



台北市中山區 ( 104 ) 南京東路三段 136 號 5 樓  
5F, No. 136, Sec.3, Nanjing E. Road, Taipei, Taiwan  
Tel: 886-2-2778-5939 Fax: 886-2-2778-1050

2006-05-25

Re: Explanation to Trial Result

To whom it may concern,

As for the patent infringement action against BiTEK, Lien Chang, and SPI previously brought by O2Micro International Limited in the United States District Court for the Eastern District of Texas Marshall Division, the Jury assigned for the same has returned the verdict on 16<sup>th</sup>, May indicating that, partly on BiTEK, the accused product willfully infringes claims 1, 15, 35 and 39 of U.S. Patent Number 6,259,615, claims 12 and 16 of U.S. Patent Number 6,396,722 and claims 13, 16 and 17 of U.S. Patent Number 6,804,129.

O2Micro International Limited, previously on 15<sup>th</sup>, April, has stipulated that at this infringement action it would not seek damages pursuant to 35 USC §284. As a result, BiTEK will not compensate O2Micro International Limited for any kind of damages due to Jury's verdict. Which means, and the fact is as well the same, that BiTEK will not suffer direct financial losses currently.

The only remedy O2Micro International Limited would seek in this infringement action is limited to injunctive relief pursuant to 35 USC §283 and attorneys fees pursuant to 35 USC §285; which would leave for the United States District Court for the Eastern District of Texas Marshall Division to make its further judgment whether to grant or not approximately in six months thereafter. The six-month period will be further explained in detailed below in the statement.

As for the injunction relief that the United States District Court for the Eastern District of Texas Marshall Division will then make its ruling, the Supreme Court currently revoke the holding previous made by the United States Court of Appeals for the Federal Circuit that said injunction relief shall automatically apply while the defendant is deemed to infringe the patent asserted; instead, the Supreme Court, in Ebay case, rules that the proper approach to the question of whether to award a permanent injunction is to apply a four-point test. The plaintiff must demonstrate: (A) that it has suffered an irreparable injury, (B) that remedies available at law are inadequate to compensate for that injury, (C) that considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted and, (D) that the public interest would not be disserved by a permanent injunction. As a result, while ruling whether to grant injunction against BiTEK's accused product, the verdict for infringement is not enough, O2Micro International Limited has to further demonstrate the satisfaction of the four-point test.

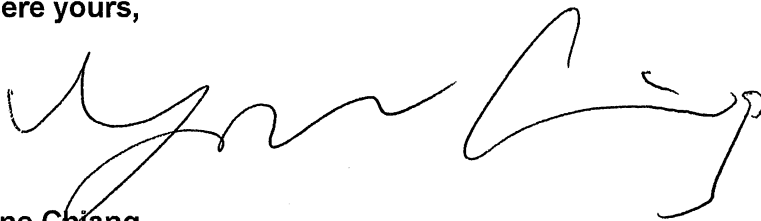
Following to the injunction issue, as mentioned above, prior to Ebay case, injunctions were routinely granted upon a finding of infringement. What particular importance in Ebay case is the statement that "When the patented invention is but a small component of the product the companies seek to produce and the threat of an injunction is employed simply for undue leverage in negotiations, legal damages may well be sufficient to compensate for the infringement and an injunction may not serve the public interest." Subject to such statement, as a matter of fact, BiTEK's accused products are just a small component of LCD panel screen; this issue and the fact that O2Micro International Limited introduced little, if any, evidence regarding the Ebay four-point test may result in additional post trial discovery prior to briefing on the injunction.

Assuming that O2Micro International Limited could demonstrate the satisfaction of the four-point test and obtain injunction relief against BiTEK's accused products; the products subject to said injunction relief are solely limited to BIT3105/05P, BIT3106/06A, and BIT3193 in the territory of the United States. For the reason, BiTEK's entire business is only insignificant struck by said limited injunction relief.

The United States District Court for the Eastern District of Texas Marshall Division is well known as a plaintiff's court while extremely favorable to the plaintiff, regardless of the legal disputes that defendant could strongly make. BiTEK's accused product was deemed as non-infringement by several different expertise reports and lab experimentations, based on our belief as well as confidence that the verdict as well as corresponding judgment would thereafter be revoked, BiTEK will appeal aggressively this patent infringement action to the United States Court of Appeals for the Federal Circuit for further justice.

Notwithstanding that BiTEK wishes to move current patent infringement action to the United States Court of Appeals for the Federal Circuit as quickly as possible, a number of steps must be reached prior to BiTEK's appeal. Taking Sumida case previously ruled by the United States District Court for the Eastern District of Texas Marshall Division as a reference, O2Micro International Limited is likely to file the motion for permanent injunction approximately in one month after the jury returns its verdict. As for said injunction motion, the United States District Court for the Eastern District of Texas Marshall Division will then issue its decision on such motion in about four months. To sum up, approximately a six-month gap from the day the jury reached its verdict to the notice of appeal could be reasonable expected.

Sincere yours,

A handwritten signature in black ink, appearing to read 'Wayne Chiang', written in a cursive style.

Wayne Chiang  
President