

# POWER INTEGRATIONS WINS PATENT INFRINGEMENT SUIT

Wilmington, Delaware    October 16, 1999

## MOTOROLA OVERPOWERED

A jury in Wilmington, Delaware today found Motorola liable for infringing patents owned by Power Integrations, Incorporated. Power makes high voltage integrated circuits designed to control the power supply for mobile devices like cell phones and portable computer printers. In the past, power supplies for such devices were so bulky and heavy that they were nicknamed 'bricks.' Power Integrations' patent-protected technology allowed power supply designers to substantially decrease the size and weight of the 'brick' by limiting the number of 'pins' needed to control the flow of electricity within the chip. At the same time, Power's invention limited the number of peripheral components necessary for the device to function, thus reducing the size and weight of the device.

Power claimed that Motorola, after trying repeatedly to negotiate a deal to buy the technology from Power and failing, willfully infringed its '381 and '178 patents. Motorola countered that its chip had four relevant pins through which current passes, not three like Power's. Power proved, however, that in order to function effectively, two of the pins in Motorola's chip had to be connected, a fact that Motorola told its customers in its user's manual. Further, Motorola could not produce developmental design work on its chip. It was as if their blue print materialized in final form on the first try. The evidence from Motorola's own files also revealed that the defendant, which tried to take the position that it only wanted to work with Power to build the market for the new chip, was, in fact, trying to destroy the fledgling company.

Power's damage theory focused not so much on the small number of sales Motorola had made, but rather on the damage Motorola's presence in the marketplace had done to the price Power was able to charge for its technology. By underselling Power and by providing little or no technical support, Motorola forced Power to lower its price for the technology, resulting in a projected \$30 million in lost revenue over the estimated four year life of the technology.

The jury awarded Power \$38 million in compensatory damages, including lost sales and damage to the market for Power's technology. In addition, the jury found willfulness on the part of Motorola, trebling the award to over \$100 million. Motorola vowed to appeal. Meanwhile, Power Integrations' stock more than doubled in value to \$68 following the jury's decision.

Litigation Strategies, Ltd. provided pre-trial jury research, witness preparation assistance, jury selection services and consultation as the trial proceeded to lead counsel Frank Scherkenbach of Palo Alto's Fish and Richardson.

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