

# **EXHIBIT 3**

---

**From:** "Daisuke Shudo" <daisuke\_shudo@elantech.com.tw>  
**To:** "Don Kirby" <DKirby@synaptics.com>  
**Sent:** Friday, April 07, 2006 8:44 AM  
**Subject:** Re: Synaptics

Dear Mr. Kirby:

I write to follow-up on our earlier meeting about the possibility of resolving the on-going patent disputes between our companies. Before I address any proposals, however, I'd like to respond to your comment about the manner in which we filed our suit against Synaptics.

Both companies have engaged in good faith, though protracted, discussions about patent infringement issues. Although Synaptics did provide us with some information about why it believed Elantech products infringed the Synaptics patents, it relied only on Elantech's spec sheets, which do not reveal the actual operations of our products. During our various meetings, we explained why we do not believe our products infringed any of Synaptics's patents. At the same time, we began our own investigation of possible infringement by Synaptics of Elantech patents. Before we had an opportunity to share our findings with you, Synaptics filed suit against our customers and extracted their agreement to not purchase any product from Elantech. We believe this action to be a fundamental departure from the framework upon which our negotiations are based. Elantech had no choice but to file suit against Synaptics to protect its own interests. As a gesture of good faith, however, we did not sue your customers nor have we served the complaint on Synaptics.

Neither Synaptics nor Elantech is in the business of patent litigation. It is my sincere hope that our companies resolve these disputes quickly so that we can concentrate on our respective businesses. To this end, I propose that the two companies grant each other a non-exclusive cross-license for their entire patent portfolios. In exchange, Elantech will dismiss its suit against Synaptics. As a further gesture of goodwill, Elantech will pay for the attorney's fees and costs actually incurred by Synaptics in the *Synaptics v. Averatec and Prostar* suit, provided that the Stipulated Orders signed by Averatec and Prostar be vacated.

If the parties cannot come to an agreement within 30 days from the receipt of this letter, we will have no choice but to proceed with the suit, including but not limited to amending our complaint to add sellers, distributors and/or customers of the infringing Synaptics products. I look forward to your favorable response.

Best Regards,

Daisuke Shudo  
Elantech Devices Corporation

----- Original Message -----

**From:** Don Kirby  
**To:** Daisuke Shudo  
**Sent:** Wednesday, April 05, 2006 7:43 AM  
**Subject:** RE: Synaptics

Hi Duke, Friday will be good. Looking forward to your proposal.

Don

-----Original Message-----

**From:** Daisuke Shudo [mailto:daisuke\_shudo@elantech.com.tw]  
**Sent:** Monday, April 03, 2006 10:07 PM  
**To:** Don Kirby  
**Cc:** Shawn P. Day  
**Subject:** Re: Synaptics

Mr. Kirby:

I know it's time to give you a proposal.

My colleagues are out of town today then we need one more day or two to reach some conclusion.

We would appreciate if you could wait until Friday.

Thank you.

Duke

----- Original Message -----

**From:** Don Kirby  
**To:** Daisuke Shudo  
**Cc:** Shawn P. Day  
**Sent:** Saturday, March 18, 2006 10:44 AM  
**Subject:** RE: Synaptics

Duke, see you on Wednesday. We have people looking at your patent. It would be very helpful if you provided claim charts to us before the meeting on Wednesday. This would help us understand the issue. Please let me know if this is possible.

Thanks

Don Kirby

-----Original Message-----

**From:** Daisuke Shudo [mailto:daisuke\_shudo@elantech.com.tw]  
**Sent:** Friday, March 17, 2006 12:27 AM  
**To:** Don Kirby  
**Subject:** Re: Synaptics

Mr. Kirby:

We would be OK at 3:00 PM next Wednesday.

See you then.

Duke Shudo

----- Original Message -----

**From:** Don Kirby  
**To:** Daisuke Shudo  
**Sent:** Friday, March 17, 2006 2:13 AM  
**Subject:** RE: Synaptics

Shudo-san, thank you for the info. I will be in Taiwan next Tuesday and Wednesday. Would you be available to meet Wednesday afternoon at our office? 3:00 PM would be a good time for me.

Thanks

Don Kirby

-----Original Message-----

**From:** Daisuke Shudo [mailto:daisuke\_shudo@elantech.com.tw]

**Sent:** Friday, March 10, 2006 1:59 AM

**To:** Don Kirby

**Subject:** Synaptics

Mr. Kirby:

As a courtesy, I am writing to let you know that today, March 9, 2006, Elantech filed a patent infringement suit against Synaptics in the U.S. District Court for the Northern District of California. Specifically, we have accused Synaptics's touch pads of infringing our U.S. Patent No. 5,825,352, entitled "Multiple Finger Contact Sensing Method for Emulating Mouse Buttons and Mouse Operations on a Touch Sensor Pad." We have not yet served the complaint on Synaptics.

As I stated previously, Elantech respects the intellectual property rights of others but will take whatever step necessary to protect its intellectual property rights and interests. It is my hope that we will still meet to discuss our pending suits and resolve our disputes amicably. Please propose a time and place if you would like to meet.

Sincerely,

Duke Shudo /Elantech Devices Corporation