

EXHIBIT 2

Intellectual Asset Management



blog

Rockstar CEO says he would not bet against further suits to follow those issued last week

John Veschi was not anticipating headlines about reigniting the smartphone patent wars when he gave the final sign-off on Rockstar's [first enforcement actions last week](#) and he was slightly taken aback when they appeared. For the CEO of the NPE that manages many of the patents acquired at the Nortel auction in June 2011, it was a business decision and nothing more. "I am old school when it comes to litigation," Veschi told me when I spoke to him yesterday. "I am reluctant to call in the lawyers, but eventually if you hear from enough people that you need to sue in order to get the attention of their C-suites then that is what you are going to do."

The problem, Veschi explains, is that now that patent litigation has become much more common than it once was many companies will not begin talking unless they are confronted with a suit: "Maybe I am naïve in expecting that it is the quality of the patents that you own that should get you a seat at the negotiating table, but it seems that for many businesses these days in order to be a tier one prospect you need to go to court first." That has certainly been the experience with at least some (though not all) of those that are now being sued by Rockstar in the Eastern District of Texas, he states.

What is important to remember about Rockstar is that it is essentially the continuation of what was previously the Nortel licensing operation – or the one that Veschi would have established if he had been able to see through his plans for the Canadian telecoms company before it entered bankruptcy. Veschi joined Nortel as its chief IP officer in 2008 and by 2009 had already established programmes for both its internet patent portfolio and the one relating to handsets. As a result, he and his team have actually been negotiating with parties for four or five years, not just the two since Rockstar came into being. "The real question is why it took us so long to initiate actions. We didn't and we didn't, but there comes a time when you have to. There is nothing magic about it," Veschi says.

Of course, what makes the Rockstar action last week so newsworthy is the identity of its shareholders – Apple, BlackBerry, Ericsson, Microsoft and Sony. These are five of the six companies that formed the Rockstar Bidco consortium which tabled the successful \$4.5 billion bid for the Nortel portfolio in 2011 (the other member, EMC, is not involved). Given the amount they paid and given the on-going issues at least some of them have with both Google and the Android platform, many reports have talked about the consortium going on the attack or have assumed that it is the shareholders that have driven things. This is categorically not the case, Veschi says. "It was entirely my call based on the facts in front of me," he states. "The shareholders got an email telling them what had happened after the suits were issued."

Asked to clarify what the relationship he has with Rockstar's five owners is, Veschi repeats what he told me when [interviewed him for IAM magazine](#) earlier this year: "They are the shareholders and there is a relationship that is distant. I understand that it might be sexy to say that they are pulling the strings, but actually it is also slightly insulting to us. We are running the business. We do that job and they do their jobs and that's it."

However, Veschi does note that all five have essentially already paid large licensing fees for the Nortel IP and it would be entirely wrong for them to be disadvantaged for having done that. Others that use IP from the same portfolio should also pay

up, he says. And the fact is that as of right now, not many do. Because of this more suits could well be issued over the coming months. These may well also cover the NetStar and MobileStar franchises that Rockstar has established to cover its internet and handset portfolios, but could also extend to other areas as well – telecoms is one that Veschi mentioned. “We will always prefer not to litigate – and it is right to give people and processes a chance – but I would not bet against it happening,” Veschi states.

Where any actions are launched will be closely watched. Last week's were all filed in the Eastern District of Texas. “We gave a lot of thought to fora and it just happened that for a variety of reasons Texas was the best place for these suits,” Veschi states (it's worth noting that Rockstar has an office in Plano, which is actually in the Eastern District and which it inherited from Nortel). If and when other suits are filed it could well be that it happens in other parts of the US.

As for the inevitable “troll” accusations that always get thrown around when suits are filed by an NPE, Veschi is comfortable with that. “People will say what they want to say and if they want to think of us as a bad guy then they can. But the sale of the Nortel patents benefited thousands of the company's pensioners. Had there been restrictions on how those patents could now be deployed, they would not have fetched the price they did.”

Sectors

Licensing, IP litigation, Patents, IP business

Comments

RE: Rockstar CEO says he would not bet against further suits to follow those issued last week

"What is important to remember about Rockstar is that it is essentially the continuation of what was previously the Nortel licensing operation – or the one that Veschi would have established if he had been able to see through his plans for the Canadian telecoms company before it entered bankruptcy. "

t would be interesting to see if Nortel had already begun the deconstruction process on the Android-based cell phones *prior* to the auction. It's my understanding that Rockstar hired the reverse engineers, not Nortel.

"They are the shareholders and there is a relationship that is distant. I understand that it might be sexy to say that they are pulling the strings, but actually it is also slightly insulting to us."

a) Balderdash and b) did he say "sexy"? No one uses that term in business anymore, that's so 2005.

Just sayin',

IPTT (<http://iptrolltracker2.wordpress.com>)

Stephanie Kennedy, 898 Data on 04 Nov 2013 @ 12:29

RE: Rockstar CEO says he would not bet against further suits to follow those issued last week

Stephanie,

Most of the reverse engineers - and certainly the most senior ones - were part of the Nortel operation prior to Rockstar being launched. They played a key role in the discussions leading up to the auction in 2011. Rockstar now is essentially the Nortel IP team as was, with a few additions.

Balderdash is so 1458!!

Joff

Joff Wild, IAM Magazine on 04 Nov 2013 @ 12:36

RE: Rockstar CEO says he would not bet against further suits to follow those issued last week

"Balderdash is so 1458!!"

This from a man who misspells his own first name? KIDDING! =)

OK fine, I'll give you the engineers. But lets examine this, via FOSS:

"Almost two and a half years ago, Google lost the Nortel patents auction to a consortium of six industry leaders (Apple, BlackBerry, EMC, Ericsson, Microsoft, Sony) who just wanted to clear the market before anyone would abuse Nortel's patents, particularly its 4G/LTE patents, the way Google's Motorola Mobility still tries to abuse its standard-essential patents. The price for preventing abuse was \$4.5 billion, several times what analysts expected before the auction. "

Rockstar's not preventing abuse, it's exacting it...

Cheers,

Steph

Stephanie Kennedy, 898 Data on 04 Nov 2013 @ 13:41

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