design around the patents-in-suit, to which MediaTek asserted privilege, must be identified on an appropriate privilege log. (See January 7, 2005 letter to S. Callender regarding Plaintiffs' First Set of Document Requests) Thus, any assumption that

¹ MediaTek's May 17, 2005 press release states that "MediaTek has already developed a design-around solution that is specifically crafted to avoid infringement of Zoran's '527 patent. The design-around solution was carefully developed with thorough input from several teams of U.S. patent counsels whom have concluded that the new design does not infringe upon Zoran's patent....MediaTek has already provided its customers with the new generation chipsets to ensure that customers will have an uninterrupted supply."

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Defendants' were not required to log responsive privileged documents was expressly disabused eight months ago.

Moreover, during our subsequent meet and confer teleconference in June concerning Plaintiffs' First and Second sets of discovery, we again discussed Defendants' continued failure to provide a privilege log. I explicitly stated Plaintiffs' position that (a) there was **no agreement** to limit privilege log entries to a date tied to the filing of the complaint, (b) the Federal Rules of Civil Procedure requires production of a log identifying all responsive documents, without arbitrary limitations tied to the filing date of the complaint, and (c) Plaintiffs insisted upon the prompt production of a privilege log for all responsive documents "through the present." (See June 21, 2005 letter to S. Callender and J. Chen) Accordingly, Defendants' continued failure to produce a privilege log is without any legal or factual support.

2. Paragraph 5 of your letter concerns Defendants' production of sales and financial information related to the damages portion of Plaintiffs' case. To clarify, although we maintain that Defendants have an affirmative obligation to respond to the discovery, we agreed to table a motion to compel on this issue and to further consider an appropriate date for Defendants to supplement and update their discovery (as we believe it is both substantively deficient as well as out-dated). As you noted, we made this agreement so that Defendants will not have to continually supplement their financial and sales data through trial.²

3. Specific Interrogatories:

Interrogatory No. 1.

To clarify, we agreed that to the extent Defendants' assert they do not willfully infringe because (a) the patents are invalid, or (b) Defendants do not infringe, Defendants need not set forth all facts supporting their invalidity and non-infringement positions. However, we expect that any other facts supporting a "no willfulness" position be set forth in detail (such as facts concerning knowledge of the patents-in-suit, reliance on opinions of counsel, etc.)

² To further clarify, we anticipate that we will need the information at least 6-8 weeks prior to the dates on which we notice Defendants' depositions (as opposed to "actually scheduled" as your letter proposes).



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Very truly yours,

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